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SITTING DAYS—2008

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RADIO BROADCASTS
Broadcasts of proceedings of the Parliament can be heard on the following Parliamentary and News Network radio stations, in the areas identified.

- CANBERRA 103.9 FM
- SYDNEY 630 AM
- NEWCASTLE 1458 AM
- GOSFORD 98.1 FM
- BRISBANE 936 AM
- GOLD COAST 95.7 FM
- MELBOURNE 1026 AM
- ADELAIDE 972 AM
- PERTH 585 AM
- HOBART 747 AM
- NORTHERN TASMANIA 92.5 FM
- DARWIN 102.5 FM
FORTY-SECOND PARLIAMENT
FIRST SESSION—SECOND PERIOD

Governor-General
His Excellency Major General Michael Jeffery, Companion in the Order of Australia, Commander of the Royal Victorian Order, Military Cross

Senate Officeholders

President—Senator Hon. Alan Baird Ferguson
Deputy President and Chair of Committees—Senator John Joseph Hogg

Leader of the Government in the Senate—Senator Hon. Christopher Vaughan Evans
Deputy Leader of the Government in the Senate—Senator Hon. Stephen Michael Conroy
Leader of the Opposition in the Senate—Senator Hon. Nicholas Hugh Minchin
Deputy Leader of the Opposition in the Senate—Senator Hon. Eric Abetz
Manager of Government Business in the Senate—Senator Hon. Joseph William Ludwig
Manager of Opposition Business in the Senate—Senator Hon. Christopher Martin Ellison

Senate Party Leaders and Whips

Leader of the Australian Labor Party—Senator Hon. Christopher Vaughan Evans
Deputy Leader of the Australian Labor Party—Senator Hon. Stephen Michael Conroy
Leader of the Liberal Party of Australia—Senator Hon. Nicholas Hugh Minchin
Deputy Leader of the Liberal Party of Australia—Senator Hon. Eric Abetz
Leader of the Nationals—Senator Hon. Nigel Gregory Scullion
Deputy Leader of the Nationals—Senator Hon. Ronald Leslie Doyle Boswell
Leader of the Australian Democrats—Senator Lynette Fay Allison
Leader of the Australian Greens—Senator Robert James Brown
Leader of the Family First Party—Senator Steve Fielding

Government Whips—Senators Kerry Williams Kelso O’Brien, Ruth Stephanie Webber and Dana Wortley
Liberal Party of Australia Whips—Senators Stephen Parry and Judith Adams
The Nationals Whip—Senator Fiona Joy Nash
Australian Democrats Whip—Senator Andrew John Julian Bartlett
Australian Greens Whip—Senator Rachel Siewert
Family First Party Whip—Senator Steve Fielding

Printed by authority of the Senate
## Members of the Senate

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<th>State or Territory</th>
<th>Term expires</th>
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<td>Adams, Judith</td>
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</table>

(1) Chosen by the Parliament of Queensland to fill a casual vacancy vice Hon. Santo Santoro, resigned.
(2) Chosen by the Parliament of Victoria to fill a casual vacancy vice Hon. Richard Kenneth Robert Alston, resigned.
(3) Term expires at close of day next preceding the polling day for the general election of members of the House of Representatives.
(4) Chosen by the Parliament of Tasmania to fill a casual vacancy vice Susan Mary Mackay, resigned.
(5) Chosen by the Parliament of South Australia to fill a casual vacancy vice Hon. Robert Murray Hill, resigned.
(6) Chosen by the Parliament of South Australia to fill a casual vacancy vice Jeannie Margaret Ferris, died in office.
(7) Chosen by the Parliament of South Australia to fill a casual vacancy vice Hon. Amanda Eloise Vanstone, resigned.
(8) Chosen by the Parliament of Western Australia to fill a casual vacancy vice Hon. Ian Gordon Campbell, resigned.
(9) Chosen by the Parliament of Tasmania to fill a casual vacancy vice Hon. Paul Henry Calvert, resigned.
(10) Chosen by the Parliament of Victoria to fill a casual vacancy vice Hon. Robert Francis Ray, resigned.

PARTY ABBREVIATIONS
AD—Australian Democrats; AG—Australian Greens; ALP—Australian Labor Party; CLP—Country Liberal Party; FF—Family First Party; LP—Liberal Party of Australia; NATS—The Nationals

Heads of Parliamentary Departments
Clerk of the Senate—H Evans
Clerk of the House of Representatives—I C Harris
Secretary, Department of Parliamentary Services—D Kenny (Acting)
RUDD MINISTRY

Prime Minister
Hon. Kevin Rudd, MP

Deputy Prime Minister, Minister for Education, Minister for Employment and Workplace Relations and Minister for Social Inclusion
Hon. Julia Gillard, MP

Treasurer
Hon. Wayne Swan MP

Minister for Immigration and Citizenship and Leader of the Government in the Senate
Senator Hon. Chris Evans

Special Minister of State, Cabinet Secretary and Vice President of the Executive Council
Senator Hon. John Faulkner

Minister for Trade
Hon. Simon Crean MP

Minister for Foreign Affairs
Hon. Stephen Smith MP

Minister for Defence
Hon. Joel Fitzgibbon MP

Minister for Health and Ageing
Hon. Nicola Roxon MP

Minister for Families, Housing, Community Services and Indigenous Affairs
Hon. Jenny Macklin MP

Minister for Finance and Deregulation
Hon. Lindsay Tanner MP

Minister for Infrastructure, Transport, Regional Development and Local Government and Leader of the House
Hon. Anthony Albanese MP

Minister for Broadband, Communications and the Digital Economy and Deputy Leader of the Government in the Senate
Senator Hon. Stephen Conroy

Minister for Innovation, Industry, Science and Research
Senator Hon. Kim Carr

Minister for Climate Change and Water
Senator Hon. Penny Wong

Minister for the Environment, Heritage and the Arts
Hon. Peter Garrett AM, MP

Attorney-General
Hon. Robert McClelland MP

Minister for Human Services and Manager of Government Business in the Senate
Senator Hon. Joe Ludwig

Minister for Agriculture, Fisheries and Forestry
Hon. Tony Burke MP

Minister for Resources and Energy and Minister for Tourism
Hon. Martin Ferguson AM, MP

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

Leader of the Opposition
Deputy Leader of the Opposition and Shadow Minister for Employment, Business and Workplace Relations
Leader of the Nationals and Shadow Minister for Infrastructure and Transport and Local Government
Leader of the Opposition in the Senate and Shadow Minister for Defence
Deputy Leader of the Opposition in the Senate and Shadow Minister for Innovation, Industry, Science and Research
Shadow Treasurer
Manager of Opposition Business in the House and Shadow Minister for Health and Ageing
Shadow Minister for Foreign Affairs
Shadow Minister for Trade
Shadow Minister for Families, Community Services, Indigenous Affairs and the Voluntary Sector
Shadow Minister for Agriculture, Fisheries and Forestry
Shadow Minister for Human Services
Shadow Minister for Education, Apprenticeships and Training
Shadow Minister for Climate Change, Environment and Urban Water
Shadow Minister for Finance, Competition Policy and Deregulation
Manager of Opposition Business in the Senate and Shadow Minister for Immigration and Citizenship
Shadow Minister for Broadband, Communications and the Digital Economy
Shadow Attorney-General
Shadow Minister for Resources and Energy and Shadow Minister for Tourism
Shadow Minister for Regional Development, Water Security

Hon. Brendan Nelson MP
Hon. Julie Bishop MP
Hon. Warren Truss MP
Senator Hon. Nick Minchin
Senator Hon. Eric Abetz
Hon. Malcolm Turnbull MP
Hon. Joe Hockey MP
Hon. Andrew Robb MP
Hon. Ian Macfarlane MP
Hon. Tony Abbott MP
Senator Hon. Nigel Scullion
Senator Hon. Helen Coonan
Hon. Tony Smith MP
Hon. Greg Hunt MP
Hon. Peter Dutton MP
Senator Hon. Chris Ellison
Hon. Bruce Billson MP
Senator Hon. George Brandis
Senator Hon. David Johnston
Hon. John Cobb MP

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

Shadow Minister for Justice and Border Protection; Assisting Shadow Minister for Immigration and Citizenship
Hon. Chris Pyne MP

Shadow Special Minister of State
Senator Hon. Michael Ronaldson

Shadow Minister for Small Business, the Service Economy and Tourism
Steven Ciobo MP

Shadow Minister for Environment, Heritage, the Arts and Indigenous Affairs
Hon. Sharman Stone MP

Shadow Assistant Treasurer and Shadow Minister for Superannuation and Corporate Governance
Michael Keenan MP

Shadow Minister for Ageing
Margaret May MP

Shadow Minister for Defence Science, Personnel; Assisting Shadow Minister for Defence
Hon. Bob Baldwin MP

Deputy Manager of Opposition Business in the House and Shadow Minister for Business Development, Independent Contractors and Consumer Affairs
Luke Hartsuyker MP

Shadow Minister for Veterans’ Affairs
Hon. Bronwyn Bishop MP

Shadow Minister for Employment Participation and Apprenticeships and Training
Andrew Southcott MP

Shadow Minister for Housing and Shadow Minister for Status of Women
Hon. Sussan Ley MP

Shadow Minister for Youth and Sport
Hon. Pat Farmer MP

Shadow Parliamentary Secretary Assisting the Leader of the Opposition and Shadow Cabinet Secretary
Don Randall MP

Shadow Parliamentary Secretary Assisting the Leader of the Opposition in the Senate and Shadow Parliamentary Secretary for Northern Australia
Senator Hon. Ian Macdonald

Shadow Parliamentary Secretary for Health
Senator Hon. Richard Colbeck

Shadow Parliamentary Secretary for Education
Senator Hon. Brett Mason

Shadow Parliamentary Secretary for Defence
Hon. Peter Lindsay MP

Shadow Parliamentary Secretary for Infrastructure, Roads and Transport
Barry Haase MP

Shadow Parliamentary Secretary for Trade
John Forrest MP

Shadow Parliamentary Secretary for Immigration and Citizenship
Louise Markus MP

Shadow Parliamentary Secretary for Local Government
Sophie Mirabella MP

Shadow Parliamentary Secretary for Tourism
Jo Gash MP

Shadow Parliamentary Secretary for Ageing and the Voluntary Sector
Mark Coulton MP

Shadow Parliamentary Secretary for Foreign Affairs
Senator Marise Payne

Shadow Parliamentary Secretary for Families and Community Services
Senator Cory Bernardi
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The President (Senator the Hon. Alan Ferguson) took the chair at 9.30 am and read prayers.

PETITIONS

The Clerk—Petitions have been lodged for presentation as follows:

**Live Animal Exports**

To: The Honourable President and Members of the Senate in the Parliament assembled.

This petition of the undersigned citizens of Australia draws to the attention of the Senate the stress and extreme suffering caused to cattle, sheep and goats during their assembly, land transportation and loading in Australia, shipment overseas, and then unloading and local transportation, feedlotting, handling, and finally slaughter without stunning in importing countries.

Further, we ask the Senate to note that heat stress, disease, injury, inadequate facilities, inadequate supervision and care, and incidents such as on board fires, ventilation breakdowns, storms and rejection of shipments contribute to high death rates each year, e.g., 73,700 sheep and 2,238 cattle died on board export ships in 2002. Many thousands more suffer cruel practices prior to scheduled slaughter.

We the undersigned therefore call upon the Senate to establish an inquiry into all aspects of live animal exports from Australia, with particular reference to animal welfare, to be conducted by the Senate’s References Committee on Rural and Regional Affairs and Transport.

by Senator Bartlett (from 1,207 citizens)

**Live Animal Exports**

To the Honourable President and Members of the Senate in the Parliament assembled.

This petition of undersigned citizens of Australia calls on the Australian government to end the export of live animals from Australia to the Middle East.

Australia has strict laws to protect the welfare of animals - based on sound scientific research and community expectation. It is therefore ethically and morally unacceptable to export Australian animals long distances to countries where they will endure practices and treatment that would be unacceptable or illegal in Australia.

We the undersigned therefore call on the Australian government to end this trade and, in so doing, restore Australia’s reputation as a compassionate and ethical nation.

by Senator Bartlett (from 6,875 citizens)

**Live Animal Exports**

To the Honourable President and Members of the Senate in the Parliament assembled:

This petition of undersigned citizens of Australia calls on the Australian government to end the export of live animals from Australia to the Middle East.

Australia has strict laws - based on community expectation — to protect the welfare of animals. It is therefore ethically and morally unacceptable to export Australian animals long distances to countries where they will endure practices and treatment that would be unacceptable or illegal in Australia.

We the undersigned therefore call on the Australian government to end this trade and, in so doing, restore Australia’s reputation as a compassionate and ethical nation.

by Senator Bartlett (from 24,507 citizens)

**Live Animal Exports**

To the Honourable President and Members of the Senate in the Parliament assembled:

This petition of undersigned citizens of Australia calls on the Australian government to end the export of live animals from Australia to the Middle East.

Australia has strict laws to protect the welfare of animals - based on sound scientific research and community expectation. It is therefore ethically and morally unacceptable to export Australian animals long distances to countries where they will endure practices and treatment that would be unacceptable or illegal in Australia.

We the undersigned therefore call on the Australian government to end this trade and, in so doing, restore Australia’s reputation as a compassionate and ethical nation.

by Senator Bartlett (from 9,636 citizens)

Petitions received.
NOTICES

Presentation

Senator Minchin to move on the next day of sitting:

That—

(1) There be laid on the table, by each minister in the Senate, in respect of each department or agency administered by that minister, or by a minister in the House of Representatives represented by that minister, by not later than 7 days before the commencement of the budget estimates, supplementary budget estimates and additional estimates hearings:

(a) a list of all appointments made by the Government (through Executive Council, Cabinet and ministers) to statutory authorities, executive agencies, advisory boards, government business enterprises and all other Commonwealth bodies including the term of the appointment and remuneration for the position; and

(b) a list of existing vacancies to be filled by government appointment to statutory authorities, executive agencies, advisory boards, government business enterprises and all other Commonwealth bodies.

(2) If the Senate is not sitting when a statement is ready for presentation, the statement is to be presented to the President under standing order 166.

(3) This order is of continuing effect.

Senator Siewert to move on the next day of sitting:

(1) That the Senate:

(a) notes the report of the Community Affairs References Committee, *Beyond petrol sniffing: renewing hope for Indigenous communities*, dated June 2006, and the current expenditure on programs aimed at addressing petrol sniffing; and

(b) expresses concern at recent reports on the increase of petrol sniffing in central Australia.

(2) That the following matters be referred to the Community Affairs Committee for inquiry and report by 16 October 2008:

(a) the ongoing effectiveness of the eight-point plan in combating petrol sniffing in central Australia;

(b) the extent of the roll out of Opal fuel;

(c) the delivery of youth services in affected areas;

(d) the effectiveness and adequacy of resources provided to address petrol sniffing and substance abuse in central Australia; and

(e) what more needs to be done to effectively address petrol sniffing.

Senator Bob Brown to move on 26 August 2008:

That the following matters be referred to the Community Affairs Committee for inquiry and report by 26 November 2008:

A list of all grants approved in each portfolio or agency, including the value of the grant, recipient of the grant and the program from which the grant was made.

(2) If the Senate is not sitting when a statement is ready for presentation, the statement is to be presented to the President under standing order 166.

(3) This order is of continuing effect.

Senator Bob Brown to move on 26 August 2008:

That the following matters be referred to the Community Affairs Committee for inquiry and report by 26 November 2008:
(a) exemptions for the Exclusive Brethren and its members from Australian laws or administrative decisions;
(b) public funding, tax or other arrangements which do or may advantage the Exclusive Brethren over other community organisations;
(c) the activities of the Exclusive Brethren or its members which threaten or harm families, in particular, the best interests of children;
(d) the covert, as against overt, activities of the Exclusive Brethren or its members in the political process in Australia; and
(c) any related matters.

BUSINESS

Rearrangement

Senator LUDWIG (Queensland—Manager of Government Business in the Senate) (9.32 am)—I seek leave to make a short statement in relation to the hours of business today.

Leave granted.

Senator LUDWIG—I thank the Senate. It is worth explaining to the Senate the position we are now in. At the beginning of the week it was understood we would proceed with two bills and then a third bill was added, the social security bill, a budget bill which came out from Tuesday night. We expect the social security bill to be dealt with expeditiously today. In respect of the two bills that the government did want to proceed with this week, the first bill is the Telecommunications (Interception and Access) Amendment Bill 2008, which has been dealt with and the government has met the commitment that that bill would be passed as a necessary bill for this week. The second necessary bill for this week is the Telecommunications Legislation Amendment (National Broadband Network) Bill 2008. That bill was dealt with last night, up until 6.50 pm, when we went on to government documents. Because of amendments moved by the opposition, that bill is being dealt with in the House of Representatives today. It will, hopefully, come out of the House at an early time, which will allow that matter to be dealt with by the Senate before 12.45 pm. However, there does not seem to be a guarantee that I can give for that.

It is a bill that the government did indicate at the beginning of the week that it does want to deal with. The government will continue to say that we do need to deal with that bill in its entirety this week; therefore, I will move a motion which will allow that bill to be dealt with to conclusion once the message returns—hopefully before 12.45 pm, but there is no guarantee of that from the House. I will not seek to move the motion concerning hours this morning and have the debate without knowing exactly when that bill will return and whether there will be sufficient time for that bill to be dealt with.

I seek the concurrence of other senators to postpone the hours motion until later on in the day, and I can move that motion by leave if necessary to allow the debate on that bill. That would mean a couple of things. Firstly, if the bill were to come forward after 12.45 pm, during what is called the non-controversial time for bills, then that message could be dealt with during that period. If it were not able to be returned and finalised by that time, the next available time would be during general business, and I would ask the opposition to provide the time for the message to be dealt with during that time. I expect it not to be a long debate, so we could then go on to general business. If the bill continued to be dealt with and was not finalised, then we could continue past 6 o’clock and use the time for at least half an hour, until 6.30 pm, have the dinner break and come back for the address-in-reply by both the opposition and the minor parties and then continue to deal with the bill and/or
message until conclusion. That is the intention of the government.

We are serious about this bill, which is one of Labor’s main election commitments. It provides for the rollout of the national broadband network. It provides the basics for the mechanics to allow the tender process to go forward. The bill cannot be held up in the Senate. We must deal with it this week to allow all of those processes to proceed. I thought that it would be worth while this morning to explain the position, although I have taken longer than I might have imagined. It has an impact on all senators and their work requirements—and perhaps on the planes that they may wish to catch this evening. In any event, I seek the agreement and cooperation of the Senate to achieve that.

Senator ELLISON (Western Australia) (9.38 am)—by leave—On behalf of the opposition, we are in agreement with the government in relation to the way matters should proceed. We want to cooperate on this, and I associate myself with the remarks made by Senator Ludwig. However, in any change that may occur with general business today, I ask that it not be at the expense of the time allocated for general business. I think that can be done because we have a break between 6 pm and 8 pm. We certainly want to cooperate, and I think flexibility is the answer here. I agree with what Senator Ludwig has said.

Rearrangement

Senator LUDWIG (Queensland—Manager of Government Business in the Senate) (9.38 am)—I move:

That a motion relating to the 2008-09 Budget be considered during general business today.

Question agreed to.

NOTICES

Postponement

The following item of business was postponed:

Business of the Senate notice of motion no. 2 standing in the name of Senator Siewert for today, proposing a reference to the Environment, Communications and the Arts Committee, postponed till 16 June 2008.

UNIT PRICING (EASY COMPARISON OF GROCERY PRICES) BILL 2008

First Reading

Senator FIELDING (Victoria—Leader of the Family First Party) (9.40 am)—I move:

That the following bill be introduced: A Bill for an Act to require unit prices of grocery products sold by measure, weight or volume to be displayed, and for related purposes.

Question agreed to.
Senator FIELDING (Victoria—Leader of the Family First Party) (9.40 am)—I present the bill and move:

That this bill may proceed without formalities and be now read a first time.

Question agreed to.

Bill read a first time.

Second Reading
Senator FIELDING (Victoria—Leader of the Family First Party) (9.40 am)—I move:

That this bill be now read a second time.

I seek leave to have the second reading speech incorporated in Hansard.

Leave granted.

The speech read as follows—

UNIT PRICING (EASY COMPARISON OF GROCERY PRICES) BILL 2008
Family First is today introducing the Unit Pricing (Easy Comparison of Grocery Prices) Bill 2008 to enable Australian families to cut their grocery bills by easily comparing grocery items on a per unit basis, then choosing the cheapest.

Families are spending hundreds of dollars every fortnight on groceries, and with prices skyrocketing a saving of even a few per cent on the supermarket docket can make a big difference to a family’s budget.

Using comparative pricing, also known as unit pricing, families could save thousands of dollars a year on their grocery bills. With the cost of food soaring by nearly 6% over the past year, introducing unit pricing is a no brainer.

A Queensland Consumers’ Association (QCA) survey of 25 items in a Brisbane supermarket found that consumers could save up to 47 per cent by using unit pricing to compare prices and buy the cheapest product. This reduced the grocery bill by $44 from $94 to $49.

Families would jump at the chance of saving more than 40 per cent on the fortnightly grocery bill and Family First’s bill will help them do that.

The cost of food is a big part of every family’s budget and the fact that food prices have been increasing faster than the inflation rate for more than a decade means that families are really having a hard time making ends meet.

The introduction of unit pricing can also lead to a one-off offset to the effects of inflation as families cut their grocery bills, followed by ongoing savings for families.

Unit pricing or comparative pricing is all about displaying the prices of grocery items in a per unit form. This allows shoppers to quickly compare items to select the cheapest product on a per unit basis like the price per kilogram, per litre or per item.

It is often hard to calculate which items are cheapest, with different sizing making quick and easy comparison difficult on a busy shopping day. For example, buying a simple can of salmon presents you with a multitude of sizes and prices.

Just take a quick look at the supermarket shelves for tinned salmon and you can easily get confused – tinned salmon is sold in 95g, 100g, 105g, 180g, 215g, 390g and 415g size tins.

How do you choose between a John West 185g can of salmon at $3.35 and a Greensseas 170g can of salmon at $2.99 without a calculator in your pocket?

Unit pricing also exposes supermarket sales tactics that would have us believe that buying in bulk saves money. How many of us choose a three litre container of milk over a smaller container thinking we are saving money?

How frustrated and cheated would you feel if you knew a recent Family First survey uncovered that in one supermarket Pauls 3 litre milk container was actually more expensive per litre than Pauls 2 litre milk container. In another example Coles 1kg tin of fruit salad was 32% more expensive than the smaller 825g tin per kilogram, and Kleenex toilet tissues are cheaper if bought in a six roll pack as opposed to the eight or 12 roll pack.

Displaying the price per kilogram, per litre or per unit would expose these realities. Unit pricing would make the real cost of a grocery item obvious and allow families to save thousands of dollars a year on their grocery bills. A number of studies have shown that families pay less at the supermarket where unit pricing is in place for all groceries.
Supermarkets and grocery retailers should provide families with fair and transparent pricing, so they can get the best value for their dollar.

Unit pricing is already a familiar feature displayed for the sale of fruit, vegetables, meat and deli products where price is displayed per kilogram.

Families can save money either by choosing a package size within the same brand that costs less per measure, or by switching to a cheaper brand or home brand. For example, as part of the same survey, a 600g jar of Vegemite was found to cost 50% more per kilogram than the 150g jar.

Easy comparison of grocery prices can also alert families to reductions in the size of products, where a manufacturer may make a small cut in the number of items in a package but continues to sell it for the same price.

Unit pricing also helps to increase the focus on price and value for money and those families who focus on getting good prices can make big savings on their grocery bills.

Studies looking at the take up of unit pricing in Sweden, Britain and the United States found that between 50 and 70 per cent of people used the system to compare prices.

The Consumer Action Law Centre, Choice and the Queensland Consumers’ Association have long campaigned for unit pricing to be mandated in Australia.

Ten years ago a European Union directive was issued that means all the 27 member countries of the EU have unit pricing. Many states in the United States require unit pricing, while in others it is observed voluntarily.

Even though there are some set up costs for unit pricing, these are small compared to the turnover of supermarkets, and there is little ongoing cost once systems are in place. The bill allows an exemption for small corner shops.

Government action is needed to mandate unit pricing in supermarkets because consumers want to, and in fact with today’s inflation, need to pay the lowest possible prices, while retailers have a strong incentive to maximise their profits.

The Aldi supermarket chain has already voluntarily implemented a system of unit pricing in their shops. Woolworths has been quoted as saying it is looking to introduce unit pricing into Australia for what it calls “appropriate” products. And whilst Coles offers unit pricing online it has no intention of offering it in its supermarkets where the majority of families shop.

A compulsory unit pricing system produces a better result than a voluntary system as overseas experience shows that under voluntary systems there can be a lot of goods offered without unit pricing information.

Without a strong and consistent system, grocery retailers can pick and choose the products they include in the scheme, they can make the display of unit prices quite small, not offer unit pricing for specials and vary the measurement used. For example, if a retailer switches the quoted unit price for a particular packaged good from per kilogram to per 100 grams, it can make the price look cheaper.

Without consistent rules, unit pricing may be dropped for promotions, may not be accurate, may not be used consistently, not be displayed prominently or not printed in advertisements. The prominence of the display of unit prices has been shown to be a key factor in consumer awareness.

It is also important to have a regulator with a monitoring system in place, so that the success of unit pricing does not rely on complaints from customers, but that good practice is reinforced with retailers.

Families must also be told about unit pricing and how it works, so they can be informed as to how to use the scheme to their best advantage.

The cost of food is a big part of every family’s budget and families continue to be slugged at the supermarket checkout by soaring inflation. Implementing unit pricing for grocery products will therefore not only help Australians save money but it will also help counter the effects of inflation that is eating a big hole in families’ budgets.

Senator FIELDING—I seek leave to continue my remarks later.

Leave granted; debate adjourned.
(1) The Senate:
   (a) notes:
      (i) the inclusion in 2006 of Part 3.18A—Private financial provision for certain people with disabilities—to the Social Security Act 1991 to enable the establishment of special disability trusts, and
      (ii) that since the introduction of Part 3.18A and to 31 December 2007 only 22 trusts have been established; and
   (b) recognises the potential benefits that special disability trusts can deliver for those living with a disability, but is concerned that there remain barriers to the establishment of special disability trusts that are limiting their wider beneficial application.

(2) The following matters relating to special disability trusts be referred to the Community Affairs Committee for inquiry and report by 18 September 2008:
   (a) why more families of dependents with disabilities are not making use of the current provisions to establish Special Disability Trusts;
   (b) the effectiveness of Part 3.18A of the Social Security Act 1991;
   (c) barriers in the relevant legislation to the establishment of Special Disability Trusts; and
   (d) possible amendments to the relevant legislation.

Question agreed to.

(1) That the Senate—
   (a) notes the report by CHOICE on charities, published online in March 2008, that highlights the wide variability and inconsistency in the way that charities disclose information to the public; and
   (b) acknowledges that the 27 recommendations from the inquiry into the definition of charities and related organisations, which reported in 2001, have not been implemented.

(2) The following matters be referred to the Economics Committee for inquiry and report by the last sitting day in November 2008:
   (a) to investigate the relevance and appropriateness of current disclosure regimes for charities and all other not-for-profit organisations;
   (b) to identify models of regulation and legal forms that would improve governance and management of charities and not-for-profit organisations and cater for emerging social enterprises; and
   (c) to identify other measures that can be taken by government and the not-for-profit sector to assist the sector to improve governance, standards, accountability and transparency in its use of public including government funds.
Question put.
The Senate divided.  [9.46 am]
(The President—Senator the Hon. Alan Ferguson)

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- Brown, C.L.
- Carr, K.J.
- Conroy, S.M.
- Fielding, S.
- Hogg, J.J.
- Hutchins, S.P.
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- Birmingham, S.
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- Colbeck, R.
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- Fierravanti-Wells, C.
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- Minchin, N.H.
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- Ronaldson, M.
- Troeth, J.M.
- Watson, J.O.W.

**PAIRS**
- Evans, C.V.
- Faulkner, J.P.
- Nash, F.
- Macdonald, I.
- * denotes teller

Question negatived.

**Senator ALLISON** (Victoria—Leader of the Australian Democrats) (9.49 am)—by leave—It appears that the communication I thought had taken place between my office and the opposition did not. I do not want to speak for the opposition, but it is my understanding that there is a possibility that this motion may be able to be revisited in June, which I intend to do.

**TIBET**

**Senator BOB BROWN** (Tasmania—Leader of the Australian Greens) (9.50 am)—I seek leave to amend general business notice of motion No. 86 relating to Tibet and talks between the Dalai Lama and Beijing as circulated in the chamber.

Leave granted.

**Senator BOB BROWN**—I thank the Senate and I move the motion as amended:

That the Senate—

(a) notes the continuing human rights concerns in Tibet and restrictions on entry to areas in Tibet by journalists, international observers, non-government agencies and foreign diplomats;

(b) welcomes the informal talks between the Chinese Government and representatives of the 14th Dalai Lama on 4 May and 5 May 2008 in Shenzhen, China and the agreement to hold a further round of the China-Tibet dialogue;

(c) encourages both parties to work sincerely towards a peaceful and mutually agreeable resolution of the China-Tibet issue;

(d) welcomes the forthright statements by the Prime Minister (Mr Rudd) during his recent trip to China, both in public and in private talks with the Chinese Premier.
(Wen Jiabao) and President (Hu Jintao), on the need for constructive dialogue;
(e) appreciates the Prime Minister’s commitment to being a zhengyou, or a ‘true friend’, to the Chinese leadership and his willingness to raise challenging issues including Tibet; and
(f) requests the Government to actively support and monitor the progress of the China-Tibet dialogue and offer its support to help bring about a positive outcome.

Question agreed to.

PALESTINE

Senator NETTLE (New South Wales)

(9.50 am)—I move:

That the Senate—

(a) acknowledges and sympathises with the Palestinian families whose homes were destroyed or seized, and family members killed or injured, 60 years ago at the inception of the State of Israel which the Palestinians call ‘Al Nakba’, the catastrophe;

(b) remembers with shame the failure of the international community to prevent the bloody events that followed the unilateral declaration of independent statehood by the Israeli leaders and the many millions of victims who continue to suffer to this day;

(c) acknowledges the unique relationship which exists between Australia and Palestine, a bond highlighted by our commitment to the rights and liberties of our citizens and encouragement of cultural diversity;

(d) commends the Palestinian authority’s commitment to democracy, the rule of law and pluralism;

(e) reiterates Australia’s commitment to:

(i) Palestine’s right to exist and our on-going support to the peaceful establishment of a two-state solution to the Israeli-Palestinian issue, and

(ii) the pursuit of peace and stability throughout the Middle East; and

(f) on this, the 60th anniversary of Al Nakba, pledges our friendship, commitment and enduring support to the people of Palestine as we remember this dark chapter in history together.

Question put.

The Senate divided. [9.55 am]

(The President—Senator the Hon. Alan Ferguson)

Ayes—Senator the Hon. Alan Ferguson

Brown, B.J.
Milne, C.
Siewert, R. *

Noes—Senator the Hon. Alan Ferguson

Adams, J.
Bernardi, C.
Boswell, R.L.D.
Brown, C.L.
Campbell, G.
Chapman, H.G.P.
Collins, J.
Crossin, P.M.
Ellison, C.M.
Fielding, S.
Fisher, M.J.
Hurley, A.
Johnston, D.
Kirk, L.
Landy, K.A.
Marshall, G.
McEwen, A.
McLucas, J.E.
Murray, A.J.M.
Parry, S. *
Payne, M.A.
Ronaldson, M.
Sterle, G.
Webber, R.

* denotes teller

Question negatived.
RENEWABLE ENERGY (ELECTRICITY) AMENDMENT (FEED-IN-TARIFF) BILL 2008

First Reading

Senator MILNE (Tasmania) (9.59 am)—I move:

That the following bill be introduced: A Bill for an Act to amend the Renewable Energy (Electricity) Act 2000 to support the greater commercialisation of renewable energy technologies, and for related purposes.

Question agreed to.

Senator MILNE (Tasmania) (9.59 am)—I present the bill and move:

That this bill may proceed without formalities and be now read a first time.

Question agreed to.

Bill read a first time.

Second Reading

Senator MILNE (Tasmania) (10.00 am)—I move:

That this bill be now read a second time.

I seek leave to table the explanatory memorandum and to have the second reading speech incorporated in Hansard.

Leave granted.

The speech read as follows—

RENEWABLE ENERGY (ELECTRICITY) AMENDMENT (FEED-IN-TARIFF) BILL 2008

This is a Bill to amend the Renewable Energy (Electricity) Act 2000 to establish a national feed-in tariff (FiT) scheme.

Climate change is a huge and urgent challenge to Australia and the world. With greater impacts and new science arriving almost daily, the task we face, to build a ‘post-carbon’ economy, is only getting more urgent.

We need to pull out all stops to build new, zero emission energy and transport infrastructure to replace the polluting coal and oil that we rely on today.

Renewable energy resources and technologies around the world are moving ahead in leaps and bounds, out-competing doomed and short-sighted attempts to clean up coal. Many technologies are mature and ready to roll out now, and some are even approaching the stage where they can compete directly with coal. A number of mature technologies are able to provide steady, baseload power, and a sensible mix of renewable energy technologies can match our demand and create a stable electricity grid.

While the reality is that renewable energy will not replace our entrenched coal power unless and until it is supported to do so, I have every confidence that, when given the appropriate support, it will do so swiftly and cost-effectively. International experience shows that implementing a feed-in law, alongside funding for research and development is one of the best ways of giving renewable energy the support it needs.

The scheme that would be established by the Bill I am introducing today will provide greater financial support for the commercialisation of a broad range of prospective renewable energy technologies, particularly those that are generally unsupported by the Mandatory Renewable Energy Target (MRET).

It is apparent that while the MRET has been successful in promoting the cheapest renewable energy technologies, especially wind and solar hot water, emerging technologies such as solar thermal, solar photovoltaic (PV), geothermal, wave power and others, receive either very little or ad-hoc support. This is a problem because these emerging technologies are useful complements to wind power, and in the long term may prove the most cost-effective renewable energy option. Those technologies best able to provide base-load generation, including solar thermal and geothermal, in particular, deserve Federal Government support.

Renewable energy feed-in tariffs have proved highly successful in many nations and recently have been introduced in South Australia, Victoria, the ACT, and will probably be soon introduced in Queensland. However, this Bill would go further than the approaches recently taken by Australian states by:

1. allowing the Minister to applying a feed-in tariff to any technology, not just solar photovoltaics;
2. ensuring that the feed-in tariff is applied to all renewable electricity generated, not just that component which exported onto the grid, which in the case of domestic PV systems may be negligible. The Victorian and South Australian feed-in tariff schemes are particularly weak in this regard;

3. establishing a national register which will yield valuable information about the effectiveness of the various renewable energy technologies supported; and,

4. creating a system whereby the owners of renewable energy systems make claims for the tariff directly to the regulator, thus simplifying the system from the point of view of electricity retailers.

To summarise, the scheme would operate as follows:

The Minister with responsibility for the scheme would set a feed-in-tariff rate for any of the sources of renewable energy technology listed in section 17 of the principle Act, each year. In doing so, Minister’s objective is to support the economic viability of electricity generation from a range of prospective renewable energy technologies. To achieve this, the Minister may vary FiT rates according to the type and location of qualifying generators.

The owner of a ‘qualifying generators’ will receive a constant FiT for 20 years, set at the time that they register with the scheme, on all of the electricity that they produce. Only generators installed after the commencement of the scheme and which forgo participation in the mandatory renewable energy scheme can be a ‘qualifying generator’. In this way renewable energy produced due to the FiT scheme will be additional to renewable energy generated due the MRET scheme. The main reason for this is that the future income that owners of renewable energy generators may receive from the sale of Renewable Energy Certificates may be difficult to predict, thus complicating the Minister’s task of setting an appropriate long-term feed-in tariff rate.

The Minister must review the FiT rate applying to each renewable energy generator type each year – with adjusted rates applying to new installations. In order to provide a degree of certainty to manufacturers and suppliers of renewable energy products, the Minister may increase the FiT rate, but can only decrease the rate it after a period of 5 years from the date that the rate was initially set, and then by a maximum of 10% per year. An exception to this rule could occur if the Minister elects to set a target level of installed renewable energy capacity (for any particular technology), and that target is achieved, beyond which point the Minister may reduce the tariff if such a course of action is deemed desirable.

In order to fund the scheme the Minister must set a FiT levy rate per MWh of electric energy acquisition from the electricity grid. The FiT levy is to be imposed by a proposed Renewable Energy (Electricity) Feed-in-Tariff Levy Act 2008. The FiT levy rate must be sufficient to cover the estimated cost of payments under the feed-in-tariff rate scheme. The FiT levy would be payable by all electricity retailers and direct customers of electric energy from the grid, calculated by reference to their annual energy acquisition statements lodged under section 44. Note that the annual energy acquisition statement is also used to calculate the renewable energy shortfall charge of an electricity retailer or a direct customer.

With regards to the payment of feed-in-tariffs, an annual return by the owner of a qualifying generator must be lodged with the Regulator within 30 days of each anniversary of the registration of the qualifying generator. The Regulator must then pay the feed-in-tariff rate to the owner of a qualifying generator within 30 days of receiving from the owner an annual return in the prescribed form indicating the metered energy produced by the qualifying generator.

The Regulator must also establish a Register which records:

a. details of all qualifying generators, including the name and address of the owner of the generator, the date of registration of the generator and the type of generator (that is, the eligible renewable energy source used by the generator); and

b. the total amount of electricity produced by each qualifying generator; and

c. the feed-in-tariff rate to be paid to the owner of a registered qualifying generator and the
period for which the feed-in-tariff rate will be paid.

Finally, in the interests of transparency and accountability, the Minister must also ensure that an independent report on the operation of the FiT scheme is prepared and tabled each year. The report must include details of total renewable energy produced and total payments made under the feed-in-tariff rate scheme, and the total receipts from the feed-in tariff levy. As well, the Minister must provide statements explaining how the feed-in-tariff rates and levy rates are calculated and must table those statements in both Houses of Parliament each year.

The urgency of climate change requires serious, systemic action to build a new post-carbon world. This Bill will take a significant step in that direction and I commend it to the Senate.

Senator MILNE—I seek leave to continue my remarks later.

Leave granted; debate adjourned.

COMMONWEALTH ELECTORAL AMENDMENT (POLITICAL DONATIONS AND OTHER MEASURES) BILL 2008

First Reading

Senator LUDWIG (Queensland—Minister for Human Services) (10.00 am)—At the request of Senator Faulkner, I move:

That the following bill be introduced: a Bill for an Act to amend the Commonwealth Electoral Act 1918, and for related purposes.

Question agreed to.

Senator LUDWIG (Queensland—Minister for Human Services) (10.01 am)—I present the bill and move:

That this bill may proceed without formalities and be now read a first time.

Question agreed to.

Bill read a first time.

Second Reading

Senator LUDWIG (Queensland—Minister for Human Services) (10.01 am)—On behalf of Senator Faulkner, I table the explanatory memorandum relating to the bill and move:

That this bill be now read a second time.

I seek leave to have the second reading speech incorporated in Hansard.

Leave granted.

The speech read as follows—

I am pleased to present legislation that demonstrates the Government’s pre-election commitment to rolling back the previous Government’s changes to the Commonwealth Electoral Act 1918 (the Electoral Act) and moving Australia’s electoral laws and processes towards the world’s best practice. The measures contained in this Bill deal with the controversial area of political donations and election funding.

The urgent measures contained in this Bill are also part of an extensive review of electoral laws that has already been announced by the Government. This process includes the development and publication of a Green Paper on Electoral Reform that is to be released in two parts and which will deal with a wide range of issues relating to the enhancement and modernisation of Australia’s electoral laws.

The measures contained in the Bill today deal with 5 major issues.

The first group of measures reduces the disclosure threshold for donors, registered political parties, candidates and others involved in incurring political expenditure from ‘more than $10,000’ (indexed annually to the CPI) to a flat rate of $1,000. The aim of this measure is to provide transparency and accountability in the donations and expenditure received or incurred by key participants in the political process. The reduction from the current high level of $10,500 that increases annually with indexation each year, to a flat rate of $1,000 greatly extends the transparency of our system and ensures that the scope for any undisclosed gifts will be reduced.

The second group of measures reduces the current time frames for the making of returns and the disclosure of gifts and expenditure relating to an election by individual candidates and members of Senate groups and donors who make donations within the election period from the existing...
15 weeks to a period of 8 weeks after polling day. In terms of political parties, associated entities, third parties and donors more generally, the previous returns that were required to be provided to the Australian Electoral Commission once every 12 months will now be required to be lodged once every 6 months. The existing time periods for the lodging of these returns (which are presently 15 weeks for donors, 16 weeks for registered political parties and associated entities, and 20 weeks for third parties who incur political expenditure) will all be reduced to 8 weeks.

These changes will ensure that the Australian Electoral Commission has in its possession details of gifts, revenues and political expenditure that are both timely and up-to-date. The publication of this information will also be more timely and will enable the Australian community to fully examine the financial dealings of the main players involved in the political process and to scrutinise the sources of any donations that have been received.

The third group of measures contained in this Bill address a loophole in the existing donor disclosure laws. One mechanism that is currently available to donors who do not wish to have their identity disclosed is to make multiple donations just below the threshold to the various branches and divisions of the same political party. This Bill will remove the loophole, by using an existing definition of related political parties found elsewhere in the Electoral Act, to ensure that donations to different branches of a political party are treated as donations to the same party. This will mean that a donor will need to disclose where he or she has made donations totalling $1000 or more to any combination of the branches and divisions of the party, and in this way inhibits the unaccountable practice of donation splitting.

The fourth group of measures in this Bill deal with the complex issue of the receipt of gifts from foreign companies. This was one of the issues that was addressed in the September 2005 report of the Joint Standing Committee on Electoral Matters entitled “The 2004 Federal Election”. There has been concern that large overseas companies may be able to exert influence through the making of significant and often unreported gifts and donations. The measures in the Bill make it unlawful for registered political parties, candidates and members of a Senate group to accept gifts of foreign property.

The Bill also makes it unlawful for other key players in the political process, such as associated entities and third persons to receive overseas gifts that are used solely or substantially to incur political expenditure. The policy intent is to ensure that the source of all funds that are used for political purposes are clearly identified, to enable the AEC to have jurisdiction over those donations, and to enable the Australian public to scrutinise any possible impact that such donations may have on political decision-making.

This group of measures also aims to close another loophole in the Electoral Act. Currently section 306 of the Electoral Act prohibits the receipt of anonymous gifts above the threshold by registered political parties, candidates and Senate groups. The Bill includes measures that extend the current prohibition on accepting anonymous gifts and donations to all anonymous gifts to these entities and to cover associated entities and other third persons that use those funds for political purposes. The Bill also provides for anonymous donations that are unable to be returned to be paid to the Commonwealth.

The fifth group of measures are aimed at addressing the possibility that some candidates and other groups may obtain a windfall payment of election funding as a result of running for office. This measure will give effect to the Government’s announcement that any payment of election funding should be tied to actual “electoral expenditure” that has been incurred. The policy intention behind these measures is that candidates, registered political parties and Senate groups should only receive the lesser amount of either the electoral expenditure that was actually incurred in an election campaign, or the amount awarded per vote (currently approximately $2.18), provided at least 4% of first preference votes have been won. The existing entitlement remains unchanged, but the new claims process will require the agent of the candidates, registered political parties and Senate groups to lodge a claim specifying all or part of the electoral expenditure incurred in an election campaign for which they wish to receive...
election funding. This new claims process will still enable claims to be lodged and paid at a 95% level soon after 20 days of polling day, thereby mirroring one of the existing entitlements, with the remainder able to be paid after the final vote count.

To ensure the AEC can implement and enforce these new laws, the Bill introduces a range of new offences to the reporting and disclosure regime and generally increases the level of penalties in the Electoral Act. The existing penalties in the Electoral Act have largely remained the same as when introduced in 1983. The increases involve larger fines for providing false or misleading information as part of a return. In relation to claims for election funding, the levels of penalties have been substantially increased to reflect the seriousness of the crimes and the amount of public funds that are paid following an election. Following the November 2007 election nearly $50 million of public funding was paid to candidates, registered political parties and Senate groups. To have only the existing fines, of $10,000 or less, as the maximum applicable penalties fails to address the risks and potential criminality of false claims.

In addition, the Bill extends the existing recovery powers in subsections 306(5) and 306A(6) of the Electoral Act for anonymous gifts and loans to the new prohibition on overseas gifts and other anonymous and undisclosed gifts.

The Government is committed to restoring the integrity of our electoral processes and systems. I believe that the reforms contained in this Bill will significantly enhance the transparency and accountability of funding and donations to registered political parties, candidates and the other key political players in Australia. This is the first tranche of electoral reform measures that will restore the integrity of our electoral system and ensure that the health of our Australian democracy is maintained for future generations.

I commend the Bill.

Ordered that further consideration of the second reading of this bill be adjourned to the first sitting day of the next period of sittings, in accordance with standing order 111.
not decommissioned and, if privatised, is required to prioritise research and development and provide ongoing long-term access to scouring services in Victoria for the speciality fibre industries and small lot wool processors.

Question agreed to.

**CHINA: EARTHQUAKE**

Senator **BOB BROWN** (Tasmania—Leader of the Australian Greens) (10.03 am)—I move:

That the Senate—

(a) expresses its deep sorrow and condolences at the massive destruction and loss of life and trauma suffered by people affected by the earthquake in southwest China; and

(b) hopes the rescue services have maximum success and that suffering is minimised by the rapid assistance from the Chinese people and the international community.

Question agreed to.

**BUSINESS**

**Consideration of Legislation**

Senator **KIRK** (South Australia) (10.03 am)—I move:

(1) That so much of standing orders be suspended as would prevent this resolution having effect.

(2) That the Parliamentary (Judicial Misbehaviour or Incapacity) Commission Bill 2007 be restored to the Notice Paper and that consideration of the bill resume at the stage reached in the 41st Parliament.

Question agreed to.

**HOSPITAL CARE FOR WOMEN**

Senator **ALLISON** (Victoria—Leader of the Australian Democrats) (10.04 am)—I move:

That the Senate—

(a) notes that:

(i) throughout Australian hospitals, patients are managed in mixed gender wards and that assault, trauma and violence are too often perpetrated on women patients in acute inpatient facilities,

(ii) a survey on assaults on women while being treated as inpatients in public hospitals shows that 27 per cent of female patients questioned (N=117) had experienced broadly defined physical assault, 63 per cent had experienced verbal assault and 58.5 per cent felt intimidated and unsafe in the inpatient unit,

(iii) many male patients are admitted to hospital because their behaviour (due to their illness) is often disinhibited or aggressive,

(iv) many female patients have sexual abuse histories and hence fare very badly in this environment, and

(v) women patients cannot lock the doors to their hospital rooms for treatment safety reasons and so feel totally vulnerable; and

(b) calls on the Government to raise with the states, as a matter of urgency, the need to re-designate acute psychiatry inpatient units to have ‘women-only areas’ and/or separate male and female wards, as is the case in many other countries, for the safety and privacy of women in these settings.

Question agreed to.

**INTERNATIONAL MYALGIC ENCEPHALOMYELITIS/CHRONIC FATIGUE SYNDROME AND FIBROMYALGIA AWARENESS WEEK**

Senator **ALLISON** (Victoria—Leader of the Australian Democrats) (10.04 am)—I move:

That the Senate—

(a) notes that the week beginning 11 May 2008 is International Myalgic Encephalomyelitis/Chronic Fatigue Syndrome and Fibromyalgia Awareness Week;

(b) recognises that:
(i) these conditions can strike at any time and affect children as well as adults,
(ii) sufferers of these conditions experience abnormal levels of exhaustion which often stops them from working, studying or socialising, and
(iii) the cause of these conditions is currently unknown and there is no single diagnostic test to accurately diagnose them; and
(c) calls on the Government to:
(i) support research into encephalomyelitis, chronic fatigue syndrome and fibromyalgia, and
(ii) adequately support non-government organisations that provide support, education, and resources to consumers, the community, health professionals and policy makers about the encephalomyelitis/chronic fatigue syndrome and fibromyalgia.

Question agreed to.

HEROIN

Senator ALLISON (Victoria—Leader of the Australian Democrats) (10.05 am)—I move:

That the Senate—
(a) notes that:
(i) the Danish Parliament approved in February 2008 a pilot medical scheme to prescribe heroin to 500 of Denmark’s most seriously addicted and marginalised citizens,
(ii) heroin is to be prescribed in combination with methadone with the aim of rehabilitation and to reduce the criminal activity of addicts,
(iii) prescription heroin for treatment of severe cases of addiction exists as a therapeutic option in the United Kingdom, Switzerland and the Netherlands and is being established in Germany, and
(iv) trials of prescribing heroin for the treatment of opiate dependency in Spain and Canada also show favourable results; and
(b) encourages the Government to closely monitor this and other pilot programs and to consider conducting a similar project in Australia.

Question negatived.

SMOKING IN FILMS

Senator ALLISON (Victoria—Leader of the Australian Democrats) (10.06 am)—I move:

That the Senate—
(a) notes:
(i) the recent research done by the Cancer Council of New South Wales indicating that 70 per cent of top box office films contained depictions of smoking, including 75 per cent of the most popular PG-rated films,
(ii) the research by the American Lung Association showing that more than two-thirds of the top 50 United States of America box office films of 2004-05 classified for children’s viewing depicted smoking, some with as many as 14 depictions of smoking an hour,
(iii) that positive depictions of smoking in films normalise and promote smoking, particularly for young people, and that on-screen smoking influences children’s attitudes and behaviour to the extent that it can increase a child’s chance of becoming a smoker later in life, and
(iv) that evidence overseas shows that the tobacco industry has provided inducements for such positive depictions of smoking and that this is not consistent with the objectives of the Tobacco Advertising Prohibition Act 1992;
(b) urges the Government to heed the latest call by the Australian Medical Association and adopt strategies and regulatory meas-
asures to counter the influence of smoking in films, including:

(i) a film classification system that provides clear warnings about the extent and nature of smoking in films with films attracting an appropriate descriptor such as ‘pervasive smoking’ in the same way that descriptors warn of coarse language, sexual references, nudity and violence;

(ii) anti-smoking announcements before films that depict smoking, and

(iii) changes to guidelines to ensure that public funds are not used to support Australian films that glamorise or promote smoking.

Question negatived.

Senator BOB BROWN (Tasmania—Leader of the Australian Greens) (10.06 am)—by leave—I ask that the Greens’ support for that motion be noted.

BURMA

Senator BOB BROWN (Tasmania—Leader of the Australian Greens) (10.06 am)—I move:

That the Senate—

(a) recognises the massive destruction of cyclone Nargis in Burma; and

(b) calls on the Burmese authorities to urgently remove all impediments to international aid and assistance for all those who are suffering.

Question agreed to.

RADIOACTIVE WASTE FACILITIES

Senator MILNE (Tasmania) (10.07 am)—I move:

That the Senate—

(a) notes that:

(i) the Commonwealth Radioactive Waste Management Act 2005 and the Commonwealth Radioactive Waste Management Legislation Amendment Act 2006 facilitated the Howard Government’s plan to develop a Commonwealth radioactive waste dump in the Northern Territory, and,

(ii) prior to the federal election, the Australian Labor Party committed to repealing this legislation, if elected; and

(b) calls on the Government to:

(i) announce the schedule for the repeal of this legislation and notify all affected communities and stakeholder organisations, and

(ii) repeal all sites proposed or nominated under the legislation for the Commonwealth radioactive waste facility, including Muckaty, which was nominated by the Northern Land Council.

Question put.

The Senate divided. [10.11 am]

(The President—Senator the Hon. Alan Ferguson)

Ayes…………… 7
Noes…………… 48
Majority……… 41

AYES

Allison, L.F. Bartlett, A.J.J.
Brown, B.J. Milne, C.
Nettle, K. Siewert, R. *
Stott Despoja, N.

NOES

Abetz, E. Adams, J.
Barnett, G. Bernardi, C.
Birmingham, S. Bishop, T.M.
Boyce, S. Brown, C.L.
Bushby, D.C. Campbell, G.
Chapman, H.G.P. Colbeck, R.
Collins, J. Cormann, M.H.P.
Crossin, P.M. Eggleston, A.
Ellison, C.M. Faulkner, J.P.
Ferguson, A.B. Fielding, S.
Fifield, M.P. Fisher, M.J.
Forshaw, M.G. Johnston, D.
Kemp, C.R. Kirk, L.
Ludwig, J.W. Lundy, K.A.
Macdonald, J.A.L. Marshall, G.
Mason, B.J. McEwen, A.
McGauran, J.J. McLucas, J.E.
Moore, C. O’Brien, K.W.K. *
Parry, S.  Patterson, K.C.
Payne, M.A.  Polley, H.
Ronaldson, M.  Stephens, U.
Sterle, G.  Troeth, J.M.
Trood, R.B.  Watson, J.O.W.
Webber, R.  Wortley, D.

* denotes teller

Debate negatived.

Committees

Agricultural and Related Industries Committee

Extension of Time

Membership

Senator PARRY (Tasmania) (10.14 am)—At the request of Senator Heffernan, I move:

(1) That the time for the presentation of the report of the Select Committee on Agricultural and Related Industries be extended to 16 October 2008.

(2) That the resolution of appointment of the Select Committee on Agricultural and Related Industries be amended to provide for participating membership, as follows:

AFTER paragraph (2), insert:

(2A) (a) On the nominations of the Leader of the Government in the Senate, the Leader of the Opposition in the Senate and minority groups and independent senators, participating members may be appointed to the committee;

(b) participating members may participate in hearings of evidence and deliberations of the committee, and have all the rights of members of the committee, but may not vote on any questions before the committee; and

(c) a participating member shall be taken to be a member of the committee for the purpose of forming a quorum of the committee if a majority of members of the committee is not present.

Question agreed to.

DEFENCE PROCUREMENT

Senator PARRY (Tasmania) (10.15 am)—At the request of Senator Minchin, I move:

That there be laid on the table by the Minister representing the Minister for Defence, no later than 4 pm on Thursday, 19 June 2008, the red folder brandished by the Minister which he claims contains details of 'problematic' defence procurement projects.

Question agreed to.

Committees

Community Affairs Committee

Reference

Senator COLBECK (Tasmania) (10.16 am)—At the request of Senator Minchin, I move:

That there be laid on the table by the Minister representing the Minister for Defence, no later than 4 pm on Thursday, 19 June 2008, the red folder brandished by the Minister which he claims contains details of 'problematic' defence procurement projects.

Question agreed to.

Committees

Community Affairs Committee

Reference

Senator COLBECK (Tasmania) (10.16 am)—I seek leave to refer a matter to a committee.

The PRESIDENT—Leave is not granted because the government whip says he has not been consulted.

Senator COLBECK—My understanding is that the government has been consulted and has agreed for leave to be granted.

Senator O’Brian—I’m not sure who that was with but it hasn’t been communicated to me.

The PRESIDENT—Is leave granted?

Senator LUDWIG (Queensland—Manager of Government Business in the Senate) (10.16 am)—As I understand it, the opposition intend to move a motion to send a matter to the community affairs committee in respect of RTD, or ready-to-drink, alcoholic beverages. The government opposes the motion. In order to ensure that we can have a debate about this matter, and also in the interests of time, given my earlier comments that the government does have a program to get through, we will therefore have the debate rather than go through the usual procedures. It is not unusual to do it in this way where our intentions are clear. We can then go to the substantive matter and have the
debate about this issue. The government feels strongly about it and will make its statements in the course of the debate. Therefore, we do not need to go through a contingent notice of motion and the Senate procedures. This has happened in the past. In the interests of ensuring that we can go to the substance of the debate, have the debate and then, in the interests of not keeping senators unnecessarily, because we do have a legislative program to deal with today, we will go on to the legislative program at the conclusion of the debate—but we do need to deal with a matter before that.

Leave not granted.

Intelligence and Security Committee

Membership

The PRESIDENT—I have received a letter from a party leader nominating a senator to be a member of the committee.

Senator LUDWIG (Queensland—Manager of Government Business in the Senate) (10.18 am)—by leave—I move:

That Senator Forshaw be appointed as a member of the Parliamentary Joint Committee on Intelligence and Security.

Question agreed to.

Community Affairs Committee

Reference

Senator COLBECK (Tasmania) (10.19 am)—by leave—I move:

That—

(1) The following matters be referred to the Community Affairs Committee for inquiry and report by 24 June 2008:

(a) the effectiveness of the Government’s proposed changes to the alcohol excise regime in reducing the claims of excessive consumption of ready-to-drink alcohol beverages;

(b) the consumption patterns of ready-to-drink alcohol beverages by sex and age group;

(c) the consumption patterns of all alcohol beverages by sex and age group;

(d) the impact of these changes on patterns of overall full strength spirit consumption, including any increased consumption of standard drinks of alcohol;

(e) the evidence underpinning the claims of significant public health benefit in the increase of excise on this category of alcohol;

(f) applicability of incentives to encourage production and consumption of lower alcohol content beverages;

(g) the modelling underpinning the Government’s revenue estimates of this measure;

(h) the effectiveness of excise increases as a tool in reducing the levels of alcohol-related harm;

(i) the empirical evidence on which the Government’s decision to increase the excise on ready-to-drink alcohol beverages was based; and

(j) the effect of alternative means of limiting excessive alcohol consumption and levels of alcohol-related harm among young people.

(2) The committee is to include hearing evidence from health experts, representatives of the ready-to-drink alcohol industry, spirits industry, hotels and liquor retailers and government officials familiar with the modelling and health policy data used to underpin this policy decision.

The opposition has I think quite rightly expressed concern about the decision that the government made without notice to anybody in respect of the increase of excise on ready-to-drinks. I believe the evidence that has already started to flow from the community raises questions over the validity of the decision. We have already seen evidence in the media from South Australia and from my home state of Tasmania, where young people are going straight back to full-strength spirits instead of drinking a measured amount of
alcohol through the use of ready-to-drinks. We also know from statistics from the industry that about 80 per cent of those who consume RTDs are males in the age group of 24 to 39. So I think there is already very strong evidence to suggest that this measure is ill conceived and it is certainly enough evidence in my view to suggest that this should be considered by a committee of the Senate.

We know that the Treasury forecasts of revenue from this measure exceed even the industry’s own predictions of growth in the RTD market that were made prior to the tax decision being made. We have seen the projected excise grow from $2 billion over four years when the measure was first announced three weeks ago to $3.1 billion over five years in the budget. Again, I think that raises some questions over the process that the government went through in respect of how these decisions were made.

The opposition, like the government, is very concerned with the issue that we have in this country regarding alcohol and alcohol related effects. We believe though that the government has tried to manipulate the use of statistics and figures to create an issue that is demonstrated to be different from what it really is. We know for example—and this has been brought out through the debate that we have had over the last few weeks in respect of another piece of legislation that is before the chamber—that the number of people who are indulging in binge drinking is actually falling or steady. We know that over the last 20-odd years the rate of alcohol consumption in Australia has fallen. Rather than make ad hoc decisions, as the government has done in this particular case, the opposition believes that consideration of all of the facts that surround this issue is the appropriate way that this should be decided.

We have seen evidence that has come through reporting processes even this year that the most effective way to influence consumption of alcohol is through the support of families and through the influence of families. The government, at this point in time, has had meetings with major sporting codes and it has increased tax, but it has put in place no measures to support families and to give families the information that will assist them in influencing the use of alcohol, particularly by young people. I stress: the opposition acknowledges that this is a significant issue. We do not step away from it, but what we do have concerns about is that this measure is being put in place in complete isolation from any other considerations. If it had been put in place as part of a package of measures that we could see provided support for families and support for community organisations involved in the use of alcohol, then we could perhaps see a different way of moving forward. But it has not. It came out of the blue without any consultation with industry, without any consultation with the community and it appears to the opposition to be nothing more than a significant tax grab. In that context we have real and I think legitimate issues with it.

In those terms—without the consultation with industry that may well have provided some better information—I think it is quite disturbing that the Taxation Office projections for this measure exceed even the industry’s projections in growth. We saw yesterday Senator Conroy admitting that there would continue to be growth in the RTD market. Yet Treasurer Swan was at the press gallery saying that there would be a reduction in the use of RTDs. They cannot both be right. So there are even differences within the government in respect of this issue. I think it is more than appropriate that this measure be referred to the Senate Standing Committee on Community Affairs and that it be properly investigated. Hopefully, that committee will then have the opportunity to
provide to the government and to the parliament a holistic approach to dealing with this issue, not just a single, ad hoc measure that is plucked out of thin air.

It is of real concern to the opposition that, even though the government has put a number of processes in place to deal with some significant policy matters, those processes are being circumvented by ad hoc policy decisions. It is a real concern. If the government wants to put a process in place to deal with an issue, that is quite legitimate and the opposition would support it. But, when it starts making ad hoc decisions that have no reference to those particular processes, I think we can legitimately ask some questions. This motion will provide the opportunity for a Senate committee to properly consider this matter and provide recommendations back to the Senate and hopefully inform some good decision making and some good policy making on behalf of the government.

Senator BARTLETT (Queensland) (10.28 am)—The Democrats do not oppose this reference. I think it is a matter that is definitely worthy of some further consideration. I do want to make a couple of quick points. It is wonderful that the coalition is now concerned about ensuring proper scrutiny of government measures and ensuring they get properly examined before being passed by the parliament. I just wish they had that same commitment to proper consideration of significant proposals last year, the year before that and the year before that. The contrast is stark and it does need to be made. I welcome the fact that they are using Senate committee processes to enable some scrutiny of government measures. I think there is a fair bit of validity in what Senator Colbeck has said, at least in terms of questions that can be raised and points that can be made about this being a measure in isolation and not appearing to be particularly tied into a broader program of harm minimisation with regard to alcohol consumption. I would also make the point that not only this issue but also this inquiry are in themselves—apart from also coming somewhat out of the blue—somewhat in isolation from the wider issue. I recognise the inquiry is in response to what the government has done, but I think it runs the risk of falling into the same trap of focusing on a single issue, making a big political argy-bargy about that and ignoring some of the wider issues, even those about alcohol taxation.

I remind the Senate—and I hope the committee would take this on board; I am sure they could enable their brain cells to consider the matter within the context of the wide terms of reference—that just a couple of months ago it unanimously passed a resolution calling on the government to comprehensively review all aspects of alcohol taxation and related matters to do with that from a health perspective. That is something that, across party lines, we all called for. As far as I know, the government has not responded to that, but I think that is what is needed. That was a Democrat motion moved by my colleague Senator Murray. It is an issue that has been raised a number of times, particularly by him, in Senate committee reports. Regardless of whether the so-called ‘alcopops’ tax change goes through or not, there will still be significant inconsistencies and anomalies in the taxation of alcohol that, even if you look at them purely from a health point of view, merit some alteration in my view and the Democrats’ view.

There is plenty of evidence to suggest that, in terms of those who are just wanting to consume large amounts of alcohol cheaply for the immediate impact it has on their psychological state, just casting around for the cheapest large amount would include wine casks and things like those, which are also cheap in part because of the differing tax
treatment of wine. Those are wider issues, and I think that, if it looks solely at the alcopop tax and has a bit of a political stoush about that, the inquiry will really ignore some of these ongoing, continuing realities. There is plenty of evidence that details that increasing the cost of some of those cheaper alcohol products does have a positive health impact, but if it is just a matter of transferring serious alcohol abuse from one product to another then the beneficial aspect is not as significant as you might think. We should at least be clear about what is happening.

We do support having a look at this, but I would also make one other final plea. Whilst there is no doubt that the consumption of some sort of alcohol at harmful levels amongst young people is a real issue, it is not just young people who do it. I think the notion of hordes of drunk young women smashed on lots of cheap alcopops is a stereotype. We need to have a debate that recognises that harmful levels of alcohol consumption is an issue across the community, one that manifests itself in different ways in different age groups and other groups within the community. Just making it a rhetorical issue that feeds on people’s fears about young people is not accurate and not helpful, frankly, in getting the best health outcomes.

Senator SIEWERT (Western Australia) (10.32 am)—The Greens will be supporting this motion. I think our position is similar to the Democrats’ in that we think the terms of reference should be more focused on the overall issue of alcohol and the impact of alcohol on the community and what we should be doing to address it. I think the most important term of reference here is (j). It should be noted that the Senate Standing Committee on Community Affairs is already looking at an issue around alcohol in the bill that Senator Fielding tabled and had referred to the committee and which relates to some controls on advertising. Already the evidence to that committee is showing that one simple measure does not work, that you need a package of measures to address the serious issues. The evidence to date, again, highlights the serious issue of alcohol abuse and its impact on our community, and that it is not just about young people; it is across all age groups. A range of packages are needed.

A number of groups have tabled evidence that looks at the measures that are effective. Alcohol pricing is one of those key measures. In fact, it is top of the list based on the impact alcohol pricing has on drinking behaviour. But it is very important to note that everybody says, ‘You have to have a package of measures; just one measure does not work.’ So pricing of alcohol is important, alcohol accessibility is very important, the number of hours that alcohol is sold is important, the number of outlets where alcohol is sold is important and social marketing is very important—and that includes advertising. The Greens’ position, which we articulated during the election, is that alcohol advertising should be banned. Alcohol sponsorship, of sport, for example, we also think should be banned. There are a range of measures that we believe need to be looked at.

We the Greens have not made up our minds on this actual tax. We think it is very important that we look at it as part of a range of measures. We do not think that just because we whack a tax on one particular alcohol product we will fix the issue and can walk away thinking, ‘Haven’t we done a very good job.’ We need to be taking this very seriously. There are a number of issues that the opposition are now raising in opposition that they could have been addressing when they were in government. I will not bore the chamber at the moment by going through the issues on the list that we have been dealing with, but this is yet another one.
I am also deeply concerned about the time frame for the reporting of this committee, because this issue is so serious and there are so many issues around it. Tuesday 24 June is the date the committee will be reporting. That is a very tight time line. However, I also appreciate that this is related to a budget measure and that is why the time line is so tight.

We will be supporting this measure. I think that, as I said, we need to be looking at it as part of a holistic approach. I hope that the opposition will support an approach that looks at the myriad issues that are involved and also includes the vital issue of advertising, because that is a key part of any measure if we are going to seriously address this issue.

There is a lot of information available that looks at the impact of alcohol in our community. Some information from the New South Wales Parliamentary Library, for example, shows that 47 per cent of assaults are related to alcohol abuse; 37 per cent of all road injuries involving males are related to alcohol; 16 per cent of child abuse, 12 per cent of male suicides, eight per cent of female suicides and 44 per cent of injuries resulting from a fire are related to alcohol; 34 per cent of drowning deaths and 34 per cent of injuries sustained as a result of a fall are caused by alcohol. That does not go into how many hospitalisations et cetera there are as a result of abuse of alcohol. So it is a very wide community problem. I do not think the committee will deal with this in the very short time that it has available, and so I am worried that the committee will not be able to do an effective job to address this issue in the complexity that is needed. The Greens will be contributing to this committee. We will take part and we do support the motion, with those reservations.

Senator LUDWIG (Queensland—Minister for Human Services) (10.38 am)—Unlike the opposition, the government takes the problem of the binge drinking epidemic among young Australians very seriously. The budget measure for excise on ready-to-drinks, or RTDs, will assist us in tackling this very problem. The evidence is crystal clear that excise is an effective measure in reducing alcohol consumption. International experience backs this up. The revenue raised through this measure will also assist in funding new prevention activities, which we really need if we are serious about getting long-term health outcomes.

The opposition are all at sea on this issue. Firstly, they supported it. On the day we announced this measure, the Leader of the Opposition said:

The proposed increase in the excise on alcopops is something that will be supported by us ...

Now, just days later, they have reversed their position and are threatening to block this measure. The opposition simply do not understand this issue. There is no need for a Senate inquiry and the government does not support the motion.

When you go back and examine the matters raised by Senator Colbeck from the opposition, he talked about being surprised. In the COAG communique of March 2008, COAG agreed on the importance of tackling alcohol misuse and binge drinking among young people. COAG agreed to ask the Ministerial Council on Drug Strategy to report to COAG in December 2008 on options to reduce binge drinking, including in relation to closing hours, responsible service of alcohol, reckless secondary supply and the alcohol content in ready-to-drink beverages. It was clearly on the record back in March. What we then did as a government was to announce a national binge drinking strategy and increase the excise on RTDs. On 10
March the Prime Minister announced a national strategy worth $53 million to address the binge drinking epidemic among young Australians—something the opposition have failed to see or hear or understand. But for their benefit I am happy to say it again. The national strategy will begin with three new practical measures to help reduce alcohol misuse and binge drinking among young Australians: $14.4 million to invest in community level initiatives to confront the culture of binge drinking, particularly amongst sporting organisations; $19.1 million to intervene earlier and assist young people and ensure that they assume personal responsibility for their binge drinking; and $20 million to fund advertising that confronts young people with the costs and consequences of binge drinking. So two matters: COAG provided the communique in March 2008 and on 14 March the federal government responded to that and announced a $53 million package. We take the matter very seriously. Within that there are three measures to address it.

In addition, the statistics show that between 2000 and 2004 the percentage of female drinkers aged 15 to 17 reporting that they had consumed RTDs at their last drinking occasion had increased from 14 per cent to 62 per cent. They are the figures that demonstrate that there is a serious problem in this area. The opposition fail to see that there is a problem in this area and fail to want to address it. That is the position the opposition are adopting here. The government has taken a deliberate course to address it. The opposition are all at sea in respect of this.

When you examine the position, it is clear that this reverses the previous government’s decision in 2000 to tax these drinks like full-strength beers rather than full-strength spirits and therefore the opposition now are saying, ‘Well, it may not be what we want.’ It is crystal clear that the opposition should not only support this measure but also facilitate its passage.

I will not take up a long time in this debate. We do have other bills that we need to go on with. In terms of the opposition indicating that they think the Australian government has sprung surprises, this is a surprise motion by Senator Colbeck. He has not provided earlier advice that this was a matter he was going to bring on today. If he does wish to refer matters to Senate committees, I would encourage him to use the usual processes in this place. Take it to the relevant committee, have the matter dealt with there and then have it debated in the usual process rather than using your numbers in this place to effect an outcome. You are not following the procedures that are adopted in this place. You are using your numbers to crunch through an issue without the proper processes of the Senate being dealt with. That is a minor issue. I raise it just in case Senator Colbeck does not understand that there is a process and procedure in this place for references.

Question put: That the motion (Senator Colbeck’s) be agreed to.

The Senate divided. [10.49 am]

(The President—Senator the Hon. Alan Ferguson)

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AYES
Abetz, E. Adams, J. 
Allison, L.F. Barnett, G. 
Bartlett, A.J.J. Bernardi, C. 
Birmingham, S. Boswell, R.L.D. 
Boyce, S. Brandis, G.H. 
Brown, B.J. Bushby, D.C. 
Chapman, H.G.P. Colbeck, R. 
Coogan, H.L. Cormann, M.H.P. 
Eggleston, A. Ellison, C.M. 
Ferguson, A.B. Fielding, S. 
Fierravanti-Wells, C. Fifield, M.P. 
Fisher, M.J. Heffernan, W. 
Johnston, D. Joyce, B. 
Kemp, C.R. Lightfoot, P.R. 
Macdonald, J.A.L. Mason, B.J. 
McGauran, J.J.J. Milne, C. 
Minchin, N.H. Murray, A.J.M. 
Nette, K. Parry, S.* 
Patterson, K.C. Payne, M.A. 
Ronaldson, M. Scullion, N.G. 
Siewert, R. Stott Despoja, N. 
Troeth, J.M. Watson, J.O.W. 

NOES
Bishop, T.M. Brown, C.L. 
Campbell, G. Collins, J. 
Crossin, P.M. Faulkner, J.P. 
Forshaw, M.G. Hogg, J.J. 
Hurley, A. Hutchins, S.P. 
Kirk, L. Ludwig, J.W. 
Landy, K.A. Marshall, G. 
McEwen, A. McLucas, J.E. 
Moore, C. O’Brien, K.W.K. 
Polley, H. Sherry, N.J. 
Stephens, U. Sterle, G. 
Webber, R. Wortley, D.* 

PAIRS
Humphries, G. Conroy, S.M. 
Macdonald, I. Wong, P. 
Nash, F. Evans, C.V. 
Trood, R.B. Carr, K.J. 

* denotes teller

Question agreed to.

BUDGET
Consideration by Estimates Committees
Additional Information

Senator O’BRIEN (Tasmania) (10.53 am)—On behalf of the respective chairs, I present additional information received by committees relating to estimates, as well additional information received by the Finance and Public Administration Committee and the Rural and Regional Affairs and Transport Committee:

- Community Affairs—2 volumes
- Environment, Communications and the Arts Committee—2 volumes
- Finance and Public Administration Committee—5 volumes
- Foreign Affairs, Defence and Trade Committee—2 volumes
- Rural and Regional Affairs and Transport Committee—2 volumes.

COMMITTEES
Publications Committee

Report

Senator O’BRIEN (Tasmania) (10.53 am)—On behalf of Senator Carol Brown, I present the second report of the Senate Standing Committee on Publications.

Ordered that the report be adopted.

Treaties Committee

Report

Senator SANDY MACDONALD (New South Wales) (10.54 am)—On behalf of the Joint Standing Committee on Treaties, I present report No. 90 of the committee, Treaties tabled on 12 March 2008, and seek leave to move a motion in relation to the report.

Leave granted.

Senator SANDY MACDONALD—I move:

That the Senate take note of the report.

Report No. 90 contains the committee’s findings on five treaty actions originally tabled in the 41st Parliament. Consideration of these treaty actions lapsed on the dissolution of the 41st Parliament prior to the committee presenting its report. After the election, the treaties were again tabled in parliament on 12 March 2008. In presenting this report, I would like to take the opportunity to ac-
knowledge the input and contribution of the previous committee.

The committee found all five treaties reviewed to be in Australia’s national interest. The Patent Law Treaty will harmonise and simplify requirements for patent administration on a worldwide basis, standardising procedures, establishing legal certainty and safeguards, and making the patent administration process more user friendly and accessible. By acceding to the treaty, Australia has the opportunity to provide a positive example to our treaty partners and to enhance our reputation as a leading member of the intellectual property community in the region.

The Singapore Treaty on the Law of Trademarks will revise and update the Trademark Law Treaty and establish consistent procedures for registering trademarks, including non-traditional marks such as holograms, three-dimensional marks, colour, and taste and feel marks. The treaty will provide lower costs, greater certainty and improved protection for trademark applicants.

The Constitutional Amendments to the Convention Establishing the World Intellectual Property Organisation treaty provides constitutional reforms to the term of the Director-General, meeting arrangements for the General Assembly, and the formalisation of the unitary contribution system. Australia strongly supports the proposed amendments, which will simplify the existing international intellectual property system.

The Tonga Air Services Agreement will provide a binding legal framework to support direct air services between Australia and Tonga. Both countries will be required to allow the designated airlines of the other country to operate scheduled air services on specified routes between the two countries. The agreement includes reciprocal provisions on safety, customs, regulation and the commercial aspects of airline operation including the ability to establish offices in the territory of the other party and to sell fares to the public.

The committee expresses its concern in the report that there are up to 40 outstanding air service agreements signed by Australia but not brought into force. It is understood that the department is currently reviewing and prioritising a number of these agreements for finalisation. The committee expects any future air services agreements to be tabled in a timely manner.

Australia’s withdrawal of its exemption for the use of mirex under the Stockholm Convention on Persistent Organic Pollutants will see Australia contribute to the elimination of toxic and persistent chemicals. Mirex is one of 12 persistent organic pollutants listed for action under the convention. Formerly used to control termites, Australian agencies have found alternative chemical products. By withdrawing its exemption, Australia will demonstrate its commitment to protecting human health and the environment and supporting effective approaches to eliminating the production and use of persistent organic pollutants.

The committee supports all five agreements and recommends that binding treaty action be taken.

I commend the report to the Senate.

Question agreed to.

BUSINESS

Rearrangement

Senator SHERRY (Tasmania—Minister for Superannuation and Corporate Law) (10.58 am)—I move:

That—

(a) business of the Senate order of the day no. 1, relating to the presentation of the report of the Community Affairs Committee on the provisions of the Families,
Housing, Community Services and Indigenous Affairs and Other Legislation Amendment (Emergency Response Consolidation) Bill 2008; and

(b) government business notice of motion no. 3 standing in the name of the Minister for Human Services (Senator Ludwig) for today, relating to the routine of business for 15 May 2008,

be postponed till a later hour.

Question agreed to.

HIGHER EDUCATION SUPPORT AMENDMENT (REMOVAL OF THE HIGHER EDUCATION WORKPLACE RELATIONS REQUIREMENTS AND NATIONAL GOVERNANCE PROTOCOLS REQUIREMENTS AND OTHER MATTERS) BILL 2008

VETERANS’ ENTITLEMENTS LEGISLATION AMENDMENT (2007 ELECTION COMMITMENTS) BILL 2008

First Reading

Bills received from the House of Representatives.

Senator SHERRY (Tasmania—Minister for Superannuation and Corporate Law) (10.59 am)—These bills are being introduced together. After debate on the motion for the second reading has been adjourned, I shall move a motion to have the bills listed separately on the Notice Paper. I move:

That these bills may proceed without formalities, may be taken together and be now read a first time.

Question agreed to.

Bills read a first time.

Second Reading

Senator SHERRY (Tasmania—Minister for Superannuation and Corporate Law) (10.59 am)—I move:

That these bills be now read a second time.

I seek leave to have the second reading speeches incorporated in Hansard.

Leave granted.

The speeches read as follows—

HIGHER EDUCATION SUPPORT AMENDMENT (REMOVAL OF THE HIGHER EDUCATION WORKPLACE RELATIONS REQUIREMENTS AND NATIONAL GOVERNANCE PROTOCOLS REQUIREMENTS AND OTHER MATTERS) BILL 2008

The Bill amends the Higher Education Support Act 2003 by repealing section 33-17. Currently, this section of the Act requires that higher education providers meet the Higher Education Workplace Relations Requirements and the National Governance Protocols as a condition of their Commonwealth Grant Scheme funding. The Commonwealth Grant Scheme provides funding for a higher education provider’s student places. Currently, failure to meet the Requirements and the Protocols results in a reduction of a provider’s Commonwealth Grant Scheme funding. This Bill will amend the Act to remove that condition.

The Bill will also make minor, yet important technical amendments that will improve the operation of the Act.

A real benefit of removing the Requirements and the Protocols is that it will provide additional funding certainty to the higher education sector. It does not reduce a provider’s Commonwealth Grant Scheme funding. Rather, it removes the current condition on that funding. Importantly, it will also clearly convey the Government’s commitment to abolishing Australian Workplace Agreements.

It is clear that these requirements have impinged upon universities’ autonomy and their removal will be welcomed. By cutting this unnecessary layer of red tape, higher education providers will be freed from restrictive, bureaucratic requirements and practices that have diverted attention and resources away from where they are most needed – the development and delivery of high quality higher education.

Moreover, the amendment to the Act contained in this Bill is timely, as the next enterprise bargain-
ing round in the sector commences shortly. Twenty-four providers have collective agreements with a nominal expiry date before 31 August 2008.

This Bill, by providing the sector with certainty in relation to the standing of the Higher Education Workplace Relations Requirements, will assist the agreement-making process for all parties involved, allowing them to negotiate the terms and conditions that best suit them.

The Government believes that universities should be subject to the same workplace relations laws as all other employers. These amendments give effect to that policy.

While the National Governance Protocols will be removed as a condition of funding, the Government will continue to encourage universities to pursue good governance practices and increase productivity and efficiency.

This will include pursuing options for a non-legislative focus on governance standards. These can be considered in the light of the forthcoming report of the review of the Protocols, by the Ministerial Council on Education, Employment, Training and Youth Affairs.

In addition to these timely changes, a number of technical adjustments have been made in this Bill. In relation to the approval of higher education providers, this Bill amends the Act so that the approval of a provider that no longer meets certain criteria may be revoked. For example, if the provider no longer has its central management and control in Australia, this Bill enables for its approval to be withdrawn.

The Bill also amends the arrangements for quality auditing of higher education providers. Under current arrangements, the Australian Universities Quality Agency is the only specified quality auditing body. This Bill amends the Act to allow the Commonwealth to designate additional bodies to perform this role, such as State and Territory Government accreditation authorities. Further, the amendment will enable the Commonwealth to specify the higher education providers that those bodies can audit. This includes the class of provider and the state or territory where their accreditation lies.

Importantly, the Bill also includes the addition of a transitional mechanism so that existing funding commitments made to providers under the Collaboration and Structural Reform Fund can be honoured now that the new Diversity and Structural Adjustment Fund has been established.

This Bill before the Senate is a clear expression of this Government’s strong commitment to abolishing Australian Workplace Agreements and reducing the constraints upon universities’ autonomy. It will also further improve the operation of the Act.

The Government is committed to a strong and vigorous higher education sector that is capable of making an essential contribution to our national development. The Government will be introducing further measures to implement our Education Revolution in relation to higher education in due course.

VETERANS’ ENTITLEMENTS LEGISLATION AMENDMENT (2007 ELECTION COMMITMENTS) BILL 2008

I am pleased to present legislation that demonstrates this Government’s commitment to Australia’s veteran community.

The measures in this legislation represent another significant step towards fulfilling the Government’s pre-election commitment to deliver better services to the ex-service community—and a fair go.

The Bill will extend income support supplement to war widows and war widowers who are under qualifying age.

The measure removes the requirement for war widows or widowers who are under qualifying age, to have a dependent child, be permanently incapacitated or be the partner of a person receiving an income support pension, before they can receive the income support supplement.

This measure will immediately benefit approximately 1400 war widows or widowers who are under qualifying age.

It should be noted that the payment of income support supplement on the grounds of permanent incapacity will be retained, so that incapacitated
war widows or widowers under age pension age will continue to receive their income support supplement as a tax free payment.

This measure provides additional support for war widows and widowers to help them meet the cost of living.

The Bill will also extend, in respect of certain single disability pension recipients, the disability pension bereavement payment. Currently, this payment is only payable in respect of partnered disability pension recipients.

Under this measure the bereavement payment will be extended to cover single recipients of the special rate and extreme disablement adjustment disability pension who die in indigent circumstances.

The bereavement payment is a one-off payment equivalent to 12 weeks of the special rate or EDA rate of disability pension.

The bereavement payment will help the families of veterans to meet the costs of a funeral.

Finally, the Bill will extend the automatic grant of war widow or war widower or orphan pension to the widows, widowers and eligible children of veterans and members who, immediately before their death, were in receipt of temporary special rate or intermediate rate disability pension.

Australians are justifiably proud of our veterans and our ex-service men and women.

This Government believes that the provision of robust services and support for the ex-service community is a sincere way to show our gratitude and recognition of the bravery and sacrifice of these Australian men and women.

The measures in this Bill clearly demonstrate that the Government is serious about its pre-election commitments to better look after those in the veteran community—and their families.

Debate (on motion by Senator Sherry) adjourned.

Ordered that the bills be listed on the Notice Paper as separate orders of the day.

SOCIAL SECURITY AND VETERANS’ ENTitlements Legislation Amendment (One-Off Payments and other Budget Measures) Bill 2008

First Reading

Bill received from the House of Representatives.

Senator SHERRY (Tasmania—Minister for Superannuation and Corporate Law) (11.00 am)—I move:

That this bill may proceed without formalities and be now read a first time.

Question agreed to.

Bill read a first time.

Second Reading

Senator SHERRY (Tasmania—Minister for Superannuation and Corporate Law) (11.00 am)—I move:

That this bill be now read a second time.

I seek leave to have the second reading speech incorporated in Hansard.

Leave granted.

The speech read as follows—

This bill delivers on the Government’s commitment to make bonus payments to carers and seniors in 2008.

Seniors and carers will also be among the beneficiaries of a further measure in the bill, which will introduce a limited non-cancellation period for holders of concession cards, allowing people to keep their cards during short-term absences from Australia.

The Government values the role and contribution of carers, who make enormous personal sacrifices through their selflessness and hard work. Our senior Australians, through a lifetime of effort, have laid the foundations of the prosperous nation we all have the privilege of calling home.

The Government understands that the rising cost of living is putting many Australians, especially seniors and carers, under increasing financial pressure. The Government’s commitment to pro-
providing the bonus payments to carers and seniors is a modest measure to relieve some of this financial pressure.

A range of other measures introduced in the Government’s first budget, are also designed to address these cost of living pressures. These include increased financial support, better services, and responsible economic management, which is addressing the challenge of rising inflation.

Bonuses for 2008 will be paid before the end of the financial year, and with no need for a claim. As well as being tax free, the bonuses will not count as income for social security, veterans’ entitlements or family assistance purposes.

The first of the 2008 bonus payments provided by this bill is for older Australians. Around 2.7 million older Australians will receive the 2008 bonus payment. A one-off payment of $500 will go to each person of pension age, or veterans’ qualifying age, who is receiving an income support payment on 13 May 2008. The same $500 payment will go to recipients at that date of mature age, partner or widow allowance, or wife or widow B pension.

Older Australians not actually receiving the relevant payment on that date will still get the bonus if they had claimed the payment by that date and later have their payment backdated to cover that date.

Self-funded retirees qualified for seniors concession allowance on 13 May 2008 will also get the 2008 bonus of $500. The bonus will also go to people who are notionally qualified for seniors concession allowance on that date because they had claimed by that date a seniors health card and were later established as eligible for the card on that date.

The second of the 2008 bonus payments is for carers. Carers receiving carer income support on 13 May 2008 in the form of a social security carer payment or carer service pension under the Veterans’ Entitlements Act will be paid a $1,000 one-off payment. Carers who receive the non-means tested social security income supplement known as carer allowance in addition to either wife pension or partner service pension under the Veterans’ Entitlements Act will also be paid a $1,000 one-off payment. Any carer receiving carer allowance will be paid a separate $600 one-off payment for each eligible care receiver. Carers who have claimed the targeted payments on or shortly before 13 May 2008 and are subsequently granted those payments (with effect from 13 May 2008 or earlier) will receive the one-off payments.

Carers who claim carer allowance after 13 May 2008 and whose payment is backdated due to the application of the carer allowance backdating provisions will not be eligible for the bonus payment, even though the backdated period will have included payment for 13 May 2008.

The second major measure the bill introduces is a limited non-cancellation period for social security or veterans’ entitlements concession cards while the cardholder is overseas. This means that cards will generally remain valid for up to 13 weeks, should cardholders leave Australia, which will make things easier both for cardholders and for Centrelink.

The new non-cancellation period will apply to the pensioner concession card, the Commonwealth seniors health card, and the health care cards that have previously had no provisions allowing overseas travel.

At present, card holders must be in Australia to retain their card, and so if they leave Australian on holiday their card must be cancelled even if they leave for a short period and even if the card has been automatically issued because it is linked to a primary income support payment that is portable during the trip.

While the card is generally not usable overseas, there are distinct benefits in keeping the card valid during short periods of absence. Firstly, people will not have to go to the trouble and delay of re-claiming cards on their return, significantly reducing administrative costs and inefficiencies involved in cancelling and re-issuing cards within short timeframes.

Secondly, people will have the chance to use their cards right up to the day of leaving Australia and immediately after they return, especially to buy pharmaceuticals they may need.

Thirdly, the risk and confusion of having cancelled cards in circulation, often duplicating cards re-issued later, will be considerably reduced.
The new rules, allowing cards to remain valid for up to 13 weeks after the person leaves Australia (subject to any portability restrictions on the primary income support payment to which the card may be linked), will also apply to a card that is issued during the person’s absence because their payment or card claim is determined during the absence.

The new non-cancellation of cards rules will apply from 1 July 2008, making a significant improvement in concession card arrangements for all concerned.

Senator BERNARDI (South Australia) (11.01 am)—It will come as no surprise to this chamber that the coalition will be supporting the Social Security and Veterans’ Entitlements Legislation Amendment (One-off Payments and Other Budget Measures) Bill 2008. I would like to identify a number of issues that I believe the Senate needs to be aware of. This legislation has been introduced only after intense pressure brought by the coalition earlier in the year. The pressure arose from some senior-sourced reports in the Australian and the Sydney Morning Herald which said that the carers bonus and one-off bonus were going to be axed under the guise of fighting inflation. On 7 March, the Australian reported a senior source stating that payments would be scrapped. This made us—the party who care for carers and veterans—incensed, as were many veterans and carers.

When the government was challenged on this issue, there were no flat-out denials. There was some hedging. The Minister for Families, Housing, Community Services and Indigenous Affairs, Ms Macklin, refused to rule anything in or out in the budget, which was a great shame. I ask: if the government had been committed all along to paying these bonuses, why were these very well-sourced reports appearing in two credible journals, and why did the minister not say that the government was totally committed to paying the bonuses when she was given the chance?

I would like to make it absolutely clear that I believe, the coalition believe and the public believe that this government is paying these bonuses reluctantly. It is paying these bonuses because the coalition and the lobby groups out there were incensed and outraged at the callous heartlessness of the government in intending to cut them. These bonuses have been part of the former government’s policy platform for the past four years. When the current government reluctantly adopted the bonuses, it said that the bonuses were going to be committed for the future. Unfortunately, the budget papers make light of this story, because there is no assurance whatsoever in the budget papers that these bonuses are going to be paid in future years. So we are going to have to dance around this issue concerning those who are among the most vulnerable in our society every year until this government is prepared to put its hand up and say, ‘Yes, we are going to help carers, we are going to help veterans, we are going to help those on pensions alleviate the rising cost of living.’ While the pensioners of this country are doing it tough, this government is washing its hands of the issues that matter to them.

After four budgets where the Howard government paid these bonuses, the reluctant Rudd government has put them forward for only a single year. We certainly support this legislation. We believe that, in a very real sense, we are the original authors of this legislation. If not for us, this legislation would not be before this chamber right now. We are very pleased to have fought the good fight on behalf of the carers and pensioners of this country. I can assure them that we will not give up this fight. We will try to make sure that the Rudd government honours the commitments that are important to the preservation of the standards of living of those who do it so tough.
Senator SIEWERT (Western Australia) (11.05 am)—The Social Security and Veterans’ Entitlements Legislation Amendment (One-off Payments and Other Budget Measures) Bill 2008 provides for one-off bonus payments to carers and seniors as announced in the 2008 budget. The Australian Greens support any measure to provide more assistance to these essential and valuable groups in our community. However, we have deep reservations about the approach of the one-off bonus payments and are very disappointed to see that the new government is continuing this approach. Once again we have a government that has failed to adequately address the real needs of pensioners and carers in our community. Both age pensioners and carers deserve so much more. They deserve a government that is prepared to take seriously the difficulties faced by seniors and carers trying to make ends meet on inadequate support in a time of rising inflation. They deserve a government that is prepared to make the necessary structural readjustments to adequately support people who make such an important contribution to our society.

I note that the government’s second reading speech on this bill acknowledges that the bonus payments are a modest measure, and indeed they are. Australia’s two million pensioners have been left out in the cold by this budget. The prospects of more than one million Australian pensioners getting help to meet the soaring costs of food, housing, utilities and transport have been buried in this budget. Pensioners are left on what is now a meagre $273 per week. The Australian Greens have been calling for a lift in the age pension of at least $30 a week. At the very least, the budget should have lifted the rate for single pensioners from 59 per cent to three-quarters of the pension for a couple. This issue was raised during the Senate Standing Committee on Community Affairs inquiry into the cost of living for older Australians. One of the key issues that came out of the inquiry was how difficult it is for single pensioners to survive on the pension that they get. That issue should be immediately dealt with.

While we, of course, welcome the changes to indexation and the increased utilities allowance, we do not believe that they go anywhere near addressing the inadequacies of the weekly pension and the comparison between the weekly pension and the increases in the cost of living and being able to provide a decent standard of living.

There has not been a substantial increase in the age pension since 1993. At a time when the government can hand out billions and billions of tax cuts and have a surplus of $20 billion, we think it is about time that it acknowledges that it can afford to increase the pension rate. The issues around the cost of living were reported on extensively in the Senate Standing Committee on Community Affairs report that was tabled in the last sitting of the Senate. That report very clearly identified the gap between the pension rate and the cost of living and the inability to have a decent standard of living if you are trying to survive on a pension. It recommended that the government carry out a review of the suitability of the base pension levels to look at what these levels should be raised to in order to provide for a decent standard of living. People will recall that the Greens, at that time, said that the government should have increased the weekly rate for the pension while it carried out that analysis, because it was not fair to keep people who we know were not able to meet the costs of living struggling to survive on the pension. In a decent society, you do not keep people struggling while you carry out another review. We believe that that rate needs to be increased and then looked at to see what it should be raised to in the longer term.
Turning to the issue of carers, I suspect that anybody who reads the media will know that the carers community are very disappointed. While they are, of course, pleased that the bonus has been included in the budget now, they are very disappointed that the other issues, as they relate to carers, have not been dealt with. These issues have been known about for many years, and we are still treating carers as if they were second-class citizens. I remind the chamber that carers have the lowest social wellbeing index in our community, and that is because of the work that they do. Not only does it cause them great financial stress but it also has a very strong impact on their physical and mental wellbeing. Carers save the economy more than $30 billion each year. That figure, I think, was from a 2004 report by Access Economics. That was nearly four years ago, and that figure will be substantially higher now. That report also very strongly highlighted the need to start planning for the increase in the number of people that will be requiring care in our community as our community ages. I do not see that planning in this budget either.

Carers who rely on Centrelink payments are still living on about $200 a week less than the federal minimum wage; 39 per cent of carers—which is almost one million carers—have as their primary source of income a government pension or allowance. Carers who are reliant on receiving the carer payment plus the carer allowance saw their income rise by less than 3.5 per cent in the year to March 2008. Over that same period, essential cost of living items such as bread, milk, rent and electricity rose by more than double that percentage increase. So not only were carers living on a very low income but it is now getting even lower. A group that provides so much support and that is vital to the running of our community is becoming even worse off. You would not think that that was possible.

As Carers Australia stated, we are ‘frankly stunned’ that the government failed to provide any future security and certainty for carers and merely repeated the Howard government’s approach of the bonus payment. This is after the ALP were critical of the approach while they were in opposition. Carers Australia also stated that carers are not the cause of inflation; they are the victims of it. They are not buying plasma TVs or designer clothes; they are struggling just to buy the essentials that they need to live and to care.

For all of the rhetoric around working families, this government has left these hardest working families in this country abandoned and devastated. This government has not addressed the fundamental issues that need to be addressed in terms of supplying a decent standard of living that enables these people to carry on the work that they do 24/7. I acknowledge that there has been an increase. There was an announcement of an increase in respite care, and that is appreciated as well. But, as many carers have pointed out to me, if we actually had a systematic and a strategic approach with all the proper provisions in place, they would not need as much respite care. So, we are treating the symptoms as usual; not the causes.

Anybody who saw the Four Corners program on Monday night can be left in no doubt as to the struggles and difficulties facing our nation’s carers. These difficulties include—and I have been through some of them already—inadequate income support, lack of sufficient and appropriate respite services, lack of coordination between federal and state governments in the provision of necessary services. For all the rhetoric around working families, this government has left these hardworking families in the lurch. One-off payments do not provide for
the systematic change and ongoing support needed to properly care for our carers. That is what this is about—caring for our carers. We needed to see a genuine commitment to a better planned system in order to improve the financial security and financial future for our carers, backed up by strategies to keep carers in the workforce. With the number of older people requiring care expected to dramatically increase, this is becoming, more and more, a critical and crucial issue.

We note the government’s announcement of an inquiry into how the needs of carers can be better met. While this is a welcome move that is appreciated, again, the same issue applies to the carers as to the pensioners. We cannot keep carers living in these same conditions while we keep reviewing these issues. These matters continue to get worse while we continue to review them. The carers have provided a very well-researched and presented document about what strategies are needed to address their issues—for example, a significant increase, in fact a doubling, in the carers allowance; providing for their superannuation needs; and being able to ensure better coordination between state and federal governments. And that coordination is needed not only between state and federal governments but between government agencies.

There must be action now, not some time in the future. And the government must, when it carries out this inquiry, be committed to actually following its recommendations. It is no longer acceptable that the government just keeps acknowledging these difficulties and does nothing to address them. Carers are of course appreciative of the fact that there will be this ongoing one-off payment, but it does not address the systemic issues that we need to address. We were looking to this government, which says it is looking after the most disadvantaged in our community and looking after working families, for action. These people are hardworking families. They did not get what they needed from this budget.

We will be supporting this bill because it gives something, and something is better than nothing; but it does not achieve the long-term change that is absolutely necessary to support pensioners and carers, who, as I said earlier, are absolutely vital to the wellbeing of our community. They are vital to the wellbeing of the people they look after, but we do not look after their wellbeing. It is an absolute tragedy that carers and a lot of pensioners are in the lowest category of the social wellbeing index. What does that say about our community and our country and how we care for the least fortunate in our community? It does not say a lot and we need to do better.

Senator SHERRY (Tasmania—Minister for Superannuation and Corporate Law) (11.16 am)—in reply—Through the Social Security and Veterans’ Entitlements Legislation Amendment (One-off Payments and Other Budget Measures) Bill 2008 the government acknowledges the role, contribution and sacrifice of carers, and the efforts made by senior Australians and our ageing veterans in laying the foundations of our nation, by making a further commitment of support. New one-off payments that are tax-free and not counted as income for social security, veterans entitlements or family assistance purposes will be paid to them, generally before the end of the financial year.

Older Australians will receive a one-off payment of $500 in 2008. Each person of age pension age or veterans qualifying age receiving an income support payment on 13 May 2008 will receive the payment, as will recipients on that date of mature age allowance, partner allowance, widow allowance or wife or widow B pensions. The bonuses will also go to self-funded retirees if they are, on
that same date, qualified or notionally qualified for seniors concession allowance.

The separate one-off payment of $1,000 for carers will be made if they are receiving, on 13 May 2008, a social security carer payment or a veterans carer service pension. The $1,000 one-off payment will also go to carers who receive the non-means-tested carers allowance as well as either wife pension or veterans partner service pension. Any carer receiving carer allowance will be paid a separate $600 one-off payment for each eligible care receiver.

Another measure in the bill is aimed at significantly improving concession card arrangements by introducing a non-cancellation period for social security or veterans entitlements concession cards while the cardholder is overseas. This new limited period will allow cardholders who leave Australia for up to 13 weeks to retain their cards while overseas rather than having to cancel concession cards from the day of departure.

Question agreed to.

Bill read a second time.

Third Reading

Bill passed through its remaining stages without amendment or debate.

TAX LAWS AMENDMENT (PERSONAL INCOME TAX REDUCTION) BILL 2008

Second Reading

Debate resumed from 13 March, on motion by Senator Wong:

That this bill be now read a second time.

(Quorum formed)

Senator COONAN (New South Wales) (11.22 am)—I rise today to support the Tax Laws Amendment (Personal Income Tax Reduction) Bill 2008. Not surprisingly, the coalition support this bill because it closely mirrors our tax policy that we took to the last election. The coalition support the bill because the coalition parties have a strong record on personal income tax reduction, combined with a strong commitment to the philosophy that Australians should pay less tax. Labor, of course, are trying very desperately to spin this bill as their tax cut, because it is becoming increasingly obvious that they do not know what they are doing when it comes to running the Australian economy. What is alarming is that the tax cuts are being undermined by a confused and a contradictory approach to the budget and the economy more broadly.

Of course, we are getting all the spin and rhetoric about the budget being all about productivity and dealing with inflation. The reality, unfortunately, is that Labor have delivered a very old-style, big-taxing, big-spending budget that will increase pressure on inflation and see up to 134,000 Australians lose their jobs in the current year. This is a budget that proposes to increase expenditure by $34 billion over the next five years, to cut expenditure by $16 billion and to jack up taxes by $19 billion. So much for the fight against inflation! What we will see over the next five years is the Rudd Labor government proposing to spend more money, not less.

It is clear that what is emerging is that the Labor government have no clear strategy to keep the economy growing, to keep jobs secure, to keep inflation in check and, importantly, to keep petrol and grocery prices from rising. The government intend to raise taxes, with blatant disregard for the negative effects that this has on the economy and the Australian people, particularly working Australians. It is becoming increasingly obvious that the Labor government have no strategic framework that can give business confidence to invest and they have no clue about how the economic levers work.
Labor have not sought to engage in policies that will grow the economy; they have resorted to increasing taxes in a desperate attempt to haul in billions of dollars of extra revenue. Labor have not sought to build productivity or to effectively fight inflation; they have instead introduced new taxes that will put upward pressure on prices, inflation and interest rates. If the Rudd Labor government were serious about fighting inflation, they would be embarking on a series of policies that will actually make prices go down—not up. Instead, Labor have announced that they intend to raise taxes on a number of consumer products and to change policies, which will put further upward pressure on prices. Because of this budget, Australians will suffer the double whammy of increased taxes along with increased prices—and, of course, the consequent upward pressure on inflation.

The increase in taxes on so-called alcopops has nothing to do with binge drinking and everything to do with binge taxation. Labor’s assumption that consumption will basically stay at current levels really bells the cat when you look at the papers. Labor will get $3.1 billion in extra revenue, while those who binge will simply move to cheaper substitutes, as we all know. This is not an attempt to stop binge drinking; it is a measure designed to increase taxes and raise revenue to cover Labor’s spending splurge in the budget.

Labor’s increased tax on luxury vehicles suffers from the same attention deficit. It has not occurred to the Labor Party that prices on all motor vehicles will rise as a result of the $550 million tax increase. Of course, while the politics of envy and the desire to ping Porsche drivers may have been the motivation, families with a number of children to transport will have Labor to thank for slugging them with thousands of extra dollars in tax just to acquire a vehicle, such as a people-mover, large enough to transport them safely. Once again, Labor seem to have trouble walking the walk after they have talked and talked and talked.

And who can forget Labor’s promises to keep petrol prices and grocery prices down? But what do they do? They increase the excise on diesel fuel. Labor have made moves to increase the diesel fuel excise on the transport industry by 1.37c per litre and to raise trucking registration fees. Under their plan, Labor will index the diesel taxes at a rate which is greater than inflation. An increase in diesel taxes will simply raise trucking and transport costs, especially for the transport of food.

Senator Patterson interjecting—

Senator COONAN—We all know where this is travelling, as Senator Patterson notes. Labor’s taxes will slug consumers with higher prices at the checkout. Labor’s tax-and-spend budget will hurt more hardworking Australians than it will help.

Another very tenuous position that the government have taken in the budget is to double the threshold before the Medicare surcharge comes in. An unwelcome consequence of this action, as people are now beginning to talk about very vociferously, is that health insurance premiums will increase. Furthermore, this will cause people to leave the private system and move to the public system. More pressure in the public system will lead to increased outlays as well as higher health insurance premiums for those who remain in private health funds. That equals more inflation overall, not less. Again, Labor’s tax policies will punish the people of Australia, because they will only act to fuel inflation. The people of Australia will be slugged with the increased public hospital outlays as well as higher prices.

We have often been lectured by Labor since they got into government that these tax
cuts will increase workforce participation. Increasing workforce participation is of course something to aim for. It is a worthy objective that I think all governments should aspire to. That is why we devised the tax cuts in the first place—the tax cuts which Labor have now copied.

Tax cuts can help reduce inflation by encouraging workers to increase their skills and discouraging excessive wage claims. Treasury modelling indicates the coalition’s tax cuts since 2000 have increased the labour force by around 250,000, yet Labor have flagged that this will be the last round of tax cuts for some time. This leads one to ask: if the major tax cuts from the 2007 election campaign reduce inflation by promoting participation, encouraging skill development and keeping wage pressures under control, doesn’t that argument also apply for future tax cuts? I think we can glean from just these measures alone that Labor appears to be totally confused, with a budget that will deliver higher taxes, higher spending and an increase in unemployment to the tune of up to 124,000 fewer people in jobs. As one might say: go figure.

Australian families deserve these tax cuts—and I want to be very clear about that—because they have worked hard and they have earned them. The coalition proudly supports hardworking Australians keeping more of their own money. We strongly believe that, after all necessary expenditure to adequately fund government programs, ensure good government and maintain a surplus, any excess money should be returned to the people who earned it, rather than kept in government coffers. This is underpinned by our core belief that Australians know better than government how to spend their own money. The former coalition government had a very strong record on taxes and the economy, which I am quite sure will be borne out when history is written about this time in our country.

Whilst those in government have chosen to try to recast and rewrite the past, the simple fact is that the previous coalition government was very successful in implementing tax reform and reducing the personal income tax burden on working Australians. The coalition’s careful and skilful management of Australia’s $1.1 trillion economy enabled the government to pay off Labor’s $96 billion debt and convert Labor’s $10 billion deficit into a $14 billion surplus at the same time as giving tax relief to all Australians at all income levels.

A look at last year’s budget papers reveals the truth about personal tax cuts. Under the coalition, a tax burden shared by working Australian families dropped in real terms. In 1996-97 personal income tax receipts were 12.4 per cent of GDP. This was the legacy that the coalition government inherited from Labor. This financial year, the personal income tax burden is projected to decline to 10.9 per cent of GDP. Measures from the tax policy that the coalition formulated and announced at the last election—details that have of course been now plagiarised and copied by the government—are implemented by the passage of this bill. The estimated tax burden for individuals is expected to decline to 10.1 per cent next financial year. Even from opposition, I contend, the coalition is still leading the way in the area of taxation reform. The shadow Treasurer, Mr Turnbull, has announced a review of the entire taxation system so that we can come up with the best and most efficient taxation system for our modern economy. We believe that you cannot have meaningful taxation reform without a reduction in the tax burden. Labor, however, appear to be up to their old tricks and have subsequently copied the coalition by announcing their own review. The problem for them, I think, is that they have asked
Treasury to run the review. I have a lot of respect for Treasury—I have worked very closely with them—but what this effectively means is that Treasury is tasked with reviewing itself, which is never a healthy way to conduct a review of this scale and scope.

Labor’s addiction to spin has no bounds. Their copycat review is supposed to be a root and branch review of the tax system, but somehow or other it will not be reviewing very important areas, such as the GST. You cannot have a root and branch review when it does not even consider reform of the GST. I really believe that, unlike the coalition, Labor are still trying to follow the leader in this area because they have no strategic taxation agenda and no strategic framework for this review. I think it has been the case for many years now and I think that the country will be the poorer for it.

I very much support the tax cuts in this bill and I think that I have said enough about how these have effectively been cuts that the coalition devised. I am very pleased to see that these benefits will be passed through to the people of Australia but I also think that it is appropriate, when we look at the budget that was handed down, that we put it in context. The 2008 federal budget has, I believe, let Australians down. It is a very typical Labor budget—let us be clear about it: it increases taxes, massively increases spending, plays the politics of envy and, I think, shows that they do not know what they are doing in running the economy going forward. It is a budget of confusion and contradictions. It is a budget that confirms that Labor has no really clear idea about how to deal with the economic challenges facing Australia, particularly inflation, which is what they said they were trying to address.

I think that it shows that the Treasurer is still struggling to find how he is going to take this economy forward. He claimed that the budget would ease the pressure on inflation and honour Labor’s election commitments to families, but he has failed his first test, in delivering what is unequivocally an expansionary budget.

The budget will do nothing to meet Labor’s promises to keep grocery prices, petrol prices and home interest rates down. For that alone, Labor are to be condemned. They ran around promising that that was what they would do and, search though you may, in the budget there is precious little indication of any ability to do any such thing. I think Australians can take very cold comfort from Labor’s decision to raise taxes on cars, alcohol—for the sake of it but trying to dress it up as some measure to address a problem, which we all think is a significant problem, only this is hardly a way to deal with it—energy, computer software, fringe benefits, passenger movements, passports and visa applications and to increase the cost of private health insurance. I think Mr Swan’s first budget will be remembered very much as a taxing budget. It confirms Labor stands for higher taxes, and this of course will put upward pressure on inflation.

I think it is fair to continue to say from the opposition’s point of view that Labor was indeed left with a strong economy which had a key strategy to keep the economy growing and to keep inflation under control over the longer term. In contrast, it is also fair to characterise Labor’s budget as a political grab bag, not an economic strategy going forward, and I do think Australians deserve better than that. However, what concerns me very much is that unemployment will increase as a result of this budget, with Treasury forecasts showing 134,000 fewer people in jobs. That is a very shameful outcome for the first Labor budget. Despite all the rhetoric about education revolutions and lifting productivity, the participation rate in the workforce is actually forecast by Treasury to fall.
When it comes to the various investment funds on infrastructure, education and health—also, of course, copied from the coalition—there is an appalling lack of detail, with absolutely no explanation of what criteria will be used for the administration and expenditure of billions of dollars of taxpayers’ money withheld from them and retained for some purpose without any detail as to what it will be. And, of course, there is absolutely nothing to tell Australians how this will actually address the infrastructure bottlenecks. Are these funds going to be accessed in the short term? If they are, that is going to put a lot of pressure on inflation. If in fact they are not going to be accessed in the short term, then of course they are not dealing with the problems that have been identified in infrastructure. Labor has made absolutely no attempt to reconcile these contradictions in its approach to these investment funds.

The bottom line is that Labor have not kept their election promises. The Labor government promised not to touch private health insurance, but they are gutting it. The Labor government promised to leave the baby bonus alone, but they are in effect slashing it. Labor promised not to increase taxes, but taxes have gone up. It is very disappointing, and I think it confirms what Mr Garrett said in an unguarded moment before the election: ‘Once we get in, we’ll just change it all.’ The proof of that is well and truly seen in the budget. After promising so much before the election, Labor have let Australians down.

Senator MURRAY (Western Australia) (11.39 am)—Before I move to the substance of my remarks in the second reading debate on the Tax Laws Amendment (Personal Income Tax Reduction) Bill 2008, I ask to table a document. I circulated with my amendments to this bill an explanatory note, but the Senate officers have advised me that I have to table that explanatory note, so I seek permission to table it.

The ACTING DEPUTY PRESIDENT (Senator Mark Bishop)?—Are you seeking leave to table a document, Senator Murray?

Senator MURRAY—The explanatory note to my amendments—yes, I am.

The ACTING DEPUTY PRESIDENT—Is leave granted?

Senator Faulkner—Almost certainly yes, but I have not seen it, so—

Senator MURRAY—Perhaps the attendants could take it to the two sides. I had assumed it happened automatically, but I was wrong.

The ACTING DEPUTY PRESIDENT—We will ask an attendant to deliver it to both the whips.

Senator MURRAY—Thank you. I now turn to my remarks on the second reading. Perhaps, at the end of them, both sides could indicate if it is acceptable to table the document.

The ACTING DEPUTY PRESIDENT—Yes.

Senator MURRAY—To approach this bill, which has a very substantial price tag of tens of billions of dollars attached to it, I think you need to look at it from three perspectives. Firstly, does the bill represent good income tax policy? Secondly, what is the opportunity cost of spending this money in this way? Thirdly, how does this bill contribute to the needs of fiscal policy?

Dealing with income tax policy first, the Democrats have long had a view that what is needed with respect to income tax policy is not strategic reform but structural reform. We long criticised the coalition when they were in government for not having such a plan. I want to use the opportunity of these remarks to stress to the new Labor government that, in their own review and their own decisions
about tax, they need to present to the Australian people a structural plan, not just a strategic plan.

The Democrats have five pillars attached to our taxation reform plan. We believe there should be a comprehensive structural overhaul that fosters the development of a modern civil society, stimulates growth, competition, jobs and investment and is equitable, efficient and inclusive. Our five-pillars agenda for income taxation reform focuses on, firstly, raising the tax-free threshold—this bill does not do that. Secondly, it focuses on indexing tax thresholds—this bill does not do that. Thirdly, it focuses on broadening the taxation base—this bill does not do that, but that is done to a degree in the budget. It focuses, fourthly, on reviewing and addressing negative tax-welfare interactions. Fifthly, it focuses on lowering taxation rates and raising taxation thresholds, which this bill does address.

Unless you have a structural view of income taxation, you cannot properly address the way in which the system operates. At the moment, it is complex and it is highly inefficient due to significant churning effects and unnecessary tax concessions. We think the purpose of income tax policy should be to fall within overall tax objectives of improving measures of equity, simplicity and efficiency within the Australian taxation system. As I say, the bill does address the issue of lowering taxation rates and raising taxation thresholds, but, unless you index to inflation your tax thresholds, in the end whatever changes are made in a bill like this are eroded over time as the value of money falls. That has been a fundamental weakness of our income tax system and remains a fundamental weakness of our income tax system. I note the Australian Chamber of Commerce and Industry continues, along with many other peak groups, to advocate the indexing of tax rate thresholds. It is a bullet that needs to be bitten.

The second area of interest with respect to the broad policy issues that surround this bill is the opportunity cost issue. The bill itself captures forward estimates—I think, with respect to income tax changes already established through the 2007-08 budget and those that are proposed through this bill—which over the next three years will be another $57 billion of expenditure. When you are spending that amount of money, you say to yourselves: ‘Could you spend that better elsewhere?’ And the answer is: you always can because you always have alternatives that others suggest.

I note, for instance, the Australian Greens take the view that you would be better off not passing these income tax reductions and using the money for the community in different ways. I have noticed surveys over time which have indicated that many Australians—a very substantial portion of Australians—believe that improving services should come ahead of these tax reductions. The Democrats do not take that view. We take the view that a substantial slice of the income tax changes is necessary, particularly for low- and middle-income Australians. We take the view that it is necessary from two perspectives. The first is from a perspective of catch-up. Because the value of money has been eroded by inflation over time, you are restoring people, to some extent, to where they would have been if not for inflation. The second reason we support it is we think the disposable income of low- and middle-income Australians needs to be increased in order to allow them to advance their living standards in a way which keeps the equity and inclusiveness characteristics of Australian society. We do not think it is an either/or situation—that none of this money should be given to Australians and it should all go back into services—but we do not think, either,
that all the personal income tax reduction is warranted. That is the opportunity cost argument, and it is always an interesting and difficult decision to make as to what you give up because you are spending it in this particular way.

The third area is fiscal policy. With respect to this bill, the government fails. It does not fail because of what it is doing in this bill; it fails because of what it is doing in the budget. If the intention is to fight inflation, you have to ask, ‘Where do inflationary pressures come from?’ There are exogenous pressures, about which the government can do very little. Those exogenous pressures obviously relate to such high inflationary impact items as the increase in the cost of energy, petroleum fuels in particular, increases in the costs of things like foods as they are rising elsewhere in the world and increases in the cost of money. The cost of money has risen very substantially, even without regard to the Reserve Bank interest rate increases, essentially because of international events. That cost of money flows through, of course, to the price of goods and services. Australians can do very little about those exogenous or external events and simply have to wear them in an inflationary sense.

The other side is endogenous—those things which are domestically based and domestically caused. Principally, the problem has been identified as supply side, not demand side so much. Of course, you do need to address demand in the sense of dampening consumer demand, and that is what the Reserve Bank has been trying to do in its blunt way. But primarily you can see the examples of supply side effects in the recent wage increase figures. For instance, the recent figures I saw—if my memory is correct—for Western Australia showed wage increases of 5.9 per cent, principally from the mining sector effects, and elsewhere in Australia as low as three per cent. That clearly shows a supply problem in WA, and not as much elsewhere.

If you go to somewhere like the Pilbara, you would see that people are being compensated in terms of wage costs and businesses are being compensated for the difficulties in business activity there, all of which induces higher prices, because of a failure to invest in two areas: hard infrastructure and social infrastructure. People want to be compensated for the fact that they have to live in dongas, which are converted containers, or sleep in the back of their cars or sleep in caravan parks and so on. I note with some concern that the government has just sucked another $2½ billion out, I think, out of the Pilbara companies and others with its ending of the condensate concession. I do not condemn the ending of the condensate concession. My concern is, having sucked that $2½ billion out, that I want to see you put $1 billion back into our social infrastructure—into our housing and our amenities for our communities up in the Pilbara and elsewhere. By all means, change the condensate policy—I think it is a good change; I support the change—but what are you going to do with the money? The problem is you are not spending it in the supply side area, which would actually reduce the inflationary pressures. What you are doing is quarantining that money. You are leaving for another day the expenditure in the very areas where you would reduce the supply price pressures.

I think there is a problem with the fiscal policy settings in your budget. You have got real growth. You are not reducing aggregate demand. There is over one per cent real growth, in other words, ahead of inflation. From a consumer perspective, you are not making the budget aggregate demand neutral. You are in fact adding slightly to inflationary pressures at the consumer side and with respect to the capital side you are quar-
antining investment which could actually reduce supply pressures. That is an economist’s perspective from me, but I think it should be a legitimate concern in examining the effects of this budget.

Turning specifically to the provisions of the bill—as you are well aware and hopefully my explanatory note makes this even clearer—you are affecting a number of settings at the threshold rates level and moving the thresholds themselves. The sense of things is that lower income Australians will see a shift in the 15 per cent rate, which currently ends at the $30,000 threshold level, so that it ends at the $34,000 threshold level. It is an excellent change and one I and my party support. At the 30 per cent level, the threshold shifts to $80,000 from $75,000. From the perspective of middle-income Australians, the Democrats think that is a good idea. What we do not think is a good idea is the proposed shift to $180,000 for high-income Australians. There is no credible economic or social policy reason for that to occur. That is the first criticism I would set.

Another thing the government has done—and its effect is good but I am not convinced that the policy is the best one—is to introduce changes that increase the maximum amount of low-income tax offset. That will shift from $750 to $1,200 from 1 July 2008, then lift to $1,350 from 1 July 2009 and finally lift to $1,500 from 1 July 2010. The effect of this is that those eligible for what is known as LITO—that is, low-income tax offset—will not incur a net income tax liability until their annual income exceeds $14,000, and this grows to $16,000 by 1 July 2010. It is a good idea in its effect. The Democrats actually support a tax-free threshold around $20,000, below which people do not pay tax. If you did that, you would take a huge swag of people out of the income tax system—I might say that 85 per cent of them are women in part-time and casual work. You would not have to have them involved with all the compliance activities or have the Taxation Office involved with all the compliance activities and costs that surround that.

Unfortunately, the LITO system means that instead of using a tax-free threshold device so that you exclude up to two million Australians from having to put in tax returns, you force all these people to put in tax returns, to go to tax agents, to make work related tax deductions of well over $1½ billion, maybe more, and to be in this system. So the intent is right—give low-income people an ability not to have to pay tax up to $16,000 by 1 July 2010 with respect to this bill—but the method is a churning method. It is complex, inefficient and wrong. Good intent; bad process. Senior Australians also do well. Their tax offset, which is known as SATO, will lift from $28,867 for a single person on 1 July 2008 to $30,685 by 1 July 2010, and for couples from $24,680 from 1 July 2008 to $26,680 from 1 July 2010.

With respect to these tax cuts the Treasurer made a number of points. He said Labor had promised specific tax cuts and he is keeping his promises. That is terrific, but I have already noticed a number of promises that have not been kept and sometimes for good reason. You cannot keep every promise. For instance, I think cutting the cut-off point for wealthy welfare benefits from $250,000 to $150,000 is a broken promise and I am glad you have broken it. It is a good idea. You do not always have to keep your promises, but it is important that you keep your most important promises. I am not going to criticise the government for doing that. Although I think, in view of the fiscal emergency of inflation that the government talks about, it could well have not needed to deliver the high-income tax cuts.
Secondly, the Treasurer says these tax cuts give necessary relief to working families. Every time I hear that phrase I want to scream. I want to know what defines ‘working families’. It is not a phrase that connotes wealthy Australians and there are a whole lot of families who are worth a lot to me and who are not working. Think of old people; they are families. ‘Working families’ excludes them. It is a horrible phrase. Thirdly, he says tax cuts will ease pressure on wage claims. I think he is right in that respect. At the lower end I think it does relieve those pressures. Fourthly, he says these tax cuts improve workforce participation. Yes, he is right, especially in the low-income area and in the middle-income area. At the upper-income area he is absolutely wrong. It will do zip, zero and nothing to support the cause of workforce participation for high-income Australians. You are just giving them tax cuts at that level because the coalition are their mates. It was their idea and you are just following on. That policy is stupid, unnecessary and wrong.

The idea that wage claims will be influenced above the $75,000 to $80,000 threshold is fanciful. The idea that workforce participation will be enhanced above that level is unlikely, and I say to you that the Reserve Bank will raise rates again if aggregate demand increases to levels it regards as threatening. Tax cuts increase aggregate demand, so you should be cancelling or deferring non-essential tax cuts. That means cancelling or deferring those at the upper end. The conclusion I have is that there is merit in accepting the LITO and lower income tax changes.

Senator MURRAY—I am. I seek leave to table the explanatory note to the amendments that I have provided both sides with.

Leave granted.

Senator HURLEY (South Australia) (12.00 pm)—It gives me great pleasure to support the Tax Laws Amendment (Personal Income Tax Reduction) Bill 2008. It is a fulfilment of an election commitment by the Rudd Labor government. That commitment was a fundamental part of our policy at the election and is now fulfilled with this bill. Senator Murray has correctly identified problems that arise with inflation in this country, inflation that is initiated by world events and, to some extent, domestic events. There certainly is some risk that inflation, which has continued to rise since the election period, will fuel demand and that will in turn fuel inflation in this country. Inflation is now at a level which has alarmed the Reserve Bank of Australia. It is very important to fight the effects of inflation. It has a very pernicious effect on households and businesses and our economy. It is a primary goal of the Rudd Labor government to maintain downward pressure on inflation.

In that context, this bill, as Senator Murray has correctly said, does not assist that process but does not create an unusual level of demand to fuel inflation. That is because the government’s budget has tightened monetary policy to restrict demand in the country. It is this balancing act which the Treasurer, Mr Swan, has talked about constantly and which clearly the Liberals, and Senator Coonan in particular, have not quite grasped. They continue to deny the effects of inflation and deny the effects of the previous government’s policy on inflation. They continued to drive up inflation with their spending. The way that they used their surpluses drove up inflation. The way that they did not use the surpluses for infrastructure, skills
development and productivity meant that there was no amelioration of that inflation trend. Clearly the Liberals still do not understand that balancing effort that the current government is faced with.

Senator Murray is clearly concerned about the inflationary aspects of this bill, but we must remember that the world economic outlook is also very uncertain. There is a great deal of uncertainty in the United States of America and in Europe, while nevertheless China and India and other economies continue to grow. It may be that Australian consumer confidence and Australians’ ability to cope needs to be boosted a little by measures such as these, by small measures such as providing increased spending power in the form of the tax cuts people will get as a result of this bill. There is this balance between putting too much of a brake on the economy through too tough fiscal policy and letting the economy continue to grow. The Treasurer has very neatly balanced the competing demands in both this bill and the budget generally. It is a pity that the opposition has still not come to terms with this fundamental requirement.

Senator Coonan continues to talk about no strategic framework of this government, but it is in fact the failure by the former government to have a strategic framework that has created this difficulty in our economy. It was the former government, which had zero productivity growth through its last years and zero attention to skills development, that caused a lot of the bottlenecks in our economy that we are now having to face. Senator Coonan did nothing in her response today to show that the opposition now has any plan to address those particular problems. Indeed, it seems only determined to oppose what the government is doing to address them.

The budget does indeed address aspects of skills development, jobs development and, in particular, participation. It is this aspect of this bill that I am particularly pleased to see, because the government has a strategy to bring together aspects of job participation such as child care and incentives to work. This is one area where I differ from Senator Murray. The government’s policy differs from the previous government’s proposal for tax cuts in that it has directed tax cuts towards the lower end of income levels, such that it now does make sense for people at lower income levels to undertake more work or to undertake work at all.

Several other measures in the budget contribute to that so that we should have more people working and more people working more hours. The budget removes some of the financial disincentives to do that through taxation and also assists by measures such as child care. There is an estimate by Treasury of 65,000 more workers entering the workforce through these measures. That is certainly welcomed because, wherever you go in this country, wherever you talk to anyone in business, you hear the constant refrain that there is not only a skills shortage but a shortage of workers generally, so we really do need to encourage people to get back into the workforce and to get back to work.

It is here that the low-income tax offset is also important, and it is pleasing to see that it will grow progressively from $750 to $1,500 by 2010. It is indeed an important measure to improve income for low-income taxpayers. There are queries about its efficiency, whether it encourages income splitting and whether people who are engaged in non-productive work like investments benefit from it at the expense of other workers. I am sure that that will form part of the general review of the taxation system that has been flagged by the Rudd Labor government.

I am also sure that the Rudd Labor government will look at the still high effective
rates of marginal tax that are paid by many workers in the low-income area who are juggling family tax benefits and other government assistance for families with their job income. There is still a great deal to be done in that area, and I expect that more will be done to help those people—who are now called ‘working families’ but are perhaps families that want to work more or want to work more effectively while juggling with family responsibilities—so that the country is more productive and makes better use of the workers that it has in its workforce. The government has set up a very good strategic framework and has just begun on the path to resetting the taxation, welfare and benefits system of Australia so that it is fairer, more efficient and easier for Australians to navigate.

Senator Coonan also talked about other aspects of the government’s budget and about increases in consumer items for Australians in the budget—as if it were competing with this, as if people would be spending their tax cuts on consumer items that were being increasingly taxed by the government. I think she is on very shaky ground when the most substantial examples of this that she can come up with are the alcopop tax and that on luxury vehicles. Some of the Liberal opposition must be living in a very rarefied world if they think that people with a large number of children will generally go and buy luxury cars, cars over $60,000, so that they can move their children in safety and comfort. She needs to know that most families cannot afford anything like that to move their children around. Senator Coonan is also on very shaky ground when she talks about the disincentives for consuming alcopops and the new tax on those. Surely if the opposition are going to find an example to oppose this budget on, if they are serious, they can find a better example than the taxation on alcopops. Surely that is not a fundamental part of most families’ consumption patterns; that they cannot withstand an increase in taxation on mixed drinks. Senator Coonan has indicated support for the bill and opposition to some aspects of the budget, but the aspects of the budget that she opposes do not seem to make a great deal of sense, quite frankly.

To return briefly to the effects of the bill and where we might be going from now, on the Senate Standing Committee on Economics that looked at this bill we also had some discussion about the inflationary aspects of giving tax reductions to the population and how money might be more effectively spent. We addressed the concept of those tax cuts being put into superannuation on an optional basis so that families who were struggling and needed the extra money to pay additional interest rates and costs could accept the money from tax cuts but other families, those who were perhaps not struggling quite as much, could choose to put their tax cuts into their superannuation. I think that this is a very worthy scheme. It was principally proposed by Dr Nicholas Gruen, an economist, and it certainly makes a great deal of sense. There are a number of people in our community who need a bit of catch-up with the level of their superannuation. The compulsory superannuation guarantee is still at only nine per cent, and there are people who need to contribute more to their superannuation. I am thinking particularly of those in the 40-plus age group. This could have been an ideal opportunity for them to say, ‘We are managing as it is; we can afford to put the extra money straight into our superannuation.’ I would certainly recommend that to the government as a scheme worthy of further consideration.

In closing, I again commend the bill to the Senate. It is a very timely bill. It is part of that balance between allowing people to keep up with costs and reducing the impetus for any wage growth, while not unduly de-
pressing the economy in Australia. It keeps us flexible for any external influences from the world system. There seems to be very little doubt that the international economy, and, in particular the economies of the United States and Europe, will be further depressed in the coming year. We do need to guard against coming down too hard on our economy and depressing any growth at all. This is a worthy part of the Labor government’s strategy, and I am very pleased to support the bill.

Senator BOB BROWN (Tasmania—Leader of the Australian Greens) (12.16 pm)—The Australian Greens oppose the Tax Laws Amendment (Personal Income Tax Reduction) Bill 2008. Let me quote from Dr Peter Rischbieth of the Rural Doctors Association of Australia on budget night, who said:

At the end of the day, the Government can’t say it doesn’t know how bad the rural health crisis is—we have repeated over and over again that an additional 16,000 health professionals are needed in the bush, including an additional 1000 rural doctors (and probably now an additional 1500 doctors based on the Government’s own audit).

The fact is that, even in the 21st century, rural Australians:

• can expect to die younger than their urban counterparts
• continue to suffer from much worse health outcomes and difficulties in accessing treatment
• continue to suffer from reduced access to health services because of a huge shortfall of healthcare funding compared with those living in the cities.

We know, from the Australian Medical Association and other studies, that $500 to $600 million per year is required for health services for Indigenous communities. The great task, which the government has said it is taking on, of eliminating the 17-year life-expectancy gap between Indigenous and non-Indigenous Australians is not being undertaken at a serious level in this budget.

The Australian pensioners have been left stuck, with no increase in the base pension of $273 per week. The Greens have been campaigning for a long time now to get that raised by between $30 and $100. The government has some one-off payments, but the pensioner community—over one million pensioners in Australia, who have been the working families in this country for the last half-century and who have given us the Australia that we have, one of the wealthiest nations on earth—are living in poverty. They were ignored by the budget on Tuesday night.

The tax cuts that we are dealing with here are largely servicing the wealthy. As Senator Murray pointed out, three-quarters of the tax cuts will go to people on more than $34,000 a year—and, of course, the wealthier you are, the better off you will be with these tax cuts. Had these tax cuts been diverted to pensioners, they could have got the sort of increase that the Greens have been campaigning for. As it is, pensioners have not had any real growth in income since 1993 or thereabouts. There was the drought of the Howard years for pensioners, and that drought has kept going now under the first Rudd-Swan budget.

I cannot understand why pensioners have been ignored while tax cuts for the rich have risen to the top of the flagpole under this social democrat government’s first budget. Of course, I was very alert to the election campaign last year, when then Prime Minister John Howard announced in the first week of that campaign that he was going to have over $30 billion in tax cuts. The press gallery went into overdrive, saying that Labor had to respond to this. You can remember the days ticking by, and there must have been very,
very intense negotiations in the Labor camp, in Mr Rudd’s office, during that week.

The outcome was that by Friday Labor announced that it was going to follow suit. It was going to back the conservative Howard government’s tax concessions to the wealthy, and that commitment is what we have before us in the Senate today. It is manifestly unfair, it is inflationary and it has to starve funds from this country’s ability to adequately fund hospitals, the health service, the public school system, fast and efficient public transport and the great challenge we have to address climate change in 2008. But if we have to pour money—and it is a cash-rich period for governments—into infrastructure for the nation, for the benefit of all the people, why have these tax cuts which are loaded to the wealthy? It is the wrong way to go, it is unfair, it is socially regressive and it fails every test of nation building that we would have expected of a new government.

Let us look at one of the alternatives that could have been undertaken here, beyond our priority of giving pensioners a fair go—and I would add, of course, carers, who have got very meagre returns from this budget as well. If we move to climate change, the government has flopped on its high duty to address climate change and make that a priority in this first budget. Instead, much of what is going to address climate change—and even on the government’s own figures it is something between $2 billion and $3 billion; it is less than a 10th of these tax cuts over the coming four years—is going to the coal industry. These megawealthy largely overseas owned corporations ought to be investing in so-called clean coal—this chimera, this entity that does not exist and that even the coal industry says will not exist for the next decade or two. It cannot help meet the international scientists’ call for a rapid response to climate change that will see greenhouse gas emissions from the planet, instead of increas-
These things create jobs and stimulate the economy but cut greenhouse gas emissions from coal-fired power stations. Was that too difficult when that program, through cutting power bills for people—some of which they returned to government—would in the long run be cost neutral? The government could not come at it. Instead, it is going to try this program for 200,000 households over the coming five years. That is three per cent effort compared with what the Greens were proposing.

I do not know what has happened to Ministers Garrett and Wong, but they have failed to impress the economic conservative Prime Minister and his Treasurer. They have failed to get their message to a Prime Minister who says, ‘I have as a priority climate change.’ No, Prime Minister Kevin Rudd, you do not have it as a priority. You have dismissed it and relegated it to an insignificant other in this budget. And, by the way, what has happened to the rhetoric of Labor in terms of supporting research and development and science in this country? There are smart remarks coming from the Labor benches at the moment, but I will ask somebody from Labor to get up and justify the $69 million cut to the CSIRO—$69 million, and we have got $31 billion going to tax cuts, specifically benefiting the big end of town. Labor, my foot! Social democrats, my foot! This is a conservative government presenting a conservative budget to please the lobbyists, who dominate this parliament and the political process, the corporate sector and the already wealthy.

I have to canvass many more knowledgeable people than me on the prospect of inflation. The speaker before me said it is not going to be inflationary. Yes, it is. We all know that, and every Labor person knows that, including the Treasurer. You cannot be injecting over three or four years $57 billion into tax cuts—and remember Labor supported those cuts last year; the Greens opposed it but Labor did not—without creating inflationary pressure. The alternative, of course, is to have massive cutbacks in public spending, and the government has not shown it is willing to do that, nor should it be. So this fact does emerge, and I agree with the opposition completely on this: if we do get further interest rate rises—and they will really hit the working families that Labor attributes so much to—they will be squarely on the shoulders of Prime Minister Rudd and Treasurer Swan. The inflationary process is being fuelled by these tax cuts, which come out of this legislation here today.

I want to go back to look at the cruel disparity between the commitment Labor is making to pensioners and the commitment it is making to the already wealthy people who are on big incomes. It says these are tax cuts across the board. They are not; they are highly loaded towards the big end of town. Next year, for example, if you are on $30,000 you will get $11.54 per week in tax cuts—hardly enough to pay for the rapidly increasing fuel costs in this country. However, if you are on $300,000 you will get $91.35 per week in tax cuts. I heard a Labor interjector during the week say, ‘Yes, but the disparity gets better as you go further on.’ Let’s look at the year 2010-11. If you are on $30,000 then you will be getting an extra $14.42 per week, but if you are on $300,000 you will be getting an extra $116.35. In other words, the further we go under this tax cut program, the bigger the disparity between the rich and the poor.

When you go across to pensioners you find that they get zero. They are not on an increase of $11 or $14 a week. By crikey, they could use it but they are not going to get it. Instead of that they languish at the poverty line. Let me quote from a single age pensioner who wrote to me about this matter last...
year. In anticipation that there would be a change of government, she was very hopeful that she would get a better response. She wrote:

I have written to the spokesmen of the Government and the Labor Opposition regarding the poverty in which Single People, who are solely reliant upon a Single Age Pension, are existing.

I have not yet had a response from the Opposition—that is the Labor Party—and the response from the Government was not at all sympathetic and, I considered, rather high-handed.

I wonder how the Members of Parliament, or their Advisers would manage to live on the sum of $530.90 per fortnight (this includes $5.80 Pharmaceutical Allowance) which is reported to be 20% below the Poverty Line and less than half the Basic Wage.

For your information I am enclosing my fortnightly Income and Expenses Budget. I live as frugally as I can, cook all my own meals. I rarely buy prepackaged food, and cannot eat take-aways, having had surgery for Bowel Cancer.

You will note that this statement does not cover Dental Care. I and many others are going to spend the $500 Special Grant given by the Government in July on Private dental care—We can bring that up to date. Another $500 has been given by this government—no difference.

because of the long waiting time for Public dental care—some areas are waiting for years.

I know the Government—she is talking here about the Howard government—has said that it will expedite dental care for pensioners with serious illnesses. This is putting the cart before the horse, because many people I know personally are suffering serious health problems due to the lack of dental care.

I am 83 years of age and a “little I” Liberal who is looking to change my vote at the coming election. I feel that I may not look further. To me, as a Green advocating an increase in the pension, she says:

Thank you again for advocacy for a large but fairly voiceless part of the Australian population. She provided her budget, including such things as canned fish, paper products, household cleaners, coffee, tea and sugar—right down to the last cent. In a sentence amongst all this she says she puts aside for birthdays and Christmas gifts, 12 at $40 each, a rather hopeful $480. Savings for car service, the gap payment for specialist medical treatment, repairs to the refrigerator, TV, washing machine or dryer, and donations to churches and charities are all under a question mark. Holidays, outings and clothes are not provided for.

In effect, pensioners are living in very tough times. I reiterate: these are the working families who have made Australia the wealthy nation that it is. They have helped get us to the point where we have a Treasury swimming in money, a budget surplus that is unprecedented in Australian history, yet we have a miserly attitude to one million to two million pensioners and carers in this country which leaves me speechless. I would have thought, as did that pensioner—she was intending to change her vote, as you heard—that the advent of a Labor government would have brought some relief for pensioners, but they have been dudged by Labor.

This is a matter that the Greens intend to continue to campaign strongly for. Let me tell the government, it is not going to go away. There is no way that we will support the legislation for these tax cuts when pensioners are left out in the cold, struggling day by day simply to make ends meet. There is no way we are going to support massive cash injections, effectively, into the realm of the already wealthy while the poverty stricken remain as they are, unheeded by this gov-
ernment. I foreshadow Greens amendments as circulated.

Debate (on motion by Senator Ludwig) adjourned.

Ordered that the resumption of the debate be made an order of the day for a later hour.

BUSINESS
Rearrangement
Senator LUDWIG (Queensland—Manager of Government Business in the Senate) (12.37 pm)—I seek leave to amend government business notice of motion No. 3 in the terms circulated in the chamber.

Leave granted.

Senator LUDWIG—I move the motion as amended:

That, on Thursday, 15 May 2008:
(a) divisions may take place after 4.30 pm;
(b) the sitting of the Senate not be suspended at 6 pm;
(c) the routine of business from 6 pm to 8 pm be consideration of any message from the House of Representatives relating to the Telecommunications Legislation Amendment (National Broadband Network) Bill 2008; and
(d) the routine of business from 8 pm shall be:
(i) Budget statement and documents—responses by party leaders,
(ii) further consideration of the message in paragraph (c), and
(iii) adjournment.

Question agreed to.

TAX LAWS AMENDMENT (PERSONAL INCOME TAX REDUCTION) BILL 2008
Second Reading
Debate resumed.

Senator CONROY (Victoria—Minister for Broadband, Communications and the Digital Economy) (12.37 pm)—I would like to thank all senators who have taken part in the debate on the Tax Laws Amendment (Personal Income Tax Reduction) Bill 2008. The measures contained in this bill honour the government’s election commitment to cut personal income tax for all Australian taxpayers from 1 July 2008. It implements important taxation reform, championed by the government, to position the economy for continued growth. The tax changes in the bill are fiscally responsible. They are designed to enhance individual incentives and workforce participation and productivity, particularly for part-time workers and secondary earners. This will lift the supply capacity of the economy. Ultimately it will help to fight inflation and prepare Australia for its future economic challenges.

Chronic labour and skill shortages are reported regularly by business as major constraints on business expansion. These in turn put pressure on wages and inflation. Effectively dealing with inflation requires strategies that both tackle skill shortages and lift workforce participation. The tax cuts are a key component of the government’s five-point plan to fight inflation. The five-point plan to fight inflation also involves fiscal restraint, encouraging savings and tackling skill shortages and infrastructure bottlenecks. It is anticipated that the tax cuts will over time result in an additional 2.5 million hours of work being added to the economy each week and that this will generate approximately 65,000 additional people in the workforce.

By increasing the disposable income of households, these tax cuts will provide much needed relief for working families. In particular they will assist households to retire debt and repair the household balance sheets. This government trusts Australian working families to know how best to use the tax cuts. They are in the best position to decide how to balance the household budget prudently and will be in a better position to do that as a result of these tax cuts.
The tax cuts will be progressively phased in, taking effect in three stages: from 1 July 2008, from 1 July 2009 and from 1 July 2010. The measures to take effect in the first year focus on taxpayers—particularly part-time and secondary income earners—with the greatest labour supply response. The tax changes in this bill include increases in the 30 per cent marginal tax rate and its thresholds, a reduction in the 40 per cent marginal tax rate and increases in the low-income tax offset. The 30 per cent threshold will increase from $30,001 in 2007-08 to an eventual level of $37,001 on 1 July 2010, with the first increase in the threshold being to $34,001 from 1 July 2008. This means that the 15 per cent marginal tax rate will apply up to and including $34,000 of income in 2008-09. In addition, the 40 per cent marginal tax rate will be reduced from 1 July 2009 to 38 per cent and further to 37 per cent from 1 July 2010.

These changes are the first stage in the government’s plans to flatten Australia’s personal income tax scales to 15 per cent, 30 per cent and 40 per cent. This bill increases the amount of the low income tax offset over three years, from $750 in the 2007-08 income year to a level of $1,500 from 1 July 2008, with the first increase to $1,200 taking effect from 1 July 2008. This offset will continue to phase out from $30,000. Therefore, from 1 July 2008 those eligible for the full low-income tax offset will not incur a net income tax liability until their annual income exceeds $14,000. This will increase to $15,000 from 1 July 2009 and to $16,000 from 1 July 2010. These changes are in line with the government’s longer term plan to provide a more generous low-income tax offset, delivering an effective tax-free threshold of $20,000 to low-income earners. Importantly and for the first time, from 1 July 2008 eligible taxpayers will receive half of the benefits of this offset to their regular pay. This will allow people to realise sooner the benefits of working more.

As a result of the increase in the low-income tax offset, from 1 July 2008 senior Australians eligible for the senior Australian tax offset will be able to earn more income before they are liable to pay income tax. From 1 July 2008, eligible senior Australians will not pay tax on their annual income—up to $28,867 for singles and up to $24,680 for each member of a couple. Further, increases to these thresholds will apply from 1 July 2009 and 1 July 2010. This package will enhance workforce participation, which is a vital component of the government’s five-point plan to tackle inflation. These tax cuts will also reward the hard work of Australians whose efforts are so critical to keeping the economy strong.

To sum up, this bill delivers on the government’s election commitment. It provides significant reductions in taxes that will help relieve cost of living pressures and will enhance incentives for workforce participation and skill formation. In this context, I note that in recommending that this bill be passed the Senate Standing Committee on Economics noted in its report on 1 May 2008:

There is a strong case for Australian working families to receive the promised tax cuts to assist them in dealing with financial pressures.

All Australian taxpayers will share in the tax cuts, but importantly the tax cuts will tip the balance in favour of middle- and low-income earners, especially parents returning to work. I again thank senators who have participated in the debate. I commend the bill to the Senate. Senator Murray, could I say we are in agreement on many of the points you made. As I think you would be aware, we have announced a very full review of the tax system and its impacts. In that review process we are hoping to take up many of the issues you have raised. Thanks to all senators.
Question agreed to.
Bill read a second time.

Senator BOB BROWN (Tasmania—Leader of the Australian Greens) (12.44 pm)—by leave—Mr Acting Deputy President, I ask that the Greens’ opposition to that motion be recorded.

COMMONWEALTH AUTHORITIES
AND COMPANIES AMENDMENT
BILL 2008
Second Reading
Debate resumed from 20 March, on motion by Senator Conroy:
That this bill be now read a second time.
Question agreed to.
Bill read a second time.

Third Reading
Bill passed through its remaining stages without amendment or debate.

STATUTE LAW REVISION BILL 2008
Second Reading
Debate resumed from 19 March, on motion by Senator Carr:
That this bill be now read a second time.
Question agreed to.
Bill read a second time.

Third Reading
Senator CONROY (Victoria—Minister for Broadband, Communications and the Digital Economy) (12.46 pm)—I move:
That this bill be now read a third time.

Senator BRANDIS (Queensland) (12.46 pm)—The opposition supports the Statute Law Revision Bill 2008. This is one of those housekeeping measures which effect changes to a multiplicity of Commonwealth statutes. It repeals 27 obsolete acts. It makes minor technical amendments to 26 principal acts and to 14 amending acts and it removes gender-specific language from 88 acts. I thought I might record, in speaking to this bill, an obscure fact of parliamentary practice. We have always wondered what the Office of Parliamentary Counsel does during an election time. Her Honour Justice Hilary Penfold has recently revealed the story in an article published by Her Honour called ‘Legislative drafting and statutory interpretation’. Hilary Penfold QC, as Her Honour then was, reveals that what the Office of Parliamentary Counsel does during election periods is prepare statute law revision bills for the ensuing parliament. No doubt the Statute Law Revision Bill 2008 is the fruit of this elegant parlour game engaged in by the Office of Parliamentary Counsel during the quiet time for it of the election campaign. The opposition supports the legislation and commends the Office of Parliamentary Counsel upon its industry.

Question agreed to.
Bill read a third time.

OFFSHORE PETROLEUM
AMENDMENT (MISCELLANEOUS
MEASURES) BILL 2008
Second Reading
Debate resumed from 14 May, on motion by Senator Carr:
That this bill be now read a second time.
Question agreed to.
Bill read a second time.

Third Reading
Bill passed through its remaining stages without amendment or debate.

SUPERANNUATION LEGISLATION
AMENDMENT (TRUSTEE BOARD
AND OTHER MEASURES)
(CONSEQUENTIAL AMENDMENTS)
BILL 2008
Second Reading
Debate resumed from 17 March, on motion by Senator Ludwig:
That this bill be now read a second time.

Senator WATSON (Tasmania) (12.49 pm)—The Superannuation Legislation Amendment (Trustee Board and Other Measures) (Consequential Amendments) Bill 2008, currently before the Senate, has been the subject of a lot of delay before today’s very brief debate. The bill does have the support of the opposition Liberal, National and Country Liberal parties.

The bill indeed has a very wide coverage. For example, schedule 1 of the bill covers something like 27 Commonwealth acts that make reference to the previous CSS and PSS boards which effectively recognise the Australian Reward Investment Alliance and replace references to the previous boards with the new name, Australian Reward Investment Alliance, or ARIA.

I need to put the Superannuation Legislation Amendment (Trustee Board and Other Measures) (Consequential Amendments) Bill 2008 into a time perspective. For example, on 1 July 2005 the Public Sector Superannuation Accumulation Plan was introduced. This bill makes certain amendments to that legislation. Then, on 1 July 2006, there was established a single superannuation board, named the Australian Reward Investment Alliance, to administer the Commonwealth Superannuation Scheme, the CSS; the Public Sector Superannuation Scheme, the PSS; and, finally, the PSSap, which is essentially an accumulation fund. The bill before us today sees the introduction of a new regime for managing legislative instruments provided for under the Legislative Instruments Act 2003, known as the LI Act. The bill ensures the use of ordinary time earnings, sometimes referred to as OTE, to calculate the employer superannuation guarantee. This matter essentially has only academic interest, because the earnings base for a long time for Commonwealth sector funds has always related to ordinary time earnings.

An interesting measure of the bill is the proposal to remove the requirement that interest determinations be gazetted. Website listing is of course a much more efficient and practical approach than gazettal, when members seek to get information about their investments. I would also like to signal that there are some interesting aspects of the manner in which ARIA makes its periodic determinations of interest on investment earnings that are credited or, in the event of a downturn, debited to members’ accounts. This is a matter that I will take up in other forums. But it does raise questions that I will take up with APRA to ensure there is consistency amongst superannuation funds in crediting members’ accounts with income earned.

The schedules and amendments ensure that ARIA, the Australian Reward Investment Alliance, is not only the trustee body and board but also the management authority and, according to the bill, is the appropriate body to issue certificates for the Commonwealth commissioners and authorities, where the employee member retires on grounds of physical or mental incapacity. It covers a diverse range of people such as—and this is not an inclusive list—the Director of Public Prosecutions, the Australian Building and Construction Commissioner, the Australian Radiation Protection and Nuclear Safety Agency, APRA members, the CEO of the Australian Film Commission, Australian Federal Police employees, the Auditor-General, the Registrar of the AAT and the CEO of the Family Court.

I would like to take a few minutes of the Senate’s time to speak about ARIA’s management and its transparency. I remind the Senate that, at the last Senate estimates hearings, I raised issues about scrip lending. Scrip lending can be engaged in by bodies
such as hedge funds. It appears that ARIA has permitted its custodian to engage in such activities. In fact it raised something like $889,000 of income during 2007. You may say it is good for members to get such income, and the Chairman of ASIC indicated that there is nothing illegal in such practices, but I remind the Senate that there is still an ethical issue—whether it is ethical for the board to allow the lending of scrip, which essentially belongs to members, to hedge funds and other people, so we can get a sort of short-selling operation. I raise this issue, because those assets really belong to approximately 156,000 federal public servants and approximately 52,000 uniformed members of the Australian Army, Navy and Air Force. Such activity is not illegal. In times of rising stock exchange values you could say that it is good for the exchange because scrip-lending activities increase the volume of activity, but I remind the Senate that in times of a decreasing or a falling market the practice can be absolutely devastating and can lead to a high degree of instability, which we have seen in recent times. In fact, the super fund Equiticorp had falling share prices caused by short-selling and has now discontinued its own short-selling arrangements.

Trustees of ARIA might say, ‘Yes, it’s good that we can get some investment income,’ but is it good for members who are pulling out of a fund at a time when the market is low because of instability created by short-selling, scrip lending and other sorts of activities which ARIA has supported? No doubt some people have experienced diminished payouts. The extent of the impact the practices of ARIA might have had on market valuations could never be determined. I remind the Senate that highly ethical investment companies, such as the Australian Foundation Investment Company, completely prohibit this practice of scrip lending, and they are far bigger than the ARIA investments.

I put to the Senate and to the members of ARIA and their board: please consider some of the ethical issues as well as the potential to get investment income from your practices. I also call on you to provide greater transparency and disclosure to your members and to ensure that members are confident that you have adequate policies in place and that members are told of policies to cover such interests as rights to dividends on scrip lending, because in the absence of disclosure problems can arise. I will conclude on that note. I issue this challenge on ethical grounds to the board of ARIA to look at their policies to ensure complete transparency and disclosure and to ensure that such practices cannot contribute to instability in the market which can lead to members, on retirement, getting less than the full value of their investment. I thank the Senate and I commend the bill to the Senate.

Senator WONG (South Australia—Minister for Climate Change and Water) (1.00 pm)—As the Senate is aware, the main purpose of this legislation is to update a range of legislation as a consequence of other legislative changes. I thank senators for their contribution to the debate.

Question agreed to.

Bill read a second time.

In Committee

Bill—by leave—taken as a whole.

Senator MURRAY (Western Australia) (1.01 pm)—The chamber is aware that the Democrats have an amendment before the chamber with respect to the Superannuation Legislation Amendment (Trustee Board and Other Measures) (Consequential Amendments) Bill 2008. As I stated in my speech in the second reading debate, the Democrats do not oppose this bill. In fact, we support it.
We have no issues with the bill itself, as the amendments proposed within the bill are consequential to measures already enacted by the 2006 act. They were originally in this bill’s predecessor, the 2007 bill, which ended up not being debated in August 2007 and has been reintroduced.

We used this bill as an appropriate vehicle to bring forward the HREOC report’s proposed amendments on same-sex entitlements. Since then, the government have requested the Democrats withdraw our amendment to the bill so that rapid passage can be facilitated through this non-controversial legislation period process. On 30 April 2008, Attorney-General Robert McClelland said legislation to remove same-sex discrimination from a wide range of Commonwealth laws—100 acts have been mentioned—would be introduced in the winter sittings.

He further said:
The changes will provide for equality of treatment under a wide range of Commonwealth laws between same-sex and opposite-sex de facto couples. Importantly, the reforms will also ensure children are not disadvantaged because of the structure of their family ...

He said that areas where discrimination would be removed included tax, superannuation, social security, health, aged care, veterans entitlements, workers compensation, employment entitlements and other areas of Commonwealth administration. He said that most reforms would commence soon after the legislation was passed. In some areas, such as social security, tax and veterans affairs, the reforms would be phased in to allow time for couples to adjust their finances, and for administrative arrangements to be implemented. All of the changes were expected to be implemented by mid-2009.

When I asked the government about this amendment, they confirmed that they intend to introduce a bill into parliament during the 2008 winter sitting. It has apparently been given priority status. I am told the bill will introduce the first stage of amendments to laws that currently discriminate on the basis of sexuality and provide for differential treatment to same-sex couples and their children compared to opposite-sex couples and their children—namely, provide for the equalisation of differential treatment.

I and the Democrats have been formally assured that it is the government’s intention to have this bill passed by 1 July 2008—obviously, subject to the Senate assisting that process. Not all same-sex entitlement changes will commence on 1 July 2008, and I and the Democrats accept that. Some areas such as social security, tax and veterans affairs may, in some cases, have a negative effect on same-sex couples. For example, many who will be treated the same as heterosexual couples will lose some benefits through Centrelink, and changes in their tax arrangements may apply. This being the case, individuals affected by that need lead time to plan for the change in their circumstances.

I and the Democrats accept that it is important that the Superannuation Legislation Amendment (Trustee Board and Other Measures)(Consequential Amendments) Bill 2008 be passed and become law by 1 July 2008 to allow for new scheme compliance, which is required for 1 July 2008. I say in passing that Democrat senators have worked long and hard on this same-sex equity issue. The debate, and hopefully passage, during the last two weeks of the June sitting of the proposed same-sex bill will be a moment to savour with respect to our long campaign. I conclude by saying that, in the light of the assurances we have received from the government, the Democrats withdraw our amendment as circulated and thank the government for their assurances.

Bill agreed to.
Bill reported without amendment; report adopted.

Third Reading

Senator WONG (South Australia—Minister for Climate Change and Water) (1.06 pm)—I move:

That this bill be now read a third time.

Question agreed to.

Bill read a third time.

Sitting suspended from 1.07 pm to 2.00 pm

MINISTERIAL STATEMENTS

Fiji: Australian High Commission

Senator FAULKNER (New South Wales—Special Minister of State and Cabinet Secretary) (2.00 pm)—Mr President, I seek leave of the Senate to make a short ministerial statement on threats to the Australian high commissioner and his staff in Fiji.

Leave granted.

Senator FAULKNER—I thank the Senate. I would also like to indicate that my colleague, the Minister for Foreign Affairs, is making a similar statement to this in the House of Representatives as I speak. I regret to advise that our high commission in Fiji has today received a second death threat against the high commissioner and his staff.

Senators may be aware that a previous anonymous and grave threat was delivered to the high commission in Suva on 7 May. The Australian government believe these threats to be credible and is extremely concerned by them. Both threats were immediately brought to the attention of the Fiji police and we are grateful for their investigative efforts to date.

Following the first threat, the government has taken urgent steps to fully revise security arrangements for Australian High Commission staff in Fiji and to improve the safety of the staff of the high commission and the security of the high commission premises. Restrictions have now been placed on access to the high commission.

In response to the first threat, the high commissioner met ministers of the interim government and requested agreement for Australian Federal Police officers to join the high commission staff to provide additional close personal protection and security. He also requested additional security services be provided by the Fiji police to high commission staff.

The foreign minister, Mr Smith, has today sent a formal note to the Fiji interim foreign minister reiterating the deep concern of the Australian government about these threats and seeking urgent and full cooperation in responding to our formal requests for additional personal protection and security.

I can inform the Senate that Mr Smith has taken the opportunity, prior to question time in the House of Representatives today, to brief the Leader of the Opposition, Dr Nelson, and the shadow minister for foreign affairs, Mr Robb, about these matters.

Australia’s travel advice for Fiji has, this afternoon, been updated to take account of these threats as well as recent increasing levels of crime in Fiji.

Mr President, the safety, security and welfare of all high commission staff and their families are paramount in Australia’s response to these threats. If, for some reason, these threats are an effort to intimidate the Australian government about its policy on Fiji—or an attempt to intimidate our high commissioner—let me make it very clear that they will have no such effect.

I thank the Senate for allowing me to make this statement.

QUESTIONS WITHOUT NOTICE

Asylum Seekers

Senator ELLISON (2.03 pm)—My question is to the Minister for Immigration and
Citizenship, Senator Evans. As the minister is no doubt aware, the threat of people-smuggling in the region remains high. I refer the minister to his statement this week that said:

... from early 2008-09, people found to be refugees will receive a permanent visa, regardless of their mode of arrival.

Does the minister agree that this statement sends a clear message to people-smugglers that Australia’s borders are open for business?

Senator CHRIS EVANS—I thank the senator for his question, although I think it again indicates a worrying trend—that the Liberal Party are going down the path of fear and fear mongering in the Australian community. Senator Ellison well knows that the Rudd Labor government remain absolutely committed to strong border security measures. We have made that very clear. We have maintained the excision arrangements; we have maintained the strong border security patrols by Defence, Customs and other law enforcement agencies; and we have continued to work very closely with the Indonesian government and other near neighbours on the issue of ensuring that people do not seek to sail to Australia in leaky boats, putting their lives at risk, and enter Australia unlawfully.

Senator Ellison is also aware that, immediately on becoming minister, I went to Indonesia to have those discussions and to strengthen those relations. He is also well aware that, when he sought to do a similar trip, we provided as much support as we could to ensure that occurred, because it is important that we send the message to the region that there is a bipartisan approach from the government and the alternative government to strong border security and to deterring people from leaving to seek arrival in an unauthorised way in Australia, and that we send a very strong message to people-smugglers that they ought not try to ply their trade. We have received great cooperation from the Indonesian government in fighting people-smuggling. There have been a number of really encouraging developments in that regard in recent times, including the arrests of a couple of people-smugglers and a lot of effective work in dealing with people-smuggling activities.

There is no doubt that we still face the prospect of more unauthorised boat arrivals in coming months. This is the season for that activity to occur. There are huge pressures on populations of displaced persons throughout Asia and the Middle East. There is a potential population of people prepared to seek refuge who may embark on journeys with people-smugglers.

What I announced this week was that we were abolishing the temporary protection visa regime. We are very proud of that, because it was an inhumane treatment of people found to be refugees by international legal principle. The previous government maintained a Pacific strategy—a means by which people were detained in foreign countries in camps designed to send the message that people could not enter this country unlawfully. It was a cruel and ineffective policy.

Senator Kemp—Rubbish!

Senator CHRIS EVANS—Well, that is interesting. When we abolished the Pacific solution, what did you say? Not a peep! None of you defended it. The shadow minister did not defend it. You snuck away because you knew it was wrong. Those of you of better principle knew it was wrong. I have not heard any of you defend the Pacific solution. Where have you been for the last three months? Hiding in shame!

Senator Minchin—Mr President, I rise on a simple point of order. I ask you to request the Leader of the Government in the
Senate not to shout and yell in this chamber. I wonder if you could also ask the Leader of the Government in the Senate to direct his remarks through the President and not directly across the chamber.

The PRESIDENT—Senator Evans, I would remind you to address your remarks through the chair.

Senator CHRI S EV ANS—Thank you, Mr President. So the Liberal Party have failed to support the policy they supported in government and I took that as a good sign. But this question indicates that they are reverting again to cheap politics to try to demonise people, rather than try to develop a system that provides strong border security but humane treatment for those who the former government found to be refugees. (Time expired)

Senator ELLISON—Mr President, I ask a supplementary question. I note the minister’s answer and it gives no confidence at all that his statement has not compromised the strong bipartisan commitment to the border protection of this nation. Can the minister guarantee that there will be no increase in unauthorised arrivals as a result of the statement made by him? I will quote it again:

... from early 2008-09, people found to be refugees will receive a permanent visa regardless of their mode of arrival.

Senator CHRI S EV ANS—What I can guarantee is that there will be strong border security under the Labor government but more humane treatment of those who arrive. Is the shadow minister aware that, of the 11,000-odd TPVs his government issued, 9,800 or so eventually got full protection in this country? Of all the hundreds of people they put on Nauru, the vast majority ended up settling here. Their rhetoric was one thing; the reality was another. All the TPV regime did was make those people suffer with the uncertainty of their future for years.

I brought an Afghan man, Mohammed, up here today. He was one of those people. For five years he was left to wonder what his future might be. For five years he was not allowed to travel, get settlement services or reunite with his family. That is what you presided over. We are very proud we abolished the TPVs, but we will maintain very strong border security. (Time expired)

Budget

Senator HURLEY (2.10 pm)—My question is to the Minister for Superannuation and Corporate Law, Senator Sherry. Can the minister update the Senate on the community’s response to key aspects—

Government senators interjecting—

The PRESIDENT—Order! I remind senators on my right that one of your colleagues is trying to ask a question. Senator Conroy, there is no need to interject across the chamber when Senator Hurley is trying to ask a question. Senator Hurley, would you start again, please.

Senator HURLEY—Thank you, Mr President. My question is to the Minister for Superannuation and Corporate Law, Senator Sherry. Can the minister update the Senate on the community’s response to key aspects of this week’s federal budget?

Senator SHERRY—On Tuesday night the Rudd Labor government delivered its first budget. It is a budget this government is very, very proud of. In the lead-up to the budget we promised—and the Prime Minister personally committed to it—that we would govern as fiscal conservatives, unlike the previous Liberal government. We made that commitment to the Australian people at the election and we have delivered in this budget. We promised to rein in out-of-control government expenditure as represented by the previous Liberal government. We promised to rein in irresponsible government spending and particularly to continue the war
on inflation. It is particularly important to put downward pressure on inflation and interest rates. At the same time, we have delivered a $55 billion Working Families Support Package, including $47 billion in tax cuts for low- and middle-income working families.

We have delivered a budget that meets our commitment to Australia and has also begun to invest in Australia’s long-term future through the infrastructure, health and education funds that are being established. On top of all that, we have delivered a budget surplus in 2008-09 of $21.7 billion. In the lead-up to the budget the Treasurer and the Prime Minister gave the commitment that they would increase the surplus to 1.5 per cent of gross domestic product. We have done far better than that and delivered 1.8 per cent of gross domestic product. It is a surplus built on substantial savings—over $7 billion in the next financial year and total savings of $33 billion over the next four years. All we have heard from those opposite is potential ways to wreck some of those savings. That has been one of the focuses of their budget response. The important thing about these savings is that they more than offset all of the government’s new spending priorities.

So what has been the reaction in the business and financial community to the Rudd government’s first budget? Well, we have had a range of commentators endorse and support the approach that has been outlined in this particular budget. The first person I want to refer to—and these are not well-known supporters of the Labor Party, I have to say—is Heather Ridout, head of the Australian Industry Group.

Opposition senators—Heather Ridout!

The PRESIDENT—Order! The Senate will come to order!

Senator Ronaldson—Your tongue’s going to do serious damage to your cheek!

The PRESIDENT—Senator Ronaldson, I am waiting for order!

Senator Sherry—Heather Ridout, head of the Australian Industry Group, has been very clear. She said to the Australian Financial Review:

It is an on-task budget that is disciplined and ambitious … The government has taken a pretty hard-nosed approach to spending to address inflation …

The next one may not make the Liberal opposition quite so happy and jovial. It is from Saul Eslake. Senator Abetz and I know Saul Eslake very well because we were at university together—and Saul Eslake was in the Liberal Party. Let us hear what this well-known economist—who was in the Liberal Party and, I understand, is a supporter of the Liberal Party—has to say:

… unlike the last few budgets of the Howard government, it doesn’t put significant upward pressure on inflation …

That is what former member of the Liberal Party Mr Eslake, from ANZ, had to say. Mr Eslake, as Senator Abetz well knows—

The PRESIDENT—Order! Senator Sherry.

Senator Sherry—Mr Eslake, as Senator—

The PRESIDENT—Senator Sherry, your time has expired. I would remind ministers that when their time has expired they should complete their answers at that point.

Budget

Senator Joyce (2.16 pm)—My question is to Senator Stephen Conroy, the Minister representing the Treasurer. I refer the minister to the comments of plasterer David McKinlay, from Brisbane—on page 1 of the Australian today—who said that the tax on ready-to-drink alcohol such as cans of Bundy and Coke is ‘unfair’. Does the minister agree that the government’s new tax is unfair? Can
the minister tell the Senate what has changed since July 2004, when the present Rudd minister Mr Martin Ferguson said that ‘taxing RTDs at a higher rate would be unfair’?

Senator CONROY—I thank Senator Joyce for his question. On 1 July 2000 the former government introduced a new category of excisable alcohol that had the effect of reducing the effective rate of excise on spirit based ready-to-drink beverages by 40 per cent. The Rudd government have reversed this decision so that all spirits are taxed at the same rate, no matter how they are consumed. What has changed in recent times is the growing epidemic of binge drinking, something of which those opposite appear to be oblivious. While those opposite may be oblivious, the Rudd government are not blind to this. We intend to engage in a comprehensive package, of which this is part. The spirits industry has published figures showing that consumption of alcohol—

Senator Bernardi—Mr President, I rise on a point of order. Is it possible to upgrade the Senate’s internet-filtering software so that Senator Conroy cannot read his answers? This is outrageous. He is just not doing anything.

The PRESIDENT—There is no point of order.

Senator CONROY—I appreciate the interjection rather than the point of order. Perhaps those Victorian members who are having their computers investigated at the moment might have engaged in some filtering in the Victorian branch of the Liberal Party. Maybe, Senator Ronaldson and Senator Kemp, you might have filtered out those comments about Senator Troeth. Perhaps some filtering in your own offices may be of actual assistance.

Senator Joyce—Mr President, I rise on a point of order on relevance. I have asked a question about the tax on cans of Bundy and Coke and ready-to-drink alcohol and all of a sudden we are talking about filtering.

Senator Sherry—Who raised it? Who raised filtering?

Honourable senators interjecting—

The PRESIDENT—Order! We will not continue until the Senate comes to order on both sides of the chamber. Senator Joyce, I cannot direct the minister how to answer the question, as you are well aware. However, I will remind the minister of the question. Senator Conroy.

Senator CONROY—Thank you, Mr President. As I was saying, the spirits industry has published figures showing that consumption of alcohol in RTDs has increased over 250 per cent since the former government put the lower rate in place in 2000.

Opposition senators interjecting—

Senator CONROY—I note the interjections from those opposite. The opposition media release released yesterday conveniently only used part of my response on the effect that the excise measure would have on the consumption of alcopops. It is typical of those opposite. They would rather take quotes out of context to get a cheap headline than deal with the facts at hand. In my response yesterday, I made the point that consumption of alcopops will decrease relative to what it would be if not for this measure. This will mean a reduction of 42 million 375-millilitre bottles in 2008-09. That is what I said yesterday. Let me repeat this important point: the price rise of RTDs is expected to reduce growth in RTD sales to around half of what they otherwise would have been. I will repeat that again, just in case you are struggling to hear: the price rise of RTDs is expected to reduce growth in RTD sales to around half of what they otherwise would have been. I will repeat that again, just in case you are struggling to hear: the price rise of RTDs is expected to reduce growth in RTD sales to around half of what they otherwise would have been. This is an overall figure for all RTD consumption. Given their generally lower incomes, it would be ex-
pected that young people would reduce their consumption relatively more. Treasury estimates that the excise on RTDs will reduce consumption by 42 million bottles in the coming year. Unlike those opposite, we take the problem of binge drinking among young Australians seriously. This is an epidemic and we are acting to help reduce it. (Time expired)

Senator JOYCE—Mr President, I ask a supplementary question. Senator, I hear what you say about reductions of 42 million bottles and the decrease in consumption. Are you also going to assure the Senate now that no jobs will be lost in the Bundaberg Rum and other Australian distilleries as a result of this unfair tax on working Australian families?

Senator CONROY—We think that a reduction in consumption of 42 million bottles is a positive step.

Opposition senators interjecting—

Senator CONROY—Do you not? I have already said it three times but, just for those opposite, I will say it a fourth time: this is a reduction in growth. The evidence tells us that this measure will help. This is an epidemic of young people, young women in particular, engaged in binge drinking. Do those opposite have a policy on this whatsoever? They did, actually—initially they supported us. Dr Nelson supported us. Let’s be clear: Dr Nelson said they would be supporting this. And what happens afterwards, and you admitted it yesterday in your interjections—(Time expired)

Skills Shortage

Senator MOORE (2.24 pm)—My question is to the Minister for Immigration and Citizenship, Senator Evans. Can the minister outline to the Senate what migration measures the government has taken to ease the skills shortages?

Senator CHRIS EVANS—I thank Senator Moore for the question. As senators would be aware, we have a huge skills crisis in this country. Industry and small business are crying out for skilled labour, and they have been for some time. The resources boom, low levels of unemployment and the Howard government’s failure to invest in the skills training of our own people have contributed to the skills crisis that the Rudd Labor government inherited.

The strong economic growth we have experienced in recent years cannot be continued if we do not increase our capacities in the skills area. It has been a significant constraint; it is a significant constraint on growth and will continue to be so unless addressed. Research by the WA Chamber of Commerce and Industry indicates that Western Australia will need an extra 400,000 workers over the next decade—400,000 workers, indicated by the WA chamber of commerce’s research. As part of the budget, the Treasurer announced that our government would be making a $19.3 billion investment in education and training to ensure we continue to provide employment and training opportunities for Australians. Our first priority is to train Australians to meet the skills needs of the country. We outlined our commitment to fund for over five years up to 630,000 new training places. Those places will skill Australians for jobs of tomorrow and help close existing skills gaps. There are 85,000 apprenticeship opportunities, 238,000 training places for those outside the workforce and 392,000 places for existing workers.

In addition to these measures, we need to lift our migration program in order to meet the short-term skills needs and the ongoing skills requirements of this country. Given our demographics, the ageing of our population, we need more workers from overseas. We simply will not have enough Australian workers to meet the demands of the econ-
Anywhere you go in Australia, you can talk to employers, be it from industry or from small business, who are crying out for labour, whose capacity to grow their businesses is restricted by their inability to get the skilled workers they need. That is why the Rudd Labor government added an extra 31,000 skilled migration places to the 2008-09 migration program. This is a 30 per cent increase on 2007-08, when the Howard government added just 5,000 places.

The permanent skilled migration program is a capped scheme which was not allowed to grow quickly under the previous government. What the previous government saw was enormous growth in temporary skilled migration. People could not get in under the permanent scheme so they came in under the temporary scheme. If employers could not get the permanent workers they needed, they brought them in as temporary. Labor have always argued for a preference for permanent skilled migration to this country. So we are looking to redress the balance, if you like, in favour of permanent migration as well as still allowing the temporary skilled migration system to grow according to demand. This is the largest increase in the number of places in the permanent skilled migration program since the department of immigration was established in 1947. It is a response to the economic needs of industry and business in Australia. It is a sign that we are committed to growing the economy by meeting the skills needs through both training of our own people and a strong immigration program that is responsive to the skills needs of the economy. (Time expired)

Medicare

Senator PARRY (2.28 pm)—My question is directed to Senator Ludwig, the Minister representing the Minister for Health and Ageing. Given that half a million people will leave the private health and hospital system as a result of Labor’s ideologically driven changes to the Medicare levy surcharge policy, and that demand will increase in the public health and hospital system, what is the Department of Health and Ageing’s estimation of the added cost to public health?

Senator LUDWIG—In answer to the question, on 10 May the federal Treasurer announced as part of the budget that the Commonwealth would increase the Medicare levy surcharge thresholds to $100,000 for individuals and $150,000 for families from 1 July 2008. It has clearly, as the opposition has noted, attracted a fair amount of interest. It is estimated to result in published savings of around $299 million over the first four years.

This measure is squarely targeted, bringing relief to working families, and it will offer welcome relief for up to two million Australians. That is where this policy is targeted. When the policy was introduced by the former government they said: ‘High-income earners will be asked to pay a Medicare levy surcharge if they do not have private health insurance. These are people who can afford to purchase health insurance.’ What the opposition now apparently support is that $50,000 is a high-income earner. It is clear that the threshold originally targeted by them as high-income—

Senator Parry—Mr President, I rise on a point of order under standing order 194 about relevance. The minister has had a fair bit of time to answer this question now and has not said a single thing about the simple question: what is the estimated cost to the health department?

The PRESIDENT—Senator Parry, as you are well aware, I cannot direct the minister on how to answer the question, but I can remind him of the question.

Senator LUDWIG—I really challenge the Liberal Party to find someone who is
earning $51,000 and who thinks they are, in fact, a high-income earner. In regard to the private health insurance, the equation is simple: if there are private health insurance companies that have good packages to offer then they should offer them in the competitive market. If the opposition are serious about this they should tell me about those people out there who are earning $51,000 and think they are high-income earners. Do you support that proposition? That is what you should make clear. This is about giving people choice; something that the opposition seem to have lost along their way, but it is not surprising given the way WorkChoices went.

When somebody takes out a private health insurance policy just to avoid getting hit with a tax slug there is no real choice in that. There are people out there who do pay for a $500 policy, not because they want it but because it means paying less than they would pay in tax. That was the position that the previous government put in respect of the Medicare surcharge levy. Of course there are people who do support the private health insurance rebates—30 per cent, 35 per cent, 40 per cent. As we have always said we would, we have given people incentives to take out private health insurance. We have not hit them with a tax slug that they cannot afford.

The potential impact on public hospitals was considered. The potential impact on private hospitals was considered. According to the 2002-06 data, there were about 4.5 million admissions to public hospitals, 3.8 million public patients, 400,000 private patients and 180,000 other patients such as veterans. Whether those people who choose not to retain or take up private health insurance end up seeking treatment in public hospitals, we do not believe that they will make a significant difference—(Time expired)

Senator PARRY—Mr President, I ask a supplementary question. The minister struggled to answer the formative question, so he has obviously not realised he has put a burden on states. Will the federal government provide compensation to the states to help them deal with the increased demand in the public hospital system caused by Labor’s ideologically driven private health insurance cuts? This has been requested by state Labor health ministers from Western Australia, Queensland and Tasmania?

Senator LUDWIG—It does seem a bit long-stretched to say that that question relates to the first question but what I can say in response is that the average waiting times for elective surgery in New South Wales dropped significantly over the past three years; from 3.6 months in June 2005 to 2.8 months in March 2008. The New South Wales spokesperson said: ‘The Rudd government has already done more for public hospitals in New South Wales since being elected than the Howard government did in 11 long years.’ It was also said that more people are having their elective surgeries completed within the clinically recommended time frames. The number of patients waiting more than 12 months for elective surgery has plummeted from more than 10,000 to 255 in March this year; This is much more than the Liberals did. (Time expired)

Water

Senator FIELDING (2.35 pm)—My question is directed to the Minister for Climate Change and Water, Senator Wong. Minister, one and a half months ago the government received a report it commissioned on the falling water level of the Latrobe aquifer in Gippsland, and the appropriate level of assistance for farmers. Minister, when will you release the report and give the Yarram
farmers news of any assistance the government will provide?

Senator WONG—I thank the honourable senator for his question. He has asked a similar question previously in this chamber and has a strong interest in this matter. He is correct in that the previous government commissioned a report into the impact of falling aquifer levels on Gippsland irrigators, in particular 55 Yarram irrigators, and he is correct that that report has been received. I can indicate that it is a report jointly commissioned by the Commonwealth and the Victorian governments. He asks what indication the Commonwealth government can give as to assistance to be provided as a result of the consideration of that report. I am pleased to advise him that I have written to the relevant Victorian minister and committed to providing $3.6 million towards an assistance package for these irrigators. In considering the options for assistance, the government drew from the report assistance measures prepared by the expert consultants under the joint project to which I have referred. These expert consultants engaged extensively with local irrigators through the Latrobe aquifer reference group administered as part of this program.

Senators may be aware that this issue has been around for some time. There was a CSIRO report in 2004 which the previous government considered but, unfortunately, not much happened as a result of that. So it is unfortunate that this matter has dragged on for some years now, and I appreciate the difficulties that irrigators in Victoria’s Yarram region have encountered in dealing with the problem of declining groundwater levels over this period. I am pleased to say that, with this $3.6 million contribution from the Commonwealth government, we are now a substantial step closer to a final resolution of this issue, a resolution that will provide these irrigators with the certainty that is needed for them to continue to access their groundwater entitlement and to farm into the future.

I indicate to the Senate that the assistance package is based on the capital costs of bores and pumps, combined with the extra pumping costs that these irrigators must incur in the face of declining groundwater levels. I understand that irrigators in the region agreed with the consultants that this was the best and most equitable approach. I wish to indicate that, in line with one of the four priorities of the government’s water plan, Water for the Future, we expect that this assistance package would be conditional on a groundwater management planning process being put in place to manage the Latrobe aquifer on a long-term sustainable basis—in other words, we believe using water wisely is one of the national priorities under Water for the Future and we would expect that that process would be put in place. I am looking forward through you, Mr President, to you, Senator Fielding, to a final resolution of this matter in the near future.

Senator FIELDING—Mr President, I ask a supplementary question. I thank the minister for outlining the assistance, which I think the farmers will be interested to hear about. In regard to the deterioration of the Latrobe aquifer, could you give us more of a feeling for what is actually going to stop that, and when work will begin on that issue?

Senator WONG—As I said, the funding which we have indicated of $3.6 million is conditional on a groundwater management planning process being put in place to manage the aquifer on a long-term sustainable basis. Obviously, the detail of that will need to be worked through by the Victorian government, the irrigators and relevant stakeholders. So those are issues which still need to be worked through. Obviously, this has been an issue, as you know, Senator Fielding, that has been dragging on for some time.
We have indicated to the Victorian government that this is a matter we want to progress in relation to the groundwater management planning process and we are prepared to make a contribution of $3.6 million towards the assistance package.

**Budget**

Senator SANDY MACDONALD (2.40 pm)—My question is to the Minister for Innovation, Industry, Science and Research, Senator Carr. Minister, can you confirm that 85 CSIRO scientists will lose their jobs as a result of the government’s decision to slash $44 million from CSIRO’s budget?

Senator CARR—I thank Senator Sandy Macdonald for this question. The budget expenditure on CSIRO has actually been increased over the next four years. It will rise from $633 million in 2007-08 to $676 million in 2008-09. There is actually a modest increase in the total expenditure for the CSIRO, which is consistent with the government’s commitment to responsible economic management.

We have said that reining in government expenditure is essential if we are to put downward pressure on inflation and we take the view, unlike the opposition, that the question of the inflationary challenge that this country faces is not a charade. It is not a fairytale, as the opposition would have us believe; it is real and it is hurting working families. While those opposite sit on their hands as inflation climbs to its highest level in 16 years, the government are determined to act. Inevitably, that means setting clear priorities and taking tough decisions. In line with that undertaking we gave before the election, CSIRO has been asked to deliver an extra two per cent efficiency dividend just like every other agency. The dividend applies only to CSIRO’s administrative expenditure, not to its overall appropriation. The government have also asked for an additional one-off dividend from CSIRO, which will save $39.8 million over the four years. After 11 years of the spending frenzy—

*Senator Abetz interjecting—*

**The PRESIDENT**—Order! Senator Abetz, you are continually interjecting. Give the minister a chance to answer.

**Senator CARR**—We have had 11 years of the former government spending in quite an indolent manner. It is time to modernise government spending and establish long-term directions for the future. For example, we have made huge commitments to clean energy. We will deliver at least $25 million in extra funding for CSIRO’s work on clean technologies. CSIRO may also be able to access the $100 million solar research money to be administered by the Australian Solar Institute.

This government recognises that CSIRO is a great Australian institution providing vital work in the national interest. It is a cornerstone of our innovation system. Our support for CSIRO is unwavering. Our support for science and innovation is as strong as ever; in fact, overall spending on science and innovation will reach a record high under this government of $6.37 billion in 2008-09—an increase of $170 million over 2007-08. Tuesday’s budget was all about balance. It was about exercising the discipline needed to fight inflation while making wise investments in Australia’s future. Let me assure you that CSIRO will be a vital part of that future.

Senator SANDY MACDONALD—Mr President, I ask a supplementary question. Minister, you will recall that prior to the election you promised that you would revitalise CSIRO. Do you still plan to revitalise CSIRO, as you promised before the election?

**Senator CARR**—I stand by that proposition. I stand by the proposition of our long-term and unwavering commitment to CSIRO.
as a cornerstone of our national innovation system. The amount of money that is actually being appropriated for CSIRO will rise from $663 million in 2007-08 to $676 million in 2008-09.

Senator Conroy—How much?

Senator CARR—$676 million in 2008-09.

Senator Sherry—That sounds like an increase.

Senator CARR—That is a modest increase, I acknowledge, in the total appropriation. It is true that an efficiency dividend will apply, but there is an increase in the total expenditure to be provided to CSIRO. That will in effect mean $39.8 million for the organisation. That of course has to be seen in the context of an additional $25 million that will be provided for clean coal technologies through the research programs in those areas.

(Time expired)

Budget

Senator STERLE (2.46 pm)—My question is to the Minister representing the Minister for Infrastructure, Transport, Regional Development and Local Government, Senator Conroy. Can the minister outline for the Senate how the budget addresses the need for infrastructure investment to underpin Australia’s long-term economic prosperity?

Senator CONROY—I thank Senator Sterle for his interest in this issue. The Rudd government is committed to laying the foundations for Australia’s future. We recognise that investment in key infrastructure is critical—unlike the neglect of 11½ years from those opposite. It is critical to expand Australia’s productive capacity, to address supply bottlenecks and to support future economic growth. Investment in key infrastructure is inherently linked with productivity. Growth in productivity means we can produce more goods and services with the same resources. It is the key to improving living standards. Benchmarked against our international competitors, Australia’s productivity performance has deteriorated. Productivity growth over the last five years has averaged 1.4 per cent—the lowest in 17 years. Those opposite delivered the lowest productivity growth in 17 years. The previous government let Australia fall behind in this area. It failed to invest adequately in the productive capacity of the economy to ensure Australia’s long-term prosperity.

The former government neglected our infrastructure across such areas as railways, ports, roads and communications infrastructure—neglected. Your team was not in the market, and you are still not. It squandered the proceeds from the mining boom—squandered and neglected it on short-term political bribes. That is all those on the other side actually are capable of: short-term political bribes and ignoring the growing bottlenecks.

For too long our national budgets have been short-sighted. The previous government failed to focus on the big challenges facing our country in the next decade and beyond. The budget begins a new era of responsible investing in Australia’s long-term future needs. This budget includes three new national funds that will provide more than $40 billion in capital investment in infrastructure, education and health.

Senator Lightfoot—That’s not going to be a slush fund, is it?

Senator CONROY—Unlike when those opposite created the Communications Fund and Senator Barnaby Joyce described it as a slush fund—he actually described it as a slush fund, Senator Lightfoot—we are actually interested in long-term benefits for this country. These funds have been established to enable investment—
Senator Joyce—Mr President, I rise on a point of order. Could you direct the minister to table exactly where that was said?

The President—That is not a point of order, Senator Joyce. You can seek to make a personal explanation at another time, but that is not a point of order.

Senator Conroy—These funds have been established to enable investment in infrastructure that will modernise and reinvigorate the Australian economy. The government will invest $20 billion in a new Building Australia Fund to finance investment in critical infrastructure across the nation: roads, rail, ports—isn’t that right, Senator Sherry? The government will invest $11 billion in a new Education Investment Fund, which will provide a financing source for infrastructure priorities in the higher education and vocational training sectors. The government will invest $10 billion in a new Health and Hospitals Fund to finance improvements to hospitals and the healthcare system. (Time expired)

Budget

Senator Troeth (2.51 pm)—My question is to the Minister for Human Services, Senator Ludwig. I refer to the looming job losses at Centrelink imposed as part of the government’s budget. Can the minister advise how many workers will lose their jobs at Centrelink? Can the minister guarantee that no Centrelink staff will be forced to join the longer unemployment queues that are forecast as a result of Labor’s budget?

Senator Ludwig—I thank Senator Troeth for the question. In terms of the portfolio, I think it is worthwhile going back to some of the figures that have been bandied about, quite erroneously and quite wrongly. The burden, of course, should not be lifted from where it lies. It lies with the scaremongering from the opposition. Senator Coonan has gone on the record a number of times claiming that there will be 2,000 job cuts from Centrelink as a result of Tuesday’s budget. This is a figure that was provided by Centrelink CEO Jeff Whalan in supplementary budget estimates.

The figure Mr Whalan provided as the best estimate of Centrelink’s position for 2008-09 was based on the 2007-08 portfolio additional estimates statement, and Mr Whalan made it clear that the figure came with a number of caveats. He made that clear at that time. Even though, at that time at estimates, I took Senator Coonan through Centrelink’s funding model—a model that she approved as a member of the former government—the shadow spokesperson chose effectively to play fast and loose with the truth on this. Senator Coonan clutched at straws like a drowning shadow minister who, without the resources of a department, is all too clearly out of her depth, quite frankly, on this matter. Senator Coonan and Senator Troeth were wrong about that—a reduction of 200 does not equal a loss of 2,000, except possibly in the increasingly wacky world that the Liberals seem to have now put themselves in, given that they have neglected this area since they set up the department in 2004. This is wanton disregard of the truth. If they had looked at the portfolio budget statement, it would have provided an accurate picture. But of course they remain a lazy opposition in this respect.

When they make those statements which are incorrect, it unnecessarily worries and puts stress on Centrelink staff and their families. It is a worry that need not be put there, because service delivery is an important role that Centrelink provides. It provides for working families, pensioners, students and those looking for work—something the opposition seem to have failed to appreciate in the last 11 years.
The reduction in Centrelink staff of 200 ASL, reflecting the lower levels in customer numbers—people who are looking for work, in particular—is the number that is impacting the individual agency, not the wacky number that Senator Coonan has nailed her tail to the mast on. In managing the portfolio, it is important that so many of the tasks that are done by Centrelink be maintained. What the opposition fail to appreciate was a model, which they put in place themselves when they were in government, that ensured that Centrelink staff numbers would reduce as a consequence of unemployment reducing, which is good news. (Time expired)

Senator TROETH—Mr President, I ask a supplementary question. It took Senator Ludwig four minutes to actually establish that, yes, there will be fewer Centrelink staff. So, with fewer staff, how will Centrelink cope with the expected 134,000 more Newstart claims from workers who have lost their jobs as a result of the Rudd Labor government’s budget?

Senator LUDWIG—I can remind the opposition, of course, that it is their interest rate rises over the last 10 years that have contributed to the position that we are now in. We are fighting inflation; we are putting downward pressure on inflation; we are consistent with ensuring that there is downward pressure on interest rates that are a consequence of the Liberals’ neglect over the last 11 years. I answered with the figure of Centrelink staff reductions—200 across Centrelink front-line staff and total staffing, which is in the order of about 26,000 employees. This portfolio is focused on delivering services to the front line, delivering services to those people in need, delivering services to those people that the opposition, when they were in government, neglected over the last 11 years. It is extraordinary for the opposition now to complain about a system that they put in place. My job now is to address the neglect that they left. (Time expired)

Education Funding

Senator STOTT DESPOJA (2.57 pm)—My question is addressed to the Minister representing the Minister for Education, Senator Carr, and I refer to the government’s consultations with the higher education sector on how to restore student services and facilities lost as a result of the impact of voluntary student unionism. Given that it is now mid-May, the process began on 17 February, submissions were due by 11 March and, of course, there have been a number of campus visits by government representatives during that time, can the minister inform the Senate whether or not the government intends to release its report on this issue, and when can we expect to see the report?

Senator CARR—I thank Senator Stott-Despoja for her question. We in government are concerned about ensuring that there is improvement in the level of service provision for students. In regard to that measure, the government has provided $500 million for a Better Universities Renewal Fund in the 2008 budget, which will provide universities with money to support infrastructure in the key priority areas of information technology, laboratories, libraries, student study places, student teaching places and student amenities. The government does acknowledge that there is a need for student services and amenities and for students to have access to independent and democratic representation. Student services and amenities—counselling, child care, health services, sports clubs, societies and the like—are essential parts of a student’s life and have been hard hit by the previous government’s voluntary student unionism legislation.

Universities Australia estimates that $172.8 million was collected from student services and amenities charges in the year
prior to the introduction of VSU and that, in total, $100 million was provided by the previous government in transitional funding over the following four years. So only a small proportion of funding previously received from fees prior to VSU was directed to sporting infrastructure grants. So, many universities do not have adequate student amenities, and a proportion of the $500 million Better Universities Renewal Fund of the 2008-09 budget will allow universities to provide support for amenities where needed. This funding will provide support while the government considers the written responses it has received from its discussion paper released earlier this year. That gives an opportunity to consider the feedback from the widespread consultations that are being undertaken by the Minister for Youth within the sector. The government have no plans to reinstate compulsory student unionism and we will not be returning to the hefty up-front fees that the previous government allowed to exist at some universities. I will ask the minister directly responsible whether or not she has anything further to add to that answer.

Senator STOTT DESPOJA—Mr President, I ask a supplementary question. I thank the minister for his response. I acknowledge that he referred in his answer to student amenities, which are obviously in the budget papers. And I see comments today by the Minister for Youth talking about student amenity projects at their discretion. But can the minister explicitly clarify for the chamber today what projects and services that money in the renewal fund will be used for? Can the minister clarify the budget's impact on student services, not just general amenities, and therefore hard infrastructure, as we have come to believe as a result of Tuesday night’s budget?

Senator CARR—The fund that the government announced in this year’s budget will have as a priority area projects associated with the development of student amenities. What the government are concerned with doing is ensuring that we have sustainable long-term solutions to addressing the impacts of VSU. Obviously, the minister directly responsible for this area will be announcing further details of that in due course.

The program initiatives that were announced in the budget will be the subject of further discussions between the respective ministries, because it is a fund that affects the services with regard to the provision of information and communications technologies, laboratories, libraries, student study places, teaching spaces and student amenities. These are projects that the universities will come back to the government on. (Time expired)

Budget

Senator JOHNSTON (3.03 pm)—My question is to the Minister representing the Minister for Resources and Energy, Senator Carr. Can the minister inform the Senate how Labor’s new $2.5 billion tax on crude oil condensate will support the expansion of Australia’s oil and gas industries, who have invested billions in high-risk projects?

Senator CARR—I should get a few facts on the table here, seeing that this is a matter that has been subject to some misleading press speculation. Condensate was made exempt from the crude oil excise in 1977 to encourage the sunrise industries investment in the North West Shelf gas project. Condensate is a light oil processed in association with natural gas. The budget removes this start-up concession some 24 years after the project came on-stream—24 years after the project came on-stream! The measure will
have no impact whatsoever with regard to the price of LPG, petrol, diesel or similar products, since these are all traded on the global spot market. It will have no impact on Western Australian revenues. Excise payments will be deducted from the royalties Western Australia receives from the North West Shelf gas project but the Commonwealth will make up the difference. Nor will it affect other gas projects in offshore areas. They will continue to be covered by the petroleum resources rent tax regime.

What removing this concession will do is give the Australian community a fairer share in the benefits of resource exploitation on the North West Shelf. The concession has been worth almost $1.5 billion to the six participants in the project over the past five years alone. And this was at a time when oil prices were at about half their current levels. With oil prices now at record highs, continuing to exempt condensate from excise would deliver windfall gains to these companies. The North West Shelf gas project is now firmly established and highly profitable. It no longer needs this massive subvention from Australian taxpayers. The concession has become an anomaly that can no longer be justified.

**Senator JOHNSTON**—Mr President, I ask a supplementary question. Minister, is Professor Neil Warren of the Australian School of Taxation at the University of New South Wales wrong, then, when he said of the budget:

> Last night they brought in a tax on condensate ... that’s quite significant ... that’ll feed through to petrol prices.

Will the minister guarantee now that petrol prices will not increase as a result of this Labor policy?

**Senator CARR**—I repeat, Senator Johnston: this measure will have no impact on the price of LPG, petrol, diesel or similar products, since these are all traded on the global spot market. It will have no impact on Western Australian revenues. Excise payments are of course being deducted from the royalties that Western Australia receives from the North West Shelf gas project. The North West Shelf gas project is firmly established—I repeat: firmly established—and now, 24 years after the project was established, it is time to end this incentive which was made at the point of its establishment. It no longer needs this massive subvention from Australian taxpayers. Legislation giving effect to this change will be introduced in the House of Representatives today. All government legislation, as I am sure Senator Johnston is only too well aware, will be carefully scrutinised by the Office of Parliamentary Counsel and, where necessary, the Australian Government Solicitor, to ensure its constitutionality. *(Time expired)*

**Senator Chris Evans**—Mr President, I ask that further questions be placed on the Notice Paper.

**QUESTIONS WITHOUT NOTICE:**

**ADDITIONAL ANSWERS**

**Health**

**Senator LUDWIG** (Queensland—Minister for Human Services) (3.07 pm)—Yesterday, Senator Watson asked me a question about funding for the Tasmanian health services infrastructure plan, and I undertook to provide a detailed answer for Senator Watson. The Rudd government announced its $50 million Tasmanian package on 25 September 2007, prior to the last federal election. Playing catch-up, the Liberal Party then announced a smaller package. The people of Tasmania had the opportunity to evaluate the $37.5 million on offer from the Liberal Party or the $50 million to be provided by Labor. Labor was always entirely up-front about this clear choice. Claims from the Liberal Party that the Labor government has cut
health are scaremongering—pure and simple. The Liberals should know better than to keep playing politics with health.

The Liberals’ catch-up package contained $15 million less than Labor’s package overall and $1.5 million less than Labor for improving patient transport. Unlike Labor’s package, the Liberal package did not provide a commitment to the integrated care centre. This meant it contained nothing to take pressure off Tasmania’s public hospitals, as Labor’s plan will through a $15 million investment in GP superclinics. The Liberal Party had 12 years to deliver better health to Tasmania but instead chose to neglect the health system.

The Rudd government are getting on with the job of delivering our election commitments. These election commitments include $42.2 million in GP superclinics, a cancer care service in the north or north-west of Tasmania, a PET scanner for the Royal Hobart Hospital and an integrated care clinic with renal dialysis facilities in Launceston, and a further $9.9 million allocated to patient transport, particularly in the north and north-west of the state.

Senator WATSON (Tasmania) (3.08 pm)—I move:

That the Senate take note of the further answer given by the Minister.

I thank the Minister for Human Services for his response, but his response has not clarified the position at all. According to the budget paper that I referred to yesterday—and I referred to it by name—there was a saving of $37.5 million. The minister, in response to my question of yesterday, although he said he would take it on notice, added some comments to the effect that that money was going to be spent elsewhere.

The issue is: you cannot use the same $37.5 million twice. You cannot use it as a transfer to other activities yet at the same time in your budget papers call it a saving of $37.5 million. You have to make up your mind: is it a saving, as referred to in the budget papers, or is it a transfer and you have used that saving in another area? The people are confused. Who is right? Are you right, Minister, or is the budget paper right?

Question agreed to.

CENTRELINK CHIEF EXECUTIVE OFFICER

Senator LUDWIG (Queensland—Minister for Human Services) (3.09 pm)—by leave—Earlier today the CEO of Centrelink, Mr Jeff Whalan, informed me that he will be retiring as Centrelink Chief Executive Officer later this year. On behalf of this government I would like to extend to Jeff our sincere appreciation for his dedicated service. Jeff has built a distinguished career in the Royal Australian Navy and the Australian Public Service over many years and has been an innovative leader of Centrelink. The Australian government’s loss will, however, be his family’s gain, as Jeff will be spending some well-deserved time with his family when he steps down in June. In the meantime, I look forward to making the most of the valuable advice that Jeff provides. Our efforts will now turn to finding a new CEO who can continue Jeff’s legacy of innovation and modernisation as we tackle the next phase of service delivery reform.

QUESTIONS WITHOUT NOTICE:

TAKE NOTE OF ANSWERS

Budget

Senator COONAN (New South Wales) (3.13 pm)—I move:

That the Senate take note of the answers given by the Minister for Human Services (Senator Ludwig) and the Minister for Innovation, Industry, Science and Research (Senator Carr) to questions without notice asked today relating to the 2008-09 Budget.
From the performance that we have seen over the last couple of question times from Senator Carr and Senator Ludwig, you cannot help but be left with the impression that Labor ministers are now being mugged by reality, and the reality is that Labor has delivered a very old-style, big-taxing, big-spending budget that will increase, not decrease, pressure on inflation and—this is the critical point—see up to 134,000 Australians lose their jobs in the current year. Labor’s first budget after 13 years is actually increasing unemployment at the same time as it is trying to deal with inflation. What is emerging from the way that Senators Carr and Ludwig are trying to approach their portfolios is that they really do not have their ducks lined up in a row and they cannot take steps to keep the economy growing, to keep jobs secure and to keep inflation in check. It is really quite extraordinary that the government’s foray into so-called fiscal management is bound to end in tears.

Labor was left with the strongest fiscal position in the history of this country. Labor promised to ease the pressure on working families but failed the very people they promised to help. They project fewer working families and, in fact, more welfare families. How can this possibly be consistent, with all of Labor’s ranting, raving and rhetoric about the importance of increased participation and productivity, when they have unemployment increasing following the budget, with Treasury forecasts showing 134,000 fewer people in jobs? I do not think that is the end of it and I will come to that in just a moment. There is an inherent contradiction. Despite all the rhetoric about an education revolution and lifting productivity, eventually you get mugged with the reality that the participation rate in the workforce has been forecast by Treasury to fall. I think that either Labor do not know what they are doing or they are in for a very rude surprise. You cannot have it both ways.

Leaving aside Treasury forecasts, following the budget announcement concern is growing for the welfare of jobs throughout the entire public service sector. I must say that my concerns have been fortified: slashes to Centrelink funding have already sparked a prediction of 2,000 job cuts. Apparently Mr Whalan is going. I hope he is going voluntarily and that he is not being punished by Labor for predicting a loss of 2,000 jobs, which he did earlier this year. The Community and Public Sector Union now holds fears for 3,300 Commonwealth Public Service jobs as a result of the budget. It is evident to me that the Rudd government is deliberately setting out to increase unemployment in the public sector with indiscriminate and poorly thought out application of an across-the-board two per cent efficiency dividend that is going to have a dreadful impact on the so-called working families that Labor professes to care about.

Labor is introducing new reviews and systems to Centrelink programs, such as means testing the baby bonus, launching a new welfare debit card and cutting staff to the organisation and other areas of the Public Service. After Senator Ludwig’s performance during question time, I do not think that anyone could have any confidence that he is actually across what this is going to do not only to Centrelink, which he tried to deal with today, but also to the Child Support Agency, which is going to lose 435 jobs, and to the Medicare office, which is going to lose 171 jobs. Senator Ludwig, who cannot even find the page in his brief to answer a question, is going to preside over a department that will lose 816 jobs from agencies that are tasked with delivering essential services for very needy Australians.
The Department of Human Services is tasked with the efficient delivery of payments to people who really need them. It needs to be efficient and accountable, yet what we have seen from Senator Ludwig is that he dodges responsibility. He did not even know that carers payments are not indexed. Whilst the Prime Minister might now talk about a modest rise in unemployment, it will be cold comfort to the 3,000 or so Australians who are going to lose their jobs.

(Time expired)

Senator CROSSIN (Northern Territory) (3.18 pm)—In taking note of answers this afternoon, let me assist in taking note of Senator Carr’s excellent, innovative and forthright answer in respect of the CSIRO. We need to place on record that there is in fact an increase—a ‘modest’ increase, to quote the minister—in the budget of the CSIRO, which will now get an allocation of $676 million over 2008-09.

I know that my constituents in the Territory who work at CSIRO or who used to work at CSIRO under the previous government will be able to relate to this: the previous government were the ones responsible for closing down the plant industry division in the Northern Territory—an division that was doing innovative research on mangoes, bananas and such crops of the north—and decided, in absolute blindness and stupidity, to ensure that those officers were relocated to Canberra. I cannot see too many activities relating to mangoes and bananas happening in this climate, I have to say. If we want to look at track records in respect of the CSIRO and job losses, do not look any further than the people opposite me. They gave no care and no thought whatsoever to the innovation and research that was happening in the Top End of this country. Contracts were not renewed—eminent scientists in that division were forced to move to Brisbane to undertake their work.

We have now a minister who is passionate about research in this country. He has been tracking the work of CSIRO over many years and has ensured that CSIRO will get a modest increase in their allocation. Why is that? The increase will be modest because we have said from the beginning that this is a responsible budget. This budget will put us into the future. It will allocate increases to programs where they are deemed to have a capacity to build our country, to ensure that research and innovation become front and centre of what we do in this country. That is why a modest increase is going to the CSIRO. Some programs have been streamlined and new priorities will contribute to the fiscal discipline. We know that savings will be applied to ANSTO and to CSIRO, resulting in $47 million over four years, I might add. The bottom line is that the CSIRO will enjoy a modest increase, taking their appropriations for 2008-09 to $676 million.

This government is actually putting the future of this country—our industries, development and innovation—front and centre. I have not in my years in this Senate seen the previous government—the opposition now—try to defend its record, and now it is trying to attack us on our record. This will not stack up at all when you look at the history of the previous government’s treatment of the CSIRO and research and innovation.

We have an innovation policy that will be aimed at ending the brain drain, an innovation policy that will work in partnership with business. It will tackle climate change and provide more effective support to small business and innovative companies. We will be about driving productivity and economic growth, through advancing our industries in this country. You do it through research and you do it through no better organisation in this country than the CSIRO, so we will be increasing their budget. We will make sure the research they do is relevant and appropri-
ate to their industries. Unlike the people opposite me, we will be ensuring that industries such as the plant division in the Top End would stay in places like the Top End and not be relocated around this country and closed, or contracts not renewed and jobs lost. We are a government that will place research such as that done by CSIRO front and centre of our future reforms and the future growth of this country. We have done that through this budget. We will continue to do that through our priorities. (Time expired)

Senator CHAPMAN (South Australia) (3.23 pm)—I likewise take note of the answer given by Minister Carr to the question asked by my opposition colleague Senator Sandy Macdonald in relation to funding and job cuts in the nation’s premier research body, the CSIRO. In that question, the minister was asked to confirm whether 85 people were to lose their jobs as a result of the government’s decision to slash $44 million from CSIRO’s budget—not a modest increase, as Senator Crossin just claimed, with typical government spin; a $44 million slashing of funding from CSIRO’s budget. Of course, as we no doubt have come to expect from this minister in the few weeks that parliament has sat, he failed to answer Senator Macdonald’s question. Instead, he chose to run the Labor Party’s standard line about cutting inflation. Senator Wong interjecting—

Senator CHAPMAN—Well, Minister, it is quite ironic that, while the minister believes research funding is a cause of inflation in this nation, he and his colleagues apparently do not believe that increasing the price of things such as alcohol, cars, health insurance and energy will have any upward impact on inflation. But then of course it is asking far too much to expect any understanding of economics from the Labor Party. In his answer, as I said, Senator Carr launched into typical spin about the Labor Party’s claimed dedication to science and research, and that spin we just heard reiterated a few moments ago by Senator Crossin in a vain attempt to defend the minister and this decision.

The reality is that, over the next three years, the CSIRO will have $44 million less than it did in the last year of the Howard government. Clearly, the Liberal and National parties are committed to scientific research and some of the amazing results which are beneficial for the Australian community that can ensue from such research. But the Australian Labor Party and this appalling government, already showing its colours, are only interested in short-term headlines and spin.

The Labor Party went into the last election with a policy claiming that it would revitalise our public research, including the CSIRO. Today Minister Carr claimed that he stands by that policy. Well, it is fair to say that the hypocrisy of this government knows absolutely no bounds, when Minister Carr stands up, in the face of a clearly defined budget cut, and claims that the policy that the Labor Party took to the last election is being implemented. How can the minister honestly stand in this place, claiming to stand by the claim that his party will reinvigorate the CSIRO, while on the other hand slashing $44 million from its budget? This is yet another broken promise in the short period that the Labor government has been in office. It seems to have come into this process of government believing that people will just listen to its spin rather than actually reading what is in the budget papers. It is fair to say that the Australian people are owed much more respect than that from this new government.

Australian scientists have made many outstanding discoveries through their scientific research that have benefited not only our community but people right around the world. Take the development of things like
the cochlear ear implant, which has made a world of difference in people’s lives right round the world. There are deaf people not only here in Australia but right around the world who now have the capacity to hear because of that dedicated work of Australian researchers. More recently, the cervical cancer vaccine, Gardasil, was developed in Australia through scientific research which will simply save the lives of thousands of young women. Clearly, this sort of scientific research does not meet the Labor Party’s short-term objectives of positive media headlines.

Surely there must come a point at which the government recognises that it has a responsibility to do the right thing, irrespective of whether that is going to provide it with a short-term media or poll boost. All Australians, irrespective of where they live, deserve the benefits of publicly funded research to improve their lives, and this government has failed every Australian in this budget in relation to CSIRO. We will never know what life-saving discoveries will not be made because of these budget cuts to CSIRO, but we certainly know that this government has let down not just those directly involved with CSIRO but in fact every Australian who will lose the benefit of their researchers’ tireless work, which has been truncated by this slashed funding.

Senator Carr, the minister, should be ashamed, not just because of the budget slashing of CSIRO or for the CSIRO staff who will lose their jobs, but because he came into this place and, rather than being honest about this appalling policy, delivered more spin and absolutely no answers for those CSIRO staff working hard to keep Australia at the forefront of scientific research. (Time expired)

Senator MOORE (Queensland) (3.28 pm)—The senator has pointed out that the Australian public do not read budget papers, and I think that is a really important issue to take up, because we need to have some honesty about the focus of the current budget and also what will be put in place. It has been said so many times—and will continue to be said in this place and across the community—that the budget was put in place facing a clear economic process in this country. No-one can deny the issues around the increasing inflation and the threat of further inflation in this country. No-one can deny that. The opposition cannot deny that. They can pretend that everything is rosy, but it is not. The indications are that a budget had to be formulated which took into account the future—and the effective future—of our country. No-one was hiding from that. The Treasurer, when he produced the budget, said that there would be areas of needed response. He made no mistake.

Senator Coonan has focused this debate on the answers relating to Centrelink and CSIRO. I was present at the last Senate estimates when this wonderful figure of Centrelink losses was brought up. I am very sorry at the way it was done, because when we were sitting there asking questions about the future—before the budget was brought down—the CEO of Centrelink, Mr Jeff Whallan, was engaged in a discussion in which issues were raised about what would happen in the future of that agency. There was natural concern that there could be management decisions that would involve some job losses. No-one denied that. In terms of process, what we were looking at for professional public sector organisations was how those organisations in this country would manage the process into the future with the budget that they were allocated. No-one was running from that. There was no denial.

Now that the budget has been brought down, the strength, professional nature and efficiency of the public sector will ensure they work with government and the commun-
to gather together and acknowledge his service in that process.

It will not be easy for the Australian public sector to work through an efficiency dividend, but we are used to it. We have worked with previous efficiency dividends and we have been able to work effectively with the expectations of the community to provide essential services. That will continue. Program by program, individual public sector agencies will look at their budgets, their work plans and their people and they will work with their people to ensure that the work is achieved in our community. The message for all of us is to respect the work of the APS, to work with them and with their union—my union, the Community and Public Sector Union—to ensure that people are looked after and their work is respected into the future. (Time expired)

Senator BUSHBY (Tasmania) (3.33 pm)—I rise to take note of answers given by Ministers Carr and Ludwig today on matters related to the budget, particularly the effect of changes to the income level for the Medicare levy and job cuts within CSIRO, Centrelink and other places in the Public Service.

Senator Moore has just asked for honesty when we are talking about the current budget. I could not agree more. We do need to look at this in an honest way and see what really is going on. There has been a whole series of headlines and discussions by commentators over the last few days since the budget was delivered. Many of those have talked about Robin Hood budgets and the like. But, if you have a look at the comments made by those who have some economic expertise, you will find that the general consensus of those commentators—people who actually know what they are talking about—is that the budget has been fiscally neutral in its inflationary impact.
You will also see that some commentators have commented that it is the biggest spending and biggest taxing budget that this country has ever seen. Those opposite have been arguing—and the ministers have certainly commented in their replies—that they have cut deeply and that huge measures have been incorporated into the budget with a view to reducing inflationary pressure.

Prior to the budget, the government built this up in a huge way. They were constantly going on about the inflation crisis we are having. We have heard from the Treasurer, Wayne Swan, stories about the inflation genie; we have heard comments about the cancer that is eating away at the Australian economy—that being inflation. They have built up to a huge extent the need for fiscal responsibility to make massive cuts but, as I have just commented, the reality is that most commentators with any economic expertise are saying that what has been done in this budget is fiscally neutral in its inflationary impact. The spin has not been met by the actual delivery. The government have failed to deliver on the promise.

Just today, a young student of macroeconomics came into my office to see me. She and her fellow macroeconomics students have spent the last couple of days pulling the budget to pieces, looking at it particularly from the perspective of its impact on inflation. Their conclusion was in fact that it was fiscally neutral in its inflationary impact. The spin has not been met by the actual delivery. The government have failed to deliver on the promise.

At the same time, they have delivered a budget that will lead directly to an increase in unemployment in this nation. The budget papers themselves admit that there will be 135,000 people who will lose their jobs. That is in the budget papers. It is not the opposition saying it; it is not commentators having a bit of a look at it and saying, ‘This is likely to cost 135,000 jobs.’ It is in the budget papers. Treasury say that, over the next 12 months, 135,000 people will lose their jobs. I would suggest to you that it probably understates the figure, but it is in there from Treasury. In one of the papers today a spokesman for the Community and Public Sector Union was saying that the estimate of 1,200 jobs that will be lost in the public service is grossly understated. I think he said that it is probably more likely to be double that. If the union is saying that, it is probably more likely to be triple or quadruple.

Here we have a budget that not only has failed to deliver the reduction in inflationary pressures that was promised but is also putting people out of work. Rather than being a Robin Hood budget, the reality is—as has been stated by a number of the government members, including the Treasurer on the night that he delivered the budget—this is a traditional Labor budget. Why is it traditional? It is traditional because it focuses more on looking after those who have jobs than worrying about people getting jobs in the first place. They are quite happy to put people out of work. They will put in place whatever measures they need to meet their ideological desires and preferences—and hang the consequences for people. They are quite happy to put them out of jobs. They are generally more worried about the rights of those who have work than those who have no work at all. (Time expired)

Question agreed to.

AUDITOR-GENERAL’S REPORTS
Report No. 33 of 2007-08

The DEPUTY PRESIDENT—In accordance with the provisions of the Auditor-
General Act 1997, I present the following report of the Auditor-General: Audit report No. 33 2007-08: Performance audit: the National Capital Authority’s management of national assets.

COMMITTEES
Privileges Committee
Report

Senator BRANDIS (Queensland) (3.40 pm)—On behalf of the Committee of Privileges, I present the 133rd report of the committee, entitled Possible false or misleading evidence before the Legal and Constitutional Affairs Committee.

Ordered that the report be printed.

Senator BRANDIS—by leave—I move:

That the Senate endorse the finding at paragraph 1.31 of the 133rd report of the Committee of Privileges.

That finding is that no contempt was committed in respect of evidence given by Mr Robert Cornall AO, Secretary of the Attorney-General’s Department, or Commissioner Michael Keelty, Commissioner of the Australian Federal Police, to the Legal and Constitutional Affairs Committee, or its predecessor, in respect of the Australian government’s knowledge of the rendition of Mr Mamdouh Habib to Egypt.

This matter was referred to the committee on 18 September 2007 on the motion of Senator Nettle, after the President gave the motion precedence in accordance with standing order 81. In giving precedence, the President summarised the matter as involving, and I quote:

… seemingly inconsistent answers given by officers at estimates hearings about the government’s knowledge that Mr Mamdouh Habib had been taken to Egypt. Some officers suggested a lack of knowledge or certainty on the part of government that Mr Habib was ever in Egypt, while other answers appeared to indicate a definite knowledge that he had been taken to Egypt.

The legal and constitutional affairs committee, at the request of Senator Nettle, had sought responses from Mr Cornall and Commissioner Keelty following the transmission of an ABC Four Corners program in June 2007 which raised questions about the veracity of their evidence. The committee was satisfied that it had not been given false or misleading evidence—except for Senator Nettle, who exercised her right to raise this as a matter of privilege.

The Committee of Privileges sought further responses from Mr Cornall and Commissioner Keelty, including as to the matters canvassed by Senator Nettle in raising the matter of privilege. The committee also asked the legal and constitutional affairs committee for an account of its consideration of this matter and of its deliberations on the responses the committee received from Commissioner Keelty and Mr Cornall as to whether they had given false or misleading evidence.

Paragraph 12(c) of privilege resolution 6, which sets out a non-exhaustive list of matters constituting contempts, provides that a witness shall not:

… give any evidence which the witness knows to be false or misleading in a material particular, or which the witness does not believe on reasonable grounds to be true or substantially true in every material particular.

Furthermore, privilege resolution 3, which sets out criteria to be taken into account when determining matters relating to contempt, requires the committee to take into account whether a person who committed an act which may be held to be a contempt:

(i) knowingly committed that act, or

(ii) had any reasonable excuse for the commission of that act.

The committee had no evidence before it to support any contention that either Commissioner Keelty or Mr Cornall intended to mis-
lead the legal and constitutional legislation committee or its successor. An essential element of the contempt, therefore, could not be established, and on this basis the committee has found that no contempt has been committed.

I will read the conclusion, paragraph 1.31:

... The committee concludes that neither Commissioner Keelty nor Mr Cornall knowingly gave false or misleading evidence to the Legal and Constitutional Affairs Committee in respect of their knowledge of whether Mr Mamdouh Habib had been taken to Egypt. The Committee therefore finds that no contempt was committed in this regard.

In fact, the committee went further, although it was unnecessary for the finding, in paragraph 1.29, when it concluded:

... Overall ... the committee concludes that, although in certain respects the evidence of Mr Cornall and Commissioner Keelty was equivocal, it was not in fact misleading given the state of these officers’ knowledge at the time and the terms of the relevant questions addressed to them.

The Committee of Privileges has dealt with numerous cases of possible false or misleading evidence and this is the sixth case involving evidence given by officers at estimates hearings. In the report, the committee has made some general criticisms of the quality of evidence given at estimates hearings, particularly where officers give the narrowest possible answers to questions posed by senators who are obviously interested in obtaining as full an account as possible of a particular matter. In fairness to officers, however, it ought also to be observed that the answers given depend in part upon the skill and precision with which the questions are posed. I commend the report to the Senate and I seek leave to continue my remarks.

Leave not granted.

The DEPUTY PRESIDENT—Senator Brandis, Senator Bartlett wishes to address the motion before the chair. Senator Bartlett, at the end of your speech you might seek leave to continue your remarks, unless there are other speakers in this chamber on this motion.

Senator BARTLETT (Queensland) (3.45 pm)—I will speak only briefly to it, Mr Deputy President. I would normally leave it to later, except opportunities for subsequently speaking to reports are fairly rare these days, so I thought I should speak to it when the opportunity arose. I am not a member of the Privileges Committee and I have not had the opportunity to read the report that has just been presented by Senator Brandis, although I think Senator Brandis gave a very good, succinct and clear detailing of its findings and conclusions. I am a member of the Senate Standing Committee on Legal and Constitutional Affairs but I have not followed the detail of this issue, partly quite consciously. Once you are not across all the detail, it is better to just let it follow its course, rather than know half the facts.

I simply want to reinforce, firstly, what I assume is a unanimous finding, as all Privileges Committee findings are, to my knowledge, and say the nature of privilege and whether or not there is a breach of privilege or contempt is a quite specific allegation. It is one that I do not think is very well understood; that is, certainly once the media start reporting on it. Not surprisingly, this issue has had some controversy around it and some media coverage of it. I simply want to put on the record I think it is very much worth while for people, in ongoing debates around the broader issue of what the previous government and various officials did and did not know and when they did or did not know things, to actually read the specifics of what is in this report. So in having that debate, whatever their perspective on it, they will have it on an informed basis as to who said what and when and how that relates or
does not relate to the specific issue of contempt and breach of privilege.

The wider matter of what the previous government knew with regard to the rendition of Mr Habib is important. I think it is one that certainly merits more examination, in the same way as making assertions about referring the matter to the Privileges Committee should not have been perceived as a prima facie indication of egregious fault. Also, the flip side is that this committee’s finding that there is no breach of privilege is not in itself a complete resolution of some of the questions that were raised about what was known with regard to the rendition of Mr Habib. So I simply take the opportunity to put that report in its broader context and to, once again, without having yet read the report, commend the Privileges Committee on its ability to deal with these issues within the specific ambit of its terms of reference, its role and its ability to do so in a unanimous way without getting distracted by the valid political debate around the wider issues. It is in that context very much worth absorbing the specifics of this report, and from that, hopefully, people will get a better understanding of what breaches of privilege do and do not mean when people raise these sorts of issues as part of wider public debate. I seek leave to continue my remarks later.

Leave granted; debate adjourned.

COMMITTEES

Community Affairs Committee

Report

Senator WORTLEY (South Australia) (3.49 pm)—On behalf of Senator Moore as the chair of this committee, I present the report of the Community Affairs Committee on the provisions of the Families, Housing, Community Services and Indigenous Affairs and Other Legislation Amendment (Emergency Response Consolidation) Bill 2008, together with the Hansard record of proceedings and submissions received by the committee.

Ordered that the report be printed.

Membership

The DEPUTY PRESIDENT—The President has received letters from party leaders seeking variations to the membership of committees.

Senator WONG (South Australia—Minister for Climate Change and Water) (3.50 pm)—by leave—I move:

That senators be discharged from and appointed to committees as follows:

Agricultural and Related Industries—Select Committee—


Community Affairs—Standing Committee—

Appointed—Substitute member: Senator Colbeck to replace Senator Adams for the committee’s inquiry into ready-to-drink alcohol beverages

Finance and Public Administration—Standing Committee—

Appointed—Participating member: Senator Forshaw.

Question agreed to.
BUDGET

Senator PARRY (Tasmania) (3.51 pm)—I move:

That the Senate acknowledges that the first Rudd-Gillard Government budget is a high taxing, high spending, old fashioned Labor budget that is not inflation fighting.

(Quorum formed)

Senator MASON (Queensland) (3.54 pm)—One question should always be asked to give this matter context—that is, a question about the history of the economy that is handed to an incoming government in this nation. The question you should ask is: in the history of our Federation has there ever been a better economy handed to an incoming government than the one of November last year? I ask the government: in the history of our country, has there ever been an economy with lower unemployment and higher growth than was handed to the government in November last year?

All we ever hear about is working families, and that is a good thing, because they are the backbone of this nation. Let me give a little bit of context for working families. Let us compare working families of the former Labor government to the previous Howard government. All that Mr Rudd ever says is that the Howard government did not care about working families. Let us have a look at the records and compare them. Let us have a brief look at unemployment in the time of the Hawke and Keating governments. More than one million people were unemployed during the time of the Hawke and Keating governments. Then what happened? Unemployment was halved by the incoming Howard government. So much for working families! You cannot have working families if you do not have work. The unemployment rate was halved by the incoming Howard government. How is that for working families!

Let us look for a moment at real wages. During the time of the Hawke and Keating governments—during the time of the accord, during the time of high unemployment—what happened to real wages? For working families, real wages under the Hawke and Keating governments actually fell by nearly two per cent. That was the legacy of the previous Labor government.

Senator Wong—John Howard said they had never been better off.

Senator MASON—And then what happened to working families under the Howard government? Real wages under the Howard government went up 22 per cent, Senator Wong. That is a fact. They fell under the Hawke and Keating governments and they rose by 22 per cent under the Howard government. So much for the Labor Party being the friends of working families.

What about taxation measures? Very simply, 40 per cent of all working families during the Howard government paid no net tax. They had as much social welfare coming in as they paid out in tax. How is that for working families! The fact is that, in the history of our country, there has never been a better government for working families than the Howard government. So much for the rhetoric of the Labor government. Working families have been better served by the Howard government than by any other government in our nation’s history.

Senator ABETZ (Tasmania) (3.58 pm)—What a great privilege it is to be able to follow Senator Mason in this debate. Having slithered his way into power, promising all sorts of contradictory propositions depending on to whom he was talking at the time, the Prime Minister has now shown his true colours, because with the budget the buck stops with him—no longer the deft positioning, the fancy footwork and the verbal nonsense of speaking in ‘Ruddles’.
The man who said he was, always had been and always will be an economic conservative is now boasting that his first budget is in fact a true Labor budget. I am glad that Labor have finally fessed up, because no-one would agree that a true Labor budget is somehow also economically conservative. Mr Rudd, I suppose, will now tell us that Labor have always been economically conservative—and, as proof positive, just look at the Whitlam era! The simple fact is this: this budget is Australia’s highest-taxing, highest-spending budget ever. That is what makes it a true Labor budget. As a result of it being the highest-taxing, highest-spending budget, what is it predicated on? An extra 134,000 of our fellow Australians on the scrap heap of unemployment. That is what the Labor Party are actually saying that they will deliver as a result of their budget. The silence of welfare groups on this aspect, I must say, is regrettable, albeit not surprising.

The Labor Party inherited a very good budgetary position. Mr Swan and Mr Rudd did not even have to get out of bed to get a budget surplus. Indeed, the Charter of Budget Honesty told us in a statement signed off by the head of Treasury and Finance that inflationary pressures were easing and were of no real concern over the horizon. And that is in fact the truth of the matter. Since coming to power, Labor have sought to promote inflation at four per cent as somehow being a crisis. Well, hello! What was the inflation rate when Labor were in power? It was six per cent plus throughout the total period, and it was never a crisis. It was always ‘the recession that we had to have’ or that we had to have one million people unemployed. All sorts of spin was confected by the Labor Party.

As all credible commentators have said, the budget is at best inflation neutral. I thought inflation was this major crisis, but of course the highest-taxing, highest-spending budget means that, at very best, it can be inflation neutral and, at worst, it will feed into inflation. But one area it is not neutral on is unemployment. It actively, deliberately and heartlessly seeks to grow unemployment. The Australians who were promised relief on petrol prices, groceries, mortgages and rentals were delivered absolutely nothing. Be they pensioners or the so-called working families, they got nothing for voting Labor. Well, that is not exactly right; I suppose I will have to correct myself: they did get Peter Costello’s tax cuts and Wayne Swan’s tax increases—increases that will push up the price of every car and hit the workers in the Australian automotive industry. They got the condensate tax, which will actually increase the price of petrol. But motorists, I am sure, will be reassured that the government, at the taxpayers’ expense, have in fact appointed somebody to watch the fuel price go up—a FuelWatch Commissioner. On the one hand they have promised, ‘We’ll appoint a FuelWatch Commissioner,’ while, on the other hand, they have a deliberate policy that will increase the price of petrol in this country.

The problem with Labor is not only the damage that they do in the short term; it is also the long-term impact, and that is the area that I seek to concentrate on this afternoon. It is in the long-term view of our great country that the government have not only dropped the ball but deliberately thrown it away. Australia’s future has always been built on the ingenuity and innovation of its current researchers, scientists and small and medium enterprises. Our wealth today as a society—financially, socially and environmentally—has been built on past innovation. Tomorrow’s wealth is being built today by the creativeness and innovation of today’s researchers, innovators and small business people.
So in giving Australia this so-called new leadership, looking to the future, Labor and Mr Rudd have made their most savage cuts in what areas? In our premier research institutions—from the CSIRO, to ANSTO, to DSTO. And not content with that, just in case there is still someone out there innovative enough to develop something that might have commercial prospects, Mr Rudd has not only cut but in fact abolished—I stress ‘abolished’, and I know it is hard to believe—the cost-effective and popular Commercial Ready program and has done so without warning. This stupid but, we are told, deliberate decision—therefore, this deliberately stupid decision—to axe completely the Commercial Ready program and cut funding to our premier research organisations will leave Australia behind the eight ball for years and years to come.

When the usually mild Australian Academy of Science attacks this measure as strangling Australia’s R&D and innovation sector, you do have to sit up and take note and not give the regrettable, typical, rhetorical and empty vitriolic response that Senator Carr gave in question time yesterday. The government is clearly sending a message that innovation, science and research are not important and, what is more, if you do happen to create some great innovation, Labor definitely will not help you to commercialise it. Believe it or not, the Commercial Ready program, which AusBiotech and a host of others have praised as being cost-effective and the most useful government program, is now being denigrated by Labor.

Interestingly, when asked about these cuts yesterday, Minister Carr did not have the courage to say that the highly popular and effective Commercial Ready program was money badly spent. Indeed, in his answer, he tried to dress up this deliberately stupid and short-sighted decision in economic rhetoric. He did not have the courage to denigrate the program. In a sinister twist, hapless Labor backbenchers have been given speaking notes which tell them how to defend the axing of the Commercial Ready program. These are the words they have been told to utter—and foolishly they have repeated them to some of the beneficiaries in the community: the Commercial Ready program ‘was helping businesses that didn’t actually need help’, and ‘it was public money badly spent.’

If Minister Carr honestly believes that, why did he not have the guts to say it in this chamber yesterday in response to my question? Instead, he tries to dress it up in some economic rhetoric and then give his hapless backbenchers speaking notes on this, seeking to denigrate a very popular and cost-effective program.

The letters, emails, faxes and telephone calls that my office has been receiving—in a virtual deluge—have expressed absolute disbelief at the fork-tongued approach of the Minister for Innovation, Industry, Science and Research. Before the election he was going around saying: ‘I’ll be the champion of innovation. We’ll spend more on science and research, we’ll help you innovate and we’ll thereby increase productivity’—and that, as a result, a lot of the claims the government were making about its industrial relations system would be viable and believable. That myth has been exposed by their very actions in cutting so heartlessly the Commercial Ready program, which was designed to—and did so very effectively—allow small and medium sized businesses, run by people in their backyards and people who have mortgaged their houses, to pursue their innovations and get them ready for market. Instead, how dismissive the minister was in answer to my question yesterday. It is very instructive when you listen to part of what he had to say:

We had this expectation that we should go on providing assistance … to millionaires …
Can I tell the minister, Mr Rudd and the Labor government that those who are in the innovation sector, those scientists who have partnered with universities and other institutions all around this country, are not millionaires. They are people who work very long hours and have a passion for and a commitment to their particular innovations, which in the future may deliver huge dividends for this country and, as a result, for all of us. But because we have an ideologically driven minister in this area, I am quite sure that, when the expenditure review committee came along, he said: ‘Yeah, I’ll put up my hand. Cut out $700 million from the Commercial Ready program. I’ve never liked business, I’ve never liked private enterprise, so why bother assisting them?’ How else does he explain his outrageous comment about providing support to millionaires in this program?

This program was designed to—and does—support small and medium enterprises. There are biotechnology companies—basically, one, two or sometimes up to five committed and passionate individuals—making a difference in diverse areas such as breast cancer research and agricultural research. You name it, in every facet of Australian life these people have been dedicating themselves to making a difference—and not only for Australia. Some of their innovations are world firsts, world leading and world class. This visionary Rudd government—which dines out at 2020 summits and talks about innovation—slashes and burns the innovation portfolio at the very first opportunity it gets.

It is clear from the phone calls, emails, faxes and telephone calls that I have received about the minister’s attempted slur of these people—he called them ‘millionaires’—and the handing out of speaking notes to backbenchers to denigrate this scheme has gone down very badly. These people quite rightly feel betrayed by this minister and by this government. The problem is that this betrayal, while it may not necessarily be noticed today or tomorrow or indeed next year, will be felt for decades to come.

I was talking to a group of researchers in Western Australia just before I walked into the chamber. They said that one of their research programs has already been approached by an overseas company. That company said: ‘We’ve got money and we’re willing to invest in you. If the Australian government doesn’t have faith in you, that’s fine—we do.’ Scientists by the dozen will be losing their jobs as a result of this measure. Indeed, this truly Labor budget is predicated on an extra 100,000-plus unemployed people—and many of them will come from our research and science facilities. They will be on the unemployment list but for one thing—that is, going overseas. That is the grand vision of Mr Rudd and Labor, in their first budget, in the discrete area of innovation, industry, science and research—for which I happen to have responsibility.

We now have it, if you were to believe Senator Carr, that somehow, in George Orwell speak—it is truly Rudd speak, this—less is more, that we are doing innovation a favour by axing $700 million of funding. What is so cruel about this is there was no consultation about this measure. What is more, many small companies have employed consultants—to the tune of tens of thousands of dollars—to prepare their applications for the Commercial Ready program and are now told: ‘Well, that’s wasted money.’ No compensation is to be offered. Even if you have already mailed your application on the day of the budget, having spent tens of thousands of dollars, your application will be heartlessly disregarded. Not only is it heartless; it is stupid.
I do not know how I can get through to the minister and the government how stupidly short-sighted this cut in the innovation grants in the Commercial Ready program is. What is more, it is absolutely insulting, because the minister himself has appointed a review into innovation to look at all these things. Indeed, this innovation review has received over 600 submissions from Australian innovators all around this great country. A common theme is: the Commercial Ready program is cost-effective, popular and delivering where it counts.

If Senator Carr were to say, ‘Look, I don’t think it’s a good scheme; it could be enhanced,’ let him say so. But just to chop it and not replace it with anything else during a review is an insult to the chairman of that review, Dr Cutler—I dare say he gets paid for that job. What is more, it is an insult to all those 600 individuals and organisations, many of whom have used volunteer hours to put in submissions, just to be so high-handedly disregarded by this, some would say, arrogant minister—I actually think he just does not get it.

We have a situation now where Labor are boasting that they have delivered a truly Labor budget. I happen to agree with them. It is a truly Labor budget: highest taxing ever, highest spending ever, predicated on unemployment. But worse than that and on top of all that is the fact that they are prejudicing the future of young Australians and future generations by their short-sighted approach to the vital areas of innovation, industry, science and research. What it highlights is that the minister has no capacity in cabinet to prosecute the case for this vital area for Australia’s future. I invite the government to seriously reconsider its positioning in this and, in particular, to use the opportunity of Dr Cutler’s review to reinstate the Commercial Ready program. If pride gets in the way, give it a different name, call it something else, say it is your very own baby, but reinstate the program, because that is what Australia needs.

Senator HURLEY (South Australia) (4.18 pm)—It is interesting that in talking on this motion on the budget, the opposition senators have started from the point of the glory days of the early Howard government, back when they were actually doing things, and have harked back to what the economy was like then. But really they are operating from one of their weakest flanks, I think, because what the Howard government inherited from the Hawke-Keating government was an economy that had been set up by a far-sighted government that had changed rules, changed regulations and set up the workforce such that Australia was in a perfect position to take advantage of the upturn in the world economy, the steep increase in the terms of trade over those early years of their government. And what did they do with those excellent conditions that they were handed? They let them dribble away in ineffective programs and policies until we have reached the time again now when our economy is trembling because of the inflation pressure.

Look at what Hawke and Keating did to set up the economy before the Howard government got in. They reorganised the financial system. The previous Fraser government and Treasurer Howard squibbed on reorganising the financial regulation sector. They squibbed on floating the dollar. They squibbed on a whole range of things that Hawke and Keating got in and fixed up so that we were truly in a position to be globally competitive in our financial services and in our responsiveness to changes in the economy—that is what Hawke and Keating did to ensure that our country was properly set up for the future.
What Hawke and Keating also did was they worked with the union movement—to set up an accord, which resulted in a much needed reduction in the demand for wages growth, and moderated that by changing the welfare system so that families were supported. That was a masterstroke which enabled the economy to settle down and enabled a stable industrial relations climate while we saw a stabilisation of wage demand and an ability to move forward in our economy. That is what the Hawke and Keating government did.

The then balance between wages and welfare was subsequently corrupted by the Howard government. It handed out one-off welfare payments and increased welfare payments to well-off people, which the Rudd government is now in the process of redressing. The Howard government was left with a situation where Australia was well set up for the future, but we saw the Howard government take advantage of terms of trade and good international situations and not use that money to set up Australia for the future. It was almost amusing to hear Senator Abetz complain about the Rudd government not setting up Australia for the future by not encouraging research, productivity and so on when it was the Howard government which did nothing for productivity and nothing for the future. The Howard government did nothing for skills development and nothing for infrastructure that set us up for the future. It did what it had to do at the time: it managed the economy. It had no strategy. It did not drive the economy anywhere. The Rudd Labor government has to address those problems, which we have now inherited.

Senator Abetz again is fighting from a very weak flank when he talks about enterprise and Commercial Ready. The Howard government left research in the tertiary sector in absolute turmoil. We had interventionist ministers and conflicting directions about which way research would go. There was just complete turmoil in that sector, which was absolutely crying out for change. The sector was appealing to the former government to get some rigour into research and for some direction and funding for what was happening. It got no response because no-one in the Howard government was far-sighted enough to see the importance of that.

At last we have a Labor government back in power that might be looking to address some of these situations and that might be looking not only at research and development but also at those areas that are needed to support commercialisation of that research and development. Researchers and scientists are wonderful people. I was one myself, so I am very much in favour of them. They are great people, but they need to be backed up by technicians and skilled and semiskilled people to ensure that their ideas come to fruition. No-one in the opposition can deny that that skill base in our economy is completely inadequate. The opposition did make an attempt towards the end of their government to redress that with Australian technical schools, but it was too little, too late. The Rudd Labor government is committed to pulling up that skills base, to putting resources into it, to making sure that we have people wanting to go into that work, to people having the ability to take up those skills and to advancing the technology of this nation so that we can take up these research opportunities and develop them into commercialisation opportunities.

The government in this budget has committed $251 million to establish the Enterprise Connect innovation centres. It is providing $326 million to fund future fellowships valued at up to $147,000 a year for 1,000 of Australia’s top mid-career researchers and $209 million to double the number of Australian postgraduate awards for PhDs or
masters by research students. Senator Abetz claims that that is not enough; it is certainly a lot more than the Howard government did. I think that we can look forward to seeing a great deal more research—and certainly a great deal more research being developed over the next four years than we saw over the past four years.

The assistance being offered to science and maths students is in a similar vein. We have a crying need for scientists and for mathematicians—for that kind of skill base that will propel Australia into the future. It is that vision for the future—that strategic direction—that has been so missing from government for the past 12 years. One of the key reasons that people turned to the Rudd Labor government was that it was presenting a vision for the future. It was promising some strategic direction. It had some idea of where our country could go in the future. This government is not simply about selling our commodities, mineral exports and agricultural exports. It is not relying on strength of growth in China and India pulling in Australia’s primary industry exports. This government will not simply rely on that for our future. We want to see a future for ourselves that will extend beyond this boom and will have the ability to weather any changes in direction of the economy. That is what this budget is all about. The Treasurer, Mr Wayne Swan, has said this many times and I will repeat it: it is about balancing stimulation in this country so that we can continue to grow with a dire necessity to control the fiscal situation, because the Howard government allowed inflation to get out of control.

It is extraordinary that we still have the opposition in denial. I think it was either Senator Mason or Senator Abetz who said that Treasury said, at the time of the election, that inflation was stable. That has been positively debunked since. The RBA was, at the time, increasing interest rates. The Reserve Bank of Australia was obviously worried about an increase in inflation and so was Treasury. The first thing that Treasury talked about with the new Treasurer was the need to control inflation. The opposition continue to deny it. It is absolutely extraordinary that they should believe that inflation is not a problem. Senator Abetz was querying whether 4½ per cent was so bad. The trend is upwards and the opposition must recognise this and that inflation must be kept under control otherwise we will have continual interest rate rises.

I should not have to tell the opposition about what interest rate rises will do to farmers and small businesses and about the pressure that will put on prices and households. It is absolutely unbelievable that anyone should have to talk about this to the opposition. That they are in denial about the level of inflation in this country just shows that the opposition deserved to lose the last election. Heaven help this country if they had won and continued on the path which they had been stuck on absolutely for at least the last term and probably longer. They had run out of ideas, they had run out of ways to go and they had run out of any vision for the future that they might have possessed. I think the people of Australia very clearly recognised that and that it was very much time to go.

It was not just that they had an old leader in John Howard. It was a situation that went across the board—across the frontbench, across the backbench and certainly across the Senate, as we have heard in the last few days. The former government just had nowhere to go and had nothing to put forward to the Australian people that showed that they were prepared to take things in hand and lead Australia out of an inflationary environment and navigate through the uncertain shoals of the world economic situation.
Senator Bernardi—Shoals! SS Minnow—

Senator Hurley—‘SS Minnow’ just about describes the current opposition, Senator Bernardi. I think that, once again, the Australian population got it right in their voting record. The Rudd government has seized control of the economy. It has announced a comprehensive review of taxation. It has announced a number of plans to go forward. It is providing a way forward for this country. In the past, Labor has been the government that has provided stability in the economy and looked for the way forward. I look forward to the current Rudd government doing the same. I commend the start that has been made in this budget and condemn the sentiments expressed in the current motion.

Senator Watson (Tasmania) (4.33 pm)—The motion we are debating reads: That the Senate acknowledges that the first Rudd-Gillard Government budget is a high taxing, high spending, old fashioned Labor budget that is not inflation fighting.

The last speaker referred to how the Rudd Labor government is going to take control of inflation. I ask the good senator from South Australia: what is the Rudd Labor government going to do to control escalating commodity prices? You have taken a hit in Western Australia in relation to the removal of over $2 billion from Woodside and BHP. You have created real problems for Australia in terms of what I call sovereign risk. The mineral industry is really concerned about who is next on the hit list and it is raising questions about overseas people investing in Australia.

The big problem with oil price increases is that they feed into the cost of transport, they feed into food prices and they go right across the economy. It is going to be very, very difficult to take control of oil prices. You might have certain watches on prices of motor spirit at the petrol pump, for motorists, but there are the big items that are going to affect inflation and are going to automatically feed into the system by way of higher transportation costs and higher farming costs, which—through the increased cost of diesel—have gone through the roof, all factors outside the Labor Party’s control. How can you make a claim, as has been made here today, that you are going to control inflation, that you are going to put a lid on it, when there are these big external factors of oil prices and growing commodity prices, particularly from the states of Queensland and Western Australia, as a result of exports of coal and iron ore? Those exports are certainly good for the economy and are going to keep the economy moving but, I have got to say, I do fear for the future.

Now that we have had a day or two to digest the impact of the Rudd Labor government’s first attempt at a budget, two things stand out to grasp our attention. The first is the enormous difference which now exists in the Australian economy and government finances compared with the situation of the first Howard government, over a decade ago. In this country, governments traditionally use their first budget as a hard budget—they get all the hard decisions out of the way, and then in the next couple of years they loosen the purse strings a little bit. The best that could be said by commentators of the Rudd government is that it was modest—it was there, but it was modest. They have really lost a big opportunity in their first budget because this was the time to make the changes. They have lost that opportunity.

The general commentary outside politics is that it is only a modest attack on inflation, a modest attempt at savings, so they have lost their opportunity.

The second aspect that stands out very clearly is the prophetic statement by the now
Minister for the Environment, Heritage and the Arts, the Hon. Peter Garrett, when last year he let slip the view that Labor would change everything once they got into government.

Senator Bernardi—He was right.

Senator Watson—He was right, Senator Bernardi—no truer words have been spoken. To inherit a balance sheet of the sort faced by the Treasurer this year really would be a dream for any potential Treasurer—no $90 billion government debt or ongoing deficits, no high unemployment and no rampant inflation or historically high interest rates. In fact, there were no disastrous elements and none of the sorts of things that the coalition faced when we came to government 12 to 13 years ago. Yes, the Treasurer is faced with one challenge—serious but not out of control—to rein in inflation, which has started to rise in line with a long-term strong economy, strong demand and the financial problems within the international community.

The previous government, I remind the Senate, had already begun to address this challenge. While the Rudd Labor government has given lip-service to the need to reign in inflation, unfortunately the budget this week has not seen the action to positively or effectively put the brakes on the growth in the rate of inflation. Paul Keating used to proudly say, ‘I used to know how to pull the right levers.’ Certainly the Rudd government is not pulling the levers strongly enough. The government has continued its old bad habits of previous decades—habits clearly exhibited by its mates in the states and territories in recent times—continuing its history of being a high-taxing and high-spending government. Yes, the rate of spending has come down somewhat. But the actual spending, the aggregate, has gone up. While we saw carefully targeted reductions in numbers of Commonwealth public servants under the coalition government, the states and territories have run rampant. This is where a lot of your problem lies—in the states. We can assume that this habit will be matched by the Rudd Labor government now that it controls the federal budget.

When you look very carefully at how the agencies and departments have constructed their labour budgets, there is no consistency, unfortunately, in how they have tackled the concept of certified wage agreements. A lot of these are coming up and a lot of these are going to have an inflationary effect as they come into account. You are not going to control these wage outbreaks that are going to happen in the public sector, which will ultimately feed, by demands from the union movement, into the private sector. You say that you have control of inflation—you have no control on commodity prices, no control on the oil prices that are feeding into costs and expenses, particularly for farmers and export earners. Now you have lost control. You have no consistency in trying to put a lid on the wages explosion that is emerging in the Commonwealth public sector and is going to have a spillover effect in the private sector.

Between 1996 and 2007, there was a reduction in employees in the federal government across all public sector agencies, from 352,000 to 231,000. This occurred at a time when overall the rate of employment in this country was rising, unemployment was dropping and the number of full-time jobs was increasing. During a period when two million new jobs would be created across the Australian economy, there was a massive reduction in terms of the cost to taxpayers and the Commonwealth public sector. The challenge, Senator Sherry, is for your government to match it if you are going to control inflation. But you have no hope with a
strong union movement matching it. That is going to be your challenge.

Sadly, while the Commonwealth public sector shrunk by more than 121,000 in the last 11 years, the state public sector expanded by 202,000. You are going to have a real problem controlling the states, because they will be getting more money and they are going to spend it, which means that there will be more demands on your state budgets for wage increases.

If the leader, the Hon. Kevin Rudd—and I have some respect for Kevin Rudd; I think he is a decent fellow—

*Government senators interjecting—*

**Senator WATSON**—But the problem is: will he stay? That is the real worry that is on everybody’s minds—nobody wants to see the nice lady Julia Gillard take over. That is the worry around Australia. If Mr Rudd goes down the path taken by his Labor mates in the states and territories, it will be very, very expensive for the taxpayers of Australia. It will mean increased taxes. We have already seen in the budget taxes and costs that are going to go up. Potentially, 385,000 extra people are going to go onto the state hospital system. It is worrying because the money is not there to fund it. What is going to happen? Increased queues, decreased service and more anxiety for families.

It will be interesting to see whether the rhetoric of reining in inflation can be matched with similar restraints to keep the Commonwealth salary bill under appropriate restraint. It is going to be a challenge. I think it is going to be very difficult; in fact, I think it is going to be impossible. I am not full of confidence, as I said, because it would be out of character for Labor governments to exercise this sort of restraint based on past practice and on the very recent history of Labor state and territory governments. Of course, it has been very fortuitous for the Treasurer to inherit a budget situation in such a well-managed state, but the real test will come next year or the following year when the government will be living beyond its own resources.

There have been certain surprises in this budget. Mr Garrett’s famous and loosely released comment that ‘all will be changed after the election’ must be seen in a very serious context. Here I note the problem in Tasmania—the problem that $37.3 million which was allocated to the Tasmanian health service has been shown as a saving. I have got a problem because there is a lack of transparency. The budget paper that I refer to calls it a saving of $37.5 million because they did not fulfil their undertakings. I maintain that it is a transfer because Senator Ludwig indicated that this money had been transferred to other health services. How can you call it a saving but use it as a transfer? It is not a saving; it is a transfer from one program, which was not told to the Tasmanian people beforehand. So one section got let down hopelessly. Why try to confuse people by listing it as a saving? You are not being transparent and I think somebody is—no, I will not say what I thought because I do not want to cast aspersions on an honourable senator. It is not clear and it is not satisfactory.

**Senator Bernardi**—It is murky and grubby.

**Senator WATSON**—If, as you say, Senator Bernardi, the waters are murky, people become suspicious and they are not happy. That is an unfortunate situation. This is a hospital system which has been badly neglected by the Tasmanian Labor government over many years and this lifeline has been snatched back just at a time when additional resources are so badly needed. That is unfortunate. Then we have the changes to the Medicare levy, which are certain to lead to
severe reductions in the numbers of Australians with private health cover and will only serve to put even more pressure on a ramshackle state hospital system in Tasmania.

The Tasmanian hospital system has got to use more computerisation to reduce its high labour costs and get a better ratio between people who are helping the sick and those who are administering records.

Senator O’Brien—Do we need more robots? I don’t understand what you mean by computerisation.

Senator Watson—Whether you have a robot or not, they are not making full use of IT facilities that the private sector is using in industry. This is the challenge: get the experts in to ensure that the health dollar is spent on the sick and the needy. I know that other states will have to confront similar challenges when about half a million Australians currently entitled to private health cover line up at government hospitals. So the issue is: where is the extra Commonwealth funding coming from for the 385,000 who will effectively be thrown onto the government healthcare system?

Similarly, in areas such as the Regional Partnerships program, much of the great incentive for private enterprise and community groups will be scuttled. It was something where we had the community working together, often in more regional areas with great difficulties.

Senator O’Brien—Regional rorts! What did the Auditor-General say about that?

Senator Watson—There is a lot of suffering out there, Senator O’Brien. If you had gone down to the public meeting at Leven-dale the other day, you would have heard of the difficulties in that particular area. I applaud the decision of the Minister for Education to keep that school open because it is a signal that at least somebody is a little bit interested in a remote community that is suffering tremendously at the hands of drought and where people feel they are disempowered. I think it is regrettable for that program.

Unfortunately I am losing valuable time. People in the bush and in small business have become the forgotten people of Australia. That is the tragedy for Australia. A wonderful opportunity to drought-proof much of our nation has been lost, an opportunity that this huge budget surplus would have provided to overcome some of the problems of the worst drought in living memory. I remind honourable senators that 70 per cent of agricultural country is still in drought. It seems ironical that, while the budget provides extra skillling for certain industries, the government took away the training programs for those involved in agriculture. I think it is sad for the forgotten people of Australia.

There are lots of inconsistencies in the federal budget. We now have all sorts of different thresholds in relation to families. And then we have got the question of interest dividends and royalties in terms of a withholding tax. Where that money is remitted overseas, it is subject to a 30 per cent withholding tax. The government had an initiative—which I do not necessarily disagree with, because it is going to help build up the finance sector export opportunities and help make Australia a hub—which is going to create enormous problems for the Taxation Office because a new industry is going to emerge. A lot of overseas residents who receive interest dividends and royalty income will try and transfer that to other income to attract the 7.5 per cent rate. So certainly the tax office is going to have a big job watching and oversighting that sort of issue. Then there is the case of ordinary Australians who, if they receive this money, pay top marginal rates on that, whereas somebody overseas—maybe in the Canary Islands or somewhere—pays 7.5 per cent maximum.
Senator Sherry, this is an issue for you: a lot of lower income earners have used salary sacrifice to access the government’s co-contribution. Your industry funds have acknowledged the value of this co-contribution as a means of helping lift their aggregate superannuation investment. You have signalled that this is going to be challenged and changed next year. You have indicated that, where they use salary sacrifice, there are going to be problems where you put it into a co-contribution. But that opens the door—we have seen that—of changing—

(Time expired)

Senator HOGG (Queensland) (4.53 pm)—This might sound a strange way for me to open this part of the debate, but I empathise with Senator Watson and those on the other side because it is very difficult discussing the first budget of a government. I came here in July 1996 as a fresh new senator and of course in August that year, unlike now with the budget being presented in May, I had the displeasure of listening to the first Howard budget. It is very difficult for oppositions first time round to find legs to criticise the budget. It becomes very difficult, having just experienced government—

Senator Bernardi interjecting—

Senator HOGG—and I know Senator Bernardi needs a pay increase desperately—to the rest of the community, the business community, the trade union movement and the workers of this country. But, have we seen those high-flyers freeze their wages? Have we seen that, Senator Watson? I put to you: no. But given that you are now facing opposition—and I understand the difficulties—someone has come up with a very creative motion this afternoon. Obviously, one of the things that is occupying our friends opposite is creative writing. That is the only thing I can determine, having read the motion that was put forward by Senator Parry this afternoon. I will just read the motion for the record; I do not think it has been read. It says:

That the Senate acknowledges that the first Rudd-Gillard Government budget is a high taxing, high spending, old fashioned Labor budget that is not inflation fighting.

Nothing in that is real at all, Senator Watson. So I was glad to hear your contribution on this. Creative writing is rampant and running
riot on your side of the fence. What would you expect? You would come into this chamber and criticise any budget that was put down by the Rudd government. That is your job as the opposition. That is your job—

**Senator Watson**—It keeps you honest.

**Senator Bernardi interjecting**—

**Senator HOGG**—Keep us honest! We are honest, thanks, Senator Watson—and thank you for your interjection too, Senator Bernardi. When this was described as an old-fashioned budget, it was nothing of the sort. Clearly, this was a budget, a Labor budget, designed to help those people who are suffering out there in the community in this day and age. That is what it was designed to do—

**Senator Joyce**—Like pensioners?

**Senator HOGG**—You would not know about them, Senator Joyce. You would not know one if you fell over one; let’s get that straight to start with. The Treasurer identified in his speech and focused clearly on the fact that he was providing a budget for the future. That is what it was: a budget for the future meeting the necessary funding and urgent needs of infrastructure, education and skills development to ease the pressures on the family budget. If you had not ignored those areas like infrastructure, education, and skills, we would not be in the mess that we are in today, Senator Watson—

**Senator Joyce interjecting**—

**Senator HOGG**—and, Senator Joyce, it is good to hear you are still alive over there. Let’s look at what the Treasurer had to say, and then we will go to some figures. The Treasurer said in his opening remarks:

This Budget is designed to meet the big challenges of the future—

something that the Howard government was incapable of doing. It had lost its way; it had lost its direction; it did not know where to go. So in step Kevin Rudd and Wayne Swan to give some direction to this nation. If that were not the case, we would not be sitting on this side and you would not be on that side. Clearly the Australian people—

**Senator Joyce**—I hope pensioners will be able to fill their fridges with your big challenges, because they will have nothing else.

**Senator HOGG**—unlike you and your dwindling National Party, Senator Joyce, have some faith in us, and we are going to deliver. In the words of Mr Swan, we are about facing the big challenges of the future. It might serve you well to read some of the budget papers, Senator Joyce; it might help you out. Mr Swan went on to say:

It is a Budget that strengthens Australia’s economic foundations, and delivers for working families under pressure.

If you do not think working families are under pressure, go out there and find them, go out there and meet them like I do. You will see that they are struggling.

**Senator Joyce interjecting**—

**Senator HOGG**—I am glad that you are interjecting, Senator Joyce, because it shows that you have not read the budget papers at all. He further said:

It is the responsible budget our nation needs at a time of international turbulence and high inflation at home.

And it is. You cannot label it old-fashioned, because it is a responsible budget and it addresses the issues of our time. It is high inflation at home that we inherited from the previous government. Mr Swan also said that it is ‘a budget carefully designed to fight inflation’.

**Senator Watson**—Face reality!

**Senator HOGG**—You do not want to believe that, Senator Watson. I understand and accept it. If you did not, you would not be in opposition. You would not be melting away
into oblivion over there. He further said it is a budget that will:
… ensure we meet the uncertainties of the future from a position of strength.
Let us look at what Mr Swan had to say about those economic factors. He said:

The Australian economy is enjoying its 17th year of growth, now spanning three governments. He did not isolate it to one government; he said it is now spanning three governments. But he also said:

… productivity growth over the last five years has averaged 1.4 per cent a year, the lowest in 17 years.

This is the problem with the former government. They took their eyes off the ball. They lost their way. Productivity growth over the last five years was the lowest in 17 years. That was identified in the Treasurer’s speech the other night. No-one from the other side has answered that. He then went on to say:

And capacity constraints have put upward pressure on inflation.

Nothing has been said about the capacity constraints that have put pressure on inflation. I will come to that later. He then said:

When the Government came to office less than six months ago, Australia was facing the highest levels of domestic inflation in over 16 years—so it was only natural that the Labor government would respond to the challenge that was put before it—

and inflation reached 4.2 per cent in the March quarter.

He went on to say, and this is significant:

Inflation is a drag on growth. It saps confidence, and hurts families and businesses throughout Australia.

Inflation is pervasive and it affects the life and lifestyles of every living person in this country, whether they be the wealthy or whether they be the poor. He went on:

We are working to put downward pressure on inflation so that we can ease the cost of living and interest rate pressures on working families.

To do that, what did Labor do? I will refer briefly to a press release from the Treasurer, dated 13 May. It is interesting to look at some of the areas that Labor decided to address, which have been neglected for a long period by the former government. Under ‘education and skills’, the Treasurer said:

The 2008-09 Budget invests $5.9 billion over five years in the Rudd Government’s Education Revolution, from early childhood education and care, through schools, vocational training and to our universities.

When I came here back in 1996, the first Howard budget was savage on the university area, and it has suffered ever since. It has never recovered. Higher education suffered badly. As a result of that, we have very significant skills shortages in that area. The vocational education and training area also suffered, and the shortages there are manifest in our community today.

The Rudd budget is delivering. It is putting $5.9 billion over five years into the education revolution. In a specific initiative, it is putting aside $2.5 billion over 10 years for trade training centres in schools. No-one would deny the trade shortages that exist, whether they be in the mining industry in my state of Queensland, whether they be in the mining industry in Western Australia or whether they be in our defence forces. It does not matter where one goes; there are chronic shortages of skilled labour.

Labor is prepared to put significant funds into trade training to shore up the gaps that are there—to ensure that the gaps do not cause the inflationary pressure that has come about as a result of the neglect of the Howard government in the latter time that it was in power. Under education and skills we are also committed to:
$1.9 billion over five years to deliver up to 630,000 additional training places to boost the skill level of the workforce; and

$1.2 billion over five years to provide up to $1 million per school to deliver computers and communication technologies to all students in Years 9 to 12.

This is something that is going to make us a clever nation and give us skills and jobs for the future. In his press release, the Treasurer went on to say:

... the Government will establish the Education Investment Fund to finance capital investment in higher education and vocational training.

This is a fund to operate into the future. This is not looking backwards; this is looking at shoring up the future for young people, ensuring that the education facilities in both higher education and vocational training are available.

There is an initial allocation there of $11 billion, and $6 billion of that will come from the Higher Education Endowment Fund. Further, in Mr Swan’s press release, he referred to an additional $500 million which will be provided in 2007-08 to help universities upgrade and maintain teaching and research facilities. He said:

This is a much needed down-payment of overdue funding, in advance of the funding decisions that will be taken once the Education Investment Fund is in place.

That is clearly a recognition of the gap in spending that had occurred in the years of the Howard government. He also outlined in his press release our commitment in terms of climate change, water and the environment. He clearly said in his statement that there had been a decade of neglect and inaction on the part of the previous government. Of course, this budget will deliver in full on the government’s commitment to tackle the long-term challenge of climate change, with measures totalling $2.3 billion over five years. Unlike the climate sceptics on the other side, we have a definite view that this issue needs to be addressed or we will suffer the consequences. It will have an effect on the jobs in our community, on inflation, on our capacity to produce goods competitively with other countries and on our capacity to provide average Australians with an income and a lifestyle that they deserve.

To address this issue, as I said, we have committed $2.3 billion over five years. Of that, $500 million over eight years is for projects that accelerate the development and deployment of clean coal and low emission technologies, $500 million over six years is to support the new renewable energy target and to accelerate the development and commercialisation of renewable technologies in Australia, and $150 million over four years is to support the development of clean energy technologies in Australia. Recently I had the pleasure of going to Emerald in central Queensland and whilst in Emerald I went to Blackwater and looked at the Blackwater International Coal Centre, which is being funded primarily by government and also industry. The centre is meant to focus on the role that coal will play into the future—in particular, clean coal.

Energy is important in the ongoing success of our society, in our capacity to deliver secure jobs to people so that they can plan their futures. Across the street from the coal centre I watched endless trains—wagons—loaded with coal, heading off to the ports. One of the people that were showing us around the new centre made a point of saying, ‘Every wagon that you see there has at least $10,000 worth of coal that is heading overseas and coming back into the Australian economy.’

One of the problems that we face—you would not believe it—is that the former Howard government failed to invest in infrastructure. The problems that we have getting
out our products at the ports in Queensland are incredible indeed. But the Rudd Labor government has committed to investing in infrastructure in this budget—and not in an insignificant way. The Treasurer, again in his press release, made the point:

Neglect of critical infrastructure over the past decade has pushed up the costs of doing business and contributed to inflation and interest rate pressures in the economy. The Rudd Government is committed to tackling infrastructure bottlenecks that are constraining our economy.

That is a clear commitment on the part of the Rudd government. Surely, those with even a small amount of common sense on that side of the chamber would not be critical of that initiative. He refers then to the forming of Infrastructure Australia and the fact that we will develop a blueprint to unlock the infrastructure bottlenecks. That is vision—that did not happen in the previous budgets of the former Howard government. They ignored it.

So we have the establishment of the Building Australia Fund. There will be an initial allocation to that fund of $20 billion, and it will absorb the Communications Fund. This will attack some very important areas: ports, roads and broadband just to name a few. And they are not confined to the coast; they are for the whole of Australia, for regional Australia—to contribute to the development of our economy and to ensure that we have a healthy economy into the future.

To simply describe this as high-taxing is unreal. (Time expired)

Senator BARTLETT (Queensland) (5.14 pm)—Without in any way indicating disrespect to all the previous speakers, it is debates like this that make me feel somewhat happier that I will be leaving this place in a few weeks time.

Senator Hogg—We didn’t ask for it; they gave us a motion.
all amount of spending as a proportion of GDP has not increased. If you have a growing economy and it is growing faster than the amount of government spending, then, even though your government spending is increasing, it is not increasing by as much as the overall economy so you could allege that the spending is going down. You can end up having economic jargon and different frameworks being used to try to assert competing positions. My view is that blanket assertions, such as whether something is high taxing or whether something is high spending or the opposite, are not particularly helpful in this context. To me, and the Democrats more broadly, the issue is, frankly, what you are spending the money on, where your taxation is being derived from and how your tax system as a whole is working.

Personally, inasmuch as you can take the budget in isolation from everything else, I would give it a rough ‘pass’ and perhaps a six out of 10. It was more cautious than I expected, but that is, in another sense, perhaps not that surprising given what I suspect will be the overall tone that the new government will try to maintain. But I am not sure if a bare ‘pass’ or a marginally okay ‘pass’ is really good enough, given some of the serious immediate challenges that we have and face. I would like to name a few huge challenges that are very urgent and impacting now on people in very serious ways. There is firstly the urgency of the housing affordability crisis. There are a few measures in the budget, none of which are new as they had already been announced, that go a little bit of the way to addressing some of the issues involved but they really do not go to the heart of them at all. In the whole area of public housing, particularly given the years of criticism we heard from Labor—very valid criticism of the coalition government’s serious neglect in that area—we have seen nothing, not a cent, from the new Labor government to reverse that serious decline. As this is at a time of probably, historically, the worst ever crisis in housing affordability and availability, I think this is a serious omission, even in the context where there has been a clear attempt to try to constrain spending at least to some extent.

There is also the crisis, which has been widely acknowledged by all sides, in respect of Indigenous Australians: the huge and disgraceful ongoing life expectancy gap between Indigenous and non-Indigenous Australians. There are many other areas of inequality, whether they be housing, education, other areas of health, social engagement or life opportunities in general. As I raised in a question yesterday to the Leader of the Government in the Senate, I do not think there is anywhere near enough extra new investment in the area of Indigenous Australia, given the clear need that all sides now acknowledge is there.

In addition to that, there is the looming major crisis with regard to climate change. Whilst there are some measures for that in the budget, I do not believe they are anywhere near enough, in both scale and content, for what is needed.

That brings us to one of the other big question marks of this budget. It is one of those things that just sit to one side as a huge unknown, even in the context of what we are allegedly talking about here today, which is whether this is actually a big spending budget. I refer to these new funds that have been set up—in a move that builds on the mechanism that was originally used by the previous government—on top of the Future Fund. We have now got funds being set up—and the funds in them being set aside—for infrastructure, education and health. There is a valid debate to be had about whether or not that is a good way of doing things.
When you get huge chunks of money taken off budget that cannot be scrutinised in a more formal sense by the parliament but that will be spent down the track, then there are certainly issues of accountability, including by this parliament, of the budgetary process. The label of ‘slush fund’ is not completely inaccurate with regard to that, but it is probably a bit unfairly pejorative. The issue is not that the money is there. The issue is what it is spent on and whether the mechanisms that are used in making the decisions on that spending are, firstly, transparent and, secondly, credible and reasonable. It may well be that significant amounts of the earnings from those funds—or even the capital of those funds, if that is what is spent down the track—are spent on dealing with some of the problems that I have mentioned. I do not know how tightly the parameters will be around, for example, the infrastructure fund and whether money could be put into areas like public housing or other types of affordable housing as part of infrastructure in areas of extreme need at the moment in, for example, regional Australia, particularly where it is linked to major capacity constraints on the resources industry.

Similarly, it may well be that significant parts of the health fund or the education fund may be directed towards the serious and, if you are going to rank needs, greater needs of Indigenous Australians that I referred to earlier. It is possible that the framework is being put in place for those great needs to be addressed, but we really do not know. That is why I think it is premature to make blanket condemnations or, frankly, blanket praises of this budget. If you want to talk about its macroeconomic impact and whether the so-called high-taxing, high-spending budget is a plus or minus for inflation, from my knowledge of these issues there is some merit in saying that this budget does not match the prebudget rhetoric about slaying the inflation dragon and fighting a war on inflation. I think it is fair to say that. It is fair to say that it is not irresponsible with regard to further fuelling the risk of inflation and it is fair to criticise the final few budgets of the previous government for doing just that, but the pre-budget rhetoric about the war on inflation is not matched by this budget. The budget is far more cautious than what is suggested by that sort of rhetoric.

Similarly, it is fair to say that the pre-budget rhetoric about taking the meat axe to government spending and the Robin Hood rhetoric about slugging the rich and giving to the poor has, again, not been matched by what is in the budget. This is a matter of whether or not the spin matches the substance—but then we are just debating whether or not the spin is right, which, frankly, does not help anybody. What we should be debating is whether what is in the budget is good or bad, what else needs to be done and what is best for the Australian community, the Australian economy, the Australian environment and groups within our society, particularly those most in need. So, whilst there are a few headline measures that clearly do target Australians who are better off, they are not on a scale that could be equated to Robin Hood. I do not know what a microversion of Robin Hood would be, but these are very far below things that would be seen as Robin Hood measures. There are one or two that I am not opposed to. In fact, the change in the Medicare threshold for taxing people who have not taken out private health insurance, in particular, is a very positive move. Ironically, that is actually one measure that the opposition oppose, even though, if they are criticising the budget as high taxing, it actually gives some tax relief. Yet the coalition say they oppose it. This shows the problem with making single, swinging, blanket assertions about entire budgets. You quickly end up with inconsis-
tencies when you try and match those assertions with the range of different and individual measures contained within a budget.

One of the areas flowing on from the failure of the budget and the federal government to date in meeting their prebudget rhetoric about bringing the meataxe to government spending is that there is clearly more to be done. Here is another question mark. A significant review of the tax system is flagged. It is not a root and branch review; there are areas that are excluded. It is probably politically very wise to exclude the GST. People can make decisions about the GST that can be quite damaging for their particular party from time to time, so I can see why the government might want to leave the GST right out of it. Purely from a policy perspective, I think it makes much better sense to include the GST in the overall review of the tax system. It has been in place for some time now, and it would be a good time to examine it. But even without that, there are significant aspects of the tax system that would benefit from a more comprehensive review. It may well be that the tax review process can move things further forward in trimming some of the unnecessary, inefficient, non-progressive components that are in place in our tax system.

When we talk about taking a meataxe to government expenditure, that can include—indeed it should include and has included in its own small way in this budget—some of those changes that deal with tax expenditures. Some of those still very much need to be wound back, far beyond what has been done in this budget. Some things were floated, have not been done and still, very justifiably, can be done—means-testing the first home owners grant, for example. Dealing with the preferential fringe benefits tax treatment for company cars is certainly one that is not only justified but very much needed. There are a number of other areas, including the broader issues of the existing exemptions and discounts on capital gains tax, the taxation treatment of trusts vis-a-vis companies and the entire treatment of negative gearing. If those sorts of things are examined in a comprehensive way in the tax review, and if its findings are taken on board by the government, some of the unfinished business from its first budget could actually be done down the track in the second and third budgets.

I should point to the contrast to the previous government, which announced an examination of the issues with regard to first home owners—an inquiry by the Productivity Commission. When the report was put on the desk of former Treasurer Mr Costello, he rejected every recommendation—which related to tax and examining issues to do with negative gearing and capital gains tax, I might say—that dealt with the federal level. That failure to act meant not only a refusal to examine some of the federal drivers of the housing affordability crisis that are now much worse but also distortions in the tax system which are not particularly helpful or equitable were left unaddressed as well. Not only have they become further embedded but they have become larger in their distorting impact. I would not say it is meaningless to use labels like ‘high taxing’, but it is not particularly useful, unless you are going way out of the ballpark.

If you just want to look at blanket assertions about that, there is no doubt that the previous government, as was often alleged, was—in a gross sense, in the economic sense of the word—the highest taxing government in Australia’s history. Whether that is a good or a bad thing, in my view, really depends both on where those taxes were derived from, whether they were derived in a fair and efficient way and where the revenue was spent. I think the whole high-taxing, high-spending mantra is really not much use in
this context. We have good taxes and bad taxes; we have good spending and bad spending. What we need to do on both sides of the ledger is to get less of the bad and more of the good.

The total amount is a valid issue to debate but, frankly, it is nowhere near as big an issue, unless you are really getting way out of proportion. In the current economic context, as has been pointed out already, on the one hand people were arguing that we cannot have cuts that are too tough because people will suffer but, suddenly, afterwards they are arguing, ‘The cuts weren’t tough enough.’ On both sides, really it would be just a few billion dollars, although I do accept that that can have a big impact on individual people. However, when we are talking about the overall impact on our macroeconomic factors, it is really pretty marginal.

This debate is focused on the wrong area. That being the case, it probably does not matter that basically it is just a lot of rhetorical back and forth of no great consequence. But it does mean that the real issues of substance—not just about the overall state of the economy but some of those discrete issues of great significance to the Australian people—are not being properly examined.

Finally, one other area of the budget that I do think is a positive one but that also needs to be dealt with properly by other corresponding measures is the increase in the migration intake, not just the skilled migration intake but also the corresponding increase in family migration—skilled workers have families as well—and, indeed, a small increase in the humanitarian stream. That, I think, is valuable to Australia. It will be helpful in dealing with some of the capacity constraints within our economy at the moment, but only if adequate infrastructure investment that is properly spent, in the right way and at the right time, goes alongside of it—that question is also still there—as well as proper settlement assistance for people when they first arrive.

The other aspect I point out, just quickly, regards those in the Australian community who are most in need. That is where I think the Robin Hood rhetoric again is really quite overblown. Sure, there were tax cuts focused more at the lower end, and that is welcome and I do not oppose that. However, there are many people, particularly those on income support, to whom tax cuts are really of marginal benefit. Of those, pensioners and carers in particular have been pointed to. However, a whole lot of people more broadly are on very low incomes and income support and there is really not enough there. I know that Minister Macklin has made further statements about examining that issue and there is a review about that. That is a complex area and one that is in need of review, but it is another area where the best you can say is that it is still unfinished business and the question mark is still there. That is why there needs to be ongoing scrutiny and more reasonable, valid and rational debate about some of the issues in play here.

Senator CHAPMAN (South Australia) (5.33 pm)—It has happened at last. It has taken six months, but now it has happened: the wolf has shed its sheep’s clothing. This high-taxing, high-spending, old-fashioned Labor budget makes clear that the claims of the Prime Minister and his government to be economic conservatives are demonstrably false. This first Labor budget in 13 years obviously does nothing to fight inflation and will only disappoint those Australians who put their faith in this Labor government to maintain the sound, responsible, economic management of the Howard government. First, there is the tax grab through the dramatically increased tax on premixed alcoholic beverages, badly disguised as an at-
tempt to deal with the problem of binge drinking amongst young people.

Senator Coonan—It is binge taxation.

Senator CHAPMAN—It is binge taxation, mainlining on tax dollars, Senator Coonan. At first glance, the policy sounds feasible, even a positive step towards addressing the growing problem of binge drinking amongst young people. But when you get past the government’s spin and actually look at the figures you will see that, despite the tax, the government expects an increase in revenue from these drinks. In other words, the government’s budget predicts that, in fact, more of these beverages are going to be sold in the coming year despite the tax.

Senator McLucas—Didn’t you listen in question time?

Senator CHAPMAN—I listened very closely to question time and the absolutely false spin that was put on that from the minister at that time, because the budget papers clearly show there is going to be an increase in revenue resulting from increase in consumption. That is the only conclusion that can be drawn from those budget figures. Any honest person would recognise that.

This policy clearly highlights a fault in this Labor government across the board. During the last election campaign they went around claiming to be the party for young people and holding themselves out to be in touch—a party that was all things to all people. But the development of this policy clearly indicates that both the Treasurer and the Prime Minister have spent very little time of late with teenagers.

Anyone who bothers to sit down and actually talk to a teenager would understand that the price of alcohol has absolutely no impact on a teenager’s desire to drink alcohol. If a young person wants to drink, the price of alcohol will not prevent them. The only thing that increasing the price of pre-mixed beverages will do is increase inflation and drive teenagers to make different choices about the alcoholic beverages they consume. For example, a six-pack of premixed Johnnie Walker Red and Cola cans, with an alcohol content of five per cent, at a local South Australian Dan Murphy’s, will now cost $18.99, while a 700 millilitre bottle of straight Johnnie Walker Red, with an alcohol content of 40 per cent, at the same store, will cost $28.99. Young people are financially savvy. They will instantly see that for only $10 more the bottle containing 22 standard drinks at 40 per cent alcohol content, plus bottles of Coke with which to mix their own drinks, is much better value for money than the premixed cans containing nine standard drinks at five per cent alcohol.

The sad result of this policy will be to encourage young people to move from lower alcohol content beverages with fewer standard drinks to much stronger alcohol with many more standard drinks. With premixed drinks, the alcohol consumption is accurately known.

Senator McLucas interjecting—

Senator CHAPMAN—Common sense tells you that! It is about time this government applied a bit of common sense—because you clearly do not have any. As I was saying, with young people mixing their own drinks from bottles of Johnnie Walker and bottles of Coke, they will not have a clue how much alcohol they are consuming. The impact of this proposal will be the exact opposite of what the Prime Minister and the Treasurer are claiming it to be. Effectively, they will be adding to the epidemic of binge drinking among Australia’s young people. Originally, I put this absurd anomaly down to the fact that the Prime Minister and the Treasurer are just ignorant when it comes to young people. But after reading their budget.
figures and watching their behaviour it has become increasingly evident that it is a clear case of simply wanting to hike up taxes under the cloak of doing something positive for young people.

Senator Coonan—A very cynical exercise.

Senator CHAPMAN—It is cynical, Senator Coonan; it is completely cynical and completely dishonest. This was confirmed by the Prime Minister’s reaction when questioned about this matter on radio yesterday and caught unawares by the Channel 10 News cameras as the spin surrounding this policy unravelled. The Prime Minister could not explain away that the budget papers clearly showed that consumption of pre-mixed drinks will actually increase. For the first time, the public saw the Prime Minister’s real character—which has been known around this place for years but carefully hidden during the election campaign and the subsequent six months. We saw the temper tantrum, the dummy spit, as the Prime Minister threw down his earpiece and stormed out of the interview when he realised his spin machine had completely failed him. As the Prime Minister’s glass jaw was broken, it became increasingly evident to him that the Australian people are smarter than he gives them credit for. This policy will not achieve the results the government claims, and no amount of Labor Party spin can cover up the fact that this is simply a grab for additional tax dollars. It will serve only to increase inflation and, ironically, through self-mixed drinks, increase binge drinking among young people.

And then there is the absurd policy of increasing the income threshold for the Medicare surcharge from $50,000 to $100,000 for singles and from $100,000 to $150,000 for couples. This is Labor Party ideology gone mad and it shows no common sense at all. Leaving aside for a moment the issue of forcing people back into the public health system, which is already buckling under the pressure of mismanagement by state Labor governments, let us turn our attention to the inflationary impact of this policy. The government’s own budget papers and the Treasurer himself have confirmed that they expect 500,000 people will leave private health cover as a result of this bizarre policy. If the fearful rhetoric of this irresponsible government is correct and we are suffering an inflation crisis, why would they introduce a policy which will encourage people to withdraw from private health cover, effectively putting between $50 and $200 of disposable income per month back into people’s pockets? It is sheer hypocrisy! Treasurer Swan, Prime Minister Rudd and any other Labor representative who can grab five minutes in the media have been playing the politics of fear and talking up inflation. We are currently operating in a period of higher inflation, but, if it is as bad as they claim—

Senator Marshall interjecting—

Senator CHAPMAN—You do not understand economics at all, Senator Marshall. If inflation is as bad as they claim, why would the government deliver a budget measure which will only put further upward pressure on inflation? The government cannot have it both ways; either consumer spending needs to be restrained or it does not. You cannot spend an entire election campaign and your first six months in office saying one thing and then deliver a budget full of measures which deliver another, simply hoping that no-one will notice the hypocrisy. The opposition has noticed and, I assure you, so will the Australian people, who are far smarter than they are given credit for by this Labor government. At the end of his budget speech, the Treasurer stated:
It is a Labor Budget for the nation. For Australia’s future. For all Australians.

While this certainly is a Labor budget, it is certainly not a budget for all Australians. It was high taxing—definitely Labor.

Senator Coonan—It was high spending.

Senator CHAPMAN—It was high spending, as you say, Senator Coonan—definitely Labor. It did nothing about inflation—definitely Labor. But what made this budget even worse and even more typical of the Australian Labor Party was that it sought to reward those whom the Labor Party believed had supported it and to punish those whom the Labor Party believed had not dared to do so. Rural Australia is a perfect example of that. The budget rips away $1 billion in funding from rural and regional Australia. But that is not all. After rural people have been suffering one of the cruellest droughts in Australian history, this government has now cut drought and exceptional circumstances funding to farmers.

My hardworking colleague Patrick Secker, the member for Barker, in South Australia, has been calling for the Prime Minister to come to his electorate and visit the Lower Lakes region, in the south-east of South Australia. I have been there. I have visited the farmers who have been devastated by drought. But the Prime Minister has not. He is ignoring the member for Barker’s calls—and now I can understand why. It is a hard trip to make. It is heart-wrenching to hear people talk about their livelihoods going down the drain—about their family farms, handed down for generations, being unworkable because of drought. It is heartbreaking and there is not much you can say to make it even a little bit better. But the job of Prime Minister is not meant to be easy, and Prime Minister Rudd has a responsibility to Australians living in areas like the Lower Lakes, in the south-east of South Australia, to visit them, to understand their plight and to do all he can to assist them.

Unless the Prime Minister or the Treasurer have a crystal ball and can promise every Australian farmer rain in the coming months then this policy of ripping money out of rural Australia is nothing more than a cruel payback for a group the Australian Labor Party sees as not having supported it. Once again, I invite the Prime Minister to come to this area of South Australia. Patrick Secker and I will take the Prime Minister to the Lower Lakes region and he can sit down with these devastated farmers and explain to them why he has ripped $1 billion out of rural Australia, including their exceptional circumstances funding. I assume that, in typical Labor form, the Prime Minister will reject that invitation. But then this budget, as I said, is typical of Labor, with its complete lack of understanding of basic economics and its use of this budget for payback at any cost.

As if that is not enough of a kick in the guts for farmers, the Labor government has confirmed its intention to introduce a de facto death duty on many farmers, not to mention small business people and others, who hold business assets and franked-dividend-paying equities in a discretionary trust. After a long period of lobbying by me and others, last year the Howard government legislated to allow all lineal descendants of the so-called ‘test person’ required of a trust making a family trust declaration so that its beneficiaries could receive franking credits, to be beneficiaries without suffering tax penalties.

Previously, non-penalty distributions could only go down the line as far as grandchildren. This previous situation meant, effectively, that a trust had to vest, once the test person, their children and grandchildren died out, and that was a capital gains tax event—as I say, in effect a de facto death
duty on any further generations becoming entitled to the benefit of the trust assets. As I said, at long last the Howard government corrected this outrageous situation, which it had inadvertently created. However, this Labor government has announced it will restore that outrageous situation and overturn last year’s reform, restoring the de facto death duty.

Let it be clear: whatever its spin, this Labor government is the sworn enemy of small business and farmers. Nothing could be clearer from this wacky proposal. I asked questions on this matter at the supplementary budget estimates hearings in February and still have not received the answers three months later. I listened very closely to the budget speech on Tuesday night and to Treasurer Swan’s rhetoric and spin after the event. I am wondering if he thought we were all just going to take his word for it rather than actually read the budget papers.

Senator Coonan—We’re not all gooses.

Senator CHAPMAN—That is right, Senator Coonan. The picture painted by the figures is very different from the picture painted by the Treasurer. Treasurer Swan has spent months telling Australians that he is an economic conservative and that this budget would slash government spending. In fact, spending has gone up by $3 billion in this current financial year and by $14.9 billion over the forward estimates.

Senator Coonan—Do you think he noticed?

Senator CHAPMAN—One wonders. Over the forward estimates, Labor has cut $15.2 billion off coalition spending programs like exceptional circumstances and drought relief for rural areas, but it has more than matched that with $30.1 billion of new Labor spending programs, which pander to its core supporters, not the broad range of struggling Australians. One of the greatest legacies of the Howard government and Peter Costello’s time as Treasurer was strong economic management, whereby budget after budget delivered surpluses and tax cuts for hard working Australians.

Senator Coonan—For all Australians.

Senator CHAPMAN—Indeed, for all Australians. While Treasurer Swan was a good little messenger boy and delivered Peter Costello’s tax cuts this year, he has made up for it by hitting Australians with a whole raft of increased taxes and charges. Australians work hard for their money. We on this side of the Senate believe that they should be rewarded for that, especially in times when Australians and particularly working families are finding it hard to make ends meet. True to Labor Party form, however, the government obviously does not agree.

Treasurer Swan is introducing new taxes to raise the cost of alcohol, to which I have already referred, motor cars, health insurance and energy. In the interests of all Australians, I plead with the Treasurer to understand that when prices go up, which is what happens when you increase taxes, it simply contributes to inflationary pressures and puts ever-increasing pressure on the working families Labor swore to protect while campaigning for their vote. How quickly they forget, once the vote was in the ballot box!

One of the most disturbing aspects of this budget is the Labor Party’s attempt to recreate class warfare in Australia by determining an arbitrary point at which Australians should not receive any assistance and, in the Treasurer’s own words, ‘can afford’ higher taxes. The Treasurer’s arbitrary point does not take account of the fact that the cost of living varies from state to state and that $150,000 in income is worth a lot less in real terms for the standard of living of a family of five than for a couple with just one child. Between the baby bonus means test and the
tax on what Treasurer Swan calls ‘luxury cars’, but which seem to include such things as the Toyota Tarago, the Labor government is playing the politics of envy and pitting one group of Australians against another in a political stunt that is offensive and divisive.

While Prime Minister Rudd and Treasurer Swan are labelling any family which earns over $150,000 a year as the new rich, there are many families for whom the reality is very, very different. One such family, the Tanners, are featured in today’s Adelaide Advertiser. Because their family income is over $150,000, Prime Minister Rudd has decided the Tanners are rich and can afford higher taxes and the removal of any government assistance.

The Tanners will no longer have access to the baby bonus, their childcare benefit is gone, they will get no more family tax benefit part B, they will miss out on tax breaks for solar panels and, had they not just purchased their new family car, they would have been hit by the hike in the luxury car tax. When the cost of private health cover inevitably rises as a result of the government’s absurd Medicare surcharge policy pushing them back into the public system, they will still have to pay the surcharge because they earn over $150,000. But that is okay, isn’t it, because Prime Minister Rudd says they are rich? Well, Wayne, Rebecca and their two children, Taylah and Jack Tanner, are experiencing a very different reality.

Senator Coonan—they’re the new working poor.

Senator CHAPMAN—that is right. Mr Tanner was quoted as saying:

The Government may class us as rich in their Budget but I can tell you we do it tough every single day ... But does this government care? No. The Treasurer’s response to people like the Tanners was:

The Government does not believe hard earned tax dollars are best spent on cash payments to the wealthiest Australians.

While the Tanners are working very hard to earn those tax dollars, they are certainly not living as the wealthiest Australians. Treasurer Swan’s arrogant response demonstrated only how out of touch this government has already become with struggling Australian working families. Wayne Tanner makes another very valuable point. When quoted in the Advertiser, he commented that the budget takes away an important Australian ethic—the incentive to work. I repeat that: Mr Tanner says a key Australian ethic, the incentive to work, has been taken away by this budget. His statement is very true.

The Tanner family is typical of the kind of Australians who give their all to raise a family and make a positive contribution to the Australian economy and society. They run a small business. Between them they work 80 hours a week, and they struggle to give their two children the best possible start in life. The government, however, has branded them as some of the new rich, has stripped away any kind of assistance or recognition for their hard work and, by pitting them against Australians earning less than $150,000, has implied they are on easy street. Well, the Tanners deserve better, and so do working families right across Australia.

This is a high-taxing, high-spending, old-fashioned Labor budget from an old-fashioned Labor government. There is absolutely nothing in this budget to fight inflation. While it is what we should have expected from a Labor government—because after all a leopard cannot change its spots—it is not what the Australian people believe they were voting for at the last election. The Australian people deserve much, much better.
In recent times we have been hearing commentators ask if the Australian economy can weather the international financial crisis, and we have questioned how families can survive times of high inflation and increases in interest rates. After this budget, the more pressing problem appears to be whether the Australian economy and Australian families can weather the storm of this incompetent government, incompetent Prime Minister and incompetent Treasurer.

Senator McLUCAS (Queensland—Parliamentary Secretary to the Minister for Health and Ageing) (5.53 pm)—I am very pleased to have an opportunity to speak in the chamber this afternoon against this opposition motion. I will focus on the excise increase on mixed drinks, which was criticised by the opposition once again in Senator Chapman’s speech. It is a policy which is focused on changing the culture of inappropriate drinking in our country. We know that there have been massive increases in the sales of ready-to-drink products since the loophole was created by the Liberal Party in the year 2000. In the year following the creation of that loophole, sales of RTDs grew by 50.4 per cent—in fact, the sales of RTDs have increased by a huge 254 per cent since 2000, when the loophole was established. We know that young people like drinking alcopops. They say they are sweet and the alcohol is hard to taste. Because they are sweet, ready-to-drinks provide the bridge from soft drink to alcohol, and that is a fact that is clearly understood by RTD manufacturers.

Let us look at what has happened since the 2000 loophole was established. In 1999 six per cent of 12- to 17-year-old boys nominated RTDs as their drink of choice. In 2005 it was 14 per cent. For young women in the same group, 12- to 17-year-olds, it was 23 per cent in 1999. By 2005 that had grown to 48 per cent. These are figures that the opposition need to understand. In the year 2000 about 40 per cent of female drinkers aged between 15 and 17 reported drinking RTDs at their last drinking occasion. By 2004 this had increased to 60 per cent. Twenty thousand girls in Australia aged younger than 15 have a weekly drinking habit. Almost 19 per cent of girls aged 14 to 19 drink at risky or high-risk levels of short-term harm at least monthly and almost 10 per cent drink at the same levels weekly. In the 20- to 29-year-old group, more than 23 per cent drink at the same risky levels monthly and more than 12 per cent do so weekly. We know that the rate of risky and high-risk drinking by teenage girls is higher than the rate for teenage boys. But it is not just girls; about 16 per cent of young men between 14 and 19 drink at risky or high-risk levels every month and nine per cent do so every week.

This week, coalition MPs and senators said that risky drinking is falling. It is true to say that the proportion of teenagers drinking at risky or high-risk levels every week fell between 2004 and 2007 from 10.7 per cent to 9.1 per cent. Obviously the opposition think that that kind of binge drinking level is okay in Australia. They were around when the levels were in fact over 10 per cent. The truth is they did nothing about it in their time in office. They knew of these figures and did absolutely nothing about them. If the people sitting on that side of the chamber think that 10 per cent of our young people drinking at high risk levels is okay then let them wear that. They may be happy that 9.1 per cent of our children continue to drink at risky levels once a week, but I can tell you this government does not agree and is not happy about that fact—and we intend to do something about it.

Senator Chapman talked a lot about his view of the world—and I still cannot get the logic of this—that young people are savvy enough to buy bottles of spirits because they get more bang for their buck that way. He
says that is a bad thing because buying bottles of spirits will be more harmful. Leaving aside the fact that this new excise taxes the spirits in alcopops at the same rate that it does spirits in bottles, the logic of his position is that we should lower the excise on alcopops as a harm minimisation measure. He also went on to say—and had no evidence to support his position—that the increase in excise was not going to decrease consumption but, rather, increase it.

I would like to table some of the many, many reports that link increasing price with lowering consumption, particularly for young, price-sensitive children. I table *The impact of the Northern Territory’s Living with Alcohol Program 1992-2002: revisiting the evaluation*. I also table *Alcohol in Europe: a public health perspective*, which links increase in price and lowering of consumption, particularly by young people, and a very important study.

We take very seriously the level of inappropriate drinking by young people in this country, and it is something that we intend to tackle. It is not something that will be done with one measure. The measure of increasing excise is just one of a range of measures that we have announced. People will recall that we have announced a $54 million strategy, which has a number of facets and is evidence based. We expect to work with the increase in excise to reduce inappropriate consumption, particularly by young people in this country.

The ACTING DEPUTY PRESIDENT (Senator Barnett)—Order! It being 6 pm, time for general business has expired.

TELECOMMUNICATIONS LEGISLATION AMENDMENT (NATIONAL BROADBAND NETWORK) BILL 2008

Consideration of House of Representatives Message

Message received from the House of Representatives returning the Telecommunications Legislation Amendment (National Broadband Network) Bill 2008, informing the Senate that the House has agreed to the bill with amendments and requesting the concurrence of the Senate in the amendments.

Ordered that the message be considered in Committee of the Whole immediately.

House of Representatives message—

(1) Schedule 1, item 10A, page 4 (lines 16 to 18), omit the item.

(2) Schedule 1, item 11, page 5 (line 1), omit “An eligible carrier”, substitute “A carrier”.

(3) Schedule 1, item 11, page 5 (lines 20 to 28), omit all the words beginning with “If a carrier enters” and ending with “direction issued by the Minister”.

(4) Schedule 1, item 11, page 6 (lines 10 and 11), omit the definition of eligible carrier in section 531B.

(5) Schedule 1, item 11, page 8 (before line 18), before paragraph (a) of the definition of protected carrier information in section 531B, insert:

(a) any information that was given by a carrier to an authorised information officer during the period:

(i) beginning on 27 February 2008; and

(ii) ending 12 months after the commencement of this Part;

where, after the information was given, an authorised information of-
ficer gave the carrier a written undertaking, on behalf of the Commonwealth, that:

(iii) after the commencement of this Part, the information would be treated as protected carrier information for the purposes of this Part; and

(iv) the information would not be disclosed by an authorised information officer before the commencement of this Part; or

(6) Schedule 1, item 11, page 8 (line 26) to page 9 (line 20), omit “eligible carrier” (wherever occurring), substitute “carrier”.

(7) Schedule 1, item 11, page 11 (line 1), omit “Eligible carriers”, substitute “Carrier”.

(8) Schedule 1, item 11, page 11 (line 3), omit “Eligible carriers”, substitute “Carriers”.

(9) Schedule 1, item 11, page 11 (lines 6 to 16), omit “eligible carrier” (wherever occurring), substitute “carrier”.

(10) Schedule 1, item 11, page 11 (line 27), to page 12 (line 33), omit section 531FA.

(11) Schedule 1, item 11, page 13 (lines 8 to 12), omit subsection 531G(1A).

(12) Schedule 1, item 11, page 18 (after line 26), after subsection 531G(4), insert:

4A An entrusted public official is not required to give a carrier an opportunity to be heard in relation to a decision to use information under subsection (3A).

(13) Schedule 1, item 11, page 20 (lines 29 to 33), omit subsection 531K(1A).

(14) Schedule 1, item 11, page 22 (lines 26 to 33), omit “subsections (1) and (1A)” (wherever occurring), substitute “subsection (1)”.

(15) Schedule 1, item 11, page 23 (lines 10 to 16), omit paragraph 531L(1)(ca).

(16) Schedule 1, item 11, page 23 (lines 22 to 25), omit subsection 531L(2).

(17) Schedule 1, item 11, page 25 (lines 9 to 12), omit subsection 531P(1), substitute:

1 The Minister may, by legislative instrument, make rules relating to the storage, handling or destruction of protected carrier information.

(18) Schedule 1, item 11, page 26 (line 3), to page 31 (line 13), omit Division 4.

Senator CONROY (Victoria—Minister for Broadband, Communications and the Digital Economy) (6.01 pm)—I move:

That the committee agree to the amendments made by the House of Representatives.

In doing that, can I thank those opposite, including the shadow minister, for allowing a speedy passage of this bill. It is an important bill. Without it, as I said yesterday, one of the key government commitments from the election—the rollout of the fibre-to-the-node network—would have stalled.

Senator Coonan—Do we have it already?

Senator CONROY—Perhaps you are about to be rescued, Senator Coonan. I was perhaps even looking forward to a healthy discussion with you, but Senator Brandis is almost as much fun as you!

Senator Brandis—Nobody is as much fun as you, Senator Conroy!

Senator CONROY—Thank you. And I see Senator Ronaldson has joined us. I welcome the participation. The government is pressing ahead with its agenda. The $4.7 billion that we are considering putting in to facilitate the rollout of the National Broadband Network demonstrates the Rudd government’s commitment to investment in infrastructure vital for Australia’s long-term prosperity. The government is moving quickly to fulfil its election commitments. This government recognises that bidders will need access to relevant network information to prepare proposals on an equal footing.

Senator Brandis—That expression must stick in your throat, Senator Conroy: the Rudd government.

Senator CONROY—are you enjoying the Nelson opposition, Senator Brandis?
Senator Brandis—It’s magnificent!

Senator CONROY—That is why my department is working with carriers to achieve a voluntary outcome for the provision of the data that is required. Is ‘Turnbull opposition’ more to your fancy, Senator Brandis? Telstra has recently provided some information voluntarily which my department is currently reviewing. However, the government’s view, as I have indicated, remains that it is important to have a legislative framework in place. The Telecommunications Legislation Amendment (National Broadband Network) Bill 2008 provides a mechanism for providing potential proponents with access to relevant information so they can put forward robust proposals for the competitive assessment process.

We did consider the opposition’s amendments and we appreciate that they were put forward—certainly some of them in good faith—but we believe they were technically flawed and unnecessary because they were already covered by a number of government amendments. Furthermore, they do not appear to guarantee the provision of sufficient information voluntarily. Ours were not drafted by Telstra and Mallesons, so we are confident that they will actually stand up to scrutiny. Unlike the opposition, the government is committed to ensuring potential proponents have access to the necessary information required to prepare competitive bids. We welcome the indication from those opposite that they will not insist upon their amendments and, to speed the journey, I will wrap up there unless I need to respond to comments from the opposition.

Senator RONALDSON (Victoria) (6.04 pm)—I assume that Senator Allison is listening and that she may want to make a contribution on that, given that it has come on at fairly short notice. I would hope that if her office is listening they will advise her of that so that she can come down and make a contribution. She did not have the opportunity yesterday because of time constraints imposed by the minister and his inability to properly handle this matter. So, Senator Allison, if you are listening, I hope you have the opportunity to come down.

Senator Conroy interjecting—

The CHAIRMAN—Senator Conroy, I need to listen to Senator Ronaldson, please. It is very important.

Senator RONALDSON—I was actually going to talk about some other things but, given the interjection from Senator Conroy and his comments, I will actually do something else. I will now read the comments from Mr Billson, the member for Dunkley, the shadow minister in the other place:

This is the same minister who, this morning, rang me to see if we would again bail him out of trouble, as we did in the Senate yesterday, when the minister and his government could not get the government’s own amendments considered in the time available.

I am just waiting for some figures at the moment, but there was an hour and 20 minutes on the Telecommunications (Interception and Access) Amendment Bill 2008, apart from anything else. We are just getting some figures now to see what government business there was on Tuesday, which you, Minister, could quite actively have used to facilitate this process but, because of your total inability to manage your portfolio, you could not do so and you could not even get amendments in until Tuesday night. I will continue with Mr Billson’s comments:
He throws himself on the opposition and says, ‘Please, please rescue me from this disaster I have created.’

They are your words, Minister: ‘Please, please rescue me from this disaster I have created.’ I continue:

He rang me again this morning and said, ‘I expect you will characterise my phone call, Bruce, as begging, grovelling and gagging.’ Yes, he is absolutely right. We gave an undertaking to have this bill passed in this place by 11 o’clock so that it could get back to the Senate to be dealt with. And guess what? The minister has missed another deadline. He could not even deliver on that timeframe we had accommodated for him in another act of constructive and helpful engagement in this process. This is more about saving Stephen Conroy from himself. This is too important to leave to this minister who is making error after error after error.

We have seen, I think, six items of government business already transacted here this morning. So urgent was this that the minister put out the most ridiculous press statement yesterday having a go at me—that is, Bruce Billson—and the coalition for rescuing him from his own incompetence. Is there no end to the gall of this man? Does he think running the government is like some factional deal where you just muscle up and ignore the truth? Come on, Minister! He is having a go at us for actually facilitating the process that he could not organise for himself.

So, Minister, you not only had the opportunity to do something about this on Tuesday; you had the opportunity to do something about this yesterday. You also had the opportunity to put this bill in before the Telecommunications (Interception and Access) Amendment Bill 2008—where there was an hour and 20 minutes that you could have used for this. And you sit there with that stupid look on your face thinking that this is all a bit of a joke. Well, Minister, I can tell you that no-one out there actually thinks this is a joke. The only thing in this process that they think is a joke is you and your behaviour in relation to this process—and I think the description of the phone calls with Mr Billson quite actually reflect this.

We put to you a constructive approach to making this bill better, to save you, Minister, from yourself—to save you from a politically motivated time frame imposed by you to meet imperatives for your own job. But you would not even accept that. Minister, you will not even take the advice of the carriers. Did you pick up the phone to speak to the industry about your amendments or our amendments to see whether this process could be facilitated? No, you did not. You did not even bother speaking to the people that you are expecting to participate in this process about whether these amendments did or did not assist this incredibly stupid, short time frame that you have imposed. You would have thought that a minister who had some interest in all this might have done that to see whether the process could be facilitated. Mr Billson went on:

The time available was not enough to deal with the government’s own amendments, but then when our amendments were universally recognised in the telecommunications community as a vast improvement on what the government was offering he got cranky about that.

The minister got cranky about this whole thing, because the minister knows that he has completely and utterly bastardised this process. He has not been able to organise in this chamber a discussion of this matter.

It was No. 7 in the House of Representatives today. Yesterday we were running around making phone calls to the Leader of the Opposition in the Senate, the Leader of the Government in the Senate and Senator Conroy trying to facilitate a process, due to this ‘urgency’ to get it out of here and across to there last night. But where was it today in the House of Representatives? It was about No. 7. And, again, there was another phone call...
call from Senator Conroy to Mr Billson—whose actions in relation to this bill should be a salutary lesson to every minister who is sitting across the other side of the chamber here and in the other place. Mr Billson has genuinely tried to assist this minister and has tried to save this minister from himself.

I could go through the comments that others have made about Senator Conroy’s interest in his portfolio but I will not do so, because I will not be playing the sorts of games that he has been playing over the last 24 hours—but I am happy to accommodate that if that is what he would like me to do. I will go on with the comments from Mr Billson:

There is a reason the minister does not know the mood of the telecommunications community: he does not talk to them. It was up to the opposition to discover that there had secretly been some government amendments dropped out there—which happened to be Tuesday night—There was no notification to us. Was there any discussion with the industry?

Mr Billson continues:

He did not consult anybody. If he had, he would have known that there is considerable support right across the telecommunications community, across the users of these services and across policymakers and analysts for the actions the opposition has taken.

There was not even a courtesy extended to the Leader of the Democrats to discuss these amendments. The Democrats spokesperson on this matter was not even given the courtesy of a phone call from this uninterested minister to discuss these amendments. If that is the consultation that business groups and community groups can expect from this government over the—hopefully, short—period of time that they will be here, they will deserve what they get.

I would not normally be standing up here supporting the Democrats, but I thought Senator Allison’s behaviour and approach yesterday deserved a lot more praise than you gave, Minister. You effectively treated her with contempt by not briefing her and then leaving her in a position where she had literally 20 seconds to discuss these matters. If that is the way that you want to approach this chamber, that is entirely up to you. But I do not think it is right, and I do not think that people would expect the minor parties to be treated in such a way. Mr Billson went on to say:

But he would not know that because, just as he did not call the opposition about their amendments and did not consult anybody about them, he certainly did not consult any of the key stakeholders that these amendments are aimed at. So the press release that came out yesterday accusing us of slowing up the process when we saved his bacon is just more of the hubris we expect from this minister.

This is a bill that got dropped into the Senate on the second last day it sat, which sat around in the Senate yesterday and the day before when they did other things that were thought to be more important. The minister then claimed that we were holding up the bill because we were facilitating the debate on it, and now it is here in the House a day later.

I have three or four minutes left.

I just want to say to the minister, through the chair: why you chose to adopt this process and this attitude, quite frankly, is completely and utterly lost on us. It is lost on the minor parties. It is lost on the industry. It is lost on us why, when you had an imperative that we acknowledge was an election promise, when you knew the magnitude of the task, when you knew that you and your department did not have the information you required to make this process open and transparent, when you were given the opportunity to do that, you have chosen to take out the sledgehammer, to blame everyone else for your inability to drive this process appro-
appropriately. The turning point yesterday was when you foolishly, in my view, rather than engaging and rather than accommodating a process where amendments could be appropriately debated, chose to take the one course of action that debased your bona fides in relation to this debate—and that was your decision to try and blame the opposition, the minor parties and everyone else for holding this up.

I might be wrong, but, if there is an example in the last three years where the then Labor opposition tried to facilitate the process of legislation and of a bill as we have done through shadow minister Billson, I would be very, very surprised. If the view is that it is appropriate to effectively abuse the goodwill of the shadow minister, both in the other place and here, then that is ultimately a choice, Minister, that you will make. I have been around for a fair while, as most people would be aware. Why someone in your position would choose, when you were given a very, very substantial olive branch, to play a bit of cheap politics with it is, quite frankly, something that I will not and do not understand. Why you went down that path, I am not entirely sure.

Quite frankly, there were a number of matters that I wanted to talk about with our sensible amendments yesterday. You know, Minister, and I know, and everyone who was in the chamber knows, that we facilitated that process—whereby I did not speak to those amendments—to assist you, Minister, to get it out of this place and into the other place. And, us having assisted you to do that, you then put out a press release attacking us for holding this process up. Then we got to that other place this morning and there were six matters that went before this. You then rang the shadow minister and said: ‘Help me out. Again, can you help us out with this?’

If that is the sort of bipartisanship you want in relation to the future conduct of these sorts of things, that is okay. We have been prepared to play ball on this because we think the issue is bigger than politics. But, quite frankly, the view of the shadow minister is that you have put politics above good public policy with this, and your behaviour has detracted from what should be a sensible and reasonable outcome. You can smile and laugh and giggle about it—that is okay. We actually think it is important, and we have facilitated this process. We do not agree with your amendments—we think our amendments were good amendments—but we are not going to stand in the way of this process, because, as you know and we know, if it were to go any further than today it would make it incredibly difficult for this process to go through in an appropriate sense that would give anyone any confidence—(Time expired)

Question agreed to.

Resolution reported; report adopted.

Sitting suspended from 6.21 pm to 8.00 pm

BUDGET

Statement and Documents
Debate resumed from 13 May, on motion by Senator Sherry:

That the Senate take note of the Budget statement and documents.

Senator COLBECK (Tasmania) (8.01 pm)—Mr President, I seek leave to incorporate for the information of honourable senators the Leader of the Opposition’s response to the budget speech, given by Dr Nelson in the House of Representatives earlier this evening.

Leave granted.

The speech read as follows—

Australians expected a lot with the election of a new government. Last year they listened to what
the now Prime Minister and Treasurer had to say. They heard them say that they were going to be good economic managers. They heard them say that they would do something about grocery prices. They heard them say that they would do something about the price of petrol. They heard them say that they would do something about home interest rates. They heard a lot. Every Australian should now ask themselves this question: will this budget make it easier for me to keep my home, to fill my trolley with groceries, to put petrol in my car and to keep my job?

The Prime Minister and Treasurer have styled themselves as new Labor leaders, yet this is old Labor returning to haunt the Australian economic landscape again. This is an old-fashioned, high-taxing, high-spending Labor budget that seeks to punish those it does not like and discourage aspiration. The government promised to ease the pressure on working families but failed the very people they promised to help. How can any government boast of a budget that proposes to put 134,000 Australians into unemployment? Under the coalition it was ‘welfare to work’; under Labor, we are headed again on the road from work to welfare.

How can they boast of a budget that largely ignores the men and women whose sacrifices built this nation—seniors and retirees? How can they boast of a budget that not only leaves carers in the lurch but sells them down the river? Where were the incentives for small family business? Where was the emphasis on water, farmers and rural and regional Australians? This budget, like this government, puts media spin ahead of substance, bureaucratic doublespeak ahead of people and more than 100 reviews, inquiries and committees ahead of decisions. There is no substitute for a sound economic strategy—and Australians know it.

For months, the nervous man that is now Treasurer talked up an inflation genie as being out of the bottle. He spoke of an inflationary crisis. He darkly warned that deep funding cuts were needed. Yet he has delivered a budget that actually increases spending and increases taxes. Far from slaying inflation, this budgetary approach risks breathing new life into it. This budget will do little to reassure Australians nervous about whether this Treasurer and this government really understand what they are doing. In contrast, the Liberal and National parties have enormous demonstrated experience in keeping the Australian economy strong and competitive and in making sound judgements according to economic circumstances.

Since last November’s election, the Prime Minister and the Treasurer have been more concerned with undermining and misrepresenting the Howard-Costello legacy than they have been focused on the economic challenges facing Australia. We should never forget that the leadership of the coalition of John Howard and Peter Costello enabled Australia to become a stronger, more prosperous country, more confident in itself and its place in the world.

Australia was a dramatically different place when the coalition came to office in 1996. Under Labor, Australia had emerged from oppressively high interest rates, the collapse of businesses and a recession that deeply scarred the nation. It was an Australia in which every parent feared for the future of their children. There was no talk of a skills crisis.

In its very first budget, the coalition faced a deficit of $10 billion and $96 billion in accumulated Labor debt. Last November, by contrast, we handed to the new Prime Minister and the new Treasurer an economy the envy of the world. There was no Commonwealth debt, surplus budgeting is now accepted as the norm and more than $60 billion was then invested in Australia’s future. During the 12 years the coalition was in government, everything that should be up—wages, economic growth and business and consumer confidence—was up while everything that should be down—inflation, interest rates and unemployment—was down. Under the coalition government Australians were able to get ahead.

This sound management and economic prosperity took place in the face of the Asian financial crisis of the late 1990s, the US recession of 2001, the tech wreck, the SARS epidemic, the terrorist attacks of September 11 and in Bali and amidst the worst drought in 100 years. We took these challenges in our stride because we know that managing a trillion dollar economy is never easy.
The Labor Party steadfastly opposed every single coalition measure that was essential to getting Australia into the position that it found itself in in November last year. Before the election, the Prime Minister repeatedly styled himself as an economic conservative. Expensive advertisements, slick management, cardboard cut-outs and expensive suits do not make economic conservatives. It is deeply rooted in philosophical conviction and character.

Today Australians are not confident about our economy. Business and consumer confidence has plunged to record-breaking lows, despite the fundamentals still being strong. Retail sales have fallen, building approvals have fallen flat, house values have fallen in many suburbs and Australians are less confident both in the economy and in their government—all this before the global liquidity crisis is yet to fully wash through the Australian economy and Labor’s inflationary, job-destroying roll-back on workplace relations. Union bosses are back in town, and we have no confidence that this Prime Minister will be able to stand up to union intimidation. Why would he? After all, they invested so much money in getting him into government.

Under Labor there is little opportunity for Australians to get ahead. This underwhelming budget is one of lost opportunity. The Prime Minister and Treasurer have presented their high-taxing budget as one that fights inflation. While no-one should deny that there is an inflationary challenge to be managed, there is no crisis. The last Labor government ran inflation in excess of six per cent a year for six years and it peaked at 8.3 per cent. Inflation is currently running at 4.25 per cent and is forecast to fall.

We have never subscribed to the Treasurer’s assertion that an inflation ‘crisis’ justifies savage budget cuts at a time of significant domestic and global economic uncertainty. We do not support higher taxes and higher spending. For all his talk of slaying some dragon, the Treasurer has breathed new life into inflation with a budget that delivers something Australians have not known in Commonwealth budgets in recent years: tax increases. The government has perpetrated a fraud on the Australian people.

Preliminary calculations indicate that the budget will increase the CPI by up to 0.4 per cent. The price of alcohol is up. The price of cars is up. The price of groceries will be pressured in part from higher taxes on trucks. The passenger movement charge is up. Taxes on software are up. And workers are about to have the Treasurer bite into their hard-earned money with a tax on canteen meal cards.

And health insurance premiums will increase with measures that will see a so-far confirmed figure of half a million Australians—mainly young people—drop private health insurance, leaving families, retirees and pensioners to pay even higher premiums to keep their private health insurance. We will stand up for private health insurance. We have always stood up for people with private health insurance and we will continue to do so. We will oppose this measure.

These are real price increases and they will cut into household budgets of real Australians, many of whom can least afford to pay it. These price increases could also mean higher interest rates. Far from reducing spending and putting downward pressure on inflation, this budget increases spending. The Treasurer has not, as he says, ‘taken the axe to irresponsible spending’. He has merely taken a sledgehammer to people the Labor Party does not like and ignored others—seniors, carers, small business, and rural and regional communities.

The government has cut $15.2 billion from programs, but then it has added $30 billion in new Labor spending programs, so net spending will increase by almost $15 billion over the forward estimates. The government has not paid for this new spending with cuts. The government has instead chosen to impose taxes and increase revenues that will raise $19.7 billion over the next five years. Far from reducing taxes to encourage incentive and workforce participation, this budget increases taxes. The total tax take will increase over this year alone by $15.7 billion. That is a 5.2 per cent increase in taxation in one single year. This is a high-taxing, high-spending Labor government.

As for the income tax cuts announced by the Treasurer on Tuesday night, bear in mind that these are the coalition tax cuts copied by the new
Treasurer. He no longer, however, has a straight A student in the form of Peter Costello to copy. As such, Australians have seen the last tax cut that they will see for some time. This budget confirms that Labor stands for higher taxes, whereas the coalition stands for lower taxes. Even after the income tax cuts, the total income tax take from Australians will increase by $42.8 billion, or 21 per cent, over the next four years.

Tax relief not only provides practical help for families; it also rewards hard work and self-sacrifice. It can also help tackle inflation by removing pressure for wage claims while encouraging people into work. The Treasurer demonstrated his lack of commitment to tax relief in January, when he called for an end to the Howard government policy of returning excess budget surpluses as tax cuts. The Reserve Bank, he warned, had been allowed to shoulder too much responsibility for controlling inflation with interest rate rises. If the coalition tax relief delivered in this budget reduces inflation by promoting participation, encourages skill development and keeps wage pressures under control, as Labor accepts, doesn’t that argument also apply to future tax relief? Clearly the Treasurer does not believe his own argument.

Labor is giving us something with one hand and taking it back with the other—and not just through knee-jerk measures, such as the new Tarago tax on cars or the $1 slug on responsible Australians who happen to enjoy a pre-mixed Bundy and coke or a scotch and dry. We know that, as incomes rise over time and workers move into higher tax brackets, the value of today’s tax cuts will be eroded in the future. Economists call it ‘bracket creep’. We call it tax increases on the sly. There must be a commitment to future tax relief. Alcohol abuse is a problem—it is a real problem—not only confined to some young people but spread right across society. I spent much of my medical life seeing its human consequences. I am also a parent.

According to the government, the principal cause and the source of binge drinking is the so-called ‘alcopops’ or ‘ready to drinks’. A whopping 70 per cent excise increase, we have been told, would make significant inroads into binge drinking. The evidence does not support the government’s assertion—in fact, quite the contrary. The National Drug Strategy household survey confirms binge drinking by young women since 2001 has actually declined and alcohol abstinence in this group has increased. So the Prime Minister has told Australians that they have got to pay $3.1 billion more in tax on one alcohol product to deal with binge drinking. Any parent, let alone a health economist, will confirm that, if you jack up the price of alcohol in isolation from other measures, kids will simply move to another form of alcohol or a drug.

The budget confirms that after its tax increase the government expects consumption of these products to grow at a rate of some 10 per cent per year compounding. This is nothing more than a tax binge falsely presented to Australians as something that it is not, and that is why we are angry about it. We will oppose it. A real strategy to deal with alcohol abuse and antisocial behaviour demands an integration of education, prevention, policing, media, appropriate pricing measures and parenting where it involves young people. I will convene a national forum of alcohol specialists, educators, police, parents where expertise in their field is involved, and those who have expertise in related fields to develop a truly integrated approach to what is an undeniable problem. This will involve more substance than style.

Before the election, the Prime Minister led the Australian public to believe that he would do something about the price of petrol. He has done nothing of substance. Watching petrol prices does not bring them down. Australians may not have expected a silver bullet in the case of petrol, but they sure as hell deserve a government that does more than fire blanks. In 2001, when the price of petrol spiked sharply, we took the view that a strong budget allowed for some tangible relief. Petrol indexation was abolished. Petrol is now 17.7c per litre less than it would otherwise have been. The coalition did that.

Petrol is now hurting Australians in every walk of life and in every part of the nation. There is only one way that an Australian government can actually do anything decisive about the price of petrol and that is to cut taxes. So, tonight, I propose a cut in fuel excise of 5c a litre. This is a modest but meaningful way of helping all Australians—families, small businesses, pensioners and work-
ing people—so dependent on their cars. Ninety per cent of Australian households have a car. Right now, they all need help—real help. The coalition believes it responsible and fair to return a further $1.8 billion back to hardworking everyday Australians in the form of a 5c a litre reduction in the fuel excise.

By lowering the price of petrol and the cost of transporting goods, this 13 per cent reduction in petrol excise will also have a modest, but measurable downward impact on inflation. This is in stark contrast to the tax increases under Labor which, as I have outlined, will have an impact on the CPI upwards of 0.4 per cent. The coalition is serious about reducing price and inflation pressures. Labor talks; the coalition acts. This is a real tax cut in the best traditions of the Liberal and National parties.

It was the Keating Labor government that put 5c onto the excise in 1993. We opposed it. I challenge the Rudd Labor government to help us take it out in 2008. This is not a review, it is not a committee, it is not a summit, it is not an idea to have a meeting—it is a decision. It is decisive action.

Small family businesses are the backbone of the nation. Indeed, it is one of the pillars of Liberal belief—men and women taking a risk, borrowing money to create or buy a small business and employing other Australians. Few things are more important to our way of life and our future prosperity. Get the conditions right for small business and employment will flourish and businesses will grow. We believe in encouraging and rewarding hard work. The tax system should not stifle innovation and Australians who are prepared to have a go.

Therefore, we are announcing tonight a major reduction in capital gains tax for small business. The current 15-year rule with respect to waiving capital gains tax on the sale of a small business entity on retirement from age 55 was an incentive to small business introduced by the coalition in government. To further encourage small business men and women to invest in establishing or taking over a small business, the coalition will introduce a five-year rule for capital gains tax on sale of the business for retirement. After owning and operating a small business for five years, we believe you should be entitled to capital gains tax relief should you sell your business for retirement. You will be rewarded, as you should, for your hard work, determination and sacrifice.

Education is our future. The centralised fund proposed by Labor for school infrastructure cannot replace ‘parent power’. Parent groups and school principals will always know what their school needs much better than a clipboard-carrying bureaucrat who turns up from a centralised education department. The government has scrapped our Investing in Our Schools Program. These direct grants to schools made a big difference to improved buildings, classrooms, playgrounds and upgraded technology. The coalition will reinstate it. We will get them moving again. The government speaks of a so-called ‘education revolution’ in delivering more computers to schools, while ignoring the added costs to parents and schools of connection, of maintenance and of training.

The single most important influence in the life of a child, apart from a parent, is their teacher. But no teacher can teach what they do not know. The standard of teacher training in Australia must be improved. It is unacceptably low. Higher standards in universities mean higher standards in classrooms. In this, we are failing. The coalition commits to education reform, so essential to our economic and social development. The coalition will require a number of conditions on Australian universities before they receive a dollar in public funding if they are training teachers. Entry scores to undergraduate teaching degrees at Australian universities are embarrassingly and pathetically low. The minimum university entrance score must be higher for entry to an education degree and will be formally set as a condition of funding.

Science, humanities and social science departments will be required to set and/or accredit relevant course content and assessment in education faculties. All trainee teachers will be taught how to teach children to read using proven techniques, including phonics based instruction. They must also be taught and assessed in basic sciences, mathematics, English and history. University education faculties will be required to appoint high-quality classroom teachers to their academic staff as tutors and lecturers. We need more classroom teachers teaching in our universities and
less social engineers. This will assist in lifting the status of teaching as a profession and it will bring a greater practical focus to the training of teachers. To attract our best graduates into teaching, we must provide quality teachers with access to increased pay. Like any other profession, teachers should be rewarded and recognised on merit, as assessed by their peers. Better teachers deserve better pay. There can be no place for mediocrity when it comes to the future of the nation’s teachers, yet that is tolerated in too many of our teacher training institutions. This is an education revolution.

The Prime Minister has repeatedly told the House that he would reduce the financial stress of carers by providing them with ongoing secure support. The budget has failed carers. The carers bonus, introduced by the Howard government, is only being paid this year because the Labor government was shamed into action. Devastatingly for carers, however, there is no commitment in the budget papers to pay it in future years. These men and women, these carers, are the window into our humanity. Their work is done on behalf of all Australians. What modest support they receive from government should be recognised as a wage that saves Australian taxpayers in the order of $30 billion a year. Tonight, I give all Australian carers my commitment that we will use the government’s inquiry to ensure equitable funding to carers in reflection of the work that they do on our behalf.

Australian seniors feel let down that the federal budget does very little to ease their cost-of-living pressures when they have done so much to build this country. That is why we will not support Labor’s changes to the income test for the Commonwealth seniors health card, which will leave thousands of seniors without a health card when they need it most.

In addressing the future and the course of our nation, we need to identify and respond effectively to five key challenges. The first is the prosperity of our nation. How can we hand to the next generation a level of prosperity of which we can be proud and in which they can have confidence? This will mean taxation reform—not just simplification but lower taxes overall—and we have already begun that process. Further, how can we prosper when this budget cuts investment in research and development and swings cuts through the CSIRO?

The second challenge that we face is that of the Federation. It is very important for every one of us to ask ourselves in this the 21st century: how can we make the Federation work more effectively for our country in the interest of Australians? It will require all of us, in a mature and sober way, to examine the constitutional arrangements and responsibilities of the three tiers of government—who is responsible for what, how the money is raised and then how it is distributed.

The third challenge is that of the environment. We, as Australians and as global citizens, need to begin to live on environmental interest instead of environmental capital. It is time that we focused on water and food security as much as on anything else. Further, Australia alone cannot solve climate change, but we can do enormous environmental and economic damage to our future if we get this wrong.

The fourth challenge for us in our future is that of the security of our nation—the defence and protection not only of our country but of, increasingly, our people, our interests and the values for which we stand throughout the world.

The fifth challenge is to ensure that we are a cohesive society—to make sure that we see drug use, alcohol abuse and illiteracy not only as a human but as an economic issue. We must see the existential despair and state of 90,000 Aboriginal people living in remote parts of this country and many other things such as gambling addiction as being no less important to us in our future than getting our economic fundamental absolutely right, upon which, ultimately, success will depend. Before the next election we will announce policy to shape the future that we want as Australians. We are an opposition, but we are also an alternative government.

Our beliefs are in the individual, in the encouragement of, and rewards for, hard work and self-sacrifice in everyday life. We believe very strongly in the family as the bedrock of Australian society, while respecting and reaching out to every other Australian, whatever their economic or personal circumstances.
We believe in choice. We believe Australians should be encouraged and supported in choice in health and education. Equally, they should be free to join a union or not to join a union.

We believe strongly in defence and security and investment in it for the protection of our nation. We believe very strongly that small family businesses are the lifeblood of our nation and its economic prosperity. We believe always in lower taxes, once our obligations to society in health, education, road infrastructure, defence and other requirements have been met.

We believe ultimately in the individual. We believe that the inherent worth of every single Australian is paramount and that our task as Liberals and as Nationals is to stand against oppressive bureaucracy and governments that too often—and under this new government—appear to think that they know what is best for Australians, instead of leaving choices and freedoms in the hands of individuals who actually make this country work.

We believe we will be at our best as a nation if we see ourselves and strive to be an outward-looking, highly competitive and compassionate people, reconciled with our Indigenous history and imbued with fundamental values of hard work, self-sacrifice, courage, tolerance and a determination to see that we support one another, that we respect our freedoms and stand up for the rights, values and freedoms of not only all Australians but all people throughout the world.

Senator ALLISON (Victoria—Leader of the Australian Democrats) (8.01 pm)—Like most Australians, I have looked forward to this, the first budget of the Rudd government. The economy is booming, the new government has plenty of revenue, and it seemed likely that the serious problems of climate change; water and skills shortages; underfunding of early childhood development, public schools and universities; poor health and housing in Indigenous communities; and the lack of investment in infrastructure—to name just a few—would at last be fixed. The new Prime Minister promised a visionary and bold platform of reform and nation building. The other message that we had been hearing for weeks before the orchestrated leaks was that this budget would be tough, with lots of savage cuts in spending—cuts that were made necessary to ward off the risk of inflation to working families. That did not quite turn out to be the case.

For 2008-09, spending will actually increase by $297 billion—$10 billion up on the previous year—but income in the same period will rise by over $15 billion. The budget is big on handouts, which may well be inflationary. There is little by way of structural reform, too little is being spent on urgent problems like climate change and water, and the money is available far too late. The election promises have certainly been delivered, however ill advised, like the $47 billion in tax cuts, most of it to high-income earners, and the tax rebates for school expenses that also make the tax system more complex—the $5.7 billion for school computers and trade blocks that were certainly not the highest priority of schools. The budget displaces some of the vote-winning stunts of the previous government: summer schools and bonuses for teachers that were driven by a government keen to suggest that a lot of teachers needed retraining and keen to bring in quasi performance pay.

Childcare rebates will be lifted to 50 per cent of a cap that has been almost doubled to $7,500 and paid quarterly. The Democrats support this initiative. In fact, we would sooner see it even higher. But neither this nor the A to E grading on childcare centres will fund better pay and training for childcare staff. We strongly support national standards, but these must improve quality through better trained and paid staff. We see no measure to deal with the shortage of childcare places in inner urban areas where land prices are high and shortages are acute. We hope that the $114.5 million spread over four years to build 38 of the promised 260 new childcare centres will address this problem, but at this
rate of funding it will take a quarter of a century to reach the government’s target. We welcome the Jobs, Education and Training Child Care Fee Assistance now covering two years of approved study. The previous restriction to 12 months severely limited the capacity of single parents to finish most courses of study.

In the bigger picture, there is plenty of money for projects, and deficits and government debt are a thing of the past. Over $30 billion in surpluses for the next two years alone will go into the Building Australia Fund. Ten billion dollars is there for new medical technology, research facilities and hospitals, but none of it will be spent before 2009. The Howard government’s $5 billion Higher Education Endowment Fund will be more than doubled and renamed the Education Investment Fund, but it now covers vocational institutions and research organisations, and the capital can be tapped as well as the interest.

The Commonwealth will return to funding its own big-scale road, rail and ports, and fast broadband to 98 per cent of the population—perhaps a new era in investing in Australia’s long-term future needs. The Democrats strongly agree with this objective. We have been calling for it for years. We just hope that future governments do not sell off these new assets as readily as they have airports, the Commonwealth Bank, Telstra and the like. We would sooner see the telecommunications network in public hands, fibre to the node and all, and healthy competition in service delivery instead of the monopolistic monster which was created by privatising our once public carrier.

We are deeply disappointed that over 90 per cent of transport funding will be blown on roads, with freight rail getting the leftovers and public transport getting zilch. Labor seems to have forgotten that it signed off on a Senate inquiry recommendation eight years ago that called for funding for new and improved public transport and FBT reform to encourage its use. It ignored too the recommendation for greenhouse abatement to be incorporated in transport policies and taxation. As we know, Infrastructure Australia does not have an obligation to investigate greenhouse in its deliberations on transport or any other infrastructure.

One of the reasons the government coffers are awash with cash is the resources boom, much of it in the Top End, and yet there is no funding for social infrastructure in places where that cash is being generated. An extra $33 billion of tax revenue is expected from increased commodity prices in 2008-09 alone, but it is not returning to these areas. Wages in the Pilbara, for instance, are very high to overcome the difficulties in living there. The opportunities that urban dwellers take for granted like shops, theatres, libraries, pools and housing choices are just missing.

There were cuts, certainly, worth $6 billion to $7 billion. The bureaucracy will pay with a $1.8 billion dividend efficiency. Cancelling the welfare access card nets $1.2 billion. Cancelling the OPEL contract brings in a billion dollars. Health lost about $2.6 billion, not all of which seems sensible—but there is little detail other than the cuts to GP payments, pathology, after-hours clinics, research, and advertising campaigns. The dental health scheme worth $500 million for 150,000 people with chronic illness is being scrapped in favour of one for teenagers and for public waiting lists. Small business and employment programs have been cut back, including the Commercial Ready program of grants to small and medium enterprises for research and innovation—which seems at odds with government claims of encouraging smart industries.
A lot of the cuts are from means testing, and we tentatively welcome this departure from the previous government’s ‘cheque’s in the mail’ handouts to all, including the wealthy. The baby bonus will come fortnightly from January next year, which is probably not such a bad thing. It and the family tax benefit part B will not go to those families that earn over $150,000, despite Labor’s promise that the threshold would be $250,000. That $150,000 threshold now also applies to tax breaks for workers supporting a dependent spouse, housekeeper, invalid relative, parents or parents-in-law.

We welcome the baby bonus being extended to adoptive parents for children over two—a win for my colleague Senator Stott Despoja, who has campaigned for this for some time. But there is still no publicly funded maternity leave, and I wonder how big the surplus has to be to make $590 million a year affordable—or is there some other objection to giving women in Australia entitlements that are taken for granted in other countries? Women are—rightly, I think—asking how come the means testing mostly affects them and their family responsibilities while measures such as the abolition of tax on retirement income mostly benefit men.

Men are certainly more likely to buy expensive cars, which now are to be taxed at a higher rate of 33 per cent. But surely it would be more strategic to tax according to energy waste rather than dollars, like so many other more enlightened countries do. The photovoltaic panel rebate stays at $8,000, but we were shocked to hear that this is now to be means tested to an absurdly low household income of $100,000. As a non-essential item, PVs are still very expensive at around $16,000. According to solar companies that have contacted me today, 85 per cent of those who have put them on their roofs so far have family incomes of over that amount. The $10,000 in low-interest loans does not come on stream for another 12 months, and solar installers are saying that their clients are dropping off like flies since the means-testing announcement. This is a very serious mistake, and it will be a complete disaster for the industry unless it is reversed—and immediately.

The education revolution in schools mostly consists of capital works, computers and literacy programs, but it does not address the shortfall in per capita funding for running schools, the funding disparity between primary and secondary schools or the inequitable private school funding formula that becomes more irrational every year as more and more schools are given exemption from it.

We look forward to seeing the details of the government’s $577 million literacy and numeracy programs. These need to be spent on effective and flexible programs to deal with a wide range of problems that children have in learning. It is not enough to test children to see where they are in comparison with their peers; we need to understand why it is they do not learn at the same rate as them—and sometimes that will not matter because they will catch up. In other cases, learning difficulty and disability will dog them throughout their schooling unless there are effective interventions.

We are pleased to see 44,000 new scholarships, the abolition of full-fee degrees and incentive for students to study and teach maths, science and nursing—but that is it for student support. The $500 million one-off cash injection in 2007-08 to help universities rebuild campus infrastructure is a very good start, but the backlog of deferred maintenance across the sector is estimated to be in the order of $2 billion. There is no money to revitalise student services and organisations that have almost disappeared under voluntary
student unionism, and the government’s re-view seems to have come to nothing. Labor, like the last government, is not addressing the inadequate indexation of university grants, and this will continue to eat into any gains in the headline level of funding allo-cated to universities.

There are incentive payments to the states of $200 million a year for three years for elective surgery as long as they meet targets on reduced waiting times, but there is still no decision on how the Commonwealth under-funding of the health care agreements for hospitals will be dealt with. The states will be given a billion dollars in the budget to tide them over.

We welcome the threshold increase for the Medicare surcharge. We doubt the private health insurance industry doomsday claims but even if there was a drop of 400,000 members—just four per cent—they would cease to prop up a very expensive health sys-tem. We are disappointed that the government has stuck with its 30 per cent private health insurance rebate. This costs us $4 billion a year—money that would be far better spent on the public system. We welcome the $275 million for GP superclinics and hope these are not more of the same fee-for-service arrangements but instead provide integrated primary care in places that most need it.

The National Health and Hospitals Re-form Commission disappears next year—or at least the funding to it does—instead of being an ongoing body with standing com-mittees monitoring the difficult and mostly invisible areas of, for instance, Indigenous health, mental health and aged care. Most Indigenous health spending is a follow-up on the Northern Territory intervention, and most of it finishes next year. It needs to be asked why these measures should not be introduced across the country, because problems also exist in Aboriginal communities in other states. Indeed, Professor Altman points out that the child abuse notification rates in the Northern Territory are about half of those of the national Indigenous average.

Of the 37 new measures identified to help begin the process of closing the gap, the ma-jor ones are previous government commit-ments. A lot of the money goes to government business managers, $31 million; income management, $64 million; and the task force reviewing the intervention, $34 million—but this compares with a mere half a million dollars for consultation on a new national representative body.

There are small sums for child and mater-nal health services, and it is good that night patrol services, youth alcohol diversion pro-grams, follow-up health care and the promo-tion of law and order are to be funded.

The Minister for Health and Ageing was presented with a worthy proposal to fund a mobile health unit targeting women’s repro-ductive health services in very remote com-munities, which would help prevent the very high death rates from breast and gynaeco-logical cancer. But I do not see this in any of the budget papers.

It is clear that properly investing in In-digenous community health centres and bet-ter support for remote area nurses is crucial, and for less than $30 million eye diseases like trachoma could be wiped out in just three years. Thirty per cent of Aboriginal kids in Katherine, 16 per cent in rural Dar-win and 53 per cent in the Pilbara have tra-choma. A lot of them will go on to have irre-ver-sible blindness. The government has a proposal to fix this from the Centre for Eye Research, which has great expertise in this area, but it continues to ignore it. Even Ni-ger, the poorest country in Africa, is control-ling its trachoma with an active intervention program—but not us.
We say a large chunk of the new $10 billion health fund should have been earmarked for Aboriginal primary health care, and we support ANTaR’s call for capacity building in Aboriginal health programs.

The $780 million for dental health is a good investment, but it falls short of an overall long-term plan, and the government will need to insist on better accountability from the states for success in delivering timely treatment.

The government has kept and increased slightly the conditional adjustment payment for aged care, which will be welcomed by the industry, but it is only a stopgap measure. And there should be an obligation to the nurses in aged care, who currently earn $20,000 a year less than their colleagues in other sectors.

There is nothing extra in the budget for mental health, despite the yawning gaps in services, particularly in supported accommodation, early intervention and services for young people, as our inquiry is discovering. Some of the previous package is certainly improving services, but it is still only eight per cent of the health budget, a lot less than its 14 per cent of the disease burden.

The MBS item has taken out the bulk of the 2006 health funding, and yet there is inadequate monitoring or analysis of its success.

We warmly welcome the $85 million for perinatal depression. It is irresponsible to have had so little by way of services and support for women and their babies at this vulnerable time at this point.

It would have been good to have seen money for building expertise in the treatment of many conditions that largely go untreated, like eating disorders.

The government persists in the idea that carers can be fobbed off with a bonus handout and a few more qualifying for the carer payment, but this is grossly unfair to individuals making great personal sacrifices in caring. Their contribution needs to be recognised, both to acknowledge their responsibilities and to reward them financially for the job they do and the $30 billion or so that they save governments every year.

Climate change action is now super urgent, but this is certainly not reflected in the budget. Most of the $2.3 billion for climate change will not be spent for four to six years. The budget is also littered with yet more solar pilot programs and small grants projects instead of measures that will deliver the fundamental shift needed to prepare us for the deep cuts we know are going to be necessary to avert the most dangerous climate change.

A mere $55.5 million of the $500 million renewable energy fund will be spent before 2010, and even clean coal, so-called, will only see $158.4 million spent in that time. Whatever you think about the prospects of carbon capture and storage from coal-fired power stations and the public funds being spent on finding the technology that can do it cheaply, this does not suggest that the government or the industry is in any sort of hurry.

There are literally gigawatts of renewable energy projects—solar, thermal, wind—ready to build and to invest in, but those commitments will not be made unless the new increase in the MRET is started this year instead of 2010. The previous target was met four years early, and waiting unnecessarily another two years loses momentum as well as capacity building in the manufacturing industry here.

We need a thorough overhaul of the tax system and the energy and transport subsidies that currently encourage emissions at a time when we must start abating. The green car fund, worth $500 million, is deferred
until 2011. We urge the government to use this fund not just for incentives for hybrid petrol-electric vehicles but also for the so far small-scale local importers and converters of vehicles that are fully electric plug-in cars, scooters and motorbikes.

Transport congestion in cities imposes huge costs on business and citizens alike, but despite this the building infrastructure fund will spend only $75 million on transport infrastructure this year. The tens of billions will not start flowing until the end of next year, and only a fraction of it will be spent on rail. We should be modernising track and road-rail interchanges to deliver a substantial shift in intercapital freight from road to rail and investing in public transport, particularly expanding rail services and transport nodes.

On the Murray-Darling, where major investment in water-saving infrastructure is urgently needed, $400 million was announced, but half the spending is next year. Money is being poured into new water sources like desalination, despite the high cost and high energy use of these plants. Spending on water licences, buybacks and conservation of water is minimal and there is nothing to suggest the Murray will get its promised 1,500 gigalitres of water back.

There is a tiny subsidy for rainwater tanks and greywater treatment units for a small percentage of the population—nothing like the national fund needed to drive investment in effluent treatment and reuse, stormwater harvesting, efficient irrigation or household incentives to collect, reuse and save water.

The Democrats give credit to the government for its progress on tax reform and in taking major steps towards a less wasteful and more equitable tax system, but it is apparent to us from this budget that the government has deferred many of the hard decisions. Tax cuts will cost $47 billion over four years. The low-income tax offset goes from $750 to $1,200 from 1 July, but tax will still be paid by people earning just $20,000 a year in 2011. We say the tax-free threshold should now be raised to $20,000 and the rates indexed.

It is disappointing that there has not been any progress on reforming capital gains tax or negative gearing.

First home buyers will get a 17 per cent contribution for the first $5,000 deposited in a first home saver account each year. It remains to be seen whether this will just add to the price of new houses. There is also a $623 million fund for landlords to lower rents for those on low incomes. We hope this works better than the rent assistance that is available in keeping rents affordable.

It is troubling to see $512 million for freeing up land for housing. This usually means greenfield sites on the outskirts of our already sprawling cities where there are no services and people are locked into driving for hours to get to work and school. We would like to see a renewed interest in building regional populations and increasing the density of our cities around good transport and services rather than endlessly spreading our cities.

There is no excuse for the government to delay lifting its overseas aid budget to 0.5 per cent of GDP in 2008-09, rather than waiting for five years, and it must reach 0.7 per cent soon after that. The projected sea level rises will displace hundreds of millions of the poorest people on earth. Our overseas aid budget will have to be higher in the future unless we act now on climate change.

We also need to see far more spending on reproductive health. Our nearest neighbours, Timor and Papua New Guinea, both desperately need this assistance. In Timor, 660 women die for every 100,000 births, compared with just eight in Australia. In PNG, that number is 300. Five Australian babies
die per 1,000 born, but in Timor the number is 82 and in PNG it is 65. Only nine per cent of couples in Timor have access to contraception, and it is little wonder that they have, on average, almost eight children per woman—much higher than in the poorest African countries. The Millennium Development Goals cannot be delivered unless Australia increases its aid to these countries for health and education.

The government’s caring for country program ought to be for maintaining biodiversity. Aside from funds to conserve the Tasmanian devil, however, and to tackle the cane toad menace, the budget gives little for the systematic and comprehensive protection of threatened species and habitats. Australia has 1,800 threatened species that face impending extinction. While welcoming the $180 million for the national reserve system and the $200 million for the Great Barrier Reef Rescue Plan, we cannot see any initiatives on biodiversity conservation in the budget.

We welcome the $2.8 million over two years for public consultation on the need for a human rights charter, but we query whether this is a realistic sum, given the government has pledged to consult far and wide with communities across Australia who are at most risk of having their rights breached. There is unfortunately no significant funding to increase legal aid, despite the fact that the National Legal Aid council says there is an urgent need for an injection of $156 million for a properly funded system.

There are a host of other items missing from this budget, including assistance for people with disabilities, especially those who are young and in nursing homes. There is nothing for the underfunded ABC or SBS. There is nothing to help sole parents caught in the Welfare to Work trap. There is very little for many single age pensioners, mainly female, who will have little or no extra income. There is nothing to increase the superannuation savings of women compared with those of men. Overall, we say the first Rudd budget is too tentative to deal with the serious issues that are facing our country.

Senator MILNE (Tasmania) (8.26 pm)—The arctic ice and the Saudi Arabian oilfields seem a long way from Australia and Prime Minister Rudd’s 2008 budget. But they should be at the forefront of our minds as we consider what a real leader, a leader contemplating the state of the world and the well-being of all people, would have delivered for our nation in his first budget. Leadership means having the courage and imagination to face up to the challenges of the time and to formulate a vision worthy of the people, their future and the situation in which they find themselves. It means presenting that vision in such a compelling way that people are inspired to be part of it.

Faced with the fear and crises of the Cold War and the space race, President Kennedy captured the imagination of his country when he announced that America would put a man on the moon within the decade. He could not have known if the moon mission would be successful in a decade or how much it would cost, but he united Americans around a goal that fired their imagination and he succeeded. The same can be said of Churchill, when he exhorted Britons with those famous words, ‘We will fight them on the beaches,’ during the Second World War. The cost of not winning, the loss of freedom and a way of life, made losing unthinkable in both cases, and the people lifted.

The summer arctic ice melt and the depleting oil reserves are representative of the social and economic catastrophe that we now face from global warming and peak oil—every bit as compelling as the challenge faced by Churchill and Kennedy. The evi-
dence is now clear that slow and steady action is a recipe for ongoing disaster. We are already experiencing dangerous climate change and may have passed peak oil. If we are to avoid catastrophe, we must not only reduce emissions but halve them by 2020 and cut them to net zero as soon as we can. We must build a new postcarbon economy and society and we must do it now.

Henry David Thoreau once wrote: ‘In the long run, men hit only what they aim at. Therefore, though they should fail immediately, they’d better aim at something high.’ If we try, perhaps we will succeed, and at worst we will fall short of the target. But if we do not try we will certainly fail. A true leader would try. The 2008 budget demonstrates that we do not have a leader, a Prime Minister, equal to the task. We have a manager for business-as-usual times when we have already gone beyond business-as-usual times. We have an accountant when we needed a fiscal visionary.

This budget props up Third World economic vulnerabilities by selling off our natural capital. The government’s expenditures, taxes and subsidies undermine instead of unleash knowledge based industries and intelligent green growth. This budget’s plan for selling off natural assets does not represent a strategy for responsible financial positioning. Giving the community a few more dollars in tax relief to slightly reduce the significantly higher costs of petrol, food and energy, driven in large part by climate change and oil depletion, whilst living and working in the same ways, does not deal with the problem. Superficial promises to cut the excise simply delays the action that we need to take in oil proofing the country to address the underlying causes of high food and fuel prices.

The world as we know it is already permanently physically changed. It is shocking to know that by 2013 growing scientific evidence suggests there will be no arctic summer ice and the magnificent polar bear and numerous other species will be close to extinct in the wild. The risk of the thermohaline ocean conveyor slowing or stopping is heightened. The age of cheap, easily accessible oil is over not only because we are running out but also because we cannot afford to keep on using it if we are to reduce greenhouse gas emissions. There is no going back. But how we go forward will determine whether we experience a future that delivers positive benefits for people and communities or one that delivers poverty, scarcity and conflict.

Prime Minister Rudd gave Australians the impression that he understood the urgency and magnitude of climate change when he acknowledged that it is the greatest moral and economic imperative of our time. Addressing climate change was a key element of his election appeal. But now it is clear that the Rudd government is just as negligent as the Howard government. Global warming is not just another budget item. Oil costs are not just a figure in the current account deficit. It is a figure that will grow to $25 billion by 2015 and beyond.

Global warming and oil depletion represent the biggest challenges that we will face in our lifetime. But they also represent the greatest opportunities to make our lives not only different but better. What is required is total transformation of our way of life and the economy that underpins it. As the UN Secretary-General, Mr Ban Ki Moon, said prior to the Bali United Nations Framework Convention on Climate Change conference: We have experienced several great economic transformations ... the industrial revolution, the technology revolution, our modern era of globalization. Now we are on the threshold of another revolution—the age of green economics.
He then went on to call on nations to fight global warming and promote that transformation.

There is an emerging consensus that nations and corporations that fail to understand this imperative will lose competitive advantage while those that grasp the new opportunities it offers will prosper. Australia is well on track to losing competitive advantage, not because we are not blessed with fantastic natural advantages, not because we do not work hard or because we do not have the capacity to be different, but because we fail to grasp that imperative and that opportunity. As Albert Einstein said, ‘The world will not evolve past its current state of crisis by using the same thinking that created the situation.’

We know we need to change. We are materially better off than generations who have gone before, but is the price worth it? We are already living the rat race that people who fought for and won the eight-hour day would not believe possible. We have given up weekends in the name of productivity and efficiency. We have to work harder and longer for bigger houses full of stuff that we do not need and which are literally costing us the earth. Our children have to work to get themselves through university and are then saddled with HECS debts. And our aged are lonely and undersupported with families who have little time to visit or care for them. How fair or sensible is it for people to go to bed with their mobile phones and be required to be available 18 hours a day? Tired people are unhappy people, yet so many adults and children go to work and school in the dark and get home in the dark, having wasted four hours or more in traffic jams. How many of us do not know our neighbours and have no time to walk anywhere or grow anything in our gardens? How many of us can offer to do community voluntary work or play amateur sport and engage in and be part of the local community? We live day to day with a nagging uneasiness about living in a rich society where many are poor, homeless and sick. How many of us buy our families more consumer goods to make up for the time that we cannot spend with them? How many of us regret that fruit and vegetables come from all over the world when local farmers are struggling to survive? How many people, when asked, answer that what would make them happy is more time? The treadmill seems inescapable.

But the surplus generated by the resources boom has given us a one-off opportunity to change. And global warming and oil depletion make it impossible not to do so. Australia has a choice. All that is holding us back is the lack of imagination and the political will to change. What needed to happen in the budget was for the government to fund a vision for transformation, but instead it squandered both the opportunity and the surplus in tax cuts, reduced services and slashed research. Whilst there are education, health and infrastructure funds, there is no climate fund, with nothing for disaster readiness. We have spent $10 billion on counterterrorism since September 11 but only $500 million on emergency relief capability. We are not immune in Australia from massive natural disasters caused by climate change. As one of the wealthiest countries in the region, Australia should establish a global disaster relief centre to coordinate civil and military aid responses to disasters like cyclones, floods, bushfires, earthquakes and tsunamis at home and abroad. Imagine how we would be feeling today if we had a real vision for a sustainable future such as that painted by the Greens. Imagine if the Prime Minister, through his Treasurer, had said what a Greens Prime Minster would say. Here is what we would have heard:

‘We as a world and a nation are living beyond our ecological limits and suffering global warming and oil depletion. Our land
is sick and, in spite of our surpluses, in spite of being materially better off than our forebears, we are not as healthy or happy as we could be. We need to aim for a higher quality of life—to be happier, healthier and more fulfilled with greater environmental, social and economic resilience in the face of the challenges before us. It is time to face up to climate change, time to embark on a great new Australian initiative. It is time to make imagination Australia’s natural resource of the future. We must reconcile our humanity with our economics. We need transformation—a wave of environmental, social, technical and economic innovation that will touch every person, community and institution such that we change from a resource economy to a knowledge economy living in harmony with the land, rediscovering our connection to life. And we need it urgently.

To that end my government, with your help, will make imagination the resource of the future. We will make Australia sustainable by 2020—ecologically, socially and economically sustainable by 2020.

We have delivered a transformative, enabling budget that will make it happen. To reach our goal of sustainability we will need every one of us to bring to the task all of the brainpower, innovation, creativity, and nation-building capacity that we can muster. We have designed a budget strategy that by 2020 will: (1) deliver all of Australia’s electricity from renewables; (2) maximise the energy efficiency to all of the nation’s businesses and industries and homes; (3) heal our country by ending the logging of the remaining native forests and clearing of savannahs, restoring and building resilience in ecosystems and maintaining the carbon they store; (4) redesign and revitalise Australia’s cities into urban villages linked by rapid mass transit and cycleways; and (5) produce more of our own food sustainably.

To do this we need a healthy society and a well-educated one. We need to increase our spending on education, research and innovation at every level from schools, TAFE colleges to universities and research institutions. We need free public preschool for all children, 12,000 new teachers, a 50 per cent increase in capital and maintenance investment, and a rise in teachers’ salaries. We need to make teachers, especially in the TAFE system, permanent again. A knowledge nation values its teachers even more than it values its sports stars or celebrities. After a decade of denigrating public schools, we need a national empowering public schools program to encourage and resource excellence and promote enrolment in local schools.

Local schools strengthen local communities, and local communities will be the backbone of a sustainable society. Sustainability must be incorporated into the curriculum and in all vocational courses. To rapidly achieve the transition to a postcarbon economy, we need every person to understand the values that underpin sustainability. This is not the time to slash $63 million from CSIRO funding. Science is critical to a sustainable future. We cannot drive a revolution on the scale we are talking about on a scale greater than the IT revolution, for example, without science and energised students.

We will abolish HECS. Instead of tax cuts for the rich, we will provide students with a living allowance so that no student is forced to work during term time. Doesn’t that make for happier families, healthier students and a better educated population? We will have national discussions about how we can work together to be healthier and happier and share the changes and workloads to achieve these goals in a way that reduces the gap between the rich and the poor, the overemployed and the underemployed. We need to come to a national consensus about how we
can have a higher quality of life by redesigning our homes, communities, cities and workplaces and our ways of life to be more sustainable.

The future is ours for the making. We embrace the challenge and look forward to 2020 when we will look back and say that we were the generation that set Australia on the path to the healthy, happy and authentically sustainable nation that it has become. We were the generation that did not disappoint our children or steal their future from them.

Mr President, that is the speech Australians would have loved to hear. It would have drawn a line under the past and made the future hopeful and exciting, not daunting. But instead of such a speech, we had what can only be described as a tweaking of the parameters of imagination and thinking of the Howard years. Whilst there have been welcome changes to try to reduce the gap between the rich and poor and to alleviate additional costs of child care and energy, they can only be seen as token against the backdrop of the tax cuts. The increased tax on luxury cars will be offset for the rich many times over by the huge take-home pay hike for the wealthy as they pocket their tax cuts. The 30 per cent private health insurance rebate, costing almost $5 billion a year, has not been touched.

A person on $300,000 will take home $91 a week more, whilst a person earning $30,000 will take home only $11. One tank of petrol or one visit to the supermarket will absorb that and more for a low-income earner. If the government was serious about a more equitable society, it would have seriously addressed inequity by not proceeding with tax cuts for those earning over $75,000. The Greens will move to amend the budget accordingly.

The current disparity between what the rich get and what low-income earners get is stark when you consider that, by 2011-12, the cost of superannuation tax concessions will exceed the cost of the age pension. How can any Labor member of this parliament justify that? To suggest that a one-off energy payment will satisfy pensioners’ needs is dishonest. The age pension is inadequate and must be increased.

While the one-off payment to carers is welcomed, because anything is better than nothing, the government have failed to deal with the long-term wellbeing of carers. They urgently need an increase in carer payment and a scheme to address their long-term disadvantage, for instance, in superannuation. We cannot say that our society is sustainable if carers’ vital work, impacting on their own mental and physical wellbeing, puts them in the lowest social wellbeing index.

To address gambling or alcohol abuse we must ensure that taxes are returned to address the problems generated. The $10 billion dollar alcohol abuse problem will not be minimised by filling government coffers with an undirected alcopop tax but by redirecting that taxation revenue to education, counselling, access to services and by banning advertising. That is what the Greens seek to do.

Funding for Indigenous people does not match the government’s rhetoric, nor adequately addresses what needs to be done. Around $450 million per year is needed for health if we have any hope of closing the gap between Indigenous and non-Indigenous Australians, yet in this budget the spending is only $250 million for all programs and most of that is misdirected through the government’s discriminatory, ill-targeted Northern Territory intervention, spending another $69 million for administration of the failing income quarantining debacle.

The nation is in surplus. Surely now is the time to invest in making it fairer. Whilst certainly not a Green budget, this is not even a
traditional Labor budget. It will benefit the already wealthy without addressing the underlying causes of increased costs of food, petrol, and energy which hurt everyone, but which disproportionately hurt those who are already struggling.

So what of the five headlines of a green budget needed to deliver a sustainable Australia? How did they fare under the Rudd budget? Instead of hearing a vision that all of Australia’s electricity will come from renewables by 2020, we heard a deathly silence on commercialisation or rollout of renewable energy technologies. The Greens say: can we do this by 2020? Yes, we can. Ask yourself whether, in 1995, only 13 years ago, you would have thought it possible to have the world wired for instant global communication or that our lives would revolve around instant messaging received by telephones in our pockets. But a renewably powered Australia by 2020 will not happen by paying lip-service to renewable energy technologies and giving $500-plus million to support a coal technology that does not exist and has no prospect of delivering any significant emission reductions by 2020.

What should have happened is as the Greens have advocated—a bold emission reduction target for 2020, the establishment of a ‘sun fund’ of $3 billion over 10 years to drive research development and commercialisation, as well as the introduction of a feed-in tariff to support these technologies that are ready to go but are not as cheap as wind. A bill such as the one I introduced today is what is needed.

The 20 per cent mandatory renewable energy target is a good start but should have been at least 25 per cent. It currently is most effective for wind energy but has to be supplemented by a feed-in tariff for the technologies that are market ready but not yet the least-cost technology. The fact that the government do not understand renewable energy or the realities of large-scale rollout of the technologies or the barriers to market readiness is no better demonstrated than by their rush, within 24 hours of the budget, to try to fix the mess they have made by giving everything to clean coal in 2008-09 and by flagging that they will patch the gap by shifting $40 million from the Energy Innovation Fund which was previously committed to solar energy storage and hydrogen technologies and redirecting it to assist geothermal energy companies with ongoing drilling costs.

Why is the government trying to divide and rule the renewables sector by taking from solar to give to geothermal when it should have taken the funds from the coal industry’s pipedream? Has the government decided to destroy the solar sector? Any preliminary analysis or even a conversation with the industry would have revealed that means testing rooftop photovoltaics would lead to a complete collapse, and so it is already happening. Within 24 hours of Minister Garrett’s myopia, solar companies are already calling my office, reporting that potential customers have indicated that they will not be proceeding with photovoltaics. There is serious speculation of industry-wide collapse, taking down the government’s Solar Cities program on the way out. This is amateur hour for the government, and it will have to reverse it. Did the government even consult the renewable energy sector, or were Ministers Garrett, Ferguson and Wong too busy meeting with the coal companies to make time?

Another Green headline: maximising energy efficiency across the country, from huge industrial complexes to offices and to every home by 2020. Yes, it is a big idea. It is a climate winner, an expansive jobs and manufacturing industry driver, and it is achievable. The Greens have put forward a series of policies that would, given a sufficient in-
vestment, drive systemic change of this kind across Australia. The first, the Energy Efficiency Access and Savings Initiative, or EASI, would retrofit all of Australia’s 7.4 million homes over the course of a decade, rolling out home energy audits, providing the service and paying the up-front cost, which would be recouped through savings on energy bills. EASI would require an up-front investment from the government that, at its peak, would reach $22 billion. But it would more than repay itself, not only through direct repayments but also through deferred investment in new power stations and electricity grid infrastructure, reduced emissions and greater household amenity.

We also have EASI programs, energy efficient programs, driving energy efficiency in commercial buildings across Australia and in large industrial complexes, requiring them to implement the energy efficiency opportunities that they have identified in the audits that have been conducted to date. Instead of this, set against that bold vision, what Rudd Labor promised in the budget is a confused hodgepodge of small-scale investments targeted at achieving media coverage now, a few photo opportunities down the track and very little in the way of real emissions reductions. The Rudd government has broken an election promise to spend $225 million over three years to 2010-11; instead, committing only $126 million by that time.

The government’s green loans scheme is tokenism when what we need is systemic change. With only $240 million allocated, a third of it not to be spent until after the next election, it could give loans to as few as 24,000 households if each chooses to borrow at the top end of the $10,000 limit. The slow start, with no sense of urgency, means that as few as 1,360 homes could benefit in the next year and only 16,000 before this government’s term could be ended at the next election. What is more, by only providing financial support, it ignores the other well-known barriers to people taking up energy efficiency opportunities—namely, lack of information and lack of priority.

The Low Emission Plan for Renters is similarly tokenistic and ill thought out. With only a $500 rebate available for landlords to install insulation—less than half the cost in many cases—landlords still have very little incentive to save their tenants energy and money. It also has a slow and late start. Housing assistance is one way to permanently reduce costs for low-income earners. All new housing initiatives must meet high energy efficiency standards and be on public transport routes. Immediate housing affordability is not seriously addressed, as people are still struggling to find affordable rental properties or are struggling to pay their mortgages. The Clean Business Australia initiative, Climate Ready, the Green Building Fund and Re-Tooling for Climate Change are more of the same: piecemeal, minimally funded, with no sense of urgency.

Green headline 3: heal our country by ending the logging of the remaining native forests and the clearing of savannahs, restoring and building resilience in ecosystems and maintaining the carbon they store. This would be a climate and biodiversity winner, but instead the government continues to drive ecological destruction and the destruction of rural communities by slashing the environment budget and continuing to subsidise logging and the managed investment schemes that are destroying river systems and town water supplies as well as social harmony in rural Australia. The carbon and biodiversity tragedy of the loss of old-growth forests in Tasmania, Victoria and New South Wales can be sheeted home to the Rudd government just as much as to the Howard government. The Minister for the Environment, Heritage and the Arts is just as responsible as his predecessor.
Under Rudd Labor, Collins Street farmers are set to own the water in our rivers and pay nothing for our groundwater. According to the government’s 2007 Tax Expenditures Statement, the tax deductibility of forestry managed investment funds will cost $140 million in 2008-09, $365 million in 2009-10 and $425 million in 2010-11. In other words, the Rudd government plans to pay the rich to destroy our ecosystems, forgoing almost a billion dollars over three years. Meanwhile, it is taking $50 million away from the Department of the Environment, Water, Heritage and the Arts and abolishing the Biodiversity Hotspots program.

Caring for our Country is ad hoc and non-strategic, with no increase in spending on the environment. It demonstrates that the government has failed to learn the positive and negative lessons of the Natural Heritage Trust. Once again, there is no understanding of the need for landscape-scale restoration or the urgency of the task. In the Murray-Darling Basin, for example, long-term targets for return of water to the Murray have still not been set and—amazingly—the Murray-Darling Basin plan does not come into effect until 2019. We will have a plan and no river. The much vaunted reform has not overcome the conflict between the states. The science says that 3,500 gigalitres of water must be returned to the system if it is to have any chance of recovery. When are we going to get it, Prime Minister?

Redesigning and revitalising Australia’s major cities into urban villages linked by rapid mass transit and cycleways is the Green’s fourth headline. This is not only a great climate idea, it goes to the heart of the stress and obesity crisis that we face. The Greens would invest heavily in public transport and redesign our cities to be people-friendly rather than car-friendly. We would allocate at least 25 per cent of the $22.3 billion AusLink 2 funding for 2009-10 through to 2013-14 to major infrastructure projects that shift people or freight off roads and onto more climate friendly alternatives. By 2014, the proportion of funding for low-polluting and mass transit options should be greater than that for roads. But it is certainly not going to be the case.

Imagine the difference to people’s quality of life if they could walk to work or cycle in their neighbourhoods and move between neighbourhoods on rapid transit. The oil crisis and the climate crisis make it critical that jobs are taken to where the people are, rather than move people to the jobs. This would mean that people have more time to enjoy their lives—they would be healthier, breathe cleaner air and get to know their neighbours. Instead, the Rudd government has invested only $78 million in dealing with congestion, and has continued with billions into roads and freeways. No government that takes peak oil or climate change seriously would spend only five per cent as much on rail as on road funding in the coming year. The government has not even had the courage to abolish the fringe benefits tax concession for motor vehicles, the cost of which will be about $1.6 billion in this financial year alone. Getting rid of it would have been a clear climate winner and behaviour change driver. If an equivalent tax concession was made for public transport, it would take people out of cars and on to public transport. Even with cars, we have no vehicle fuel efficiency standards, and the Rudd Green Car program, much spun and publicised, does not begin until 2011—after the next election.

The Greens would expand the AusLink funding guidelines to include urban, intra-state and interstate public transport infrastructure projects. We would ensure that AusLink’s corridor strategies would address the issues of oil vulnerability and greenhouse gas mitigation.
Finally, the Greens’ fifth headline for a sustainable Australia by 2020 is ‘going with our own food’. Imagine if Australians produced more of our own food and produced it sustainably. It is a high-level goal because it goes to the heart of our health and wellbeing, the interaction in our neighbourhoods and our interaction with our rural communities. The world’s food production systems are becoming increasingly frayed by ecological degradation and human rights abuses. Every Chinese frozen vegetable that finds its way into Australian mixed frozen vegetable packs is subsidised by environmental destruction and low wages. Extreme weather events will drive shortages as land is turned over to biofuels, cooking oils and plantation forests. In spite of the free trade mantra, countries are now declaring food emergencies. (Extension of time granted) We need a national food plan to deliver food security in the face of the collapse of global free trade markets, crop collapse because of drought, floods or fires and displacement by plantations. We need to understand our food better—where it comes from, what it takes to grow it and what carbon is embedded in it.

Just as the climate is approaching a tipping point, so too is society. Revolutions do not occur when people are ground down as in the Howard years—they occur when they expect things to be better and their hopes are dashed. The Australian people want us to aim high in addressing the overwhelming challenges of our time. They want of be part of the solutions. The Greens provide that vision and the new thinking that will actually solve these massive challenges. The climate will not wait for governments which cannot imagine a different world and neither should the people, for it is an uncharted, different world that we are now a part of.

Senator FIELDING (Victoria—Leader of the Family First Party) (8.58 pm)—The Rudd government’s first budget has delivered the promised tax cuts for Australian working families, and families are happy for whatever help they can get to cope with higher interest rates and skyrocketing petrol and grocery prices. But the government has failed vulnerable Australians: it has failed those on a pension; it has failed families in the outer suburbs and regional areas; it has failed to address short-term inflationary pressures and it has failed to give families a real choice in child care. The government has also chosen to find savings from payments made to support and recognise families, thereby raising the concern that families and the vital service they provide to the community will continue to be seen as a target for future budget cuts.

Australia’s 3.4 million people on a pension are overlooked. These Australians are really struggling to make ends meet. That is why Family First wants to give all pensioners across the country an extra $70 a fortnight to cope with the skyrocketing cost of living. The increase should go to the 1.9 million Australians on the age pension, as well as those on the disability support pension, the parenting payment single, the carer payment and a number of other pensions. They are the most vulnerable people in our community.

So many pensioners are really struggling to make ends meet and need extra help to pay huge petrol and grocery bills and to just get by. The current pension rate is too low. Singles get $546 a fortnight, while couples get $456 a fortnight each. An extra $70 a fortnight would make a substantial difference. According to the St Vincent de Paul Society, age pensioners spend 30 per cent more on food as a proportion of their income than average households and are the hardest hit by soaring grocery prices.

Family First believes the Rudd government’s first budget should have cut petrol tax
to put immediate downward pressure on inflation to help families with the ever-increasing cost of living. Craig James, the Chief Equities Economist at CommSec, said: Petrol is the single biggest contributor to the current high inflation rate ...

We know that cutting petrol tax does two things: it puts downward pressure on inflation and it helps families to make ends meet. Petrol prices and inflation driven interest rates are two of the biggest impacts on family budgets. One of the most significant drivers of inflation has been, as I have mentioned, skyrocketing petrol prices. So why didn’t the Rudd government cut petrol tax by 10c a litre, as part of its billion dollar tax cuts, to put immediate downward pressure on inflation? More than 50c of the price of every litre of petrol goes to the government in tax. Petrol tax is one thing the government can control in trying to reduce inflation. Cutting petrol tax in the short term makes sense, but over the medium to longer term we need to significantly lift our investment in public transport to give people in the outer suburbs and regional areas an alternative to using their cars. Lower income people and first home buyers tend to live in the outer suburbs where housing is cheaper. But poor public transport means they depend on their cars, which means they suffer more from punishing petrol prices.

The federal government should have announced an investment in public transport infrastructure and capacity in the outer suburbs and regional areas on top of state government funding, building to a $1 billion annual fund. This would help families struggling with skyrocketing petrol prices and mortgage interest rates. Recent research on families living in the outer suburbs of Western Sydney found that they were spending three times the proportion of their gross household income on petrol compared to what people in the eastern suburbs of inner Sydney were spending. That was because people in the west were driving more than 20 times the distance that people in the inner suburbs were driving and, tellingly, because they did not have the same public transport options. Families in the outer suburbs of Melbourne and in the outer suburbs of cities across Australia are facing the same problems. How can they avoid petrol pain unless the government provides adequate public transport services to give them the option of not using their car?

Family First is passionate about caring for Australia’s environment to preserve it for our children to enjoy. That is why Family First welcomes the Rudd government’s initiative for workers and their families with the introduction of low-interest green loans. Family First also welcomes the National Clean Coal Fund, which will help reduce greenhouse emissions and secure jobs for thousands of workers and their families.

The government has also announced new means testing of family payments, including the baby bonus. The first reaction of most people is that all welfare payments should be means tested but these family payments were never meant to be welfare payments. Whilst Family First agrees that millionaires do not need access to these payments, treating family payments such as the baby bonus as welfare is a concern. Family First is concerned about the ultimate result of means testing important family payments. Once means testing starts, where does it stop? With birth rates still below replacement level, families who have children are actually helping Australia. These family payments also help with the greater expenses parents have in bringing up a family. Kids bring greater expenses whatever your income level.

The government has now means tested family tax benefit part B and the baby bonus, so they are not available to families earning
more than $150,000 a year. Means testing families by their income level may sound good, but it ignores the number of children in a family. A family with three or four kids with a family income of $155,000 would not be entitled to either the baby bonus or family tax benefit part B and would be far worse off than a family on $150,000 with one kid. In this simple example the expenses of a family with more children is much greater, but that family is no longer entitled to family payment support. The government should, at the very least, make an allowance for the number of children a salary is supporting. Senators will remember that I come from a family of 16 children. I can tell you that if my parents had been fortunate enough to earn more than $150,000 they still would have had higher costs than most families.

The simple fact is that Australia needs children and families to grow and that most Australians of child-bearing age want to have children. But research by the Australian Institute of Family Studies shows that, even though couples want to have children, they do not have as many children as they would like. One key reason for this is that couples do not have confidence that they will have strong continuing support from the community. Family payments are one way of giving that community support.

The government provides many benefits to members of the community that are not made available on the basis of income alone, like universal access to health care, because these are important social goods for the community. All families, regardless of wealth, can send their children to public, government funded schools for a free education. They can also access free surgery in public hospitals. The difficulty with introducing a new means test is that, once you concede the principle, the cut-in level for the means test can always be moved further down the income scale. Once governments start to cut family payments, there is a temptation to make one more cut and another saving, and they may find it hard to stop. Family First is happy to look at better ways to deliver the money to families but is concerned about cutting the overall level of money available to families.

Treasurer Wayne Swan also says mothers in paid work will be helped in the budget by tax breaks and more money from the child-care tax rebate. It is great that mums in the paid workforce can expect more help from the government in the budget, but what about mums who have made a great financial sacrifice to stay at home? The Treasurer has talked about mothers who work to make our economy strong, but families do not work for the economy. The government should be making the economy work for families. A Department of Families, Housing, Community Services and Indigenous Affairs study last year found that more than half the mothers in full-time paid work would prefer to work fewer hours. There needs to be a balance between work time and family time. What is the government doing to help families find that balance?

The government will increase the child-care tax rebate, which will help those families that can afford institutional child care, but what about those families that choose to use a family member or a friend and get no extra assistance in this budget? Why does the government restrict assistance to parents who choose centre based child care, rather than allowing parents to have a tax break for the type of child care they want? Only 20 per cent of parents choose formal care for their kids. Family First wants to give all families with children under five the same childcare payment every year so they can choose the child care they want, whether it is in-house care from a grandparent or neighbour or from a childcare centre. This would replace the childcare tax rebate, which only some
parents can claim. Government policies must help all mothers, not just those the government wants to work to serve the economy.

Family First welcomes the government’s attempts to provide better medical care for our rural and regional communities by providing $4.6 million over the next four years to place more medical students in rural and remote communities as part of their training in the hope that they will return to the country after they have graduated. However, Family First does not think that this has gone far enough to help with the acute shortage of doctors in country Australia and calls on the government to adopt Family First’s doctor scholarships scheme. Under Family First’s plan, hundreds of free medical places would be offered, in exchange for a five-year commitment to work in regional and rural Australia.

Turning to the alcohol toll, one year ago, at the last budget, Family First raised the alcohol toll as a significant issue facing Australia. It costs Australia $15.3 billion a year to mop up after problems related to alcohol. I drink, and most Australians drink, but we need to create a culture of responsible drinking. That is why Family First wants the government to ensure there is information or warning labels on all alcohol products, wants to restrict all alcohol advertising to appear after 9 pm and wants to close the crazy loophole that allows alcohol advertising during the day because it is related to sport. That is wrong. It sends the message that alcohol is linked to sport, a link that we should certainly break.

Finally, Family First is concerned that the budget has nothing in it to help the states reduce their dependence on pokies, despite the Prime Minister’s concern over gambling dependency. Family First knows the government shares its concern over the significant social issue of poker machines but does not understand why the government did not use its first budget to look at ways to alleviate the problem. It is quite clear that the states are so hooked on gambling revenue that they are unable to break their habit without federal intervention. Family First’s Poker Machine Harm Reduction Tax (Administration) Bill 2008 would, over time, move poker machines out of pubs and clubs and see them restricted to casinos and race-tracks, which are dedicated gambling venues.

In conclusion, Family First welcomes the Rudd Government’s first budget with tax cuts for working families but is concerned for Australia’s most vulnerable people, those on pensions, who have once again been left to fend for themselves on slim pickings and crumbs from the table.

Debate (on motion by Senator Stephens) adjourned.

ADJOURNMENT

The PRESIDENT—Order! It being 9.13 pm, I propose the question:

That the Senate do now adjourn.

National Families Week 2008

Senator KIRK (South Australia) (9.13 pm)—I rise this evening to talk about National Families Week 2008, which we have celebrated this week between 11 and 17 May. National Families Week is an annual event involving tens of thousands of people and hundreds of organisations across Australia. Its purpose is to celebrate family life in Australia and to recognise the diversity of the family unit in modern Australia.

Australia’s celebration of National Families Week is scheduled today, 15 May, to coincide with the United Nations International Day of Families. This day is observed by the United Nations to mark the importance of families in the international community and to draw attention to the plight of families around the world. It is an opportunity to
Two important initiatives of the government have been to draft the Same-Sex Relationships (Provision of Equal Entitlements) Bill (No. 1) 2008, which will be introduced into the parliament in the winter sittings. This legislation will serve to remove a raft of discrimination which currently exists in federal legislation and particularly impacts same-sex couples and their children. This law is expected to be operational by the middle of next year. The reforms will cover areas such as tax, superannuation, Medicare, pharmaceutical benefits, aged care, veterans entitlements, workers compensation and employment entitlements. But, most importantly, the bill will provide economic equality for same-sex couples throughout Australia and will ensure that the children of same-sex parents receive the same benefits as all other Australian children and are not disadvantaged simply because of structure of their family.

The budget delivered by the Treasurer, Mr Swan, on Tuesday night also provided good news for families. A number of measures were announced that were aimed at relieving pressures facing families. I am pleased to hear that the Chief Executive of Families Australia, Mr Brian Baddington, welcomed the budget and described it as, ‘Good news for families and children.’ The budget announced new federal funding for education and health infrastructure as well as new funding support for Indigenous families through the provision of child and maternal health and education programs.

Child care and early education also received funding and there was a special allocation made for the development of Austra-
lia’s first ever national child protection plan. The government committed $2.6 million to work with all levels of government, child protection workers and the community sector to establish a national framework to protect all children. All levels of government can help strengthen families and prevent the circumstances in which child abuse and neglect are commonly found. The national framework for protection of Australia’s children is a key part of the Australian government’s child-centred approach to family policy.

The changes to the carer payment in the budget will mean that thousands of parents who are carers of children with severe disability will now have access to essential benefits. The budget also included tax cuts for low to middle-income earners, an increase in the child-care tax rebate, as well as funding for the first home saver accounts, the Rental Affordability Scheme and the national Fuelwatch scheme, all of which will assist families with housing and managing their own family budgets. Overall, the budget offered good news for families and the working family support package will help families meet the cost of living.

As I mentioned in my introductory remarks, the theme for National Families Week this year is ‘Work and family: getting the balance right’, which is particularly about encouraging Australian families to find ways to effectively balance their work and family lives. The Rudd government announced in February of this year that it would ask the Productivity Commission to examine ways the government can provide improved support to parents with newborn children. The Productivity Commission’s inquiry into paid maternity, paternity and parental leave will take place throughout this year, and is due to report in February 2009. Any policy reforms in this area will be aimed at ensuring strong and sustainable economic growth. It will take into account our ageing population and the importance of early childhood development, and it will support Australian families balancing work and family responsibilities.

Around 250,000 children are born every year in Australia and many parents who care for these children are currently not entitled to paid parental leave. As a consequence, I am very pleased that the inquiry has been given the responsibility of exploring the current extent of paid parental leave provided by employers in Australia and identifying models of paid parental leave that could be adopted in this country. In conclusion, as we celebrate National Families Week this week, it is important to recognise the diversity of modern Australian families, the unique and important role that families play in raising children and caring for one another, and to ensure that we continue to offer the best support possible to families in these roles.

Automotive Industry

Senator McEWEN (South Australia) (9.21 pm)—The news earlier this year that Mitsubishi had ceased manufacturing in Australia was not unexpected, but it was still a devastating blow for its workers and an unwanted decision for South Australia and the nation. In my state of South Australia we have a proud history of automotive manufacturing, extending back more than 100 years, so it is appropriate to acknowledge some of the history and the people who helped to create it.

In 1897, at Mannum, on the Murray River in South Australia, David Shearer built one of the first motor vehicles ever manufactured in Australia—a steam powered vehicle. There are records of the vehicle being driven on the roads around Mannum, much to the delight of the locals, who were more used to horse powered transport. While that vehicle was a one-off, and Shearer did not produce, build or manufacture any more passenger vehicles, it is indicative of the innovation
that characterises manufacturing in my home state. Shearer went on to found a very successful business manufacturing agricultural machinery.

From the late 1890s, more passenger vehicles started to appear in Australia, and steam gave way to petrol engines. Some local pioneers, such as Harley Tarrant, of Melbourne, made and built their own models. However, most vehicles produced in Australia were made from imported chassis and engines and a locally made body. That was how Edward Wheelond Holden started out. In the beginning, Holden and others in the industry were producing a small number of cars each year, but with the advent of World War I they began to produce many more. By 1924, Holden had built a new facility at Woodville, in South Australia, to cope with the demand for Holden car bodies. At the time, the Woodville plant was considered to be the most modern production line in Australia. Holden built a new plant at Elizabeth, to the north of Adelaide, in 1965. This year, we have celebrated 50 years of car making at Elizabeth. The occasion was marked by the burial of a time capsule, and a tribute to the workers and locals who have been part of Holden’s success.

In 1964, the automotive industry became even more important to the South Australian economy when Chrysler completed a new plant at Tonsley Park, in Adelaide’s southern suburbs, and commenced production and assembly of vehicles. A year later, the name ‘Mitsubishi’ first became known to the Australian motoring public with the import of the first Mitsubishi Colts. In 1966, Chrysler commissioned the building of an engine plant at Lonsdale, in South Australia. That plant, built on what was then the very outer fringes of the Adelaide urban area, and the associated business that provided components and services to the plant, provided an employment and economic base which facilitated the expansion of Adelaide’s southern suburbs.

By 1980, Mitsubishi Australia and Mitsubishi Motors Corporation of Japan had realised Chrysler’s potential and acquired their Australian operations. Mitsubishi had already taken a significant stake in Chrysler’s Australian operations in 1968. The Chrysler name was replaced in the Australian market by the Mitsubishi name. With the takeover of Chrysler went some iconic brand names, including the Valiant and the V8 Chrysler Charger. Both the Charger and the even more famous Holden Monaro are remembered fondly by Australians of my vintage. Those famous marques were built at Tonsley Park and Elizabeth respectively.

In 2002, Mitsubishi Motors Corporation, the parent company of Mitsubishi Australia, asked the federal government and the South Australian government to contribute $85 million to the Australian company in an attempt to secure the company’s future in Australia. When this payment was made by the governments, Mitsubishi Motors Corporation announced a $1 billion expansion and product development program for the Australian company, which was to be funded by Mitsubishi Australia and Mitsubishi Motors Corporation of Japan.

In 2003, Mitsubishi committed $270 million for a research and development centre, which included $10 million for a test track and $40 million for a press facility at Tonsley Park as part of its investment program. Unfortunately, no amount of investment could put a stop to the increasing price of fuel, the appreciation of the Australian dollar, the increase in the manufacturing of vehicles in Asia and their importation into Australia and the growing consumer preference for small cars in Australia and abroad.

Sales declined and Mitsubishi’s Lonsdale plant closed in October 2005 after 38 years
of manufacturing. During that time almost two million engines as well as more than six million heads, blocks and other components were made for export at the plant. And now, after 44 years, the Tonsley Park site is no longer home to a car manufacturing plant. It is estimated that approximately 1.1 million vehicles came off the production line at Tonsley Park. At the peak of its operation, Mitsubishi employed 4,800 South Australians there. The decision by Mitsubishi Motors Corporation to close Tonsley has resulted in approximately 930 direct job losses, with 500 Mitsubishi workers already made redundant and another 430 workers to leave over the next twelve months.

The closure of the plant in Adelaide should be considered by government and the industry, with a view to ensuring that another plant does not close and that our remaining automotive industry stays strong and our exports increase. I am pleased to note that the government is undertaking a comprehensive review of the automotive industry and has committed $500 million towards a green car investment fund. Our aim is to create an Australian vehicle and components sector that is sustainable in all senses—economic, social and environmental. Labor’s initiative will assist the industry to boost production, employment, exports and skills by harnessing the creativity that remains within the industry. This is an industry that still employs, directly and indirectly, some 70,000 Australians and generates high-value exports worth in the order of $5 billion each year.

The issue of direct government support for private sector businesses is controversial, and there is no denying that federal and state government support has at times been necessary to sustain vehicle manufacturing in Australia. However, industry supported by direct government funding is not a sustainable model, and even the industry itself recognises this. After being advised by Mitsubishi’s president and the company’s Australian CEO that there was nothing either the state or federal government could do to affect the decision by Mitsubishi Motors Corporation to cease manufacturing in Australia, government attention turned to the wellbeing of the employees who were going to lose their jobs and their livelihoods.

A package of support for Mitsubishi workers was agreed between the federal and South Australian governments and the company. The package of $35 million of Commonwealth funding, $10 million of state funding and $5 million from the corporation will help those 930 workers move into new jobs and establish an industry development package for Adelaide’s southern suburbs. The transition and industry package is modelled on the successful arrangements the South Australian government put in place when the Lonsdale engine plant shut in 2004. I was pleased to find that, of the workers who were at the Lonsdale plant, 84 per cent found employment through that package. Hopefully the same will apply to the workers who are going to lose their jobs as a result of the closure of the Tonsley plant.

The Mitsubishi workers were members of their respective trade unions, by and large. That enabled them to negotiate good redundancy packages—packages that set the benchmark for redundancies in similar industries. However, no matter how good the redundancy package is, it cannot compensate for the loss of a job. It cannot compensate for the friendships that people built at the workplace in Mitsubishi or for the sense of community that one felt whenever one went to the Tonsley Park site in particular, where some workers had been working since the first day of the Chrysler Corporation setting up in Adelaide. They were an extremely dedicated and loyal workforce who took enormous pride in the vehicles they made.
They deserve our acknowledgement and our thanks for the contribution to the South Australian economy and to the wellbeing of the South Australian people.

**Senate adjourned at 9.31 pm**

**DOCUMENTS**

**Tabling**

The following documents were tabled by the Clerk:

[Legis[ilative instruments are identified by a Federal Register of Legislative Instruments (FRLI) number]

Financial Management and Accountability Act—Financial Management and Accountability Determinations—

2008/08 – Coordinated Procurement Contracting Special Account Establishment 2008 [F2008L01479]*.

2008/09 – Business Services Special Account Variation 2008 [F2008L01480]*.

2008/10 – Campaign Advertising Special Account Variation and Abolition 2008 [F2008L01481]*.

Lands Acquisition Act—Statements describing property acquired by agreement for specified public purposes under sections—

40.

125.

* Explanatory statement tabled with legislative instrument.
QUESTIONS ON NOTICE

The following answers to questions were circulated:

Proposed Pulp Mill
(Question No. 7)

Senator Allison asked the Minister representing the Minister for the Environment, Heritage and the Arts, upon notice, on 12 February 2008:

In regard to Gunns Limited’s proposed pulp mill in Bell Bay, Tasmania:

(1) Who will be appointed to the Independent Expert Group.

(2) How stringently will the group be expected to interpret the conditions placed on the mill.

(3) (a) Will the Government insist on longer-term and more comprehensive studies relating to the hydrodynamics of the 30 billion litres of effluent which will be released by the mill each year; and (b) given that the $2 billion mill will be in construction when the studies are completed, will the Government withdraw approval for the mill to operate if the expectations are not met.

(4) Is the Minister aware that the wood supply agreement has been finalised but that it contains scant protection for high conservation value forests.

(5) How will the Government honour its election promise to ensure that as little high conservation value forest as possible is fed to the mill.

Senator Wong—The Minister for the Environment, Heritage and the Arts has provided the following answer to the honourable senator’s question.

(1) The members of the Independent Expert Group were announced in a media release by the former Minister for the Environment and Water Resources, the Hon Malcolm Turnbull MP, on 12 October 2007:

• Professor Frank Larkins, Deputy Vice-Chancellor and Professor of Chemistry at the University of Melbourne (Chair),
• Dr Graeme Batley, Co-Director, Centre for Environmental Contaminants Research, CSIRO and Chief Scientist in the CSIRO environmental biogeochemistry theme,
• Professor Helene Marsh, School of Earth and Environmental Sciences at James Cook University,
• Dr Mike Herzfeld, Coastal Environmental Modeller, Marine and Atmospheric Research, CSIRO, and
• Professor Paul Haddad, Professor of Chemistry at the University of Tasmania.

Further appointments to the Independent Expert Group may be made as required. Any further appointments will be announced publicly.

(2) As part of the conditions of approval, Gunns are required to submit an Environment Impact Management Plan (EIMP). This plan will impose stringent requirements that ensure the conditions of approval for the pulp mill are met. The role of the Independent Expert Group is to advise the Minister and the Department as required and assist in the design, implementation and approval of the EIMP. As an added safeguard, an Independent Site Supervisor has also been appointed to monitor compliance with the approved EIMP modules. The Independent Site Supervisor is Adjunct Professor Robert Joy, School of Global Studies, Social Science and Planning at RMIT University, and former Deputy Chairman of the Victorian Environment Protection Authority.
(3) (a) Condition 38 of the environmental approval requires Gunns to carry out additional modelling in relation to the fate of the effluent, as approved by the Department of the Environment, Water, Heritage and the Arts. The Department has been working with the Independent Expert Group to ensure that the additional modelling will be comprehensive.

(b) The provisions of the Environment Protection and Biodiversity Conservation Act 1999 and the terms of the environmental approval provide a wide variety of response measures should this be necessary to ensure that there is no significant impact on matters of national environmental significance.

(4) Wood chips required as feed for the mill will be sourced from forestry operations undertaken in accordance with the Tasmanian Regional Forest Agreement (RFA).

(5) Forest products will not be accepted as feed for the mill unless sourced from RFA forestry operations.

Climate Change Conference
(Question No. 85)

Senator Minchin asked the Minister representing the Prime Minister, upon notice, on 12 February 2008:

With reference to the United Nations Climate Change Conference in Bali, Indonesia from 3 to 14 December 2007:

(1) What was the length of stay of the Minister, the Parliamentary Secretary and any ministerial staff in Bali.

(2) For the duration of the Minister’s stay, and for the stay of any Parliamentary Secretary assisting the Minister, what was the total cost of: (a) travel; (b) accommodation; and (c) any other expenses.

(3) (a) How many ministerial staff or family accompanied the Minister and the Parliamentary Secretary; and (b) for these people, what was the total cost of: (i) travel; (ii) accommodation; and (iii) any other expenses.

(4) (a) How many officers from the department were in attendance at the conference; (b) what was the duration of attendance at the conference by these officers; and (c) for these officers, what was the total cost of: (i) travel, (ii) accommodation, and (iii) any other expenses.

Senator Chris Evans—The Prime Minister has provided the following answer to the honourable senator’s question:

(1) 3 days, 11-13 December 2007

(2) As at 14 March 2008 the Department of Finance and Deregulation (Finance) had paid costs for the following:

   (a) Travel by Special Purpose Aircraft (costs of travel by Special Purpose Aircraft will be tabled in the Parliament by the Department of Defence in accordance with established practice).

   (b) Accommodation $1,081.82 (includes a component for meals, which Finance is unable to split).

   (c) Hospitality $39,051.67, office equipment $5,233.65, ground transport $3,026.89, travel allowance $252.00, incidentals $727.57.

(3) As at 14 March 2008 the Department of Finance and Deregulation had paid costs for the following:

   (a) Six staff accompanied the Prime Minister.

   (b) (i) Airfare for advance party $6,605.28, main party travelled by Special Purpose Aircraft which (costs of travel by Special Purpose Aircraft will be tabled in the Parliament by the Department of Defence in accordance with established practice).
(ii) Accommodation $6,904.79 (includes a component for meals, which Finance is unable to split). Finance also paid costs, as at 14 March 2008, of $1,125.74 for the Prime Minister’s accompanying physician. This amount is also included in the above answer to part 3(b).

(iii) Travel allowance $2,726.62.

(4) (a) Four officers from the Department of the Prime Minister and Cabinet.
(b) The two Advance Team Officers stayed for 6 days 8-13 December 2007 and the remaining departmental officers travelled with the Prime Minister.

(c) (i) Airfares $7,817.46.
(ii) Accommodation $8,934.56 (includes a component for meals, which the Department of the Prime Minister and Cabinet is unable to split).
(iii) Advance office room and equipment $4,740.70, transport $6,643.81.

Climate Change Conference
(Question No. 86)

Senator Minchin asked the Minister representing the Treasurer, upon notice, on 12 February 2008:

With reference to the United Nations Climate Change Conference in Bali, Indonesia from 3 to 14 December 2007:

(1) What was the length of stay of the Minister, the Parliamentary Secretary and any ministerial staff in Bali.

(2) For the duration of the Minister’s stay, and for the stay of any Parliamentary Secretary assisting the Minister, what was the total cost of: (a) travel; (b) accommodation; and (c) any other expenses.

(3) (a) How many ministerial staff or family accompanied the Minister and the Parliamentary Secretary; and (b) for these people, what was the total cost of: (a) travel; (b) accommodation; and (c) any other expenses.

(4) (a) How many officers from the department were in attendance at the conference; (b) what was the duration of attendance at the conference by these officers; and (c) for these officers, what was the total cost of: (i) travel, (ii) accommodation, and (iii) any other expenses.

Senator Conroy—The Treasurer has provided the following answer to the honourable senator’s question:

(1) The length of stay for the Minister and his ministerial staff was 4 days (arriving Bali 9/12/07 – departing Bali 12/12/07 arriving Brisbane 13/12/07)

(2) For the duration of the Minister’s stay the total cost of

(a) travel - $4,980.00
(b) accommodation – $1611.00
(c) any other expenses - $3033.00

(3) Two ministerial staff accompanied the Minister on this trip. The total cost of

(a) travel - $9960.00
(b) accommodation – $2640.00
(c) any other expenses - $981.00

(4) (a) How many officers from the department were in attendance at the conference; Four Treasury staff attended the conference.

QUESTIONS ON NOTICE
(b) what was the duration of attendance at the conference by these officers, 10 December to 14 December 2007.

(c) for these officers, what was the total cost of:
   (i) travel, The total cost of travel was $23,092.90
   (ii) accommodation, The total cost of accommodation was $6,407.38 and
   (iii) any other expenses, $1,358.43 (meals and incidentals)

Climate Change Conference
(Question Nos 87 and 88)

Senator Minchin asked the Minister representing the Minister for Foreign Affairs and the Minister for Trade, upon notice, on 12 February 2008:

With reference to the United Nations Climate Change Conference in Bali, Indonesia from 3 to 14 December 2007:

(1) What was the length of stay of the Minister, the Parliamentary Secretary and any ministerial staff in Bali.

(2) For the duration of the Minister’s stay, and for the stay of any Parliamentary Secretary assisting the Minister, what was the total cost of: (a) travel; (b) accommodation; and (c) any other expenses.

(3) (a) How many ministerial staff or family accompanied the Minister and the Parliamentary Secretary; and (b) for these people, what was the total cost of: (a) travel; (b) accommodation; and (c) any other expenses.

(4) (a) How many officers from the department were in attendance at the conference; (b) what was the duration of attendance at the conference by these officers; and (c) for these officers, what was the total cost of: (i) travel, (b) accommodation, and (c) any other expenses.

Senator Faulkner—the following answer has been provided by the Minister for Foreign Affairs and the Minister for Trade to the honourable senator’s questions:

(1) Mr Smith and party: 11-14 December 2007
   Mr Crean and party: 7-9 December 2007

(2) Mr Smith:
   (a) Travel by Special Purpose Aircraft (cost of travel by Special Purpose Aircraft will be tabled in the Parliament by the Department of Defence in accordance with established practice).
   (b) $1,124.76
   (c) $2,739.35 (includes $1,124.76 accommodation for Indonesian Close Personal Protection (CPP) team, $563.16 allowances for Indonesian CPP team (Jakarta post expenses), $92.00 wreaths for Bali bombings memorial (Bali post expense); $707.43 meals, $252.00 allowances (Department of Finance and Deregulation expenses)). Mr Smith was part of the Prime Minister’s official party and most of his on-the-ground expenses were included in the costs for the official party as a whole. (Please see separate response from the Prime Minister to Senator Minchin’s question about Mr Rudd and party’s attendance at the conference.)

Mr Crean:
   (a) $9,751.01 (Department of Finance and Deregulation expense – includes travel to Jakarta, Bali and Singapore)
   (b) $1,611.18 (Department of Finance and Deregulation expense)
   (c) $16,864.69 (includes $763.00 ground transport, $137.65 meals, $315.00 allowances, $151.98 incidentals, laundry $10.01 (Department of Finance and Deregulation expenses – includes
costs for Jakarta and Bali); $183.82 two wreaths for Bali bombings memorial (Bali post expense); $9,295.31 temporary ministerial office and equipment, $2,732.61 car hire, $2,081.19 accommodation for Indonesian CPP team, $563.16 allowances for Indonesian CPP team, $630.96 airfares Jakarta-Bali return for Indonesian CPP team (Jakarta post expenses))

(3) Mr Smith:
(a) The acting Chief of Staff accompanied the Minister
(b) (a) $1,072.39 (flight Darwin-Canberra, rest of travel by SPA) (b) $1,124.76
(c) $362.53 (meals and incidentals). DFAT paid expenses as the acting Chief of Staff was on secondment from DFAT (not on MOPS).

Mr Crean:
(a) Mrs Crean and the Chief of Staff accompanied the Minister
(b) (i) $19,502.02 (Department of Finance and Deregulation – includes travel to Jakarta, Bali and Singapore for Mrs Crean and the Chief of Staff)
(ii) Mrs Crean: nil; Chief of Staff: $1,320.00 (Department of Finance and Deregulation expense)
(c) $676.12 (includes $458.14 car hire for Mrs Crean, $131.66 spouse program hospitality (Jakarta post expenses); $86.32 Chief of Staff allowances (Department of Finance and Deregulation expense))

(4) (a) A total of seven DFAT staff (four from Canberra and three from the post in Jakarta) attended the conference to support Mr Smith’s and Mr Crean’s visits. For details of general attendance by DFAT staff at the conference, please see response from Senator the Honourable Penny Wong to Senator Minchin’s separate question on departmental attendance at the conference (at the time of the conference, climate change issues that are now the responsibility of the Department of Climate Change were handled by DFAT).

(b) Officer 1: 7-9 December
   Officer 2: 7-9 December
   Officer 3: 4-16 December (also provided general support to Australian delegation)
   Officer 4: 4-16 December (also provided general support to Australian delegation)
   Officer 6: 1-13 December (also provided general support to Australian delegation)
   Officer 5: 10-14 December
   Officer 7: 7-10 December

(c) (a) $16,928.28 direct airfares for 6 officers (three travelling from Canberra to Bali return, and three from Jakarta to Bali return), plus $11,108 for travel by one officer to Jakarta, Bali and Singapore (b) $20,562.68 (c) $4,291.87 (meals and incidentals)

**Climate Change Conference**

(Question No. 89)

Senator Minchin asked the Minister for Climate Change and Water, upon notice, on 12 February 2008

With reference to the United Nations Climate Change Conference in Bali, Indonesia from 3 to 14 December 2007:

(1) What was the length of stay of the Minister, the Parliamentary Secretary and any ministerial staff in Bali.

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QUESTIONS ON NOTICE
(2) For the duration of the Minister’s stay, and for the stay of any Parliamentary Secretary assisting the Minister, what was the total cost of: (a) travel; (b) accommodation; and (c) any other expenses.

(3) (a) How many ministerial staff or family accompanied the Minister and the Parliamentary Secretary; and (b) for these people, what was the total cost of: (a) travel; (b) accommodation; and (c) any other expenses.

(4) (a) How many officers from the department were in attendance at the conference; (b) what was the duration of attendance at the conference by these officers; and (c) for these officers, what was the total cost of: (i) travel, (b) accommodation, and (c) any other expenses

Senator Wong—The answer to the honourable senator’s question is as follows:


(2) Total costs for the Minister were as follows
(a) Travel - $6,394
(b) Accommodation - $4,010
(c) Other expenses - $378

(3) The Minister was accompanied by one adviser, with costs as follows
(a) Travel - $6,376
(b) Accommodation - $4,400
(c) Other Expenses — $528

(4) Concerning officers from the Department
(a) 18 officers from the Department of Climate Change attended the conference (comprising officers formerly with the Department of the Environment and Water Resources, Department of Foreign Affairs and Trade, and Department of the Prime Minister and Cabinet)
(b) The 18 officers attended the conference for varying lengths of time, from four to 17 days. The average time per officer was 12 days.
(c) The total cost for these officers were as follows
(i) Travel - $73,325
(ii) Accommodation - $69,644
(iii) Other expenses - $61,934 (including incidental expenses for officers, rental of office facilities, transportation, and official hospitality expenses).

Immigration and Citizenship: Government Appointments and Grants
(Question No. 122)

Senator Minchin asked the Minister for Immigration and Citizenship, upon notice, on 12 February 2008:

With reference to Senator Minchin’s letter to the Minister representing the Prime Minister, dated 1 February 2008, can the following information be provided prior to each round of Estimates and for Additional Estimates by 13 February 2008:

(1) (a) What appointments have been made by the Government (through Executive Council, Cabinet and ministers) to statutory authorities, executive agencies and advisory boards within the Minister’s portfolio; and (b) for each appointment, what are the respective appointee’s credentials.

(2) How many vacancies remain to be filled by ministerial (including Cabinet and Executive Council) appointments.

(3) What grants have been approved by the Minister from within the Minister’s portfolio.

QUESTIONS ON NOTICE
QUESTIONS ON NOTICE

Thursday, 15 May 2008

Senator Chris Evans—The answer to the honourable senator’s question is as follows:

(1) I will respond in due course to this question on behalf of all ministers in my capacity as the Minister representing the Prime Minister in the Senate.

(2) Consistent with the answer provided to the written question (Part (2) of No.37) taken on notice from the honourable Senator at the Additional Estimates hearings, on 19 February 2008, appointments to the Refugee Resettlement Advisory Council (RRAC) for its fifth term have been considered by the Government and finalised. All ten positions have been filled. The new RRAC Chair is the Hon Bruce Baird, Chairman of the Tourism and Transport Forum.

(3) Consistent with the answer provided to the written question (Part (3) of No.37) taken on notice from the honourable Senator at the Additional Estimates hearings, as at 19 February 2008, I approved two grants as follows:

- Approved funding of $25,000 in January 2008 to extend a project funded in 2007-08 under the National Action Plan to Build on Social Cohesion, Harmony and Security involving a partnership between ICRA Youth Centre and IBM Australia for youth employment mentoring in Western Sydney.

- Approved funding of $61,435 in January 2008 under the Settlement Grants Program for the Fremantle Multicultural Centre. This addressed the needs of eligible humanitarian entrants, family migrants and dependants of skilled migrants with low English proficiency through the provision of casework, referral and information services, group information sessions and advocacy to mainstream providers in the Mandurah Statistical Sub-Division.

(4) Senator the Hon Nick Sherry as Minister representing the Minister for Finance and Deregulation in the Senate will respond on my behalf.

The honourable Senator is welcome to attend Estimates hearings in future and request the information sought in this Question on Notice.

Finance and Deregulation: Government Appointments and Grants
(Question No. 123)

Senator Minchin asked the Special Minister of State, upon notice, on 12 February 2008:

With reference to Senator Minchin’s letter to the Minister representing the Prime Minister, dated 1 February 2008, can the following information be provided prior to each round of Estimates and for Additional Estimates by 12 February 2008:

(1) (a) What appointments have been made by the Government (through Executive Council, Cabinet and ministers) to statutory authorities, executive agencies and advisory boards within the Minister’s portfolio; and (b) for each appointment, what are the respective appointee’s credentials.

(2) How many vacancies remain to be filled by ministerial (including Cabinet and Executive Council) appointments.

(3) What grants have been approved by the Minister from within the Minister’s portfolio.

(4) What requests have been submitted to the Department of Finance and Deregulation to move funds within the Minister’s portfolio.

Senator Faulkner—The answer to the honourable senator’s question is as follows:

(1) to (4) Please refer to the response to question 129 asked of the Minister representing the Minister for Finance and Deregulation.
Finance and Deregulation: Government Appointments and Grants
(Question No. 129)

Senator Minchin asked the Minister representing the Minister for Finance and Deregulation, upon notice, on 12 February 2008:

With reference to Senator Minchin’s letter to the Minister representing the Prime Minister, dated 1 February 2008, can the following information be provided prior to each round of Estimates and for Additional Estimates by 13 February 2008:

(1) (a) What appointments have been made by the Government (through Executive Council, Cabinet and ministers) to statutory authorities, executive agencies and advisory boards within the Minister’s portfolio; and (b) for each appointment, what are the respective appointee’s credentials.

(2) How many vacancies remain to be filled by ministerial (including Cabinet and Executive Council) appointments.

(3) What grants have been approved by the Minister from within the Minister’s portfolio.

(4) What requests have been submitted to the Department of Finance and Deregulation to move funds within the Minister’s portfolio.

Senator Sherry—The Minister for Finance and Deregulation has supplied the following answer to the honourable senator’s question:

(1) (a) and (b) Senator the Hon Christopher Evans, as Minister representing the Prime Minister in the Senate, will respond on my behalf.

(2) Department of Finance and Deregulation

Albury-Wodonga Development Corporation – There is one vacant Board position to be filled.

ASC Pty Ltd – The Company’s Board is to have between three and nine members. The Board currently has eight members. There is no intention to appoint an additional member at this time.

Australian River Co. Ltd – The Company’s Board is to have between three and thirteen members. The Board currently has three members. There is no intention to appoint additional members at this time.

Australian Industrial Development Corporation – The Australian Industrial Development Corporation Act 1970 states that the Board is to consist of the Chair of the Board, the Chief Executive of the Corporation and such number of other members as the Minister appoints. The Board currently has three members. There is no intention to appoint additional Board members at this time.

Telstra Sale Company Ltd – The Company’s Board is to have between three and seven members. The Board currently has three members. There is no intention to appoint additional members at this time.

Australian Technology Group Ltd – The Company’s Board is to have between three and nine members. The Board currently has three members. There is no intention to appoint additional members at this time.

Australian Electoral Commission

Nil.

National Archives of Australia

As at 26 March 2008, four membership level vacancies remain on the National Archives of Australia Advisory Council to be filled by Ministerial appointment.

Australian Rewards Investment Alliance

Nil.
Comsuper
Nil.

Future Fund Management Agency
Nil.

(3) Department of Finance and Deregulation
Nil.

Australian Electoral Commission
Nil.

National Archives of Australia
Nil.

Australian Rewards Investment Alliance
Nil.

Comsuper
Nil.

Future Fund Management Agency
Nil.

In year requests by Ministers to move funds between outcomes in their portfolios are delegated to the Minister for Finance and Deregulation for approval. The impact of any change is reflected in revised estimates in the relevant appropriation bills; and the Portfolio Budget Statements (PBS) or Additional Estimates Statements (PAES) which include details of the purposes of the appropriation. Where these movements are the result of changes to outcome structures - for example, as a result of Machinery of Government changes - agencies are required to highlight the changes made to outcome structures in their PBS or PAES and provide a comparison between the new and old structures.

Movements of administered funds between years are explained in Portfolio Budget Statements.

The honourable Senator is welcome to attend Estimates hearings in future and request the information sought in this Question on Notice.

Prime Minister and Cabinet: Government Appointments and Grants
(Question No. 133)

Senator Minchin asked the Minister for Climate Change and Water, upon notice, on 12 February 2008:

With reference to Senator Minchin’s letter to the Minister representing the Prime Minister, dated 1 February 2008, can the following information be provided prior to each round of Estimates and for Additional Estimates by 13 February 2008:

1. (a) What appointments have been made by the Government (through Executive Council, Cabinet and ministers) to statutory authorities, executive agencies and advisory boards within the Minister’s portfolio; and (b) For each appointment, what are the respective appointee’s credentials.

2. How many vacancies remain to be filled by ministerial (including Cabinet and Executive Council) appointments.

3. What grants have been approved by the Minister from within the Minister’s portfolio.

4. What requests have been submitted to the Department of Finance and Deregulation to move funds within the Minister’s portfolio.
Senator Wong—The answer to the honourable senator’s question is as follows:

(1) Senator the Hon Chris Evans as Minister representing the Prime Minister in the Senate will respond on my behalf.

(2) With respect to the Department of Climate Change and the Office of the Renewable Energy Regulator, there are no vacancies which remain to be filled by Ministerial appointments.

(3) With regard to the Department of Climate Change, the Office of the Renewable Energy Regulator and the Department of the Environment, Water, Heritage and the Arts (with my portfolio responsibility for Water) the following grants have been approved as of 7 March 2008:

- A grant of $212,000 to BP Solar (Australia) for the Weihai Green Energy City Feasibility Study, (total project value $574,000) under the Australia-China Climate Change Partnership. This grant was approved on 29 February 2008.
- Sponsorship of $35,000 for the 4th International Geosphere Biosphere Program (IGBP) Congress 2008. This amount was approved on 3 March 2008.
- A grant of $4.76 million to Queensland for Australian Government 2007-08 contribution to the Great Artesian Basin Sustainability Initiative. This grant was approved on 12 February 2008.
- A grant of $1,824,249 (excluding GST) to the NSW Department of Commerce - Manly Hydraulics Laboratory to upgrade and accredit the meter test facility to meet international standard ISO/IEC17025. The grant was approved on 5 March 2008.
- A grant of $556,000 (excluding GST) to the Australian Irrigation Technology Centre, University of South Australia to upgrade and accredit the meter test facility to meet international standard ISO/IEC 17025. The grant was approved on 5 March 2008.
- Irrigation Modernisation Planning Assistance - 14 grants totalling $4.6 million were announced on 11 February 2008.

(4) Senator the Hon Nick Sherry as Minister representing the Minister for Finance and Deregulation in the Senate will respond on my behalf.

Attorney-General’s: Government Appointments and Grants
(Question Nos 135 and 140)

Senator Minchin asked the Minister representing the Attorney-General and the Minister for Home Affairs, upon notice, on 12 February 2008:

(1) (a) What appointments have been made by the Government (through Executive Council, Cabinet and ministers) to statutory authorities, executive agencies and advisory boards within the Minister’s portfolio; and (b) for each appointment, what are the respective appointee’s credentials.

(2) Provide a list of all vacancies which remain to be filled by ministerial (including Cabinet and Executive Council) appointments?

(3) What grants have been approved by the Minister within the Minister’s Portfolio?

(4) What requests have been submitted to the Department of Finance and Deregulation to move funds within the Minister’s portfolio?

Senator Ludwig—The Attorney-General and the Minister for Home Affairs has provided the following answer to the honourable senator’s question:

(1) Senator the Hon Chris Evans as Minister representing the Prime Minister in the Senate will respond on my behalf.

(2) The vacancies which remain to be filled within the Attorney-General’s portfolio, as at 18 February 2008, are as follows:
(a) two Member vacancies in the Criminology Research Council  
(b) the Registrar, in National Native Title Tribunal, and  
(c) the Deputy President of the Defence Force Discipline Appeal Tribunal.  

(3) As at 18 February 2008, the grants approved by the Attorney-General or the Minister for Home Affairs since 3 December 2007, set out in Attachment A.

(4) Senator the Hon Nick Sherry as Minister representing the Minister for Finance and Deregulation in the Senate will respond on my behalf.

The honourable Senator is welcome to attend Estimates hearings in future and request the information sought in this Question on Notice.

Attachment A

Grants approved by the Attorney-General or the Minister for Home Affairs between 3 December 2007 and 18 February 2008

New services under the Family Relationships Services Program:

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Indian Ocean Territories Economic Development Funding Program

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<td>Shire of Cocos (Keeling) Islands</td>
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<td>Shotline Pty Ltd</td>
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Parliament House: Contractors for Maintenance
(Question No. 289)

Senator Bob Brown asked the President, upon notice, on 20 February 2008:

(1) Can a list be provided of all contractors responsible for maintenance of the public spaces, offices, gardens and surrounds of Parliament House between 1998 and 2002.
(2) Can the process by which these contractors were appointed be outlined.

The President—The answer to the honourable senator’s question is as follows:

Between the period 1998 and 2002, the maintenance of the public spaces, offices, gardens and surrounds of Parliament House was the responsibility of the Joint House Department (JHD). Records for the period 1998 to 2002 have been either deleted or archived, including as part of the migration of JHD financial systems to consolidated DPS systems. Consequently, it is either not possible (because records have been deleted) or excessively expensive to extract the information requested.

Visas
(Question No. 385)

Senator Ellison—asked the Minister for Immigration and Citizenship, upon notice, on 31 March 2008:

For each year, commencing from 1 July 1997, how many visas were issued in each visa class or subclass.

Senator Chris Evans—The answer to the honourable senator’s question is as follows:

The information being sought is set out in the attached table.

This table indicates visas granted, by category, and year of grant, from 1 July 1997 to 30 June 2007. The data has been gathered from departmental publications and reporting systems. Migration program data are for outcomes, that is they are net of cancelled and second stage grants.

## QUESTIONS ON NOTICE

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Note: Please note that figures have been rounded to the nearest ten except where there are less than ten grants and that, due to rounding, total may not be the exact sum of components. Please also note that the Australian Declaratory and Resident Return visas have not been included.

Shaded areas indicate visa not legally in effect.

(a) Data on grants of permanent visas are net outcomes. Outcomes are the number of visas granted net of Business Skills visas cancelled and net of places taken by provisional spouse/fiancé and interdependent visa holders who do not subsequently obtain permanent visas due to refusal or withdrawal.

(b) Includes Aged Dependent Relative, Carer, Special Need Relative and Remaining Relative.

(c) Includes Employer Nomination Scheme (ENS), Labour Agreements and Regional Sponsored Migration Scheme (RSMS)

(d) Business Migration Program changed to Business Skills during 1991-92.
(e) Named Independent prior to July 1999. Includes Skilled Independent and Skilled independent-Regional Study only.

(f) Student visa grants do not include Permission to Work and Change of Provider grants.

(g) Includes SHP visas granted onshore under Ministerial intervention powers and Temporary Humanitarian Concern (subclass 786 visas) and persons granted permanent residence status on humanitarian grounds on the basis of applications lodged prior to December 1989.

(h) Prior to 1996-97, Onshore Refugees were not counted against the Humanitarian Program.

**Global Oil Supplies**  
(Question No. 389)

Senator Allison asked the Minister representing the Minister for Resources and Energy, on notice, on 2 April 2008:

With reference to information provided to the Minister by Mr Matt Mushalik, a civil engineer, on 14 March 2008 that: (a) in October 2007, former Saudi Aramco chief, Sadad-Al-Husseini, reclassified 300 billion barrels of booked reserves as less useful ‘resources’, an amount 80 times the amount Shell had to downgrade in 2004, thus moving forward the Organization of the Petroleum Exporting Countries’ oil depletion clock by 30 years; (b) 45 per cent of global oil supplies hinge on just one-fifth of a declining reserve base which depletes at a rate of 7 per cent per annum; and (c) the other 55 per cent of global oil supplies come from reserves with low annual production rates that are largely unaudited and that their true status is not known (i.e. proven, probable or possible):

(1) Does the Minister agree with the assessment provided by Mr Mushalik; if not, why not.

(2) Will the Government, as suggested, perform a fuel availability study for the lifespan of infrastructure projects, such as airport extensions, freeways, road tunnels, car-dependent shopping centres and subdivisions.

(3) Will the Government, as suggested, prepare a critical path analysis of future clean energy supplies and feasible technological developments for alternative fuels; if so, when.

Senator Carr—The Minister for Resources and Energy has provided the following answer to the honourable senator’s question:

(1) The Australian Government recognises that oil is a finite resource and acknowledges the importance of oil to the Australian economy. For this reason the Government is committed to supporting the development of alternative liquid fuel sources to ensure that as a nation Australia does not become heavily reliant on imported oil.

The issue of oil availability will be thoroughly examined in the Government’s National Energy Security Assessment (NESA). The NESA will provide an integrated picture of demand and supply projections for the electricity, gas and liquid fuels sectors going forward five, ten and fifteen years. It is anticipated that this document will be an input to the strategic policy decisions necessary to ensure ongoing energy security for all Australians.

(2) During 2008 the Australian Government is undertaking a Liquid Fuel Vulnerability Assessment. This activity is being undertaken on behalf of the National Oil Supplies Emergency Committee (NOSEC), a committee of the Ministerial Council on Energy.

The Assessment will examine Australia’s current level of liquid fuel vulnerability and identify trends which may affect this. The study will also contribute to the Government’s broader National Energy Security Assessment in respect to matters relating to liquid fuels.

(3) The Australian Government is committed to investigating a range of alternative transport fuels and vehicle technologies as a potential means of reducing our reliance on oil based fuels and greenhouse gas emissions from the transport sector. The Government is currently undertaking, or has...
committed to undertake, a number of significant activities that will underpin this commitment, in-
cluding:

• A regular National Energy Security Assessment (NESA) that will include projections of future
  liquid fuel supply and demand to better inform industry about the probable use of liquid fuels
  in the future;

• Development of a National Emissions Trading System by 2010; and

• A forthcoming Energy White Paper, which will be developed from the findings of the NESA.

These activities will incorporate detailed consideration of Australia’s energy security in a global
context to assess the potential future contribution of alternative fuels and determine the appropriate
policy framework to encourage their further development. In the interim, the Government has
flagged its intention to establish a range of measures to encourage new alternative fuels industries.
These measures include:

• Establishing a $500 million National Clean Coal Fund to support projects that deliver ultra
  clean synthetic fuels from coal with minimum carbon emissions;

• Investing $500 million in a Renewable Energy Fund to support the development and demon-
  stration of renewable energy technologies;

• Supporting the research and development of new biofuel technologies, including the produc-
  tion of ethanol from cellulose. This includes a new $15 million grant program to help develop
  next generation ethanol technology;

• Establishing a $150 million Energy Innovation Fund for critical clean energy technology, $50
  million of which will be directed at general clean energy research and development, including
  energy efficiency, energy storage technologies and hydrogen transport fuels; and

• Encouraging the development of gas-to-liquids projects that can convert some of our vast gas
  reserves into liquid fuels.

Optional Protocol to the International Covenant on Economic, Social and Cultural
Rights

(Question No. 390)

Senator Stott Despoja asked the Minister representing the Minister for Foreign Affairs,
upon notice, on 3 April 2008:

(1) Is the Government engaged in the Open-ended Working Group on an Optional Protocol to the In-
ternational Covenant on Economic, Social and Cultural Rights (ICESCR).

(2) What is the Government’s position in relation to the protocol.

(3) If the protocol is adopted, does the Government intend to ratify it.

(4) Will the Government recognise the competence of the committee to develop appropriate rules of
procedure to receive communications and launch inquiries rather than elaborating these principles
in the text of the protocol.

(5) Will the Government support provisions in the protocol which grant standing to non-government
organisations to make submissions or file communications on behalf of individuals.

(6) Will the Government support an ‘opt in’ approach to the protocol, whereby countries ratifying
the protocol can be selective as to which rights are available for adjudication by the committee, or does
the Government prefer an approach that recognises the universality and interdependence of all hu-
man rights by making all rights protected by ICESCR justiciable under the protocol.

(7) Does the Government support the concept of a ‘margin of discretion’ as a relevant consideration in
relation to the examination of a communication under the protocol.
Senator Faulkner—The following answer has been provided by the Minister for Foreign Affairs to the honourable senator’s question:

(1) Australia participated in the fifth session of the United Nations Working Group on an Optional Protocol to the International Covenant on Economic, Social and Cultural Rights (Covenant). This session was held from 4 to 8 February 2008, and again from 31 March to 4 April 2008. At the conclusion of its discussions on 4 April, the Working Group agreed to transmit its final text on the Optional Protocol to the United Nations Human Rights Council for its consideration in June. During the final stages of discussions, Australia played a valuable bridge-building role, negotiating compromise positions between different viewpoints, to help develop consensus on the final text.

(2) At the final session of the Working Group, Australia worked closely with like-minded countries, advocating for the development of a workable instrument that recognises the special characteristics of the Covenant. Australia will remain engaged in discussions on how to make the Protocol the best possible instrument for the implementation of economic, social and cultural rights.

(3) The Government will give consideration to this issue at the appropriate time.

(4) The final text, as drafted by the Working Group, does not prescribe rules of procedure for the Committee on Economic, Social and Cultural Rights.

(5) The final text does not grant standing to non-government organisations to make submissions or file communications in their own right. However, non-government organisations may submit a communication on behalf of an individual or group of individuals. The final text also recognises that the Committee on Economic, Social and Cultural Rights, when examining a communication, may consult relevant documentation emanating from international organisations, including regional human rights systems.

(6) During the final session of the Working Group discussion, Australia did not advocate the adoption of an ‘opt-in’ provision, and the final text does not include such a provision. The Government is committed to the promotion of human rights and the principle of the universality of rights.

(7) Reference to a ‘margin of discretion’ was not explicitly included in the final text. A provision has been included in the text that recognises that a State Party may adopt a range of possible policy measures for the implementation of the rights set out in the Covenant, and that some of those rights may be implemented in a progressive fashion.

Kimberley Region
(Question No. 395)

Senator Siewert asked the Minister representing the Minister for the Environment, Heritage and the Arts, upon notice, on 7 April 2008:

With reference to: (a) the Minister’s announcement on 5 February 2008, during his opening address to the workshop on Kimberley Coast Natural Values, that the Federal Government and Western Australian Government will carry out a strategic assessment to identify a site for a single common-user liquefied natural gas (LNG) hub for the Browse Basin; and (b) the completed cultural and environmental values contained within the national heritage listing of the Dampier Archipelago region:

(1) Is the Minister or the department aware that, in 1994, the current chair of the Western Australian Government’s Northern Development Task Force, Mr Limerick, committed to carry out an assessment of the region as a result of his department’s legal intervention to stop the Dampier Archipelago being assessed by the Environmental Protection Authority (as evidenced by the media release dated 7 October 1994, ‘Pilbara industrial development’, available on the website www.dampierart.net/media).
(2) Is the Minister or the department aware that no strategic or environmental assessment of industrial development on the Dampier Archipelago was ever carried out by the Western Australian Environmental Protection Authority.

(3) Does the Minister therefore consider that it is time for a rational, considered and holistic approach to planning in the Pilbara region; if so, when will a strategic assessment be sought, in conjunction with the Western Australian Government; if not, why not.

(4) Does the Minister believe that piecemeal development, with multiple ports and processing plants along the Pilbara coast, is in the national interest; if so, why; if not, will the Minister consider an assessment as referred to in paragraph (3).

(5) In the search for a suitable single common-user LNG hub for the Browse Basin, will the Minister rule out the use of the Dampier Archipelago as a location for a development option outside of the Kimberley region.

Senator Wong—The Minister for the Environment, Heritage and the Arts has provided the following answer to the honourable senator’s question:

(1)&(2) Neither the Minister for the Environment, Heritage and the Arts nor the Department of the Environment, Water, Heritage and the Arts was aware of these propositions until they were put forward by the honourable senator.

(3)&(4) The Pilbara region has not been identified, at this time, as a high priority area for immediate commencement of a strategic assessment under the EPBC Act.

(5) The strategic assessment under the Environment Protection and Biodiversity Conservation Act 1999 of a liquefied natural gas processing hub to service the Browse Basin will consider all feasible options.

Kimberley Region
(Question No. 396)

Senator Siewert asked the Minister representing the Minister for the Environment, Heritage and the Arts, upon notice, on 7 April 2008:

With reference to the strategic assessment for a gas processing hub in the Kimberley region in Western Australia which is being jointly conducted by the Federal Government and the Western Australian Government:

(1) Can the Minister assess the proposed gas processing facility on the Maret Islands, by the Japanese company INPEX, under section 146 of the Environment Protection and Biodiversity Conservation Act 1999, as amended in 2006, while the strategic assessment is being undertaken;

(2) If the assessment can be made, is it the Minister’s intention to do so; if so, why; if not, why not.

(3) Will the Government conduct an environmental impact statement assessment, under the Act, of the proposals by INPEX and Woodside.

(4) Are INPEX and/or Woodside, or their joint venture partners, funding the strategic assessment, in part, fully or indirectly through mining offsets between the proponents and the Western Australian Government or the Federal Government.

(5) What mining or petroleum offset packages are currently being negotiated in relation to the offshore oil and gas industry in Western Australia.

Senator Wong—The Minister for the Environment, Heritage and the Arts has provided the following answer to the honourable senator’s question:

(1)&(2) Inpex’s proposal for the Maret Islands is currently being assessed under Part 9 of the EPBC Act.
The strategic assessment of the Kimberley region currently being undertaken with the Western Australian Government does not affect the ability of the Minister for the Environment, Heritage and the Arts to consider individual projects under the Environment Protection and Biodiversity Conservation Act 1999 (EPBC Act). Inpex’s proposal will be assessed on its own merits in accordance with the legislation.

(3) The Inpex and Woodside Energy Ltd proposals are being assessed under Part 9 of the EPBC Act at the level of Environmental Impact Statement.

(4) The Kimberley Strategic Assessment is a government initiative being solely funded by the Australian and Western Australian Governments.

(5) The Commonwealth is not currently involved in any negotiations in relation to environmental offsets for proposals in the Kimberley region.

**Burrup Peninsula**

(Question No. 399)

**Senator Siewert** asked the Minister representing the Minister for the Environment, Heritage and the Arts, upon notice, on 7 April 2008:

In relation to the Burrup Peninsula in Western Australia:

(1) Did the Minister receive correspondence and proposals from Mr Alex Leach, a resident of Western Australia, on or about July 2007 and, subsequently, in January 2008.

(2) What issues were raised in each piece of correspondence and each proposal.

(3) Does the Minister consider that these proposals have merit.

(4) Is the Minister going to respond to the correspondence and proposals; if not, why not; if so, when can Mr Leach expect a response.

**Senator Wong**—The Minister for the Environment, Heritage and the Arts has provided the following answer to the honourable senator’s question:

(1) I am unable to comment on correspondence which may have been sent by Mr Leach in July 2007 to the former Government. I did receive correspondence from Mr Leach in January 2008.

(2) Mr Leach submitted a proposal suggesting a program of activities relating to inventory, management and presentation of the rock art of the Dampier Archipelago and encouraged the Australian Government to consider World Heritage listing of the area.

(3) Mr Leach’s proposal is not inconsistent with the Australian Government’s objectives for managing National Heritage places. Under Conservation Agreements between the Government and industry relating to the National Heritage values of the Dampier Archipelago, activities will be supported over the next ten years to identify sites with National Heritage values; present and transmit information about National Heritage values; manage National Heritage values to ensure they are conserved for future generations; and research and monitor National Heritage values.

(4) My Department replied to Mr Leach on 21 April 2008, informing him that the department is working closely with Western Australian government agencies to develop an Indigenous Heritage Management Plan for the Dampier Archipelago and surrounds that will address the issues he raised. Mr Leach was also advised that nominations by Australia to the World Heritage list are developed collaboratively by the Commonwealth, state and territory governments. At its meeting in June 2007 the Environment Protection and Heritage Council agreed to support the preparation by the Australian Government of a new Australian World Heritage Tentative List. The Australian Government invited state and territory governments to submit places for consideration for the Tentative List by June 2008. It was suggested to Mr Leach that he may wish to raise with the Western Australian Government the merits of including the Dampier Archipelago on the Tentative List.
Western Australia: Regional Forest Agreement

(Question No. 400)

Senator Siewert asked the Minister representing the Minister for Agriculture, Fisheries and Forestry, upon notice, on 7 April 2008:

In regard to the Regional Forest Agreement for Western Australia:

(1) Which clauses of the agreement are still operative.

(2) Which clauses are legally binding on the Commonwealth.

(3) Which milestones have been completed within the allocated time.

(4) Is the agreement under review; if so: (a) by whom; (b) what are the terms of reference; (c) what is the timeline; and (d) will there be public consultation.

Senator Sherry—The Minister for Agriculture, Fisheries and Forestry has provided the following answer to the honourable senator’s question:

(1) The Western Australian Regional Forest Agreement, which was signed in 1999 by the Commonwealth and the State of Western Australia, remains in place. All clauses of the agreement are still operative.

(2) Clauses 94, 96, 97, 98, 99 and 101 in Part 3 of the Regional Forest Agreement are legally binding on the Commonwealth.

(3) The milestones for the Western Australia Regional Forest Agreement are set out in Attachment 3 to the Agreement. The 2000 Annual Report for the Western Australian Regional Forest Agreement, which was tabled in the Senate on 23 May 2001, identified the following milestones from that Attachment as having been completed:

27;
37;
42, 95(b) & Attachment 5;
50;
87 & 95(c);
93;
Attachment 4 point 4, point 5; and
Attachment 5 point 4, point 9, point 10, point 12.

(4) A further review of the implementation of the Regional Forest Agreement is currently underway. Achievements of other milestones set out in Attachment 3 will be assessed as part of that review.

(a) A joint team comprising Commonwealth and Western Australian State Officers are preparing a joint report reviewing progress towards implementation of the milestones and commitments in the RFA. This report will be made available for public comment. An independent assessor will be appointed by both Governments to conduct a formal review process which will incorporate consideration of both the report and public comments.

(b) The Terms of Reference for the review are set out in Clauses 36-39 of the RFA. These stipulate:

Clause 36 – The Parties note that under the Conservation and Land Management Act 1984, Forest Management Plans are revised every ten years. Towards the end of the first and third five year periods of this Regional Forest Agreement, a joint Commonwealth/Western Australian review on performance against the milestones and commitments made in this Agreement will be undertaken at the same time as the Forest Management Plan revision process, thereby
taking into account the required Environmental Protection Authority assessment of, and recommendations on, the revised Forest Management Plan due at those times and the associated statutory public consultation processes. The Commonwealth and the State will jointly report on performance before the end of the second five year period of this Agreement.

Clause 37 – The mechanisms for these joint reviews/reports will be agreed by the Parties within six months of the signing of this Agreement and the reviews/report will be completed within three months after the completion of each five-year period.

Clause 38 – While these five year reviews/report on performance will not open up the Agreement to re-negotiation, both Parties may agree to some minor modifications to incorporate the results of the reviews or report on performance. The outcomes of the reviews and the report on performance will be made public.

Clause 39 – The Commonwealth will table in the Commonwealth Parliament the signed Regional Forest Agreement and when completed the annual reports detailing achievement of the milestones for the first four years of the Agreement and the first five year review on performance against milestones and commitments.

(c) The release of the Government’s report is planned for July 2008. It is expected that the review process will be completed by December 2008.

(d) Yes.

Aged Care

(Question No. 404)

Senator Patterson asked the Minister representing the Minister for Ageing, upon notice, on 9 April 2008:

With reference to the Minister’s media release of 26 March 2008, ‘Federal Government issues challenge to Opposition to support new tough measures to improve quality in ‘Australia’s aged care facilities’, in which an undertaking is given to review ‘the Aged Care Act to close loopholes and/or make improvements to quality in aged care’, can details of the loopholes and improvements to the Aged Care Act 1997 that are being reviewed be provided.

Senator Ludwig—The Minister for Ageing has provided the following answer to the honourable senator’s question:

Measures to improve the quality of care in Australia’s aged care facilities are currently being assessed by the Government and details of these improvements will be released to the aged care sector for discussion in coming months.

Aged Care

(Question No. 406)

Senator Patterson asked the Minister representing the Minister for Ageing, upon notice, on 9 April 2008:

Given that the Minister has disputed the findings of the report into the aged care industry by Grant Thornton, commissioned by the former Government, can the Minister provide detail and analysis to demonstrate how the report is incorrect.

Senator Ludwig—The Minister for Ageing has provided the following answer to the honourable senator’s question:

I am informed by the Department of Health and Ageing that it did not commission Grant Thornton to provide a report on financial trends in the aged care industry.
Aged Care

(Question No. 407)

Senator Patterson asked the Minister representing the Minister for Ageing, upon notice, on 9 April 2008:

Given that the allocation of beds in the last aged care approval round were undersubscribed in Tasmania and Western Australia: (a) what will happen to the unallocated provision of beds; and (b) what strategies does the Minister have in place to address the under-subscription of beds in Tasmania and Western Australia.

Senator Ludwig—The Minister for Ageing has provided the following answer to the honourable senator’s question:

(a) The shortfall in allocations in Tasmania and Western Australia in the 2007 Aged Care Approvals Round will be addressed through future adjustments to the previously published indicative number of places to be made available in 2008-09 and 2009-10.

(b) The Rudd Government’s New Directions for Older Australians: Improving the transition between hospital and aged care package committed to provide up to $300 million in zero real interest loans to residential aged care providers to build or expand residential aged care and respite facilities in areas of high need. The aim of the commitment is to find new ways to get proven providers, through low cost finance, to establish aged care services in areas of high need and undersupplied areas.

On 12 April 2008 applications were invited for stage one of the commitment; an initial $150 million in zero real interest loans for up to 1,250 new residential aged care places in identified areas of high need. All of Tasmania, regional, rural and remote areas of Western Australia and Perth metropolitan areas which failed to attract a sufficient number of quality applications in the recent approvals round process have been included in the initiative as identified areas of high need.

Applications for the zero real interest loans and associated places close on 6 June 2008. The results of the first stage of the initiative are expected to be announced in early August 2008.

Foreign States Immunity

(Question No. 421)

Senator Allison asked the Minister representing the Attorney-General, upon notice, on 21 April 2008:

(1) Is it the case that, in a lawsuit lodged in the New South Wales Supreme Court by Ms Zhang Cui Ying against Mr Jiang Zemin, Mr Luo Gan and the 610 Office of China, the department submitted an appeal seeking leave to intervene and seeking to grant the defendants foreign diplomatic immunity under the Foreign States Immunities Act 1985, making the defendants exempt from prosecution.

(2) Are there any other details that can be provided about the case and the Government’s involvement.

(3) What was the outcome of the case.

Senator Ludwig—The Attorney-General has provided the following answer to the honourable senator’s question:

(1) No. The plaintiff commenced civil proceedings and not a prosecution in the New South Wales Supreme Court. Following service of the process initiating those proceedings through the diplomatic channel in accordance with the Foreign States Immunities Act 1985 (the FSI Act), the plaintiff case applied for default judgment. The Attorney-General sought leave to intervene in the proceedings to

QUESTIONS ON NOTICE
make submissions and adduce evidence to assist the Court with respect to the application of the FSI Act, including on issues of foreign state immunity.

(2) When the matter came before the court in April 2008, the plaintiff sought an adjournment in order to obtain new legal representation. The matter was adjourned to a date to be fixed.

(3) The case has not yet been heard.