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

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

Leader of the Government in the Senate—Senator Hon. Christopher Vaugan 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 Vaugan 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 Fiona Joy Nash
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, Donald Edward Farrell and Anne McEwen
Liberal Party of Australia Whips—Senators Stephen Shane Parry and Judith Anne Adams
The Nationals Whip—Senator Fiona Joy Nash
Australian Greens Whip—Senator Rachel Mary Siewert
Family First Party Whip—Senator Steve Fielding

Printed by authority of the Senate
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(1) Chosen by the Parliament of South Australia to fill a casual vacancy vice Amanda Eloise Vanstone, resigned.
(2) Chosen by the Parliament of Western Australia to fill a casual vacancy vice Ian Campbell, resigned.
(3) Term expires at close of day next preceding the polling day for the general election of members of the House of Representatives.

PARTY ABBREVIATIONS
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—A Thompson
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 Finance and Deregulation
Hon. Lindsay Tanner MP
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 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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<tr>
<td>Assistant Treasurer and Minister for Competition Policy and</td>
<td>Hon. Chris Bowen MP</td>
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<tr>
<td>Consumer Affairs</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</td>
<td>Hon. Dr Craig Emerson MP</td>
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<tr>
<td>Economy and Minister Assisting the Finance Minister on Deregulation</td>
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<td>Minister for Superannuation and Corporate Law</td>
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<td>Minister for Ageing</td>
<td>Hon. Justine Elliot MP</td>
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<td>Parliamentary Secretary for Early Childhood Education and Childcare</td>
<td>Hon. Maxine McKew MP</td>
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<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>and Parliamentary Secretary Assisting the Prime Minister for Social</td>
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<td>Parliamentary Secretary for Multicultural Affairs and Settlement Services</td>
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</table>
SHADOW MINISTRY

Leader of the Opposition                Hon. Brendan Nelson MP
Deputy Leader of the Opposition and Shadow Minister for
Employment, Business and Workplace Relations Hon. Julie Bishop MP
Leader of the Nationals and Shadow Minister for Infrastructure and Transport and Local Government Hon. Warren Truss MP
Leader of the Opposition in the Senate and Shadow Minister for Defence Senator Hon. Nick Minchin
Deputy Leader of the Opposition in the Senate and Shadow Minister for Innovation, Industry, Science and Research Senator Hon. Eric Abetz
Shadow Treasurer                        Hon. Malcolm Turnbull MP
Manager of Opposition Business in the House and Shadow Minister for Health and Ageing Hon. Joe Hockey MP
Shadow Minister for Foreign Affairs       Hon. Andrew Robb MP
Shadow Minister for Trade                Hon. Ian Macfarlane MP
Shadow Minister for Families, Community Services, Indigenous Affairs and the Voluntary Sector Hon. Tony Abbott MP
Shadow Minister for Agriculture, Fisheries and Forestry Senator Hon. Nigel Scullion
Shadow Minister for Human Services       Senator Hon. Helen Coonan
Shadow Minister for Education, Apprenticeships and Training Hon. Tony Smith MP
Shadow Minister for Climate Change, Environment and Urban Water Hon. Greg Hunt MP
Shadow Minister for Finance, Competition Policy and Deregulation Hon. Peter Dutton MP
Manager of Opposition Business in the Senate and Shadow Minister for Immigration and Citizenship Senator Hon. Chris Ellison
Shadow Minister for Broadband, Communications and the Digital Economy Hon. Bruce Billson MP
Shadow Attorney-General                  Senator Hon. George Brandis
Shadow Minister for Resources and Energy and Shadow Minister for Tourism Senator Hon. David Johnston
Shadow Minister for Regional Development, Water Security 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 and Personnel; Assisting Shadow Minister for Defence | Hon. Bob Baldwin 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 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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Wednesday, 3 September 2008

The PRESIDENT (Senator the Hon. John Hogg) took the chair at 9.30 am and read prayers.

TAX LAWS AMENDMENT (2008 MEASURES No. 4) BILL 2008

Second Reading

Debate resumed from 1 September, on motion by Senator Conroy:

That this bill be now read a second time.

Senator COONAN (New South Wales) (9.31 am)—I am addressing these remarks in respect of the Tax Laws Amendment (2008 Measures No. 4) Bill 2008 and I have to inform the Senate that the coalition will be supporting schedules 1 and 3. This bill has three schedules. Schedule 1 amends the Income Tax Assessment Act 1936 to exempt private health insurance holders from capital gains tax if they receive shares or cash when their not-for-profit insurer demutualises to a for-profit insurer. Schedule 2 amends the Income Tax Assessment Act 1936 to limit the definition of family by changing lineal descendants to children or grandchildren of the test individual or the test individual’s spouse. Schedule 2 limits the ability for family trusts to make a variation to the test individual except in the case of marriage breakdown. Schedule 3 makes a variety of minor amendments to taxation law to remove minor errors including incorrect terminology and typographical errors—it is a clean-up schedule. The coalition, as I said, supports 1 and 3. However, we do not support schedule 2, but I will deal in a little more detail with schedules 1 and 3 first.

Schedule 1 is a specific response to the demutualisation of NIB last year and of MBF this year. The object of this schedule is to provide capital gains tax relief for private health insurance policyholders who receive a cash payment when their insurer demutualises. When an insurer demutualises, the accumulated surplus from the fund is distributed to existing members of that fund, and policyholders receive a share of the profit. When this happens, though, the recipients of this profit are subject to capital gains tax. Schedule 1 is a very sensible measure because it exempts the recipients from capital gains tax. This is entirely appropriate as those people who have invested in their own health cover should not be slugged with additional capital gains tax. Unlike the Labor government, which seems intent on dismantling private health insurance, we in the coalition actually support people who have private health cover and the private health insurance industry more generally, and thus we are pleased to support this schedule.

Schedule 3 of this bill is, as I said, a non-controversial administrative measure. It makes relatively straightforward and minor changes to existing tax laws to promote their intended operation and clarification and it does have the coalition’s support. We are, however, opposed to schedule 2 of this legislation as, in our very firm view, it is a regressive step in tax law that does not have either community or industry support. I foreshadow that I intend to move an amendment during the Committee of the Whole to excise schedule 2 of this bill so that the Senate will be able to quickly pass schedules 1 and 3 whilst also having the opportunity to consider the merits of schedule 2 in a separate measure at a later stage.

Schedule 2 to this bill amends schedule 2F to the Income Tax Assessment Act 1936. Schedule 2F of the act deals with trust loss measures. Basically, the trust loss measures prevent the transfer of tax benefits on the recoupment of a trust’s tax losses to persons who did not bear the economic loss when it was incurred. Family trusts are considered as accepted trusts for the purpose of the trust
loss rules and measures in schedule 2F. To be eligible to be a family trust, the trustee must make a family trust election in respect of an individual—the so-called test individual. When a family trust election is made, distributions can be made to the family group without penalty tax, which is currently imposed at the top marginal tax rate of 46.5 per cent.

The object of this schedule is to limit the definition of lineal descendants of the test individual or of the test individual’s spouse and remove the ability for a family trust to make a one-off variation to the test individual specified in a family trust election. This measure seeks to reverse the changes made last year by the former coalition government. The amendments made by the coalition government reduced the restrictions and compliance burdens placed on small business, farmers and professionals who use family trusts for legitimate purposes, including asset protection and business succession planning.

Last year the changes received widespread support within the community, although they were opposed by Labor, who it seems retain some sort of ideological objection to family trusts. By seeking to reverse the coalition’s amendments the government will substantially increase the compliance burden on all those small businesses, farmers and professionals who use family trusts for legitimate purposes. The coalition notes that the increased compliance burden that these people will have to bear is very much the unintended but inevitable consequence of this schedule. It is because of the increased compliance burden, for apparently little gain to the revenue, that the coalition opposes the changes to the definitions of ‘family’ and ‘lineal descendants’ in a family trust.

We have to ask why the Labor government is making this regressive decision even though it clearly does not have community or industry support to do so. The Labor government is addicted to raising taxes and Labor does have, as I mentioned, an ideological objection to the concept of a family trust. If you want proof of this you only need to look at the Assistant Treasurer’s second reading speech. On 26 June the Assistant Treasurer made a most extraordinary claim about why the government was pushing ahead with the restriction of the definition of ‘family’ in the family trust election rules. In the other place, the Assistant Treasurer said that the purpose of schedule 2 was to reduce the scope for family trusts to be used to lower income tax. You did hear correctly—the purpose of this schedule according to the Assistant Treasurer is to stop families legally and legitimately lowering their tax burden.

You really have to wonder then what motivates the Labor government. Their ideological opposition to lower taxes and family friendly policies is just astonishing in my view. We have a government that wants to restrict families from lowering their tax burden. What happened to the phrase ‘working families’? Now that the election has passed it seems that the government wants to distance itself from working families and from the mantra of economic conservatism. Raising taxes on Australian families is not economic conservatism and nor is it helpful for families who arrange their affairs through a family trust. It is mean spirited and ill conceived and simply distorts the tax system.

We now know from the Senate inquiry that the expected savings from the change to lineal descendants will be around $1 million a year. You have to ask yourself if a saving of $1 million is, or could be, worth all the extra compliance, red tape costs and confusion that are associated with yet another change in this measure. The government talks constantly of motherhood statements like ‘the need to cut red tape’. But obviously they do not really believe in it because if
they did they would not be putting this measure forward in this form. The compliance burden, as heard by the Senate inquiry, will, of course, only see money flow into the pockets of advisers and professionals such as accountants and lawyers. You have to ask: what is the point then of this legislation if it will be almost revenue neutral but will punish some families for no broader public benefit? The old saying about Labor’s commitment to cutting red tape, I think, has to be seen in the light of not listening to what they say but looking at what they do, which is a very different story.

The evidence provided by Treasury to the Senate Standing Committee on Economics indicates that the compliance costs will likely outweigh the relatively paltry revenue savings. The Senate inquiry received seven submissions from leading industry groups and experienced practitioners—not from those ideologically bent on dismantling and punishing certain families—and each expressed their condemnation for these changes. Yet, unfortunately, but I think rather predictably, the government members on the committee used the report to support the bill. Despite all submissions opposing the change, the Labor senators’ ideological objection to family trusts was front and centre in their approach to the report. I do find it quite disappointing that the government members of the Senate economics committee have chosen to simply ignore all the evidence presented to the inquiry, to support their original position and to waste taxpayers’ money in the process.

There is the clear hypocrisy here of the government claiming that this schedule is being proposed as a revenue-saving measure—there is no tax loophole here—and then spending taxpayers’ funds on a Senate inquiry only to ignore all the evidence presented and just rubber-stamp government policy. I do not think it does those senators credit, either as an intellectual or as a practical exercise. If the government members are so concerned with taxpayers’ money being wasted, one has to ask why they deliberately ignore all the evidence presented to the Senate inquiry and continue to push ahead with this proposal even though it should be condemned as a useless piece of sophistry and an unacceptable burden of increased red tape.

As I have said, we do support schedules 1 and 3 of this bill and we do support an ongoing program of sensible tax reform that clarifies the law and reduces the compliance burden. We will, however, be moving an amendment to excise schedule 2 from the bill so that the rest of the non-controversial elements can be passed quickly. I do hope that the crossbench senators will agree that families are more diverse than just children and grandchildren. Families come in many shapes, forms and configurations and I certainly hope that the crossbench senators will support what I submit to the Senate as a very sensible and defensible coalition amendment.

Senator HURLEY (South Australia) (9.43 am)—The Tax Laws Amendment (2008 Measures No. 4) Bill 2008 does indeed have three parts. The first one, schedule 1 on demutualisation is, I understand, supported on all sides. This action was triggered by that increasing trend and the bill will ensure that people who became shareholders in MBF after it demutualised this year do not pay any extra tax on the shares that they acquired. This is a sensible measure and one that was supported by the Senate Standing Committee on Economics.

The schedule which evoked most controversy was schedule 2, which deals with family trusts and fulfils an election commitment by the Labor Party. It reverses a change to
the act that was made only last year. These amendments revoke much of that act. It was indeed a pre-election commitment by the Labor Party. Therefore, the Labor government believes that it has some mandate to do what it is doing in this amendment. It is part of the budget measures.

I will not talk about the nature of family trusts or indeed about the ideological positions on it. If the Labor Party had an ideological problem with family trusts, presumably we would have taken far more drastic action than is being taken here.

The opposition has criticised it as a tax increase measure and claims that this is what the Labor government is all about, conveniently ignoring the schedule before, which decreases the tax take. The provisions relating to demutualisation mean that some tax that would have been collected is forgone. Not this current year but next year, the financial impact is estimated to be a reduction in tax of some $2 million. In the following year, that reduction will be $1 million. So the logic of that argument defies me. Both of these measures are a result of policy and budget decisions by the Labor government that have been part of a difficult balancing effort in making sensible changes to various aspects of the budget.

There was also quite a lot of discussion during the Senate inquiry hearings about just how much money would be saved by this measure. Senator Coonan, in her speech on the second reading, quoted the figure of $1 million, which is the figure the opposition prefers to use. It does indeed save, as we heard in evidence, $1 million in the 2008-09 year, but that goes up to $6 million in the three subsequent financial years. This is indeed a tax-saving measure for the government. It will increase the tax take, but the policy was taken to the people of Australia at the election last year and so it is justified. It is a position that has been consistently held by the Labor Party, and indeed Senator Coonan noted that the Labor Party opposed measures brought in last year by the then Liberal government. The Labor Party has behaved perfectly consistently on this policy decision. It believes in the policy and it has implemented it as the government.

The opposition has also said that the Senate Economics Committee ignored evidence given by a number of people—people who did not like having to implement changes to the family trust structure. That is completely understandable. It does involve a small expense and a reconsideration of family trust structures. These structures are very useful, particularly in rural communities for farmers but also for professional people in both rural and city areas. Clearly, they are widely used. We heard evidence that there are between 400,000 and 500,000 family trusts around Australia.

The committee did take into account that this would cause some inconvenience and problems for some people who hold family trusts—not all of them, because it very much depends on the circumstances. The committee considered that very carefully. There was a submission from Treasury. The committee as a whole considered that the questions raised by the people who provided evidence in opposition to the measure were answered. This was a pre-election commitment by the Labor Party, an integral part of the budget measures and part of the government’s difficult juggling task in trying to produce a budget which addressed the difficult challenges that we are facing. This is a measure that should be supported. The Senate should support it.

We have been through this many times in this chamber recently. The government were required, because of the difficult economic circumstances that we found ourselves in
when we came into government—high inflation and rising interest rates—to produce a difficult budget. In order to do that, the government said that they had to make some tough decisions. They said that a surplus would be required in order to put downward pressure on inflation. This measure assists in that process. It is part of a pre-election commitment. I strongly support the measure on those grounds.

A government is put in place to govern. Putting the budget in place is one of the most difficult features of that, particularly given the global economic circumstances in which we find ourselves today. Therefore I think the government deserves support. It is sound on a policy basis. It is sound on a consistency basis, and it is sound on the basis of fulfilling a pre-election commitment. Whatever criticisms the opposition may make of this government, they cannot criticise the fact that it has been rigorous in implementing pre-election commitments. Therefore, it is incumbent upon the opposition to give support to all of these measures and not just pick out the measures that might cause a reduction in revenue, such as the demutualisation, but to give support to this bill as a whole.

Senator JOYCE (Queensland) (9.53 am)—I just want to quickly cover a couple of the issues that have been pointed out by previous speakers. Schedule 1 deals with demutualisation and basically confers an expansion of the term of the demutualisation so that what we have today is an expanded concept of the exemption that is currently in place under division 9AA of schedule 2H of the Income Tax Assessment Act 1936. What we really have in the first one is an expansion of the term to encompass the progression of demutualisation to the definitions we have now and the new nuances that appear in that type of entity structure. So it really keeps to the intent of the original legislation and, as such, there is no real reason to oppose it.

Schedule 3—I will not bore the people listening to this over the radio—is just a matter of technical amendments and of no real consequence. At this point in time they can be perceived as being of no great consequence and, as part of the general housekeeping of events, should also be supported.

Schedule 2, however, is a completely different kettle of fish. Schedule 2, once more, is a stalking horse return by the Labor government to try to get back towards entity taxation laws. Entity taxation laws ignore the fundamental aspect and structure of trusts. Entity taxation laws of course would make trusts no longer viable. In short, they would make a trust, as an entity, no more applicable than a company and of course people would move to companies.

In the Australian community, however, for over a hundred years trusts have been an extremely viable and appropriate mechanism especially for the protection of assets. More and more today it is the case that when people own an asset they do not own it for their own exploitation, for their own benefit; they hold it in perpetuity for those who come after them. This is an extremely important concept to understand. People who generally use the asset protection mechanism of trusts, especially discretionary family trusts, are doing so in order to protect the lineal descendants of their family from the divesting of their asset. This could happen in a number of ways—through marriage break-up and a whole range of other things.

It is especially applicable to people on the land. Growing up on the land myself, I know that the property is always seen as somewhere where you work and which you have the benefit of whilst you are alive. But there is always the strong expectation that it is an asset that you will hand on to those who
come after you. There is not the expectation that you will be selling it up and divvying it out almost exclusively to yourself. There is always a sense in the ownership of land that you will work very hard, you will get what you can out of it, and then you will hand it on to the next generation. That is why schedule 2 starts to raise the spectre of going into that and attacking it.

The way that schedule 2 attacks that notion is quite clear. It attacks it by changing the ability of the test individual to be changed. The coalition allows a one-off change to the test individual—that will now be scrapped. The next thing of course is the change in the definition of ‘family’. Under this piece of legislation ‘family’ will be the sons, daughters, grandsons and granddaughters of the test individual—those levels for whom the test individual is the direct progenitor—or the nephews and nieces—those one level removed from the test individual.

This of course starts to really come in and creates a capital gains tax event horizon in the foreseeable future of this trust. And this is what is dangerous about it. What does that exactly mean? Of course, at the end of a trust it will either vest, which means the distribution of the assets, or you will be up for a penalty tax. A penalty tax with the Medicare levy is, I think, 46.5 per cent. So that is why schedule 2 needs to be knocked out. To use an analogy: if you are on the farm you do not want to be forced into a position where you are selling the farm, because there is no intention to sell the farm. The farm is to go on in perpetuity. I believe there is strong merit in knocking out schedule 2.

Even if you look at the fiscal side of this, as has already been pointed out, in the immediate term the so-called fiscal gain is almost obscured. I think it is $1 million in 2008-09, $6 million in 2009-10, $6 million in 2010-11 and $6 million in 2011-12. In the whole scope of things in an economy in excess of a trillion dollars that is not much of a win. In fact the administration of it, I would suggest, is going to far outweigh any benefits from it.

There is between 400,000 and 500,000 trusts in Australia. So there will be a huge boom for accountants—and I am one of them so I will declare my interest—and solicitors, as people trot back into the office to reorganise the structure of their affairs. And with the reorganisation of the structure of their affairs there are stamp duty implications, capital gains tax implications and a range of implications that then become part of the process. More importantly, a huge amount of fees will be paid to accountants and solicitors as things get reorganised.

If the intent is to raise revenue or to close a loophole or to do whatever they decide today, then I can suggest to them umpteen other far greater loopholes that they might want to think about closing, such as the one that the Labor Party supported where non-real property assets from foreign entities are capital gains tax exempt. If an Australian buys and sells a hotel they pay capital gains tax but if they are living in New York they do not pay any capital gains tax in Australia. That is worth, I would say, hundreds and hundreds of millions of dollars as a loophole. But that has not been closed. Are you going to concentrate on and attack, once more, a structure that has been used for very good reason over a long period of time to protect the nature, custom and practice of the delivery of an asset through generations?

I do not think the Labor Party is being completely up front because the only purpose of this is as a stalking horse to their overwhelming desire to—

Senator Xenophon—A Trojan Horse.

Senator Joyce—Of course, it would be a Trojan Horse from Mary of Troy or—
Senator Xenophon—Helen!

Senator JOYCE—Helen of Troy, Mary’s sister. That is a confusion; it is obviously the Irish in me today! We now have Mary of Troy—it might be to do with our notice of motion later on. It is the Trojan Horse for a greater desire to move towards entity taxation at a later stage.

There will be people driving off the road in boredom as they listen to this but it is important. In subsection 272-80(5B) of schedule 2F, item 2 of schedule 2 will be repealed. This is to do with the test individual. The test individual is the person who the trust is associated with—who is the determinant of the trust. In the past, for a very good reason you could have a one-off change. That has predominantly been knocked out. That can cause a huge problem when the test individual dies. It could be through an accident—and I am thinking of one specifically—such as a plane accident. This can have unnecessary ramifications on the holding of that asset. So on a technical basis it is bad legislation because it does not take into account the unforeseen ramifications that could well come about in so many of these areas. Trusts are an overwhelmingly widely used vehicle.

The other thing about the change in the test individual is that, because we have already made the change and people have already structured themselves into this change, it becomes slightly retrospective in its effect and in how it is dealt with. That is always a bad precursor to any piece of tax legislation. It is a real pain in the neck when the government starts retrospectively changing tax laws, because you have to pull out all your files of your client base and start going back through them all to see what advice you have given, what structure you have put them into and what changes therefore need to be brought about. Not only is it retrospective but, because of your diligence to your client base, it causes you to have to go through everyone—every file—to find out what the ramifications are. People do not like being pulled into the office and being charged a fee, not because of anything you deliver but because of a change the government has made. It becomes completely nauseating when you tell them that in the prospective window of revenue for the government we are looking at approximately, at best—their own figures—$19 million over four years. That is hardly a reason to change the legislation unless you have another idea sitting behind what you are doing.

Using the government’s figures, if we manage to exclude schedule 2, what is the government losing? It is losing nothing; in fact, it will probably save revenue. The administration of it, I suggest, will be far in excess of the revenue it gains. What is its effect on the Australian people? If we knock out schedule 2 we remain with the status quo which gives some certainty to the family trust structure, which is the owner of the assets. If we knock out schedule 2, what else do we do? We maintain a position that has been held in this nation for a long period of time and we will not be moving towards entity taxation rules. If we progress towards entity taxation rules, and this is the first step towards it, we are only fooling ourselves. If a little old bush accountant from St George can suggest how you can get out of tax by just restructuring your affairs through a trust based overseas, where they do have them, then I am sure that far smarter people than me will be doing exactly the same thing. All we are doing is creating a schism where the discerning and those who are willing to pay more will, once you get diminution in the effect of trusts, start to move the controlling mechanisms of their assets overseas. Only those who cannot afford that advice and that restructuring will keep those mechanisms here. I would suggest that, because of our
changes to capital gains tax exemption for nominal property assets, which would include choses in action, that is happening right now. In fact I cannot think of any reason why we would have passed that piece of legislation before except on the prompting of certain exceptionally well-connected lobbyists who managed to get the support of both sides of the House on that issue.

Why would we go down this path, which is an attack on the general ownership structure of Australian assets held by Australians, and then put up the idea that the reason is to maintain revenue, whilst in the same breath have a hole in it that you could drive a Mack truck through because of the flow of funds out of our Treasury coffers overseas by reasons of capital gains taxation exemption on nominal property assets? We must look after the structure that is inherent in Australia at the moment—that is, the trust structure. This bill, in its initial form, is an attack on the structure of so many assets, especially rural assets held by people in regional areas. When we decide to move away from this, we move away from the inherent belief—and I think it is a noble and correct belief—that the idea of a trust is that something is held for you in trust; it is not yours. You are the beneficiary of the asset, but it is not yours to dispose of; it is for you to hand on. The custom and the practice is that you hand on that asset. I think that is also, in the psyche of the nation, a noble attitude for people to have. Even on a philosophical level, I would hate to see a movement away from trusts because it is a movement away from an idea that you do not just live for yourself; you live for those who come after you.

Senator XENOPHON (South Australia) (10.08 am)—At the outset—with an abundance of caution, given that I have not yet filed my register of senators’ interests as I have only recently been sworn in—I think it is important to disclose that, just like thousands of Australians, I am a trustee and a beneficiary of several private trusts, including a private super fund and one associated with my very small legal practice.

That said, the Tax Laws Amendment (2008 Measures No. 4) Bill 2008 has three schedules. Schedules 1 and 3 are uncontroversial. However, schedule 2 has proven to be the source of some debate. Schedule 2 relates to family trusts and the way ‘family’ is defined in relation to these trusts. I note the proposed changes to that definition as outlined in schedule 2 will significantly impact on between 200,000 and 400,000 family trusts, many of which have been set up by family businesses and farming families.

I also note a comment in the Age on 21 June 2008. It was in an article by V Burrows and was titled ‘Wither wax and wane tax changes?’ It stated:

The Rudd Government has revoked changes made by the Howard government, which allowed the revenue collected by family trusts to be distributed to “lineal descendants”. That means, anyone outside the immediate family will have to pay tax of 46.5% on distributions. For those in the know, this is the most controversial change in tax law this year, a change that will affect millions of people who have family trusts attached to small businesses.

This new bill, by seeking to limit the definition of ‘family’ to lineal descendents—to children or grandchildren—of the test individual or the test individual’s spouse, has significant ramifications. There are a number of minor exceptions, but the thrust of schedule 2 is quite significant in its scope.

This is a significant departure from the previous definition, which allowed non lineal inclusions within a family over a period of no more than 80 years. My concern is that these changes will have a large and detrimental effect on family run businesses, small businesses and farms. It will limit the way small businesses can be structured and fami-
ily farms can be run. I agree with Senator Coonan that the definition of ‘family’ has broadened in terms of contemporary society, and I think that the definition that the government is seeking to introduce is a retrograde one, given the realities of modern life. I am also concerned that many of these family businesses and family farms have already structured their affairs around the previous broader definition of family and that a redefinition may cause an unfair burden on many of them. Many will have to undertake a significant restructuring of their affairs, and some families may face the very real prospect of having to tell relatives who were previously in that they are now out.

Of course, there is the issue raised by Senator Joyce of compliance costs. It concerns me significantly that there will be compliance costs which could well be in the tens of millions of dollars in order to comply with these changes, and I note that the opposition’s position is that the revenue raised from this would be in the order of $6 million. I think the government’s position in terms of forward estimates over the next four years would be in the order of $20 million. But even on the best case scenario in terms of what the government thinks it will gain from this, I cannot see that it is worth it given the compliance costs to hundreds of thousands of small businesses. I think it is fundamentally unfair in that regard.

I have one question for the government, and it relates to the issue of the administrative costs of these changes: have they been factored in by the government? Obviously there will administrative costs if these changes to schedule 2 are passed. What has the government allowed for the compliance costs? What does the government say it will actually rake in over the next four years with these proposed changes? Having posed that question, on balance I see this as an unnecessary and fundamentally unfair change, and it will impact on the small businesses and farming families of Australia.

Senator BUSHBY (Tasmania) (10.13 am)—I rise to speak on the Tax Laws Amendment (2008 Measures No. 4) Bill 2008, a bill which combines a number of unrelated matters, some of which make good sense and others which represent very poor policy and which are hard to justify other than on a shameful, ideological and outdated approach to class envy, the rural sector and small business that I thought had long since passed.

The bill is effectively split into three parts, set out as three schedules. Schedule 1 deals with the taxation treatment of demutualisation of private health insurers. This measure will clarify the capital gains taxation liability private health insurance policyholders attract when their insurer demutualises and makes it clear that such a process does not create such a taxation liability. In the interests of transparency, I mention here that my family and I, like many Australians, are policyholders with MBF, which has just gone through the demutualisation process.

As I understand it, there was never any intention that such a process of private insurer demutualisation would create any capital gains tax liability. But the legislation is not entirely clear in this respect. Schedule 1 is intended to clarify this situation and make it absolutely clear that the receipt of shares or funds in a demutualising private health insurer does not attract any capital gains tax liability. In respect of the merger of MBF with BUPA on 16 June 2008 and the resulting demutualisation, a cash payment for the disposal of certain membership rights was made to policyholders on 30 June 2008. The Australian tax office’s website has noted that in the financial year just ending it will accept returns assuming no capital gains tax liability pending the outcome of this bill. This meas-
ure is sensible and removes an uncertainty that has the potential to affect many Australians right across the nation and should be supported.

Schedule 2, however, is another matter altogether. This schedule amends schedule 2F of the Income Tax Assessment Act 1936 and hence the family trust election rules, or the FTE rules. It essentially has two main effects: first, to place limitations on who is included under the definition of lineal descendants of the test individual or the test individual spouse; and, second, to remove the ability for a family trust to make a one-off variation of the test individual specified in a family trust election. These two measures reverse changes made by the previous government just last year to simplify the administration burdens on family trusts and to address a number of problems that had become apparent with the then-existing long-standing FTE rules. At the time these amendments were put through—and again I stress it was just last year—the then Labor opposition opposed them. Given the proven need for the 2007 changes and the absolute lack of justification for opposing them, I can only conclude that their opposition to the amendments was based more on some outmoded notion of class warfare and the politics of envy than on any semblance of logic or reason. It seems to me that they saw the coalition government making changes to the laws relating to the taxation of family trusts, so, by definition, that government must have been looking after its rich mates by giving them more tax breaks.

Of course, as we know on this side of the chamber, the reality is quite different. The FTE rules, first introduced in the 1990s, were made to curb what was considered an abuse of the family trust vehicle to evade tax that would properly have otherwise been payable. They limited the ability of trusts to manipulate the class of beneficiaries that could make use of the taxation benefits available to trusts. They also introduced the requirement to nominate a test individual whose family relationships would determine the class of persons eligible to benefit under a family trust. However, what was not foreseen at the time was that these changes would have unforeseen long-term consequences, many of which were not apparent until some time had passed and the reality of changes in family circumstances and dynamics and trends to smaller families threw light on the problems.

One of these was that by limiting the class of lineal descendants to just grandchildren and children of siblings of a test individual, it was entirely possible that a family trust could find itself without beneficiaries that met the definition and have no ability to change the test individual to introduce a new set of beneficiaries, with a consequent need for the trust to be prematurely wound up. ‘So what?’ you might ask. This problem has real consequences for the hundreds of thousands of farms and small businesses across Australia operating through family trusts. It could mean that a business operating through such a trust is forced to wind up its trust and pay a 46.5 per cent family trust distribution tax. In the view of CPA Australia, as expressed in their written submission to the Senate inquiry:

… [this] limitation effectively amounts to a de facto inheritance tax, adds significant complexity to the tax law and is wholly inconsistent with trust law, commercial practice and the objective of reducing the compliance burden on taxpayers.

As already apparent, the proposed changes also fly directly in the face of the strongest advice from all the relevant professional organisations, as contained in their written submissions and as presented at the hearing. For example, the Taxation Institute of Australia stated in their written submission to the inquiry:
As the 2007 amendments were specifically targeted to overcome a number of acknowledged problems with the operation of the FTE rules and reduce the onerous associated compliance costs, we continue to struggle with the need to reverse these amendments. Not only will this rollback impact unfairly on taxpayers, it is also difficult to see how the amendments will result in any significant revenue savings.

And the Institute of Chartered Accountants in Australia noted in their written submission to the inquiry:

These two measures now being reversed in the Bill formed part of a package of important amendments to increase flexibility for family trusts by the previous government following inter alia a detailed submission by the Institute in November 2004 identifying shortcomings of Schedule 2F to the Income Tax Assessment Act 1936.

As stated therein:

‘The definition of “family” only extends down two generations. We don’t perceive any policy rationale for placing a generational limit on the definition of family especially given that the typical life of a trust is 80 years, which means they commonly extend into a fourth generation. This means that many family trusts will eventually have to distribute outside the family group and such distributions will be subject to FTDT.’

And the CPA again:

It is difficult to see a policy justification for placing a generational limit on trusts that have made a FTE. Most trusts typically have a life span of 80 years, which will commonly span four generations. In our view there is no compelling reason why two generations should be sliced off the normal lifespan of a trust.

In a media release on 13 May 2008, the Minister for Competition Policy and Consumer Affairs, the Hon. Chris Bowen, indicated that the measures will ‘improve the integrity of the tax system and achieve cost savings to help fund more urgent priorities’. The explanatory memoranda also noted the measure was a savings measure. This is stated as the government’s justification for reintroducing problems that were, prior to 2007, so evidently in need of reform and of such serious potential impact to over 400,000 small businesses and rural enterprises operating across Australia through family trusts.

At the hearing, this motivation was confirmed by Mr Cicchini of Treasury. He said:

When this measure was announced by the current government, it was announced as a savings measure.

Treasury officials then went on to provide an analysis of what they estimated the savings would be and the analysis of their calculations. This was, at best, vague and unworthy of the good work Treasury usually produces in these matters. They indicated that over the forward estimates a total amount of $20 million would be saved as a result of the measures—$1 million for the first year, $6 million for each year thereafter and presumably this would rise to $7 million in the last year to give them the $20 million. However, the officials had great difficulty in explaining the rationale behind this figure. The best they could do was, when Mr Brown from Treasury noted that the original 2007 amendments containing a suite of measures was calculated to cost $8 million a year, and that the costing of the savings to arise from this measure was based on a reversal of those earlier measures, taking into account that not all of them were reversed. As such, it was clear that no actual modelling or detailed analysis was made to calculate the revenue effects of these proposed changes. There was just a back of the envelope guesstimate based on ‘something less than the figure we had last year’. Mr Brown even conceded that the costings:

...are very indicative. There is not a lot of data on which to base this assessment.

The situation was even worse in respect of separating out the potential revenue benefits arising only from the changes to the lineal
descendants. Mr Brown stated that his recollection is that:

... the costing of this is that the lineal descendants, over the forward estimates period, is a very small part, probably around $1 million.

Credible evidence from other witnesses suggested this to be overstated. Given that the Treasury officials admitted their costings were indicative and based on very little information, it is very easy to conclude on the evidence that the savings benefit for the Commonwealth out of the lineal descendants measure will be minimal—certainly in the short to medium term.

When Treasury officials were asked why the government would proceed if there were good reasons for making the changes in 2007 and minimal benefits to Commonwealth revenue arising out of the measures, no attempt was made to defend the measures or deny the allegation of minimal revenue benefits. Mr Cicchini commented:

We are simply implementing the government’s desire and its pre-election commitment. It announced it as a savings measure. So we are not passing judgement on its worth as a measure ...

Mr Cicchini’s evidence at the hearing also shed some light on the overall thinking behind schedule 2F of the Income Tax Assessment Act. He stated:

The trust loss rules in schedule 2F of the Income Tax Assessment Act 1936 are primarily there to prevent the tax benefits arising from the recruitment of trust losses being passed to beneficiaries that did not bear the economic loss or the bad debt when it was incurred.

This is fair enough and a widely accepted principle. I have no problems with that. However, and this is important, Mr Cicchini then went on to note that the FTE rules provide a special concession to family trusts—that is, there was a deliberate policy decision to allow family trusts, which make an election and specify a test individual, to carry forward losses and utilise them without meeting the other rules provided that such a trust only distributes to members or members within the family group. This special concession was a reflection of the nature and importance of family trusts as the owners of small businesses and farms across Australia and the desirability of, effectively, treating the family operating them as a single entity for the purpose of these rules.

It is a principle that Mr Cicchini clearly acknowledged. The 2007 amendments did not change this principle. They did not say, ‘Hey, lets take the principle and extend it to others outside what would in the normal course of events be considered a family group’ or extend it in any other way. No, all they did—so far as they applied to these two measures we are considering today—was acknowledge that if this principle is to be applied in a manner that delivers the outcomes the special concession is intended to deliver, there needed to be some amendment to the election rules and to who can be included in the family group. It is simple really: if you support the principle that family trusts should receive the benefit of this special concession, which the government appears to do, it makes sense that you ensure the rules allow that special concession to work properly. But here we have the government winding back sensible changes that did just that and seeking to return to a situation where the value of providing this special concession is severely undermined.

In examining the issue this way, I start to wonder whether this government is supportive of the special concession granted to family trusts in this respect or whether an ideological bias against family trusts is behind the change. In his initial announcements, the Treasurer referred to the general principle that those who receive the tax benefits of losses should be those who incurred them, as justification for the two
changes in schedule 2 that we are discussing in the context of this bill.

Other government members of the other place also refer to this principle. For example, the member for Lindsay, in his second reading speech on this bill on 28 August just gone, spoke for the two changes in schedule 2 of this bill because:

... it is a different proposition to start providing for transfers of those losses to others that might not have borne the real economic loss. Where that is done we start to get into some of the avoidance issues that emerge right across the tax system.

And later in the same speech:

The essential point that he is making there is the point I was making earlier. Where a loss is incurred, the value of that loss should only be available to the individual or the entity that incurred the true economic cost of that loss.

This is a restatement of the general principle but, clearly, the member for Lindsay was unaware of the special concession allowing just such a transfer in the case of family trusts. And if he was unaware of that concession, he, by definition, could not possibly have comprehended the need to refine the very rules that set out how that concession is applied in practice. Hence his argument, which appeared to me to be predicated entirely on the principle behind that quote from his second reading speech, must fail. Similarly, any other attempt to justify the changes contained in schedule 2 of this bill, on the basis of the general principle that does not acknowledge and specifically address the special concession granted to family trusts, must also fail.

The evidence received as part of the inquiry of the Senate Standing Committee on Economics into this bill suggests that modern family trusts are used primarily not as tax minimisation strategies but to provide for one’s current and future family, especially as part of personal estate planning. As discretionary trusts are one of the major ownership vehicles in family assets, especially rural land, if these measures are passed all current ownership structures will have to be reviewed. For the discerning minority, non-real property asset structures will be moved overseas. For the majority of trusts however they will for no apparent reason have the tax nature of their asset changed. The changes proposed in schedule 2 of this bill are bad policy and should be opposed.

Senator FIELDING (Victoria—Leader of the Family First Party) (10.28 am)—The Tax Laws Amendment (2008 Measures No. 4) Bill 2008 deals with a couple of issues of special interest to Family First, those being family trusts and the demutualisation of health funds. On the issue of family trusts: to be blunt, the government is being stingy. The government says it is proposing changes to family trusts to stop people using losses to reduce their income tax ‘to help fund more urgent priorities’. But a quick look at the numbers show this is a furphy. The government is trying to limit the reach of family trusts to two generations—so to grandchildren but not to great-grandchildren. That change is likely to affect more than 400,000 family trusts, so it will penalise families passing their businesses, such as farms, from generation to generation and will create a mountain of red tape and
bureaucracy instead of allowing families to have legitimate family trusts.

I will now turn to the issue of demutualisation of health funds. In the bill there are tax changes with regard to the demutualisation of health funds, which the government says are to provide ‘relief from capital gains tax for private health insurance policyholders when their insurer demutualises to a for-profit insurer’. The government has argued that these amendments are ‘intended to facilitate the demutualisation of private health insurers’, but Family First questions whether demutualisation is always such a good thing.

The trend to demutualisation was triggered by the Howard government when, in 2006, it voted to sell off Medibank Private. Family First warned that the Howard government’s decision would open the way for other health funds to opt for the profit-driven model. At the time, health fund NIB’s CEO said that the Medibank sale would cause a ‘tsunami’ of change in the industry and result in ‘fewer and larger players’. We have since seen that the change with the NIB health fund demutualising and listing on the stock exchange means that profits now come before the health policies of families. The loyalties of NIB are now to shareholders, not to policyholders. There have been further moves towards fewer and larger players in the industry since then. MBF demutualised in June and is merging with the BUPA Australia Group. Just last month the Australian Competition and Consumer Commission approved the taking over by Medibank, Australia’s largest health insurer, of Australian Health Management. And, again last month, Australia’s third largest health insurer, HCF, made a bid to merge with Manchester Unity Australia.

The concern is that these changes will lead to further demutualisation and moves to a for-profit model, and the Rudd government seems content to encourage this. Demutualisation means that Australian families will have less trust in private health funds to put their needs first. Demutualised companies need to earn 30 per cent more just to cover the loss of their tax exempt status. Funds listed on the share market need to make profits above and beyond that to provide a return to shareholders.

Private health insurance is a huge cost to many Australian families. More than one in two adults has made the financial sacrifice to take out insurance, with the highest take-up rates among couples with children. Families with private health insurance are depending on the guarantee that they will have access to quality hospitals at affordable prices. This has been put in danger by the insurers opting for a business model that puts profits before members. Family First is considering supporting this schedule, not to support demutualisation but to clarify the tax treatment for ordinary Australians caught up in these corporate changes.

Senator BOB BROWN (Tasmania—Leader of the Australian Greens) (10.33 am)—The Greens support the Tax Laws Amendment (2008 Measures No. 4) Bill 2008, but, as we have heard, it is complex, and I thank the previous speakers for their contributions. I should say at the outset that Senator Hanson-Young, Senator Milne and I are members of private health funds which may or may not be affected by this legislation. I think the process of demutualisation that Senator Fielding just spoke about is one of concern, although I am not sure that this legislation will accelerate that process. It is a process that is underway without being brought before the parliament.

On the family trust issue, there is a cogent argument for lineal descent to be extended. But, on balance, the Greens are concerned about the use of trusts for tax avoidance, be-
cause, where taxes are avoided, the burden goes onto other people who are paying those taxes. It is a $20 million saving over forward estimates, although, as Senator Bushby said, when you get into it, it is very difficult to substantiate the amounts in either direction. However, the government did flag these changes in its presentation to the electorate in the run-up to the last election and, as part of that, has a legitimate reason to bring the legislation before the Senate, albeit reduced in the scope which the government advocated when it was in its role as opposition. The Greens opposed the measures of the previous government which are now being reversed by this legislation, so, consistent with that, we will be supporting this legislation.

Senator CONROY (Victoria—Minister for Broadband, Communications and the Digital Economy) (10.35 am)—in reply—I thank the senators who have taken part in the debate on the Tax Laws Amendment (2008 Measures No. 4) Bill 2008. Schedule 1 provides relief from capital gains tax for policyholders of private health insurers who convert from being a not-for-profit insurer to a for-profit insurer by demutualising. The amendments will facilitate the demutualisation of private health insurers and will apply from 1 July 2007. These amendments disregard any capital gains or losses that arise to the insurer’s demutualisation.

With regard to schedule 2, the government will proceed with the reversal of two of the family trust changes introduced by the previous government in 2007. These amendments restore the previous definition of ‘family’ in the family trust election rules by limiting the range of lineal descendants who can access benefits associated with tax losses. The amendments also prevent family trusts from making a variation to the test individuals specified in the family trust election other than specifically in relation to the 2007-08 income year or in the case of a marriage breakdown. These changes both reduce the scope for family trusts to be used to lower income taxes and demonstrate the government’s commitment to ensuring that every single cent of new spending for the coming year has been more than met by savings elsewhere in the budget. The government will not be supporting the opposition’s amendment.

Finally, this bill implements various minor amendments to the law and also some general improvements of a minor nature. These amendments reflect the government’s commitment to the care and maintenance of the tax system. Again, I would like to thank those who have participated in this debate.

Question agreed to.

Bill read a second time.

In Committee

Bill—by leave—taken as a whole.

Senator COONAN (New South Wales) (10.38 am)—The opposition opposes schedule 2 in the following terms:
(1) Schedule 2, page 19 (line 1) to page 20 (line 25), to be opposed.

I also move opposition amendment (2) on sheet 5556:
(2) Clause 2, page 2 (table item 2), omit “Schedules 1 and 2”, substitute “Schedule 1”.

Senator CONROY (Victoria—Minister for Broadband, Communications and the Digital Economy) (10.38 am)—The government will not support the amendments moved by Senator Coonan on behalf of the opposition to remove the schedule 2 family trust changes from the bill. It was part of the 2008-09 budget process. The government made difficult decisions to ensure disciplined budget management and the integrity of the tax system. The family trust amendments
address the concern that the current definition of ‘family’ and the ability of family trusts to make one-off variations to their test individuals provide significant scope for family trusts to transfer the benefits of tax losses to future generations. These changes will reduce the scope for family trusts to be used to lower income tax by utilising losses, delivering on the government’s commitment to disciplined budget management. The measures are expected to provide savings of up to $19 million over the next four years.

The majority report of the Senate Standing Committee on Economics inquiry into TLAB No. 4 and evidence given by Treasury officials stated that it is anticipated that the savings associated with the amendments will grow over time beyond the forward estimates period and could realise significant cost savings. Opposing this bill also represents yet another example of the opposition blocking government saving measures. Fiscal discipline is a key part of this government’s five point plan to fight inflation. This family trust measure is one of the decisions to ensure disciplined budget management and the integrity of the tax system. I note that the majority report of the Senate Standing Committee on Economics recommends that this bill be passed, including the family trust measure. The majority report states that the family trust measure in schedule 2 will achieve the government’s stated objective of cost savings and fulfil its election commitment to tighten family trust arrangements.

Senator CONROY (Victoria—Minister for Broadband, Communications and the Digital Economy) (10.40 am)—My understanding is that Mr Brown did give evidence to the committee around some of these issues about the normal Treasury processes that are used to generate these figures. Reference was made to the changed behaviours from a higher tax rate. It is a simple Treasury calculation. If you want more detailed information I am happy to try to get it for you, but I do not know if you are going to get much more today.

Senator JOYCE (Queensland) (10.41 am)—So your proposition—through you, Madam Chair—is that these savings come by reason of changed behaviours?

Senator CONROY (Victoria—Minister for Broadband, Communications and the Digital Economy) (10.41 am)—It is simple economics, Senator Joyce: if you are going to pay a higher tax rate and you cannot avoid it then there is more money for the Commonwealth. If there is a capacity to move to somewhere with a lower threshold and if that is removed, then people usually behave rationally. You may be aware of people who do not, but usually tax revenues are estimated in that way: people change their behaviour to changed tax rates.

Senator JOYCE (Queensland) (10.42 am)—I am aware of changed behaviours. I am also aware of floundering. I have seen a bit of that lately, too. So you acknowledge, therefore, that these changed behaviours are by reason of the fact that they will be paying more tax. Therefore, it becomes an appropriation issue and you should be able to be a lot more specific about where these $1 million, $6 million and $6 million figures come from. To the best of my knowledge, they look like they have been plucked out of thin air.
Senator CONROY (Victoria—Minister for Broadband, Communications and the Digital Economy) (10.43 am)—I think that is more of a statement of opinion than a question, Senator Joyce. If there is more information, I am happy to gather it for you. But, as I said, I am not sure you are going to gain any more information than you have gained by asking these questions previously. If there is more information I am happy to get it, but I am not sure that that was a question.

Senator JOYCE (Queensland) (10.43 am)—So you would be able to direct us as to who may be able to give us specific modelling on where these $1 million, $6 million and $6 million figures came from and you would be prepared to table it for us?

Senator CONROY (Victoria—Minister for Broadband, Communications and the Digital Economy) (10.43 am)—I said I would seek to find out if there was any more information and if there was any more specific information in relation to your question I would be happy to provide it. But I do not believe that will be available before this bill is voted on.

Senator CONROY (Victoria—Minister for Broadband, Communications and the Digital Economy) (10.45 am)—As explained in the EM, the compliance costs are considered to be relatively minimal due to the fact that a nomination has to be made. But it is still made, irrespective of the change. What this does is limit the number of nominees, so the process of distribution comes through nomination, and this just reduces the pool of potential nominees.

Senator JOYCE (Queensland) (10.45 am)—For further clarification, could the minister please describe what ‘relatively minimal’ means in financial terms? Just give us a rough approximation in dollar terms. Are we talking $1 million, $10 million, $100 million, $25.50? Can you describe ‘relatively minimal’ to us?

Senator CONROY (Victoria—Minister for Broadband, Communications and the Digital Economy) (10.45 am)—As Senator Joyce is aware, there is no figure attached in the EM. For the reasons I have outlined in terms of the distribution process, which I am sure Senator Joyce is familiar with, what happens is a narrowing of the available distribution pool. The fact that the nomination takes place is still the same.

Senator JOYCE (Queensland) (10.46 am)—I will try and be more specific. Is ‘relatively minimal’ a million dollars in a trillion dollar economy or possibly $6 million in a trillion dollar economy? Could it be in excess of, let’s say, a figure of $6 million in the 2009-10 year? Would the government determine $6 million to be a relatively minimal figure? Is the ‘relatively minimal’ that they are discussing relatively more than the amount we are saving?

Senator CONROY (Victoria—Minister for Broadband, Communications and the Digital Economy) (10.47 am)—As I have indicated, there is no specific figure attached. If there is any more information that I can get for the senator I am happy to get that. But at this stage there is no more information readily available.

Senator BUSHBY (Tasmania) (10.47 am)—Is the government supportive of the principle that the entity that incurs the loss should enjoy the taxation benefits of that loss? Does the government support the principle that that special concession for family trusts should continue to apply? If so, is the government of the opinion that the FTE rules, or family trust election rules, which
basically give effect to the special concession should be so composed as to allow the special concession to operate properly?

Senator CONROY (Victoria—Minister for Broadband, Communications and the Digital Economy) (10.48 am)—That is a question that goes well beyond the scope and intent of this bill. I appreciate it is a political debating point.

Senator Bushby—It is the nuts of this bill. It goes to the heart of this bill.

Senator CONROY—No, it is not the nuts of this bill at all. But if you want to ask questions beyond the scope of this bill I am happy to consult the Treasurers office and come back to you to respond to what is quite a broad question. This bill is quite specific about its intent. You are asking a general principle question, which I am happy to get you more information on, Senator Bushby—happy to—but you are not going to be able to get that before this bill is voted on. You have actually asked about a tax policy principle rather than the specifics of this individual legislation.

Senator BUSHBY (Tasmania) (10.49 am)—I am very happy for the minister to get me more information about the general principle and the approach of the government to that issue. But the fact is that making these changes undermines the ability of the special concession provided to family trusts to operate, so this does go to the heart of this bill. Schedule 2 actually implements changes which will completely undermine the special concession and actually raise the value of it in overall terms. So I would appreciate an answer today if possible. If not, please take it on notice.

Senator CONROY (Victoria—Minister for Broadband, Communications and the Digital Economy) (10.49 am)—When information is available, I am happy to provide it as quickly as possible.

Senator JOYCE (Queensland) (10.49 am)—This is my final question. Is the minister aware of any forward figures that pertain to the moving of the capital gains tax event horizon back towards the time of the set-up of the trusts? What would be the possible revenue stream to the Treasury from turning a capital gains tax exempt asset into a capital gains tax asset? Does the government have any proposed figures about that? Also, what will be the take to the Treasury from changing pre-1985 assets to post-1985 assets by the extinguishment of the trust? What will be the capital gains tax event there? I premise this question around my strongly held belief that this is another form of probate by deception.

Senator CONROY (Victoria—Minister for Broadband, Communications and the Digital Economy) (10.51 am)—There are no estimates along the lines that Senator Joyce is seeking.

The CHAIRMAN—The question is that schedule 2 page 19 (line 1) to page 20 (line 25) stand as printed.

The committee divided. [10.56 am]
(The Chairman—Senator the Hon. AB Ferguson)

Ayes............ 34
Noes............ 36
Majority........ 2

AYES

Arbib, M.V.        Bilyk, C.L.        Bongiorno, B.J.
Bishop, T.M.       Brown, C.L.       Cameron, D.N.
Brown, C.L.        Conroy, S.M.      Conroy, S.M.
Collins, J.        Crossin, P.M.     Farrell, D.E.
Faulkner, J.P.     Forshaw, M.G.     Feeney, D.
Hanson-Young, S.C. Hanson-Young, S.C. Hogg, J.J.
Hurley, A.         Hurlstone, S.     Hutchins, S.P.
Ladlam, S.         Ludwig, J.W.      Marshall, G.
Lundy, K.A.        McEwen, A.         McLachlan, J.E.
The question now is that amendment (2) on sheet 5556 be agreed to.

Question agreed to.

Bill, as amended, agreed to.

Bill reported with amendments; report adopted.

**Third Reading**

**Senator CONROY** (Victoria—Minister for Broadband, Communications and the Digital Economy) (11.01 am)—I move:

That this bill be now read a third time.

Question agreed to.

Bill read a third time.

**TAX LAWS AMENDMENT (LUXURY CAR TAX) BILL 2008**

**A NEW TAX SYSTEM (LUXURY CAR TAX IMPOSITION—GENERAL) AMENDMENT BILL 2008**

**A NEW TAX SYSTEM (LUXURY CAR TAX IMPOSITION—CUSTOMS) AMENDMENT BILL 2008**

**A NEW TAX SYSTEM (LUXURY CAR TAX IMPOSITION—EXCISE) AMENDMENT BILL 2008**

**Second Reading**

Debate resumed from 1 September, on motion by **Senator Faulkner**:

That these bills be now read a second time.

**Senator BUSHBY** (Tasmania) (11.01 am)—When I was last speaking on the Tax Laws Amendment (Luxury Car Tax) Bill 2008 and related bills I was saying to the Senate that you would think that a Labor government, of all flavours of governments, would want to see more people able to afford cars that are well equipped with safety and technological features; that they would be looking to bring the price of such vehicles down so that more Australian working families could afford them. But, no, here we have the government saying, ‘No, let only the rich have them.’ What happened to equity in the Labor Party?

The simple fact is that the only rationale the Rudd Labor government has for pursuing this tax is to hit the rich. This was confirmed in Senate estimates on Monday, 2 June 2008, when the Minister for Innovation, Industry, Science and Research, Senator Kim Carr, confirmed that the tax was a reintroduction of class warfare. The irony is that by increasing the tax the government is putting those cars they refer to as ‘luxury’ further out of the reach of many Australians. And to claim that the tax hike will curb inflation when the proposed luxury car tax will increase the
price of 12 per cent of cars sold in Australia, including the most common luxury car, the Toyota LandCruiser wagon, is innovative if nothing else. Economics 101 tells us that if you put the price up it is not deflationary but inflationary. The March discussion paper by Labor’s own ex-Premier and special appointee to conduct an inquiry into the car industry, Mr Bracks, itself contains evidence that Mr Bracks was minded to reduce, not increase, the luxury car tax. The paper commented on:

... the increasing number of Australian-made models now subject to the LCT as the threshold has not kept pace with price increases for upper-end vehicles. In addition, the inclusion of more safety and other features in upper and luxury vehicles is also increasing their price.

Post the budget, it appears that any motivation to address this observation has conveniently disappeared.

It is also worth noting that no other comparable country has a luxury car tax. British Columbia, a province of Canada, has a two to three per cent luxury car tax, but not in the same sense that we do and it does not call it a luxury car tax. Pakistan has a two per cent tax on luxury vehicles but, again, it does not refer to it in the same way. In 2007, socialist Venezuelan leader Hugo Chavez was quoted as having plans to impose a tax on luxury items such as Hummers, so maybe Venezuela will join us soon and become the only other country in the world that has this type of luxury car tax.

Mr McKellar of the Federal Chamber of Automotive Industries noted in his evidence to the Senate Economics Committee that, in his view, a Toyota LandCruiser was not a luxury vehicle, despite being classified as one under the luxury car tax threshold. I would like to quote the comments he made to the committee because I think they are quite illuminating:

This vehicle retails at a price of around $54,000 or $55,000, but with the addition of a few options and accessories, such as air-conditioning, a bullbar and a winch, it incurs luxury car tax. For those driving on rural roads, unsealed roads, frequently having to dodge wildlife and so on, the addition of these sorts of features is quite normal. Equally, operating in high temperatures, the use of an air-conditioning system in a vehicle like that also makes good sense. It would hardly, in this day and age, be considered to be a luxury. I must say that that vehicle, which incurs increasing amounts of luxury car tax, comes standard without carpet. The interior is fitted out in vinyl as standard so that you can hose out the inside. That was the vehicle that introduced Australians to the Toyota brand back in the 1950s. The LandCruiser earned a reputation for reliability and versatility during the construction of the iconic Snowy Mountains scheme, but today, according to the definitions of the luxury car tax, it is a luxury vehicle.

The Toyota LandCruiser is Australia’s best-selling so-called luxury car, with just over 6,000 sold in Australia in 2007. This and many other four-wheel-drive vehicles are predominantly driven either by people in rural and regional Australia or by those with a need for a people mover—not by the rich, as the Labor government would have us believe.

It is also very important to note that the percentage of Australian made cars subject to the luxury car tax has increased over time. As such, this measure will affect the Australian car industry. In 1979, when the threshold was originally introduced, only the Holden Caprice and the Ford LTD were above the threshold. Today, variants of Commodores, Ford Falcons, the Ford Territory, HSVs, FPVs and even Toyotas all get caught under the luxury car tax. As noted over and again in the hearings, without meaningful indexation of the threshold we could see midrange and even base model Falcons and Commodores being defined as luxury cars in coming years.
The percentage of locally made cars caught by the tax has increased dramatically, as noted by the Victorian Automobile Chamber of Commerce. It said that while sales of the Holden Commodore in the $35,000 to $45,000 price bracket have fallen from 60,658 in 2005 to 41,331 in 2007—a period of just two years—sales of models over $55,000 have doubled, from 6,073 in 2005 to 11,990 in 2007. I make the point again: the percentage of locally made cars caught by the tax is increasing dramatically. So the effect of this tax on locally made cars is becoming far more pointed.

Similarly, while Ford has seen a fall of around 25 per cent of sales in the $35,000 to $45,000 bracket, sales in the $55,000-plus bracket have remained constant. Again, the percentage is increasing for those cars manufactured in Australia by Ford that actually fall within the threshold range. As such the proposed tax hike will hit that part of the local vehicle manufacturing sector that is still growing or maintaining sales. It currently applies to six per cent of locally made cars and that only stands to increase. Shamefully, we hear today that the government has done a deal with the Greens that will see 24 imported cars exempted, but not one of the Australian cars currently falling over the threshold will be. Cars like BMWs, Mercedes and Alfa Romeos will all be exempted but Fords, Holdens and Australian-made Toyotas—not one. The arguments put by the government about taxing luxury sound very empty when you look at the deals that are being done.

Mr McKellar from the Federal Chamber of Automotive Industries provided an insight into the original purpose of the tax and how it is now counterproductive to that original purpose. He stated:

When this tax was originally introduced it was a thinly veiled protectionist measure for the local industry. These days it actually adversely impacts the industry, because it means the level of competition that those local brands are facing is more and more intense.

I do not believe that my contribution today will cover the field in terms of the detrimental impacts of passing this bill. But I would like to note another aspect of concern: the impact of the proposed tax hike on the tourism industry. The Australian Tourism Export Council estimates that some 8,000 vehicles that are subject to the tax are sold to small businesses operating tours and car hire businesses in the tourism industry each year. These small businesses are already struggling with high fuel prices and softening conditions, in part caused by other taxes imposed on the industry by the Rudd government. Their customers demand high quality and near new cars, which requires a regular turnover of vehicles. Given that the global tourism industry operates on a 1 April year and prices are already set for the coming year, Australian tourism companies that have already put their prices into the market cannot pass on the unforeseen cost of this tax to customers. This tax hike, if passed, will represent another challenge facing them that they did not need.

For these and a whole host of other reasons this legislation is clearly ill-conceived, distortionary, unlikely to achieve any of the government’s aims, whether they be raising additional taxes or hit the rich, and will decrease and delay the availability of new innovations in vehicle safety, efficiency and environmental friendliness. It will put cars with new innovations further out of reach of ordinary Australians and will harm the viability of Australian manufacturers and retailers. This legislation should be opposed in this place.

**Senator IAN MACDONALD** (Queensland) (11.10 am)—I join with my colleagues in opposing the Tax Laws Amendment (Luxury Car Tax) Bill 2008 and related
bills before the chamber at the present time. Previous speakers from this side have raised in very precise and persuasive ways arguments on why this latest tax grab from a high-taxing Labor government should be opposed.

In my contribution I want to concentrate on the impact that this tax will have, yet again, on the bush in Australia. Labor we all know is renowned for being a high-taxing government. I have just come out of an inquiry looking at state government financial management. That inquiry shows that all of the state governments, as well currently held by Labor, are governments that believe they know best what to do with our money. They want to tax the money so they can spend it on ideas that have originated in the capital cities, in the union movement and in the backrooms of the Labor organisations. You only have to look back from Whitlam to Hawke to Keating to understand that Labor are simply incompetent financial managers and cannot be trusted with money.

In this last budget Labor hugely increased the tax take from the Australian public. That in itself puts the obvious lie to Labor’s claim that they had to address a perceived inflationary problem. The real inflationary problem, of course, was that both the Prime Minister and the Treasurer kept talking up an inflation problem when really it was not there. But having criticised former governments for having an impact on inflation they then brought in this hugely inflationary budget which substantially increased taxes. We remember that the last time Labor was in power they left government with a $96 billion debt costing the Australian public almost $10 billion a year simply in interest payments. It took Peter Costello and John Howard almost nine years to pay off Labor’s $96 billion debt. That demonstrates—and we must keep reminding the Australian public—that Labor simply cannot be trusted with money. That alone is one reason why this particular tax bill should be opposed.

I am concerned about the impact this bill will have on country and regional Australia and on small businesses that operate in the northern and more remote parts of Australia. If the Labor government need a bit more money, I wonder why they do not tax the real luxury items like Rolex watches or jewellery—the sorts of things that wealthy prime ministers and millionaire environment ministers might spend their money on. They are the luxury goods that people in the city tend to be more interested in. People in the country these days cannot of course afford jewellery or Rolex watches, but they do have to have, of necessity, four-wheel-drive passenger vehicles.

What I want to highlight in this debate is that this bill is simply another attack by the Labor government on small business and people in country Australia. Labor is already, in its short term in office, clearly showing its antirural bias: the Regional Partnerships program and the Growing Regions program have gone, with no new money until next year—perhaps—at the earliest; the Agriculture Advancing Australia program was axed; Farmbis and Farm Help have gone; there have been cuts to rural health services, regional arts programs and rural financial counselling services; and it has cancelled the Optus-Elders broadband joint venture, which might have given us decent broadband in rural and regional Australia, which is so essential these days.

On top of that we have this tax, which impacts more heavily on rural and regional Australians than it does on those living in the city. The bill, I would submit, should be renamed. Rather than the Tax Law Amendment (Luxury Car Tax) Bill, it should be called the ‘tax law amendment (stuff the bush) bill’. That is what it seems that this bill has the
effect of doing. I am concerned at these impacts on rural and regional Australia.

We saw in the paper the other day that the rural town of Coleambally was offering to sell itself completely because of the inefficiency of the Labor government in dealing with the water problem. That shows that that small country town has absolutely no confidence in the Labor government and what it might do for rural and regional Australia.

Up in my area in the state of Queensland the little town of Aramac was being promoted only a couple of months ago by the Queensland Labor government as a good place to live. They have an interesting land sale arrangement. But part of the advertising for this small town of Aramac was that they had good health facilities and a hospital. The Queensland state Labor government just last week shut the Aramac hospital down. It is a country town. There are not many votes there, so who cares about the health needs of people in small country towns like Aramac!

Senator Brandis—What about Cloncurry?

Senator IAN MACDONALD—Indeed, Senator Brandis. You and I were there talking to the medical profession in Cloncurry just a couple of weeks ago. We understand these problems. We realised again that, if it were not for private industry, the bustling mining town—it is only a small country town, but it is a bustling mining town—of Cloncurry would be without adequate health services if you left it to a Labor state government.

Why would anyone expect any better from this Labor government when you look at the ministers—good men, no doubt—who are in charge of everything rural and regional in Australia? We have Mr Albanese, a union official in days gone by from the bush areas next to the Sydney Kingsford Smith Airport! The agriculture minister—a minister who we hoped might have had some empathy with the bush—represents the adjoining seat in the leafy, bushy suburbs adjacent to Kingsford Smith Airport! The Parliamentary Secretary for Regional Development and Northern Australia, someone who supposedly has carriage of all things good for the bush from the Labor government, comes from the leafy suburbs of Perth. His background is not in the bush; it is in running the Labor Party. That certainly does not give one any understanding of the needs and requirements of rural and regional Australia—that part of Australia which, I might say, produces more than 30 per cent of Australia’s export earnings.

As Senator Brandis adverted to, a couple of weeks ago I—and Senator Brandis joined me for some of it—spent 10 days driving 4,000 kilometres around north-west Queensland. As the opposition spokesman for Northern Australia, I like to get out there and talk to people on the ground.

While I was up in Normanton, Karumba and Mount Isa, they were all rather excited in those areas because Mr Gary Gray was going to come in and make things good for the bush a few days after I was there. He popped in—flew in in his chartered aircraft—spent a few hours talking to a few people and could not get out of the place quickly enough. He left them with no real confidence as to what might happen in the future. He said to them, as I have been saying for many years, that the Office of Northern Australia, established with such fanfare by Labor following the election, was more of a coordination unit—downgrading their expectations. What it really is is an office of the department of regional services rebadged as the Office of Northern Australia. Northern Australians will not be fooled by this, although they and I were hoping that Mr Gray was coming to the north-west of Queensland with some good news. Regrettably, we were all disappointed.
Next week, I and a number of colleagues will be travelling to the north-west of Western Australia and to the Northern Territory to talk to people to try to understand their problems and to look at the opportunities that there are in Northern Australia and indeed in rural and regional Australia. In my 10 days driving over 4,000 kilometres in those remote areas, much of it on unsealed gravel roads—and I suggest that the ministers and indeed most of the senators on the other side of this chamber would not know what an unsealed dirt or gravel road was—I saw four-wheel-drive vehicles all the time.

They are not luxury vehicles. They are not purchased because people like the kudos or reputation of driving a four-wheel-drive vehicle. They are used in Northern Australia and in country and rural and regional Australia because they are essential vehicles. Very often the roads are such—and I have mentioned the gravel and dirt roads—that you need a four-wheel-drive vehicle to get through the bulldust or, when it rains, through the mud and slush. You cannot do that in a Holden or Falcon or a Ghia—

Senator Heffernan—Or a Rolls-Royce!

Senator IAN MACDONALD—or a Rolls-Royce, indeed, that many in the cities would have. But these are essential vehicles. I have to declare an interest here of course. I was driving a Nissan Patrol vehicle on this 4,000-kilometre journey, and it is one of the vehicles that will cost $1,000 to $1,500 more should this bill become law.

If people out in those areas want to take their kids to the doctor—that is, if they are able to do it; if the kid happens fortuitously to be sick on the fortnight that the flying doctor happens to be coming into town—then they cannot get there very often in a Holden or some other ordinary vehicle. They need a four-wheel-drive vehicle, the sort of vehicle that the Labor Party is calling a ‘luxury’ vehicle. If you drive on those roads anywhere after 4.30 pm and you do not have a bulbar, it is almost tantamount to thinking about committing suicide. The wildlife in those areas at dusk is a danger and the way to keep yourself, your family and all those you love safe is to get a vehicle that does have some protection against wildlife on the roads and against the holes in the dirt roads. These vehicles in those parts of the world are not a luxury; they are essential.

I am told that there were about 30,000 four-wheel-drives sold in the year 2007. They comprised not just the Nissan Patrol, which I have mentioned, but the Toyota LandCruiser, a vehicle that is synonymous with the Australian bush. They also included other four-wheel-drives by other car manufacturers—the Mitsubishi Pajero, the Ford Territory, the Toyota Prado, as well as the LandCruiser and the Nissan Patrol. These are the sorts of vehicles you see out in country Australia. These are the sorts of vehicles that this particular bill will attack.

I appreciate that commercial vehicles are not part of the tax—they have been previously exempted—but many of the vehicles that you see out in these areas are passenger vehicles that families particularly—and, I might say, mothers—use to take their children to school and to the doctor, and to get around. So there were 30,000 sold in 2007. If they were all subject to the luxury car tax, that would provide something like $50 million of the $130 million the government hopes to grab as a tax this year, and I would venture to say that a large proportion of those 30,000 four-wheel-drive vehicles are vehicles purchased by those Australians who do not live in the capital cities.

Again, this Labor government—typical of all Labor governments—is attacking country people. While I was out driving around in the north-west, I saw that Mr Rudd announced
for the hardworking public servants who live in Canberra an increase of $1,400 a week in their pay packets. The Labor government, whilst urging restraint everywhere else, gives the top public servants an increase of $1,400 in their pay packets. How do we pay for that, one might ask? Perhaps we get those silly buggers that live out in the bush to pay an extra $1,200 to $1,500 for their four-wheel-drive motor vehicles! That would give them the money to enable them to pay senior public servants in Canberra an extra $1,400 a week. You have got to ask yourself: what does this say about this high-taxing Labor government?

I ask of the Greens: why do they hate the bush? They have some influence here in what bills are allowed through the parliament and what are not. I read in the paper that they have done a deal with the government on imported vehicles that have less fuel efficiency. I do not know the details of that; I can only go on what is written in the paper. I see Senator Milne is sitting there and perhaps she will be able to tell us what deal she has done with the Labor Party yet again. I ask Senator Milne: why could you not have done the same sort of deal for people who live in the country, people who live 4,000 and 5,000 kilometres from the capital city? These are people who only get a doctor once a fortnight when the flying doctor comes in, people who drive on gravel roads, people whose hospitals are shut down by state Labor governments. These are people who provide the wealth for our country, the food that we eat, the clothes that we wear and the minerals that make Australia such a prosperous country at the moment. Why don’t we help them? Rather than looking after the privileged who might live in the leafy suburbs of the capital cities and drive these fuel-efficient vehicles?

If you take the fuel-efficient vehicles out where I have been in the last couple of weeks they would probably rattle apart in a small period of time. But no, this government—and it seems the Greens—are not interested in country people—in those who must have four-wheel-drive vehicles as an essential part of their lives. This government—with, it seems, the support of the Greens—is going to tax them again so that the privileged people in the city can have a better life.

Senator MILNE (Tasmania) (11.30 am)—I rise today in this debate on the Tax Laws Amendment (Luxury Car Tax) Bill 2008 to say that the Greens have long argued that Australian car manufacturing cannot be globally competitive if it continues to build large gas-guzzling cars when consumers worldwide are choosing smaller fuel-efficient vehicles in the face of peak oil and climate change. I am not surprised by the contributions I have heard from the opposition, because they are climate change sceptics and they do not believe in peak oil either. But what is interesting is that they are prepared to give endless subsidies to the fossil fuel industry and to subsidise the price of fuel even though their small subsidy is going to go nowhere in the face of peak oil, with oil prices destined to be $150 or $200 a barrel. I would also point out to Senator MacDonald that a standard diesel Nissan Patrol is $51,000. There are plenty of four-wheel drives on the market that come in under this threshold that the government has set. People living around Australia do not have to buy a luxury car in order to have four-wheel-drive, if that is the issue.

Why do we have a tax system? What is the purpose of the tax system? It is to raise revenue to deliver for the public good, whatever the government of the day might per-
ceive the public good to be. In this case, we have an income tax system which ought to be a system for the redistribution of wealth, and that is why the Greens opposed the cut to the highest income tax rate. We argued that there should be a more equitable Australia. It does not serve our democracy well for the gap between rich and poor to be increasing. Hence, we have argued that if you want to focus on the redistribution of wealth then do it through the income tax system and we will absolutely support you.

What we want to see is a vehicle manufacturing sector in Australia which is globally competitive and can continue to employ people. I remind the Senate that, in 2006, when I made a speech in the debate on the Costello budget of that time, I pointed out how stupid it was for the then Treasurer to give $52 million to Ford without tying it to vehicle fuel efficiency design. The coalition gave plenty of subsidies to the car manufacturing industry to make cars that nobody wants to buy. The people who have propped up the gas guzzlers in Australia are governments through their procurement processes, their fleet vehicles and the fringe benefits tax concessions. If governments were not buying large six-cylinder cars and suggesting to people that they tool up to send V8s to the United States or V8s into the Saudi Arabian market under a proposed free trade agreement with the Middle East, for example, we would not have such an inefficient industry.

Let us look at China and the Europeans, for example. The Europeans have moved fast on climate change, and they have recognised that not only is moving fast on climate change a good thing for the environment but it is a good thing in terms of affordability and oil and energy sources. It also builds competitiveness in their car manufacturing sector at the luxury end of the market, which is what we are talking about. They brought in a directive for the European Union which said that they could not manufacture cars to be driven in the European Union that did not meet stringent fuel efficiency standards. In 2006, China adopted a mandatory fuel efficiency target of 6.8 litres per 100 kilometres. Just recently, China has gone even further, imposing a 40 per cent sales tax on vehicles with an engine size of four litres or greater, and a 25 per cent sales tax on vehicles with a two to four litre engine size. Why? They want to protect the Chinese car manufacturing sector and drive it to produce the world’s most fuel efficient, small, cheap, affordable car. Not only will that be good for China in terms of its transport emissions sector but it will also be good for China in terms of its global dominance of that market. We should learn from that.

Propping up Australian car manufacturers to build cars that the world does not want to buy, and then propping them up further through government procurement and fringe benefits tax concessions that encourage people to drive more, is ridiculous in a climate constrained world and it will lead to job losses and collapse. There will not be a sufficient market for the critical mass of cars we are talking about. So if you are interested in building innovation in the Australian car manufacturing industry and using the innovation that is coming out of our universities and our design schools and if we are interested in building a competitive car manufacturing sector in Australia so that jobs are sustainable in the long term then we ought to be tying any subsidy to vehicle manufacturers in Australia to green cars, to fuel efficient design and to keeping an eye out for what the rest of the world is doing.

I heard the opposition talking a moment ago about being smart financial managers. Anyone who manages an economy without seeing the trends that are emerging around the world is not a smart financial manager. You cannot be a good manager if you do not...
see the trends around you. What we ought to be looking at and thinking about is that China has put on a vehicle fuel efficiency standard of 6.8 litres and has just imposed a 40 per cent sales tax. China is going for that market and the Europeans are going for the luxury vehicle fuel efficiency market. The Europeans and the Chinese between them will have stitched it up and put the Australians completely out of business unless we recognise the trend and decide now that we are going to rebuild Australian manufacturing and build ourselves competitive advantage with a fuel efficient vehicle manufactured in Australia, that we are going to drive the uptake of that vehicle through the tax system and that we are going to procure those vehicles through government procurement policies and through getting rid of the perverse incentives in the fringe benefits tax concessions that make it desirable to drive more—under which we end up with the ‘March rally’ every year, with people driving up and down the country to get down to a new tax threshold.

The best thing about what we are trying to do here is getting some rationale, some consistency and a whole-of-government approach to the government’s and the community’s task of reducing greenhouse gas emissions, of reducing the transport effort in terms of greenhouse gas emissions and of building resilience in the Australian economy to increased oil prices, because the more fuel efficient the vehicle the less it is going to cost you to fill it up in the context of the higher fuel prices. What we are hearing from the coalition is, ‘Subsidise Australians to build gas guzzlers, then buy gas guzzlers and then subsidise the community to put the petrol into the gas guzzlers’—blow out the current account and have an appalling current account deficit in relation to the import of foreign oil. That is what I call absolute economic mismanagement. That is why when the government decided to move on an increase in the luxury vehicle tax we saw it as an opportunity to start talking to the government about the idea of taxing the bad and rewarding the good in the economy. So you start taxing resource use and emissions and drive change of behaviour whilst not blowing a hole in the government’s forward estimates for the budget.

That surely should be the task of everybody in the community, and there is a huge interest in the community in wanting to buy fuel efficient vehicles. People would love to buy an Australian fuel efficient vehicle. But, either way, they are going to move to buy those fuel efficient vehicles because of the underlying price driver of oil, and that is why Australian manufacturers are struggling. It is because Australians are moving to imported vehicles, and you cannot blame them for that in the context of how much it is costing them to fill up their car each week. We are arguing that the government’s role in terms of reducing greenhouse gas emissions and making transport more affordable in the long term is for the government to enable the community to make the choices it wants to make. Firstly, we need to be encouraging people to drive less. Not only will that be cheaper for them but it will improve the amenity of our cities, it will reduce congestion and it will make air quality so much better. The only way they can drive less, though, is if we have a huge investment in public transport systems, in cycleways and in making cities more pedestrian-friendly. This goes to the heart of the issue of urban design, but it also goes to the heart of Infrastructure Australia.

I have endorsed the idea of Infrastructure Australia and of developing a blueprint for Australia’s infrastructure into the future, and I welcome the fact that Infrastructure Australia has identified environmental sustainability and climate change as two of its goals and as part of its strategic direction. That is the
first move towards enabling the community to drive less: by looking at an infrastructure priority list. We will certainly be arguing for a massive reallocation of funds to public transport to enable people to make that decision. We would also argue on the fringe benefits tax concession end that there be a fringe benefits tax concession for public transport use so that employers can package a public transport benefit for employees in cities. If you look at Sydney, for example, where traffic congestion is a real problem, you would find at least half the vehicles on the Sydney Harbour Bridge on any day are transport fleet vehicles and you would find that they are there benefitting from the fringe benefits tax concession on motor vehicle use. So, to be able to package a fringe benefits tax concession on public transport and take away the perverse incentive would help change driver behaviour.

The first thing which needs encouragement is driving less and the second thing is driving more efficiently. That is why the Greens have welcomed the government’s green car fund investment. We also welcome the Bracks review’s recommendation that it be doubled to a billion dollars. We want it brought forward and doubled. We are very happy with that recommendation of the Bracks tax review, but we are not happy with the tax review recommending another $2½ billion go to car manufacturing and not making it clear that it is also tied to vehicle fuel efficiency. If it is tied to a free trade agreement with the Middle East to build gas guzzlers, it is simply undermining the effort that the government is going to make to try and switch the car fleet to vehicles that are more fuel efficient. We certainly welcome the green car fund. In terms of this tax, we have argued for and negotiated with the government for it to recognise that we want to make every car on Australian roads more affordable and more fuel efficient. We want to send a signal into the community that drives people to purchase fuel efficient cars.

Interestingly, with the Europeans having focused on higher standards of vehicle fuel efficiency, they have also focused on the top end of safety features. So, whilst you are getting high levels of fuel efficiency, you are also getting a very safe car. They are expensive cars. They have the innovation and the technology in those cars which can then trickle down, and that has been the case in other, cheaper vehicles. So we are arguing that fuel efficient vehicles be exempted from the luxury car tax up to a $75,000 threshold, thereby sending a signal that we are shifting the focus of the tax system to start looking at these issues. We have also negotiated with the government for it to refer the Greens preferred option of phasing out the luxury car tax altogether and phasing in a tax on vehicle fuel efficiency. Clearly, it would take a while to work out what the thresholds would need to be, and the government has agreed to refer that to the Henry tax review to look at this bigger picture issue of how we are going to use the financial levers available to government to drive behaviour that reduces emissions and reduces dependence on foreign oil and is a win-win all round for Australian manufacturing.

The next part of that internally consistent series of things we would like the government to consider is the procurement issue. If you are going to give car manufacturers $500 million to start designing these cars then, if you have a procurement system which says that the government will only procure cars that are seven litres or better per 100 kilometres in fuel efficiency, there is a major market there and that translates to fleet cars as well. But that would require Australia to have actually produced a car that is available for that market. As we know, it is a substantial market.
It is an internally consistent position that the Greens have brought to the table—ranging from the subsidies provided to car manufacturers, using the tax system to drive a change of behaviour, using procurement to encourage the uptake and get it into the second-hand market, and the reference to the Henry tax review to look at how we can shift taxation onto achieving government outcomes, particularly in relation to climate change and peak oil.

Climate change is the greatest emergency the planet is facing and we are going to see a desperate need to get our transport emissions down. The current trajectory on transport emissions is out of control; it is very high and we desperately need to do something about it. But, equally, we have seen what happened in the Australian community when oil reached almost $150 a barrel. It is going to go higher than that; it is likely to go to $200 a barrel in the foreseeable future. When that happens the community is going to start screaming about what the government is going to do about subsidising them so they can afford to run their cars. Wouldn’t it be better to say: ‘We want to build resilience in the Australian economy. We want to reduce our dependence on imported foreign oil’—that is a sensible energy security initiative—’but we also want to make it affordable for people to drive their cars when they need to.’ I fully understand that there are large areas of Australia where there is not an adequate public transport system and where there is not a critical mass to enable a public transport system to work effectively. That is the reality; I understand that. That is why we need to make sure that, instead of thinking simply in terms of subsidies for people who depend on car use, we are enabling them to access vehicles that reduce their consumption of energy and therefore have cheaper prices.

The ultimate, of course, is to build an Australian-made fully electric vehicle which is fuelled by photovoltaics or renewable energy. Then you are not even going to have your dependence on foreign oil. Because Europe set high standards to deal with climate change, they are already at the point of plug-in hybrids. In London and Paris there are several plug-in stations in the cities. That is an urban solution at this point, but we are nowhere near that because there is not the innovation in the Australian car manufacturing sector that there ought to be. That is because for a decade the coalition did not see the global trend of climate change and its effect on consumer behaviour. It simply looked to the Americans, to Ford, and watched them fall on their faces, with the consequent falling of the dominoes here and the loss of jobs. The loss of those jobs in the car industry in the last decade would have been avoided if Australia had seen far enough ahead, imposed high mandatory vehicle fuel efficiency standards and tied all subsidies to the production of cars to meet them. Then we would have built ourselves into a globally competitive position.

To summarise: we are grateful for the negotiations with the government around this issue; we think it is consistent with the government’s policy on reducing emissions; and we are pleased to be able to get to a point where the Henry tax review is going to look at this phase-out of luxury cars and phase-in of fuel efficient ones and, at the same time, get exemptions from the luxury car tax for vehicles that have a seven-litre or better vehicle fuel efficiency. It is a win for the climate; it is a win for the direction we need to take Australia in car manufacturing and jobs. I reiterate: this is a luxury car tax and there are a lot of vehicles on the market in Australia that come in under the threshold.

Senator HEFFERNAN (New South Wales) (11.49 am)—Mr Acting Deputy President, this is becoming a habit, my talking in the chamber. I have just been to the
senators’ car park and this is a very two-faced, false debate we are having here on this bill because no-one is putting their money where their mouth is. Down in the senators’ car park at the present time there are 22 vehicles. Eight of them are ACT registered guzzler four-wheel drive vehicles. We know who the people in this building are who have entitlements to cars. They are the officials and ministers and various people. So amongst the government there are some guzzlers down there. To the credit of the senators’ car park, there are three Priuses. Those people should get a tick. Senator Wong, I am not too sure whether you are one of them or not. If you are, take a bow.

Senator Wong—I have a Prius; it’s in the ministerial wing.

Senator HEFFERNAN—Take a bow! There is one New South Wales registered four-wheel drive that has a few bumps on it and a fair bit of mud on it, and it has obviously been to the bush. I declare an interest; it is mine. Every other vehicle down there that is a four-wheel drive never, ever gets out of Canberra by the look of it, unless someone goes for a trip down the coast at the weekend to do a bit of fishing. There were one or two people who used to do that instead of going back to Tassie.

What is the definition of a luxury car? I am sure that the bureaucrats who, in good faith, drew up this dream that has to be lost, because the government most surely has to rethink this legislation, were probably like a former minister for the environment who lived in the inner city suburbs of Sydney and thought the bush was the two trees in his backyard—and you cannot blame him for that; that is where he was born and bred. These bureaucrats probably thought, ‘Oh well, four-wheel drives are a luxury car, they are 70 grand.’

I agree with every word that Senator Macdonald said—that I heard him say, that is; I do not know what he said that I did not hear. But four-wheel drives are a tool for the bush. They are an occupational health and safety item on every farm that does not have a tarred road from the mailbox to the homestead. I can give you instances of tragedies that have occurred. I declare an interest: I have a place where the last 35 miles into my place is a black soil road and when it rains 30 points you cannot drive a two-wheel drive on it. If you have an accident of some sort you do not get out unless you have a four-wheel drive—so it is an occupational hazard not to have a four-wheel drive; it is not a luxury.

You can see by the look of my vehicle downstairs that it is a workhorse. I do not drive it because I feel good in it—as a matter of fact, the seat is crook and I get a sore neck. It is a tool. Just as Senator Macdonald gave his experiences in Queensland, it is no different in the bush in New South Wales, South Australia, Western Australia or anywhere else. It is not a given that there are all-weather roads in the bush. If you are going to get your kids out to the school bus—and they usually follow the tar road and that is all they follow—in the middle of winter you will not do it in a two-wheel drive car when there is rain about. And I wish there was more rain about.

Does the government expect we cockies—and I am one of them, worn out, cranky and grumpy as I am—to go back to the bloody horse and sulky? When I was a kid, my sisters used to ride a horse to school. Do they expect us to go back to that? There is a logical argument that these vehicles are a work tool. There is a solution. At the present time in the bush, if you have an ABN and are registered as a primary producer, you get a rebate on your insurance and you get a different registration schedule. That is because you
are not driving in the city where it is actuarial sum insurance, where there is likely to be someone running into you at the next set of lights. Those things are doable. But then you have to go to the contractor. Senator Hutchins, you would understand this on behalf of your people in your union: a lot of people use a four-wheel drive as part of their work model because, if you are going to back into a building site and it is full of mud and rock and rubbish, you will not do it in a car.

The best example—and the message I have for the bureaucrats who dreamt this rubbish up—is some years ago I argued that we should have four-wheel drives for people, like me, in the Senate, and there was an objection. We were not allowed to do that originally; we had to have a car because it was all to do with the price of the car. Some government officials came out to our district that year—they were Landcare people, as I recall—in a car in the middle of summer to go onto a farm for a farm inspection. You can guess what happened, because they had a catalytic converter: not only did they burn the farm but they burnt the car. Cars that are petrol driven are a fire hazard off-road in the middle of summer. That is why these things down in the car park are pretend vehicles. I do not want to dob in whomever drives those eight ACT registered, petrol four-wheel drives, but they are proper gas guzzlers, and I do not care what the government does for people who run their kids down to the soccer at Woollahra or out to wherever in the city. Obviously the future of the household budget is going to be the contest between what is in the fridge and what is in the garage, because the fridge is going to become very important.

My plea to the government is to either chuck it out, go back to the bureaucrats and start again or figure out a rebate which will pick up people whose four-wheel drives—so-called luxury vehicles—are a tool of trade and a safety vehicle for the farm and the family. We can have a signal on efficiency. I agree with Senator Milne and I think most people agree and I am sure the minister agrees that we ought to put a price signal into the market to say that if you are prepared to drive a Prius—and my congratulations to the minister for driving a Prius—then perhaps there ought to be a little reward by way of a price signal in the market. You can give them a rebate on their rego or something like that because they are driving an efficient car.

Can I also talk to the Senate as a whole. If you go out there to the front, there is that big, long line of Ford and GMH vehicles that probably do about 10 or 12 litres to 100 kilometres. Mostly one or two people get in, generally with one or two suitcases, and drive a short distance. There is absolutely no reason that we should not show an example to the Australian people by having a lot more fuel-efficient cars. It might feel good to be in a big vehicle but, if we are fair dinkum about the future of the planet, we will do away with that ego trip. We really should give consideration to calling up one of the bigger vehicles where there is a necessity for more luggage room or, for example, there are three passengers. But generally there is absolutely no reason why we should not have fuel-efficient cars in the Comcar fleet. By the way, there is only one pushbike down in the car park at the present time in the Senate. So my congratulations go to whomever is on the pushbike.

It just does not make sense. There are a lot of things that do not make sense. I was out at Broken Hill recently and a mate of mine lobbed out there in a Peugeot. It was a diesel. I said: ‘What the hell are you doing driving that thing? It’s a bit alternative.’ He was sticking to the tar and he said, ‘Mate, I’m driving it because it does 80 miles to the gallon.’ And it was a diesel. It makes a bit of sense, doesn’t it? We have seen the hypoc-
risy of ‘do not do as I do, but do as I say’. There is a really good example of that in the car park.

Why we continue to sell liquid natural gas to China and not put it into some of our cars here is a mystery to me. I suppose it is to shore up the financial plan for the early contracts from the North West Shelf gas field. Why GMH in America had the coal liquefaction licence for 15 years and did not use it because they wanted to exhaust the world’s oil supplies is a mystery to me. The licence is now back in Australia. I do not understand why we cannot go to more energy efficient car fuels. I do not know why, when you drive into Sydney, every light in every office building is burning brightly at three o’clock in the morning; it is a mystery to me. I asked that question in a conference one day. It was a climate change conference and it was the middle of the day and the place was full of sunshine, and I said, ‘Why are all the lights on?’ They said, ‘Because the building’s engineered in such a way that you cannot turn them off.’

So we have a long way to go, but my plea, Minister, to the government is to not consider a four-wheel-drive which is a workhorse as a luxury car. I was in Rose Bay the other day and a bloke rocked up in front of me in a brand spanker Rolls Royce. Generally people who drive Rolls Royces do not want you to say g’day to them—although John Symond drives a Daimler and he does not mind if you say g’day to him—but this bloke was a bit surprised when he got out of the car and I said, ‘G’day, mate; how are you? How does she run? This is a brand spanker.’ He said, ‘Oh, it runs pretty well, thanks.’ I said, ‘How much would that car cost?’ I said, ‘Would it have cost between $480,000 and $500,000?’ thinking that was a pretty good shot at it. He scratched his head for a while and said, ‘No, by the time I put all the extras on it, it was $1.2 million.’ That is a luxury car and that bloke, I dare say, could afford to pay the tax.

But for a mother of four kids on the road between One Tree and Booligal, who has to drive 30 miles to pick up the school bus in the middle of winter, a $70,000 or $75,000 LandCruiser or a Nissan Patrol or something is not a luxury vehicle. Anyone who is awake does not drive petrol cars in the bush anymore, because they light fires. A turbocharged diesel has rewritten the rule book in the bush for getting about. I would have thought there were mechanisms that the bureaucrats probably already know about but have not presented to the government as to how you could overcome that. I am not going to repeat myself. This is stupid, and it is unfair to the bush. I have to say that maybe the government did not think it through; I do not know. I do not think there is actually anyone in the government at the present time who lives and makes a living in the bush. There are one or two people who have a home in the bush but they do not actually live or make a living there. I am pleading for the ordinary old mums and dads who live down all the weather-beaten tracks in the bush—that we do not penalise them because they live where they are and do such a fantastic job for Australia. When you go to Woolies and Coles and see the bananas and oranges and everything there, these are the people who put them there. We are saying, ‘Not only have we trebled the price of fertiliser on you and doubled the price of fuel; we’re also going to tax you extra for driving a four-wheel drive because we think it is a luxury vehicle.’ What sort of rubbish is that? Thanks very much!

Senator MINCHIN (South Australia—Leader of the Opposition in the Senate) (12.02 pm)—I rise to speak on the Tax Laws Amendment (Luxury Car Tax) Bill 2008 and related bills. I am wearing a number of hats, most particularly my hat as a South Austra-
lian senator—and proudly so—but also as a former industry minister and a former finance minister. So I take a particular interest in a bill which proposes to increase by no less than 30 per cent the existing 25 per cent luxury car tax. I rise because I have had a long and profound interest in sustaining the Australian car industry. I do so from both an economic and a security point of view, as well as from the point of view of the manufacturing industry in Australia and the importance of jobs and employment in my home state of South Australia.

The fact is that the Australian car industry is focused on the two states of Victoria and South Australia. It is critical to our manufacturing base. As shadow defence minister, I think it is critical that Australia retains the capacity and capability to compete internationally in the Australian car industry. The Australian car industry, over many, many years, has developed a profile which is based on large rear-wheel-drive vehicles of six or eight cylinders. By the very nature of this country—the size of the country and the distances we have to travel—that is the sort of vehicle which Australian industry specialises in and, in my view, is the best in the world at producing: efficient, capable six-cylinder, rear-wheel-drive vehicles. That is reflected in the outstanding export success which our Australian car industry has. So I am a champion of that industry and that is reflected by the fact that—and I refer to Senator Heffernan’s speech—one of the Ford Territorys in the Senate basement car park is one I drive. I do so quite deliberately because I want to demonstrate my support for Australian workers, the Australians who make those vehicles, and the Australians in my home state of South Australia who supply components to Ford for those vehicles. I publicly criticised Mr Rudd last year when he proclaimed in the most politically correct fashion he possibly could that he was going to change his Australian car for a foreign-made hybrid vehicle. I thought that was an insult to the Australian workers who make such fantastic vehicles for Australia. That is the background to my remarks.

The coalition does oppose this tax increase. Our position is that we do oppose tax rises or new taxes unless the government of the day can make an absolutely overwhelming case that such a tax increase or new tax should be put in place. So the question in this case is: has the government made any case whatsoever for this very dramatic increase in the tax on vehicles above the threshold of $57,000? In our submission the government has made no such case whatsoever. There are two grounds on which you could make such a case. One would be a policy ground in relation to the car industry; the other might be in relation to fiscal policy overall. In relation to the car industry, no case has been made whatsoever, and the Australian car industry has united—that is, foreign importers and Australian manufacturers have united—to oppose this tax; and, frankly, any senator, from any party, from the states of South Australia or Victoria should be joining with the car industry to vote against this tax. I look forward to both Senator Xenophon from the state of South Australia and Senator Fielding from the state of Victoria showing their support for the Australian car industry by rejecting this tax. There is no case whatsoever from a car industry point of view. The existing 25 per cent tax, which is a massive hike on motor vehicles which are already taxed through the GST and various stamp duties and registration et cetera applied at state level, already distorts the Australian car market quite significantly, with manufacturers, both domestic and foreign, seeking to ensure that their vehicles are kept below the threshold, whatever that may be at the relevant time. At the moment it is $57,000 approximately. Various options are stripped out of
vehicles in order to keep the vehicles below this threshold. So it is a major distortion of the market already, and it would be even more of a distortion were it to go to 33 per cent. There is absolutely no public policy ground for this very significant increase in the so-called luxury tax on motor vehicles.

Is there a case in relation to the fiscal policy and the budget? Again, as we have been saying repeatedly, there is absolutely no case for this tax grab based on fiscal policy. This government is probably the most fortunate government in the history of this country in terms of the fiscal policy settings that it inherited. No government has been in a situation like this one, inheriting a government that is absolutely debt free, that has no interest payments whatsoever in its budget, that has $60-odd billion in the Future Fund and that has the unfunded superannuation liabilities provided for through the Future Fund. This government is more fortunate than any in inheriting fiscal settings which provided for surpluses into the future.

The government’s argument in relation to those taxes that we are opposing is that it must have a $21½ billion surplus in the current financial year and that a $20 billion surplus apparently is irresponsible. There is no economist in the country who agrees with that argument. What clearly happened—and it is from my six years experience as finance minister that I can see this happening—was that Mr Swan and Mr Tanner came up with a list of savings which they wanted the Prime Minister to sign off on in order to produce a certain level of surplus which would go to their argument about inflation. Of course Mr Rudd then said, ‘I’m not going to sign off on any of these,’ so they did a mad scramble through Treasury to find a whole lot of tax measures that would make up for their deficiency caused by their failure to persuade their Prime Minister to sign off on their savings. So the failure of Mr Swan and Mr Tanner has led to this ridiculous tax increase.

I can see the Treasury bureaucrats now running into ERC and saying: ‘We have this 25 per cent luxury tax on cars. I guess if you wanted to you could whack it up to 33 per cent and then we could put in the budget a figure of $130 million a year of revenue.’ May I say—and I think this will be reflected in car sales—that that revenue figure is very dodgy in itself because of the behavioural impact on the purchase of these vehicles that will result from this tax. We may well not see the revenue effect in any event.

This is a bad tax without any policy justification in relation to the car industry and without any justification with respect to the government’s fiscal position. So why on earth are Labor doing it? They are scrambling to find revenue to justify their case for being able to tax now in order to spend later. What we are seeing with their fiscal policy arrangements is clearly that they want to tax now to put it into their slush funds so that they can buy their way back into office in 2010. This is a tax now, spend later approach to fiscal policy. It also confirms that, for all the bluff and bluster, the Labor Party are no friend whatsoever of the Australian car industry. After all, it was the coalition government which sought to and successfully removed from the Australian car industry the worst possible impost that had ever been imposed on it, which was the wholesale sales tax.

The Australian car industry bore the burden of that wholesale sales tax more than any other industry. It completely distorted the manufacturing sector in this country, with the car industry paying the overwhelming proportion of that tax. The greatest beneficiary of the removal of the wholesale sales tax and its replacement with a GST—a move that the Labor Party, to their shame, opposed all the
way—was the Australian car industry. It was the best thing that had ever been done for the Australian car industry, and the Labor Party opposed it at every step. May it be printed on their tombstone that they are no friend of the car industry. What they are trying to do with this luxury car tax confirms that, for all the bluster that we hear from them, they are no friends of the Australian car industry.

I turn my attention to the proposition that has come from the Australian Greens which they are postulating as a deal with the government, although Mr Swan suggests that no such deal has been entered into. We wait with bated breath for what the outcome of these discussions will be. But can I place clearly on the record our total opposition to the proposition that has come from the Greens and that we will be voting against it. This proposition from the Greens again reveals that they have absolutely no interest in the Australian car industry or in the Australians who work in that industry. This would be even a more manifest and destructive distortion of the Australian car industry than currently exists.

The Australian Greens are proposing that there be an exemption for vehicles up to a value of $75,000 that have a fuel consumption of seven litres or less per 100 kilometres but that all other vehicles from a value of $57,000 would continue to pay this horrendous increased luxury car tax. The immediate impact of that is to ensure that vehicles such as the following would not pay this new luxury car tax. Exempt from this tax, by dint of the Australian Greens and possibly the Australian Labor Party, would be vehicles like the Alfa Romeo 159 Sportswagon, the BMW X3, the Jaguar X-Type, the BMW 3 Series, the Mercedes-Benz C Class, the SAAB 9-3, the SAAB 9-3 Sport, and the Audi A4. So, as a result of what we are told is a deal between the Greens and the Labor Party, a whole range of very cute little European manufactured sports sedans would be exempt from this tax—in contrast with vehicles made by Australians which would be subject to this outrageous 33 per cent so-called luxury car tax. The vehicles, made by Australians in Victoria and South Australia, that would be subject to this tax include products of the Ford factory and the Holden factory in my state. The Holden Commodore, the Holden Caprice, the Holden Statesman, the Ford Territory, the Ford Fairlane, certain Ford Falcon models and the Ford LTD would all continue to be subject to this 33 per cent luxury car tax, while all these spiffy little European sports cars would be exempt from the tax.

This is an absolutely outrageous proposal. I hope that the Labor Party will have nothing to do with this. But what it does reveal is that the Australian Greens, who are of course running in the federal seat of Mayo in the state of South Australia in the by-election this weekend, have no regard for the people of Mayo or for anyone who either wants to support the Australian car industry by buying an Australian product or has need for a product of this kind or has need for an imported product like a Toyota LandCruiser or a Nissan Patrol for their work or for their pleasure—to tow horses, to tow boats.

Mayo contains some of the most scenic and beautiful country in the state of South Australia. There are many residents of the federal seat of Mayo who enjoy boating and horse-riding on weekends and need these sorts of vehicles—Ford Territories, Toyota LandCruisers, Nissan Patrols—if they are to pursue those commercial, work related or pleasure activities. The Australian Greens have declared today by this deal that they want those people to be hit by this tax. But if you are someone who likes to drive around the electorate in a little Audi sports car—‘Okay, you can have an exemption, but if you want to tow your horse or your boat
around we are going to whack you with this tax.’

I hope the people of Mayo will pay very close attention to what the Australian Greens have now proposed. I hope that anybody who has any connection to the Australian car industry who lives in Mayo will note very carefully what the Australian Greens are now proposing. They want to protect jobs for Europeans in the factories of BMW and Audi. They have no regard for the people working in the factories of Ford, Holden and their component manufacturers.

The Greens’ proposed amendments are a disgrace. I hope and pray that the Labor Party will have nothing to do with them, but we wait, as I say, to see what the Labor Party comes up with. I hope very much and earnestly that all South Australians will take note of what is being proposed. I hope that Senator Xenophon, who has a big decision to make in representing the state of South Australia, also takes note. The Holden factory and all the component makers who make parts for Toyota, Ford and Holden in the state of South Australia will be watching with keen interest Senator Xenophon’s vote on this issue. I urge him to support Australian workers and the Australian car industry by voting down this legislation altogether.

This legislation is not warranted on any public policy grounds. It is certainly not warranted on fiscal grounds. There is no justification for it, and the Australian Greens’ propositions only compound the mischief that is inherent in this outrageous legislation, which I hope the Senate will reject.

Senator POLLEY (Tasmania) (12.16 pm)—I rise in the Senate on this occasion to comment on the Tax Laws Amendment (Luxury Car Tax) Bill 2008 and related bills that comprise the government’s budget measures on the luxury car tax. The increase in the luxury car tax was announced in the 2008-09 budget as part of a package of measures to enhance fairness in the tax system. This measure will create an estimated $130 million in revenue for the government in this financial year and $555 million over the forward estimates. It is estimated that around 10 per cent of all new car sales made in Australia in 2007 were subject to the luxury car tax.

The Rudd Labor government believes that Australians who can afford luxury vehicles have the capacity to contribute to the revenue at a higher rate than other car buyers. The Australian people understand that the Rudd Labor government is acting now for Australia’s long-term future. We are preparing Australia for a stronger future, in contrast to the Liberal Party. We witness in this chamber regularly how divided they are on so many issues. They simply do not have the long-term leadership that Australia needs. They need a reality check.

The Rudd Labor government is making sure our economy emerges in strong shape from these tough international times so that we can provide quality jobs and security for working families in the future. The Liberal Party neglected the big long-term challenges Australia faces, such as climate change, our hospitals, our schools and our infrastructure. They foolishly ignored 20 Reserve Bank warnings on inflation.

It is pleasing to note that yesterday the Reserve Bank actually cut interest rates. This was a decision that working families deserved. I am sure it was applauded by families who are doing it tough. For the average mortgage, yesterday’s cut will put more than $500 a year back into the family budget—and, for many Australians, much more than that. This is some initial relief from the 10 interest rate rises that occurred under Peter Costello and the Liberal-National coalition which have cost Australian families on an
average mortgage $400 every month. This is the first time families have had a rate cut from the Reserve Bank in seven years.

Senator Boswell—Mr Acting Deputy President, on a point of order: I have a high regard for Senator Polley, but she has been going for about five minutes now and she has not mentioned the car tax. She is giving us a diatribe on the economy.

The ACTING DEPUTY PRESIDENT (Senator Hutchins)—There is no point of order.

Senator POLLEY—I always know that I am making a good speech when I get interrupted. I have sat through this debate and have been lectured many times in this chamber, and the opposition always seem to be a little bit touchy when it comes to reminding them that Australian families, working families in this country, know what the Liberal-National coalition did to them for 11 long years. That is why we need to protect our $22 billion budget surplus. To protect our budget surplus those opposite need to be responsible and accept our budget measures.

We are a fiscally conservative government. We are preparing for the future. That is why this budget measure is so important. Ultimately, this is not a tax on ordinary Australians, as Senator Minchin has been suggesting. The tax applies only to vehicles that cost more than $57,180. There is no evidence that the luxury car tax increase will increase car prices or that it will disadvantage people with disabilities. The tax law already provides exemptions for people with disabilities from luxury car tax. Treasury has also consulted with disabled groups to ensure they are not adversely impacted by this measure. It is just scaremongering to assert that this measure will hurt working families. I might add that it is amazing that for over 11 years the opposition did not know what a working family was and all of a sudden they are trying to imply that they have a heart.

Mr Brendan Nelson and his colleagues on the other side of the chamber had been spruiking that these measures will hamper families in buying people-moving vehicles such as the Toyota Tarago. In fact, they have even gone so far as to call this measure the Tarago tax. The fact of the matter is only one of the five models of the Toyota Tarago will incur a luxury car tax. Of the 20 top-selling cars in Australia, less than four per cent of those sold are subject to luxury car tax. We do not think it is unreasonable that people who have done well in recent years, particularly from government decisions in terms of tax cuts, pay a little more for a luxury car. As Senator Carr stated in Senate question time on Wednesday, 24 August:

The luxury car tax on the Ford Territory Ghia will increase by some $500 while the tax on the Porsche 911, currently retailing at over $300,000, will increase by around $14,600. None of this stands in the way of motorists looking for a good alternative.

In the Financial Review of Friday, 28 August, an article detailed how 14 Rolls Royces have been handed over to Australian millionaires so far this year—that is, double the number delivered last year. Sales of luxury cars continue to improve despite the luxury car tax increase. The article features the quote, ‘People we sell these cars to are very entrepreneurial people that are making the economy work in many ways.’ While customers may complain of the tax, they are still coming through the doors and buying the cars. Maybe, just maybe, the Liberals have got it wrong. It would not be the first time. The opposition keeps telling the chamber that the introduction of a luxury car tax will raise the price of all cars. That is completely wrong. Competition itself will keep down the prices of non-luxury cars. This measure is part of a responsible, integrated budget strat-
The simple proposition that is before the chamber at the moment is that the opposition are seeking to destroy the government’s surplus. They are seeking to score cheap political points. They are seeking to undermine the government’s efforts to tackle the high-inflationary legacy to this country of the Howard-Costello government. Yet this is not the only budgetary bill those opposite are planning to block. The raising of the Medicare threshold, and the alcopops tax are also measures that those opposite are threatening to oppose. Mr Brendan Nelson told Fairfax Radio on 16 May 2008 that the Liberals were not going to block the budget. His exact words were:

It would be completely irresponsible to do so.

Yet here we are just a few months down the track and a whole range of budget measures are being blocked. We should not be so shocked. As the Australian people very well remember, the Liberals have a history of core and non-core promises. The Rudd Labor government delivered an economically responsible budget that struck the right balance, given the difficult global and domestic conditions that we now face. We built a strong surplus to fight inflation and to buffer our economy against global turmoil. As Treasurer Wayne Swan said in his budget night speech:

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

This surplus also acts as the foundation for responsible investment in nation-building infrastructure. The Rudd government are committed to ensuring Australia’s future long-term economic prosperity. We set up the Building Australia Fund to finance critical investment in infrastructure that will lay the foundation for future economic growth and productivity—something that was neglected over the 11 long years of the Howard-Costello government, I might add. The irresponsible opposition wants to blow a $6.7 billion hole in the surplus, a surplus that will help secure Australia’s future.

While we are working hard to protect the interests of working families, the opposition—as usual—are fighting for the rich, the wealthy. This tax is an important measure to ensure that we deliver the surplus the Australian economy needs in these challenging times. Those opposite are only interested in short-term political tactics. That is the real reason why the opposition are threatening to block this measure. This reminds us of the depth to which their economic credibility has sunk. Rather than protect the surplus in order to fight inflation and secure future investment, they propose to vandalise the surplus. The Rudd Labor government recognises that, if everyone pays their fair share of tax and we plug the gaps in the system, we can reduce the overall burden imposed on all working families. That is our objective. The Rudd Labor government are providing a $55 billion Working Families Support Package, meeting our commitments in education, health, infrastructure, defence and climate change and investing in the future with three new nation-building funds.

Our budget was designed to meet the challenges of the future, and those on the other side of the chamber know we need a strong surplus to anchor a strong economy. We need a strong budget surplus to build a buffer against international turbulence. We need a strong budget surplus so we can fund ongoing, long-term investment in our ports, roads, railways, hospitals, universities and vocational education, which we need to deliver growth with low inflation into the future. I
commend this tax bill to the Senate, and I find it most disappointing that those on the other side of the chamber are not willing to support this measure and, as usual, are looking to score quick political points.

Senator FARRELL (South Australia) (12.27 pm)—I seek leave to incorporate Senator McEwen’s speech.

Leave granted.

Senator McEWEN (South Australia) (12.27 pm)—The incorporated speech read as follows—

The Tax Laws Amendment (Luxury Car Tax) Bill 2008 and the three subsequent pieces of legislation will increase the luxury car tax from 25 per cent to 33 per cent and is part of Labor’s first Budget.

This increase is part of the government’s package of measures to enhance fairness in the tax system. The government believes that Australians who can afford luxury vehicles have the capacity to contribute to revenue at a higher rate than other car buyers. Additionally it is expected that this measure will contribute to the necessary task of ensuring that the budget relieves pressure on inflation. The measure is expected to raise $555 million in additional revenue over the forward estimates.

Since 1979, successive Australian governments have imposed an additional tax on luxury vehicles. The luxury car tax was introduced on 1 July 2000 when the GST was introduced and the wholesale sales tax abolished. The tax is generally payable when a car is sold or imported at the retail level. It is additional to any goods and services tax (GST) payable. Luxury car tax applies to cars whose price, including GST, exceeds the luxury car tax threshold, which is currently $57,123.

The formula used to calculate the value of the luxury car tax is:

the luxury car tax threshold is indexed using the motor vehicle purchase component of the consumer price index which includes both imported and domestically produced vehicle sales. The threshold also represents the car limit. The car limit is used in a calculation to limit the maximum amount of depreciation deductions allowed on the car under the income tax law for the relevant financial year.

The luxury car tax applies to both domestically produced and imported vehicles, though certain types of cars are exempt from the tax. This includes most commercial vehicles, most second hand cars, motor homes, campervans, and prescribed emergency vehicles. We are not changing these arrangements.

There are existing exemptions in the law to ensure that GST and luxury car tax do not apply to modifications for transporting the disabled. A car which is specially fitted out for transporting a person with a disability, seated in a wheelchair, is excluded from the definition of ‘luxury car’ and is not subject to luxury car tax, provided the car is not GST-free under GST law.

This concession is available to any person, including a carer that modifies a car they purchase for a person with a disability, seated in a wheelchair, before the time of taxable supply by the dealer—that is, before the sale of the car. GST and luxury car tax do not apply to the value of any modifications made to a car solely for the purpose of adapting the car for driving by, or transporting, a person with a disability. Again, this concession is available to any person, including a carer that purchases a car and modifies it accordingly. However, if the value of the unmodified car exceeds the Luxury Car Tax threshold then the value of the unmodified car will be subject to the tax.

A disabled veteran or eligible person with a disability can purchase a car GST-free up to a value of the luxury car tax threshold. GST and luxury car tax is payable beyond that amount, which is currently $57,123. This treatment would apply to a vehicle that is not modified but has been purchased to meet the needs of a disabled person because of the vehicle’s size or height. To qualify for this concession the disabled veteran must intend to use the car for personal transportation for two years or until the car has travelled 40,000 kilometres. To qualify for this concession the eligible person with a disability must intend to use the car for their personal transportation to travel to and from gainful employment for two
years or until the car has travelled 40,000 kilometres.
Where the cost of a conversion pack is included in the cost of the car, when the value of the car exceeds $57,123—inclusive of the conversion pack—then LCT would normally be payable on the amount above the threshold. However, if the conversion pack is used to make modifications before the taxable supply then the cost of the modifications, including the cost of the conversion pack, may not be subject to LCT. If the conversion pack is purchased after the car is purchased from the dealer and then used to convert the car, the conversion pack is LCT and GST free.

There is no evidence that the luxury car tax will increase car prices more generally. Nor will it disadvantage people with disabilities. The tax laws already provide exemptions for people with a disability from the luxury car tax. The Opposition claim that this legislation will disadvantage those living with a disability, a claim which has no substance. Treasury has consulted with disability groups to ensure they are not adversely impacted by the measure.

It is estimated that around ten per cent or around 100,000 of all new car sales made in Australia in 2007 were subject to luxury car tax. Of the top 20 selling cars in 2007, which covers more than 50 per cent of the car market, less than four per cent of those sold are subject to luxury car tax. At the lower end, the increase is in the hundreds, not thousands, of dollars. The increase in the luxury car tax for the lowest cost Toyota Prado models are $39 and $98. For the Ford Territory Ghia, the increase is $496.

Labor has developed a Budget that will deliver to working families. A budget that protects Australia at a time of global economic instability. A Budget that invests in our nation’s future. A Budget that has been attacked by the Coalition since day one.
We have come into office in difficult economic circumstances. Not only have we inherited a mess from the high-spending Howard Government, we are in a time of global financial turbulence.

The global credit crunch and the global oil price shock have impacted on confidence right around the world. It has pushed up borrowing costs for households and businesses around the world.

Global share markets have fallen by an average of around 20 per cent in developed economies since the global turmoil began. Stock markets around the world have been affected by the global financial crisis and a slowing world economy. And consumer confidence across the OECD economies has fallen to its lowest point in almost 30 years.

Fighting inflation is the central challenge facing our economy today. The Rudd Government has recognised this and unlike the previous Government, Labor is addressing the challenge. We have reigned in Government spending after the Howard Government’s spending sprees. When Labor came into Government, Government spending was running at between four and five per cent growth on the part of the Coalition. We have reduced that to just on one per cent.

If we had continued this irresponsible spending, at the same growth level that the Howard Government had it running at for the last several years, it would have cost taxpayers an extra $23 billion worth of outlays. Another $23 billion of taxpayers’ money would have been blown away. Those opposite spent recklessly with the money of the Australian public and the damage that recklessness has caused to this economy is still evident today.

Labor has taken a very different approach to the Howard Government, instead of going on spending sprees, we have focussed on savings. We generated $33 billion in savings to ensure that our new spending initiatives of $24.7 billion were met by savings.

The Budget provides for Australians and plans for the future, something the Howard Government never did. The budget contained a $40 billion investment in Australia’s future to build new and improved roads, hospitals and schools. The budget is the first step towards a new, more modern Australia, with a first-class economic and social infrastructure. By making Australia’s finances more sustainable, we can now start investing in the schools, hospitals, roads, rail and communication projects that were neglected by our predecessors for more than a decade. This has only been made possible because we have had the courage to take the tough decisions that may
Productivity growth has declined sharply in recent years. From average annual growth of 3.3 per cent during the productivity cycle of the mid-1990s, to just 1.1 per cent in the current cycle. That productivity slowdown reflects the long-term neglect of investing in the drivers of productivity – our workforce and our infrastructure.

On Monday the Prime Minister Kevin Rudd outlined Labor’s plan to turn this around at the AI Group Annual National Dinner. “The Government is committed to building our long-term prosperity by investing in five key platforms for future productivity growth – education, infrastructure, innovation, business deregulation and taxation reform.” This is all part of Labor’s commitment to nation building. This Government is committed to implementing the single largest infrastructure program in the history of the Commonwealth, a program of some $76 billion.

We have already begun investing in infrastructure through the establishment of Infrastructure Australia. This organisation will help drive investment in critical national infrastructure such as road, rail, ports and high speed broadband.

We have invested a significant amount into communications infrastructure, committing up to $4.7 billion for the new broadband network to reach 98% of Australian homes and businesses.

Other planned investments into infrastructure include $26 billion in roads and rail infrastructure through 2008-09 to the end of AusLink II. In addition, the Labor Government will invest $20 billion through the Building Australia Fund in transport, energy and water priorities.

On innovation, the Prime Minister explained that the Government is building a 21st century innovation-driven industry policy—not the old industry policy based on protection and resisting change, but the 21st century innovation policy that embraces change, productivity and global markets.

We have developed a $55 billion Working Families Support Package. Part of this package is lifting the Child Care Tax Rebate. Labor proposes to increase child care assistance by lifting the rebate from 30 per cent to 50 per cent of out-of-pocket costs and increasing the annual cap from $4354 to $7500 per child. We understand that the cost of childcare isn’t the only obstacle faced by parents, availability is a big problem. For this reason, the Government, over the long term, has committed to ensure 260 child care centres are built in priority areas.

Another important part of the Working Families Support Package in respect to raising children, is the $4.4 billion education tax refund. This refund will mean that parents who are entitled to family tax benefit A or whose children receive the youth allowance, can claim a 50% tax refund of up to $750 in education expenses for each child in primary school, that’s a refund of up to $375 per year, and up to $1500 in expenses for every child in secondary schools, a refund of up to $750 per year.

Working families as well as singles will benefit from the changes to the Medicare levy surcharge thresholds. While the cost of living and incomes have changed over the last 11 years, the income thresholds haven’t. This has resulted in people on average wages by today’s standards, becoming liable for the surcharge. The Government are increasing the thresholds to bring them in line with today’s wages so that the Medicare levy surcharge is only placed on higher income earners. From 1 July 2008, singles with incomes up to $100 000 and families with incomes up to $150 000 will no longer have to pay the surcharge. These are both increases of $50 000 from the current thresholds. The Government is increasing the thresholds to bring them in line with today’s wages so that the Medicare levy surcharge is only placed on higher income earners.

We are creating a fairer, more balanced tax system; this bill is part of that.

The Government’s tax reforms outlined in the Budget will provide 46.7 billion of personal income tax cuts over the next four years. For a taxpayer earning $50 000 a year the tax cuts will deliver an additional $19.23 per week from 1 July 2008. This will increase to $25 a week from 1 July 2009 and $33.65 a week from 1 July 2010. When fully implemented they amount to almost a 20 per cent reduction in their tax bill. These tax cuts will provide significant relief for people battling the rising cost of living, but the Coalition are standing in the way.
To deliver all these fantastic initiatives, we need our budget passed in full. The Liberals are intent on opposing key budget measures which would blow a $6.2 billion hole in that surplus we need. Along with the Medicare Surcharge Levy, the Luxury Car Tax is one of those key budget measures being blocked.

By blowing such a gaping whole in our Budget surplus, the Opposition is limiting our ability to put downward pressure on inflation. Having a strong Budget surplus is an important buffer against international economic uncertainty.

Those opposite always talk about being economically responsible, but they continually show us otherwise. Blocking our budget is the pinnacle of economic irresponsibility. No responsible economic manager would choose to increase uncertainty at home at a time when we face significant uncertainties from abroad. They need to ensure that the Government has got the ability to put downward pressure on interest rates, and to help the Reserve Bank do its job.

The reality is that the Coalition wants higher taxes for working families and lower taxes for luxury cars. They want to ensure that the rich can get luxury cars cheaper while those on lower incomes struggle to fill their cars with petrol. Those are the twisted priorities of the Opposition that have hurt Australian families for over a decade.

The Government wants to deliver its budget in full so that it can roll out its $55 billion Working Families Support Package to support Australians and provide a significant surplus to fight inflation. It’s time that the Coalition let us do it.

Senator BOSWELL (Queensland) (12.27 pm)—I listened very carefully to Senator Polley’s expose and diatribe on the car industry. Unfortunately, the speech was not about the car industry; it was a speech on the economy. She was repeating all the natural spin that the Prime Minister and the Treasurer, Mr Swan, have been saying for the last three or four weeks. Where I see the Labor Party coming unstuck—and I have seen them come unstuck before—is that they do not know whether they are a green party that represents the green interests of Australia or a party that represents the unions and the workers. They are continually torn. Today we see it again.

Senator Hutchins—Mr Acting Deputy President, I rise on a point of order. Senator Boswell is not talking about the luxury car tax at all. I ask you to remind him to refer to that.

The ACTING DEPUTY PRESIDENT (Senator Parry)—There is no point of order.

Senator BOSWELL—We have seen Doug Cameron, the unionist, rally and condemn the Labor Party and the coalition so much so that he drove Senator George Campbell out of office. When he came down he was going to play merry hell with a big stick. I would be interested to hear him say what he believes this luxury tax on the car industry is going to do to the workers of South Australia and the workers of Victoria. That was the platform he used to get into this place and he went right over the top of his colleague from the Left Senator Campbell. Senator Campbell was driven out of this place. You can run in this place but you cannot hide. This place will find you out. You can talk one way but, in the end, you have got to face the music.

You do not have to be Einstein, you do not have to be a student of the car industry and you do not even have to live in South Australia or Victoria to know the car industry is doing it tough. It is doing it immensely tough as we allow cars to come in from overseas. We see the sales of Ford and GMH go down. They are in a critical mess. If they lose anything more, they are going to be in real trouble.

The car industry has begged the Labor Party and the two Independents not to go down this path. Senator Fielding is just walking in here and, presumably, he will have some structure to try and get around this. But
I say to Senator Fielding: whatever you do, whatever your amendment is, it is not going to get the car industry out of trouble. I was just saying before you walked in, Senator Fielding, and will repeat it for you, that the car industry in South Australia and Victoria is in terrible trouble. They are losing sales hand over fist to imports. This could be the tipping point for them.

The car industry has begged the Labor Party—I assume they have spoken to Senator Fielding and Senator Xenophon; I do not know. We cannot go around this issue with amendments. The amendments are not going to address the problem. If the Labor Party people are concerned about jobs in the car industry, they cannot have it both ways. They have to support the workers and the unionists who pay their fees to the Labor Party, the unionists who work hard 38 or 40 hours a week and then pay the $400-$500 to the Labor Party. What are they getting out of this? They are going to lose their jobs—some of them are going to be put off. You are not going to be able to pass this without having a result. The complication will be that you are going to lose a lot of good unionists that support the Labor Party.

I do not know how you can do this. I do not know how Senator Carr can sit here and let this sort of legislation go through. I do not know what he does in cabinet. Doesn’t he put his hand up and say, ‘If this happens, the repercussions of this will be so many jobs lost’? An industry minister is supposed to say, ‘If we are going to import more of these little roadsters, these imported sports cars, we are going to put our good unionists out of work.’

There is another aspect to this piece of legislation. Approximately eight, nine or 10 years ago the National Party lost two wives in car accidents. And then John Anderson’s wife spun the car over seven times. She was very fortunate and she and the kids got out of it. Tim Fisher had an accident, and two people were killed. The Labor Party at the time, to their credit, said: ‘We do not want any more of this. People with huge electorates have to have cars that are safe, and we will let them drive four-wheel drives.’ That is what you are going to take away from all the people in the bush—the right to drive safely in a car that has got a bit of substance under it. For the two reasons: safety and workers, I urge the Senate to drop this bill like a hotcake.

Senator FIELDING (Victoria—Leader of the Family First Party) (12.34 pm)—This debate is not about whether there should be a luxury car tax. There already is a luxury car tax and there is bipartisan support for that tax. The question is whether there should be an increase in the luxury car tax rate and whether some people should be exempt from the increase. This tax increase is a blatant tax grab, but at least the government has made that abundantly clear, unlike with the alcopops tax. It is a tax grab for an extra $555 million over four years by increasing the rate of the luxury car tax from 25 per cent to 33 per cent for cars that cost more than $57,180.

The debate on the Tax Laws Amendment (Luxury Car Tax) Bill 2008 and related bills has centred on whether we should be asking people, who can afford expensive cars, to contribute more in tax and whether this tax hike will damage the car market in Australia. However, Family First is concerned about putting taxes up at a time when families are struggling to make ends meet and when the economy appears to be slowing. In my state of Victoria, the car industry is a significant employer but, last month, Ford said it would cut 350 jobs in Melbourne and Geelong. In June, Holden said it would stop making four-cylinder engines in Melbourne. The industry is feeling the pinch.
But the tax is on cars that are worth more than the average income of Australians. The proposed increase in the luxury car tax would see a new $65,000 car have an extra $483 tax bill, which to many may seem fair enough. For those who can afford a Porsche 911 at more than $240,000, the extra tax is $13,660. If you look at the top 10 cars sold in Australia in July—Commodore, Corolla, Falcon, Mazda, Yaris and so on—you would find that none of them fall into the luxury car bracket. They are all good quality cars but with a much lower price tag. So, looking at the direct impact of the tax, I think most Australians would think it is fair enough that those people with the disposable income to buy such expensive cars are asked to pay just a little bit more in tax. But policy is seldom that simple. The difficult part is to work out the indirect effects of the tax and whether this tax, which the government expects will raise an extra $555 million over four years, will have any important unintended consequences.

Family First’s question was: are there community groups that will see this increase as a kick in the guts? Carers and people with a disability are some of the most deserving people in the community and actually need a helping hand. In the act, there is a reference to cars not being defined as luxury if they have the facility for a wheelchair, and that is well and good; however, there are also small businesses that depend on their cars as tools of their trade but their vehicles are not covered by those exemptions. Small tourism operators and farmers are two important groups who will get slugged by this tax increase. The tourism industry is heavily dependent on the seven- and eight-seater diesel Toyota LandCruisers and similar vehicles that are used by tour operators, particularly in rural and regional Australia. While there is a tax exemption for commercial passenger vehicles with nine or more seats, vehicles with seven or eight seats are unfairly captured by this increase.

Senator Boswell—What about five seats?

Senator FIELDING—Five seats, someone else mentions. Small businesses in tourism are struggling with high petrol prices, which are also impacting on tourist numbers with the increasing price of aeroplane flights, but now they also have to deal with an increase in capital costs for their business. One tourism operator has a fleet of 30 vehicles and buys five a year. Under the new tax, that business will have to find another $40,000 to cover the extra luxury car tax. Family First wants to help small businesses in the tourism industry by exempting the commercial vehicles or by sitting down with the government and discussing, as we have been, how to overcome the problem for tourism operators. Family First is also concerned that the tax might hit rural and regional people with extra costs because it increases the price of some four-wheel drive vehicles. City based people buy more four-wheel drive cars than rural and regional people, but people in the rural and regional areas are more dependent on their off-road vehicles to deal with difficult conditions. Family First also wants to see an exemption or some other way for four-wheel drive vehicles that are registered in rural areas, in recognition that families in rural and regional Australia are doing it tough. These are two issues on which we are still in discussion with the government.

Another concern is that increasing the tax on the top end of the market may encourage car prices up across the board. Increasing the tax take might change some of the relativities between different types of cars so that prices are dragged upwards. Increasing the tax might also increase demand for lower priced cars and drive up the cost of cars in that bracket. If there are price hikes in the new car market, these might also flow through to
the second-hand market. Second-hand cars might end up more expensive, both because the prices of some new cars are higher and because higher prices might mean that people look to the second-hand market for luxury cars instead.

There is also a question of whether the extra tax should be applied to the most fuel-efficient cars, but the same argument could be used for safer cars. Family First is sympathetic to the concerns raised that this tax may be slapped onto the most fuel-efficient cars in the market, and that is an issue to be considered, but, as I was saying, that could also be said for the safer cars. It is also necessary to look at how fuel efficiency tax would affect Australia’s car market. Family First wants higher efficiency standards for new cars, including European fuel efficiency standards, and would support assistance for the Australian car industry to help meet those standards. It is important to consider the best way to encourage and support families to buy more environmentally friendly vehicles, considering things such as rebates for cars that meet efficiency standards. Family First will be considering all these issues when making a final decision on the luxury car tax bill. Family First is really concerned—underlined—about passing a tax that slugs small tourism operators and farmers.

Debate interrupted.

MATTERS OF PUBLIC INTEREST

The ACTING DEPUTY PRESIDENT (Senator Parry)—Order! It being almost 12.45 pm, I call on matters of public interest.

Cancer

Senator FURNER (Queensland) (12.44 pm)—Yesterday, during my first speech, I made mention of community activities and community events, such as raising money for the cure of cancer, that not only the union movement but also the Labor Party have been involved in. This year, for the second year in a row, Michelle McJannett and I attended ‘Back to Bigriggan’, a fundraiser event organised by the Boonah and Beaudesert Breast Cancer Support Group, on Saturday, 12 July. It is in the south-east corner of Queensland, down in the wonderful area of Forde, the seat of Brett Raguse, a committed and competent MP for that area.

It is always great to be involved in these community events, and it is a cause which many people would align themselves with. It is great to meet people who are active and involved in their communities—for example, the Malones. The Maloney family and supporters gather on an annual basis to raise money to seek a cure for cancer in their community and in society in general. They put such an effort into making it a most enjoyable day. The day consists of arriving at about 10 am for morning tea with damper, followed by an enjoyable roast dinner that is complemented by blues and country music played by a local band. This year approximately 300 to 350 people from the south-east corner attended, travelling from as far as Mount Gravatt and Redcliffe by bus.

For the past three years I have also been involved as a co team captain for the Pine Rivers area since it began raising money for the Cancer Council Queensland, and this year I was proud to be part of a joint team that raised nearly $20,000 towards finding a cure for cancer. Equally, it is always a pleasure to be involved in such community activities such as this yearly event, Back to Bigriggan, down in the Rathdowney region, in such a fabulous rural setting.

I wish to extend my appreciation to the owners of the Bigriggan Camping Reserve and hall, who very generously donated the venue this year and have done so in the past. Over $11,500 was raised this year—not a bad effort for a group of community activists. Johan, the daughter of Joan and John...
Maloney, very bravely had her head shaved, raising nearly $800 towards the $11,500.

We were also able to get assistance from other people to raise funds by way of a raffle, and I am pleased to put on record today that donations were forthcoming from the company Campbells Cash and Carry. A particular thankyou goes to Vicki McLeod, branch manager at the Virginia outlet, and Wendy Cooke, the NUW delegate. They were extremely active in getting the contributions that went towards the raffle, which added to the $11,500 raised on the day. It was a pleasure to have my father, Keith, with me, who celebrated his 81st birthday with us that day and helped me go around raising money in another activity where a whip was auctioned off to increase the amount raised.

We all know someone who has been affected by cancer. It touches everyone. I would like to quote some statistics and information that people would certainly be aware of, to put them on the record. In 2001 there were 11,791 Australian women and 95 Australian men diagnosed with breast cancer; in 2005, there were 2,404 Queensland women and 19 Queensland men diagnosed with breast cancer; one in 11 women will be diagnosed with breast cancer before the age of 75; 75 per cent of breast cancers occur in women over 50; mortality in 2001 resulted in 2,596 Australian women and 26 men dying from breast cancer; mortality in 2004 resulted in 456 Queensland women and six Queensland men dying from breast cancer. Breast cancer is the most common cause of cancer related death among Australian women.

The risk of breast cancer is extremely high for Aboriginal and Torres Strait Islanders, and it increases with age. Although 75 per cent of breast cancers occur in women over 50, younger women’s breast cancers are likely to be larger and more aggressive. Each year approximately 700 women under the age of 40 are diagnosed with breast cancer. In 2002, the average age of diagnosis was 60 years for women and 66 for men. Breast cancer is the most common cancer experienced by Aboriginal and Torres Strait Islanders, and Aboriginal and Torres Strait Islander women have a nine per cent higher rate of mortality than the Australian female population as a whole, based on age rates in 2000-04.

And what is a progressive government doing about this? This year, the Rudd Labor government announced a $50 million investment in improving cancer research: $27.5 million over five years to the International Cancer Genome Consortium aimed at understanding genetic changes that cause cancer; over $10 million to support national cancer clinical trial groups, improving access for Australians to enrol into clinical trials, in turn improving access to innovative treatments; and over $10.5 million in grants for 24 cancer related research projects. Reports show that cancer survival rates are improving; however, the survival rates for the lower socioeconomic population and males living in regional and remote areas are lower. This is why I shall continue tirelessly to assist community events, such as Back to Bigriggan and Relay for Life with the Cancer Council Queensland, to hopefully help bring about a cure to this insidious disease, cancer.

**Positron Emission Tomography Review**

_Senator HUMPHRIES (Australian Capital Territory) (12.51 pm)—_ I rise today to supplement some comments that I made during a debate on 26 June concerning a report of the Senate Standing Committee on Community Affairs into a matter relating to the positron emission tomography review of 2000. This report was presented after quite a long but informal inquiry by the community affairs committee in June. At that point, the time available for debate of committee re-
ports was limited and therefore there were fewer opportunities to put things on the record. I want now, though, to supplement the comments that I made on that occasion.

Unfortunately, this inquiry was not only about the particular process that was used in 2000 to make a decision about the extent of public funding via Medicare for this, at that stage, new technology of PET but also a process that led to the reputations of a number of academics and public servants being examined and, in some cases, very critically attacked by witnesses during the hearings. Just to refresh the Senate’s memory about this—if there are members who are interested in following this issue—the inquiry took some two years and conducted three public hearings. There were at least eight private meetings of the committee and there were many hundreds of documents considered in an attempt to trace the events that had taken place during the year 2000 during this particular technical process of considering the extent of public funding for PET in Australia at that time.

The question that the committee faced at the end of the day was why certain changes had been made to a report of a committee—a so-called supporting committee—charged with the review of the effectiveness, clinically and in cost terms, of this new technology. It was part of a process whereby a number of technical committees considered the effectiveness of that technology before a decision was made by the Medical Services Advisory Committee and a recommendation then made to the minister for health. The chair of that supporting committee, Professor Richard King, who was then and is now a respected clinician and academic, had the task of preparing the report of his supporting committee to present to the next committee up the line in this process—a so-called steering committee. Professor King made a number of editorial changes to the document that he was charged with producing and in doing so he made changes that, as he put it to the committee, would allow the document to be read logically.

A number of those changes were obviously straightforward and quite editorial in nature but one particularly attracted the attention of a number of academics, and particularly a number of doctors. The change was to include the word ‘potentially’ before the words ‘clinically effective’ in making, in effect, a recommendation by the committee to the MSAC board. Senators who examined this evidence during the inquiry took very different views of the significance of the change that was made by Professor King. The view that I took on hearing that evidence was that Professor King had made a logical and entirely innocent decision to make the findings of one part of the report consistent with the conclusions that were reached unanimously in another part of the report.

This report was, in due course—as all the parties to it were well aware—to be published. The question that I think needs to be asked in examining the motives that Professor King might have had for making those changes is: if Professor King had the intention of perpetrating an act of deception, would he not be displaying a level of foolishness—somewhat inconsistent with his senior academic and clinical standing—in tampering with a document that he knew was going to be published? I think the answer to that question is that he would not have done that. And that lends support to the view that his intentions in making those changes were editorial, not conspiratorial. I am quite confident that any ordinary person examining dispassionately the single word which Professor King chose to add to that report—that is, the word ‘potentially’—would have great difficulty in understanding what all the fuss, which took so much of the time of a Senate committee, was subsequently about.
Of course it is the case that others who were part of this process took a very different view of that evidence. Professor Rodney Hicks and Dr Robert Ware from Tasmania believed that a conspiracy was afoot to deny Australians access to this new technology. That was a view also taken by Senator Milne, who was a participating member of that inquiry. Senator Milne’s view—she spoke in the debate on 26 June, as well—was:

I think there was a deliberate change to this report. I do not believe it was editorial ... I think there was a political agenda to change the report with respect to funding, at the expense of cancer patients.

Those allegations were made by Senator Milne, and also by Dr Ware and Professor Hicks, under parliamentary privilege. The allegations that were made in the course of those comments were, it has to be said, very serious. They were directed principally at Professor King, who was the chair of the supporting committee, and also at Professor Brendon Kearney, who was the chair of the steering committee. They were also directed, at least in the case of Dr Ware’s comments, at officers in the Department of Health and Ageing right up to and including the secretary of that department. Certainly Dr Ware made a number of very serious allegations under parliamentary privilege. In evidence at one hearing, Dr Ware and a colleague of his, Mr Read, made serious allegations of criminal conduct. The committee subsequently declined to allow those allegations to be published but they are still, of course, on the public record.

I want to make a number of comments about the totality of the evidence that was received by the committee. Firstly, it is important to state on the record that the committee did not find that the allegations of either conspiracy or other criminal conduct were substantiated. The comments by Senator Milne were her reading of the evidence, not the views of the committee as a whole. Secondly, there was, in my view, no substantiation of any of the claims that were ever made to the committee with respect to conspiracy. No documentation was offered to show that documents had been deliberately altered. No evidence was tendered to show that anyone had been instructed to ignore evidence or reach a predetermined conclusion about the effectiveness of this new technology.

There was certainly some evidence before the committee of sloppy process that was used in some respects. The process whereby reports were prepared and then handed up the line to superior committees lacked something in terms of precision. I note that MSAC has since corrected the process whereby that occurs and new guidelines are in place. There was certainly some lack of attention to detail by some public servants in the department, and that was referred to particularly during estimates committee hearings subsequently. All of this amounts, in my view, to much less than some kind of gigantic conspiracy to deprive the Australian people of access to this new technology. Evidence that the technical process was manipulated to hold back the advent of PET is entirely circumstantial.

I think that in those circumstances it is important to record an apology to Professor King and Professor Kearney with respect to the evidence that was produced before the inquiry. As I said, very serious allegations were made about them. These people were acting as part of an internal review process designed to produce a considered and careful judgement about a particular technology. There is absolutely no evidence that either man was involved in a conspiracy, and I want to put on record my strong view that they are undeserving of the opprobrium that...
the inquiry inevitably must have attached to their role in that process.

It is also important to observe that an allegation was effectively made that, because MSAC in 2000 failed to recommend that there should be unrestricted access to this new PET technology—and today in 2008 we are well aware that PET has great potential as a form of medical imaging to reveal the existence of diseases and problems—MSAC or its subordinate committees had in some way failed to do their job back in 2000. That is a process of reverse deduction which I do not think can be substantiated. The fact is that, in 2000, the expert opinion on this was sharply divided. There was no unanimity, even in the supporting committee, about whether the technology was going to be as effective as some suggested that it could be.

I think it is important to make an observation here about the comments that Senator Milne made on 26 June that the supporting committee had endorsed the unrestricted use of PET technology. She said:

... what happened was, even though the doctors said it was safe and clinically effective, the result was that the Commonwealth funding was restricted ...

If senators have any doubt about that, I want to direct them to another part of the report of the committee which was not the subject of any dispute or disagreement. It reads as follows:

Based on the results of the NHMRC Clinical Trials Centre’s evaluation and the clinical experience of Committee members, the MSAC Supporting Committee concludes that there is insufficient evidence of PET’s clinical or cost effectiveness with respect to the six indications reviewed to warrant unrestricted MBS funding.

So here is a clear and undisputed statement by the committee as a whole that there is insufficient evidence of PET’s clinical or cost effectiveness at that time. It was on the basis that the committee had formed that view that Professor King, as he told the committee, subsequently modified the rest of the document to reflect that finding. He felt that it was inconsistent on the one hand to say that there was insufficient evidence of clinical or cost effectiveness and on the other hand to say that the committee found that PET was clinically effective. Accordingly, he modified the document to say it was ‘potentially’ clinically effective. In my view—obviously not the view of some other witnesses to this parade—that was a perfectly logical and satisfactory explanation as to why the document was changed.

When confronted with a choice between a conspiracy and the innocent failings of human judgement, I think we would all do well to very much err on the side of the latter, and I have no doubt that in this case that is what occurred. It is a matter of record that PET is now much more widely available and is supported through public funding around Australia. That is a very good development, but I am reluctant to attribute errors or blame to those who, eight years ago, were not able to perceive as clearly as we can today, with 20/20 vision, how effective PET was going to become.

We spent a great deal of time on this inquiry—I am not sure it was entirely justified by the result in terms of the public policy that we came to—and I think it is important, as we conclude the process, to put on the record very clearly that there is absolutely no reason to impugn the reputations of Professor Richard King, Brendon Kearney or, for that matter, the public servants who were part of the process in producing this report and subsequent reports to the Senate on those matters.
Positron Emission Tomography Review
Proposed Pulp Mill

Senator MILNE (Tasmania) (1.06 pm)—I rise today essentially to speak about Gunns, but since Senator Humphries has just been referring to the PET inquiry I just wish to reiterate that what we found as a committee was that the report was changed. It was changed from saying that the technology was ‘clinically effective’ to ‘potentially clinically effective’, and the impact of that for cancer patients was felt not only in Australia but also in New Zealand and Canada, because New Zealand and Canada were waiting on the outcome of that assessment to determine what to do in those countries. As a result of that changed report, New Zealand did not get a PET scanner until last year, I think, and Canada is looking at it again through its ombudsman. So the impact of this report was on cancer patients not just in Australia but around the world, and that report was changed.

To say that now we have the benefit of hindsight is all very well, but in that supporting committee there were specialists who were saying exactly the same then as they are saying now. What is even more appalling is that some of those people have been forced to use their expertise for the last eight years to justify something which they already knew eight years ago to be true. As a result they have not been able to use their brilliance—and I would describe some of the medical scientists involved here as brilliant—to pursue other uses of PET for other forms of cancer, because they have had to reprove something they already proved eight years ago.

We all agreed that the report was changed. The question is who changed it and what their motivation was. Professor King took responsibility for having changed that. As to Professor Kearney, he said before the supporting committee had even met that the Commonwealth would not be providing unrestricted funding and they had better find something else in relation to this inquiry. I still stand by the view that there was a political direction to the Medical Services Advisory Committee, and that is why the Commonwealth put in place a different process for this assessment than otherwise would have been the case. They put in a political component because it came hard on the heels of the then minister’s—Mr Wooldridge’s—MRI scan affair, which cost the government so much in political terms at that time.

However, I am not surprised that Senator Humphries is defending the processes of the previous government or Minister Wooldridge. We did not get Minister Wooldridge before the committee. A criticism Senator Humphries has made is that we did not go back and get the former minister. It was because at that point in the inquiry the government of the day was the Howard government and the chance of a government dominated committee bringing back a previous minister on a matter like this was zero. I just put that on the record.

I am glad to say that PET is now being rolled out, but tragically it is not being rolled out fast enough, because the big centres have to do the testing on it, which means that rural and regional centres—North Queensland, south-west Western Australia, Tasmania and so on—cannot get a Medicare rebate for a whole lot of the PET scans that are still being done and, as a result, it is not cost effective or viable in those rural hospitals. The upshot is that rural and regional Australians are missing out because that report was changed in the way it was all those years ago.

Might I also say that we proved that the department did provide false and misleading evidence to the inquiry. I will not go into its motivation for doing so today, but I was able...
to demonstrate that clearly in relation to correspondence from the secretary, Jane Halton, and I stand by that. The correspondence is there for anybody to see that you could not have drawn the conclusion she drew from that correspondence in her report back to the committee.

I now want to turn to the Gunns pulp mill and talk for a few moments about the disgraceful set of circumstances going on in Tasmania. Gunns have held successive federal and state governments to ransom and made fools of them. It was Gunns who said that, if they did not get all their approvals by 31 July 2007, they would walk away from the project. As a result, the Tasmanian government withdrew from the proper assessment process and went into fast-track mode and the Commonwealth agreed to it. Everyone fell over themselves for this company to get the approvals by 31 July last year, and what has happened? Here we are in September 2008 and the company cannot get the money and has no prospect of getting the money. So we compromised proper assessment processes for a company that has never been upfront with this parliament or the Tasmanian parliament.

Secondly, the Commonwealth bureaucracy has a report from the government’s very own Gunns pulp mill independent expert group to advise the Minister for the Environment, Heritage and the Arts in relation to the pulp mill, and the government refuses to release it under FOI. In fact, this parliament made the decision that it should not be released. I will explain why it is critical that it be released. The report is on Gunns’s hydrodynamic modelling. The key guideline is the size and extent of the mixing zone and the concentration of pollutants inside and outside this zone. There are over 160 chemicals of interest in the proposed mill effluent, including polychlorinated aromatic compounds, which are dioxins and furans—that is, plant-killing compounds—and resin acids. Breaches will have serious federal compliance consequences, and one option to ensure less impact on the marine environment will be full tertiary treatment.

That is the significance of the report that the Commonwealth has. If it is released and it shows exactly what I expect it to show—that Gunns cannot achieve what it says it can achieve in dilution and dispersement in the mixing zone and that those compounds will impact on waters around the zone—then the obvious consequence is that it will have to install tertiary treatment. This is not a tertiary treatment plant. I do not think this parliament realises that this company is just going to dump this into Bass Strait without tertiary treatment. If that report shows that it cannot meet compliance, which I do not believe it can, then the consequence is that it will have to spend more money on tertiary treatment. That will mean that Gunns will have to acquire more land for huge settling ponds and it will cost anywhere between $50 million and $500 million. Every financial investor now looking at that project needs to know that it is on the cards that the costs will blow out even further because of this issue of tertiary treatment.

Everybody knows that, if you are going to put a liquid effluent from any pulp mill back into the environment, you have to go to tertiary treatment. In this day and age, European mills are all doing tertiary treatment; we should be doing it as well. Yet we have Bob Gordon over at Forestry Tasmania, and his offsider, Ken Jeffreys, arguing that not only should Tasmanians be supporting the pulp mill but we should honour their wood supply agreement to guarantee Gunns access to native forests for 30 years. But—surprise, surprise!—when they went to Scandinavia recently because they cannot get the money looking for a joint-venture partner, they said, ‘Oh, well, we told the governments that we
could not go to plantations for quite a while. That’s why we had to have a wood supply agreement for native forests.’ The Scandinavians have said, ‘Not interested.’ Their ethical and social responsibility requires them to use only plantation based mills, and suddenly Gunns says, ‘Well, actually we could meet the plantation requirement a lot sooner.’ So the government has been made a fool of yet again in terms of what Gunns and Forestry Tasmania claim.

Let me go to these two people in Forestry Tasmania. Bob Gordon was put in charge of the Tasmanian Pulp Mill Task Force by the former Premier, Paul Lennon. It was supposedly an independent task force, but it was a propaganda machine, and Ken Jeffreys was the PR man on that task force. They went around with their bus trying to persuade Tasmanians what a fabulous idea it was to have the pulp mill. This propaganda machine was funded by the taxpayers of Tasmania.

In 1989 the Tamar Valley was ruled out as a site for a pulp mill because the atmospheric inversion in the wintertime would trap the pollutants under the layer of cold air and cause excessive pollution in the Tamar Valley. That was one reason why it was ruled out 20 years ago. The second reason it was ruled out 20 years ago was that Bass Strait, off the Tamar, is so shallow that it does not actually flush very much for six months of the year, so if you pumped effluent in there it would not be diluted or dispersed but in fact would be concentrated because it would just slop backwards and forwards like in a bath.

I went on the radio and put those arguments, and on came Bob Gordon of the Pulp Mill Task Force saying, ‘No, no, no, Gunns are going to build a stack that is so high it is going to go above the inversion layer.’ I pointed out at the time that it would become something of an aviation hazard if the stack poked out from under this massive inversion layer. He could not, of course, say how high the stack would be—but it would have to be very high to get above the inversion layer. Then he went on to say I was wrong about the hydrodynamic modelling in Bass Strait because after a shipwreck some of the lifeboats had washed up on Flinders Island and therefore that proved there was enough flushing and movement in Bass Strait to get rid of the effluent out into Bass Strait and off into deeper waters.

The Pulp Mill Task Force were completely discredited after they interfered and made a fool of the Resource Planning and Development Commission, to the point where the chair of the RPDC wrote to the then Premier saying, ‘Tell them to stop interfering because they are making a mockery of the assessment process.’ But the then Premier then had Bob Gordon appointed as head of Forestry Tasmania and made the head of Forestry Tasmania the head of the Department of Premier and Cabinet. So Tasmania is actually governed by Forestry Tasmania: they are the de facto government in exactly the same way as the Hydro used to be. And the de facto government, Forestry Tasmania, is run by its association with Gunns. That is the current situation. And Ken Jeffreys, Bob Gordon’s offsider on the Pulp Mill Task Force propaganda bus, was moved across as PR man for Forestry Tasmania. So it is a beautiful set of circumstances! But it is worth reminding this parliament of the ludicrous claims these people made as part of the Pulp Mill Task Force and that they are now across in Forestry Tasmania. And in spite of the fact that the Premier said there was a line in the sand on the pulp mill approval process and he would stick to it, we now find they have been so incompetent that Gunns did not even sign the sovereign risk contract—so it is null and void, for goodness sake, and we have to fall back on the old one. So much for a line in the sand and the level of incompe-
tence down there in relation to the sovereign agreement contract.

On the wood supply agreement, the Premier initially took a stand and then deferred completely to Forestry Tasmania and said, ‘Forestry Tasmania says it needs this long-term wood supply agreement with Gunns and therefore it is going to have it.’ The upshot is that Forestry Tasmania has not told Tasmanians about the opportunity cost of putting those forests through a pulp mill when it should be looking at the carbon stored in those forests as part of the whole new perspective on what that carbon is worth and how it would contribute to Australia meeting its new and, hopefully, stringent 2020 and 2050 emissions targets. Protecting the standing stores of carbon is a major way for Australia to meet deep cuts, and it is the fastest way to do so. Gunns, by its own admission now to the people it is trying to get in as a joint venture partner, has agreed that it can now go to plantations and does not have to rely on the native forests which this wood supply agreement guarantees. So what we have here are people who cannot think beyond logging native forests and who are dictating to the Tasmanian parliament, and the Premier is rolling over to Forestry Tasmania and Gunns, refusing to see the benefits of moving to a low-carbon economy, of protecting our native forests and biodiversity and of meeting our greenhouse gas emission targets.

I wanted to draw to the Senate’s attention the extent to which this company continues to make a fool of politicians around the country. We ought not to be standing for it. I would be insisting that Minister Garrett does not in any shape or form extend the deadline for the Commonwealth approvals for this project. It is 4 October; it should remain 4 October. I trust that Minister Garrett is not going to roll over but, instead, will be talking to his colleague Minister Wong about the real potential now to look at that defunct agreement with Gunns and to look at the potential to end this divide in Tasmania, to protect our native forests, to downstream the plantation estate and to bring the Tasmanian community back together to move forward to a genuinely clean, green and low-carbon economy. All that is possible now—it is utterly possible. The only thing that stands in the way is an ideological view that logging native forests is something Tasmanians have a right to do. Well, we do not have a right to do that in a carbon constrained world where we desperately need to protect biodiversity and carbon stores. We now have the opportunity to do it. So I will be seeking an undertaking from the Prime Minister and from the Minister for the Environment, Heritage and the Arts not to extend that date for Gunns. I also urge people to reconsider the release of that document—(Time expired)

Battle of Fromelles

Senator MARK BISHOP (Western Australia) (1.21 pm) —From one war to another. I have spoken on a number of occasions over the last four or five years on the subject of the missing men at Fromelles in northern France during World War I. The Senate might recall that after the Battle of Fromelles on the evening of 19 July 1916 almost 1,300 Australians were posted as missing and were also among the 5,330 casualties suffered on that lone evening. The battle has been described somewhat pejoratively by many as the greatest disaster in Australia’s military history. It is clear that there was no purpose to the battle and the losses to the 5th Division after its first action on the Western Front was such that it, the 5th Division, ceased to be an effective fighting force for many years hence.

What, in fact, has now been revealed from German documents recently discovered in the Bavarian archives in Munich is that the
German army knew everything well in advance down to the most minute detail. The German army was well prepared. The Allies that evening were a shambles. It has also been revealed that the German trench preparation in this sector was permanent. The German line was not a construction of temporary sandbags and timber palisades but was a fortification of a most permanent nature. This in fact was the accepted new frontier for Germany in a post-war environment, fully equipped with electricity distributed from the city of Lille. More to the point those planning the Allied disaster had not the slightest idea of the extent of preparation of the German army acting in defence of the area.

Those who broke into the German lines and beyond found nothing like they had been led to believe. In fact we know they did not have any orders as to what was expected of them in the event that they eventually managed to capture anything at all. It is also clear from these same documents, which include reports of interrogations of Australian prisoners of war, that the Germans were responsible for collecting many dead Australians from no-man’s-land in the days following. In addition to venturing out at night to cover the dead with chemicals to prevent the stench they brought in many of the dead for burial.

The riddle of what happened has now been explained. Of the 1,300 recorded as missing that night and whose names are recorded on the walls at the VC Corner Cemetery all but about 170 were recovered after the Armistice in 1918. Of the missing soldiers, 410 were buried in mass graves at that place and, we now know that the thesis of Mr Lambis Englezos, who first brought the matter to my attention some years ago, that these men were buried at Pheasant Wood has now been proven almost totally correct. The survey conducted last year by the Glasgow University Archaeological Research Division, or GUARD, confirmed the existence of eight pits dug immediately after the battle. What was not known was whether those mass graves had been recovered after the war. However, as there was no evidence for or against that possibility, a contract was let to GUARD to conduct an exploratory but limited campaign. The work began in late May this year and, in its report, GUARD confirmed that the bodies buried after the battle in 1916 remained in situ. Furthermore, the work revealed that the skeletal remains were in very good condition and that it would be feasible to exhume them for individual reburial.

For those who might question the joint decision of the Rudd government and the United Kingdom government to do this you should know that this is, in fact, standard practice. To this day, as we have seen in Belgium in recent times, whenever missing Australians are found, in the first instance they are recovered and reburied in separate graves in the nearest war cemetery. If they are identified, as some have been, they are provided with an inscribed headstone. If they are not identified their headstone is inscribed with ‘known only to God’ until such time as identification may be possible and then, if that is confirmed, the headstone is changed.

That, in fact, was the process with Private Storey, whose remains were discovered along with four others at Westhoek in Belgium last year. Currently he is buried in an unknown grave in Polygon Wood cemetery. On the 91st anniversary of his death, on 30 September, his headstone will be changed in the presence of his family, who come from Western Australia. In fact Private Storey’s death was a quirk of bad luck. Having fought so hard and at such enormous cost to his unit to push the Germans out of Polygon Wood, Private Storey was killed by a shell just as his unit was preparing to retire to the rear for a well-earned break.
We can surmise that this will also be the process adopted for those to be exhumed at Pheasant Wood in Fromelles. It should be noted, however, that this exhumation is of a scale that has never been undertaken within our own history. As to whether identification will be possible, at this stage, naturally, we can only speculate. We are told that the skeletal remains are in quite good condition. But we also know that artefacts normally found on bodies, which assist identification, might not be available. The Bavarian records I referred to previously make that clear. German intelligence ordered that all badges and personal effects be removed from the dead. In fact so detailed are these records that German soldiers wanting to retain artefacts as souvenirs could apply to their respective and responsible authorities. Looting and souvenir hunting therefore was not a habit restricted to Australian diggers.

No doubt there are many Australian families who have been following this serial closely for a few years. Indeed many have written to me since I first began to pursue this matter some years ago. It is now gratifying to know that the thesis of Mr Lambis Englezos was 100 per cent correct. We owe Mr Englezos, and the team of people down in Melbourne who have been actively supporting his cause, a great debt for their persistence. We can now collectively look forward to the work next summer and beyond that to the reburial in a new cemetery at Fromelles in northern France. I encourage those who embark on their pilgrimage to the Western Front to see where their ancestors fought, fell and are buried to visit Fromelles.

Already at Pheasant Wood there is a modest memorial indicating the place where perhaps as many as 400 Allied soldiers still lie buried after 92 years. I also recommend that you visit VC Corner and the Cobbers statue as you head north to Armentieres. This is a very important site for Australians. It does not have the associated glory of places such as Le Hamel or Peronne, nor the gravity and beauty of the memorial at Villers-Bretonneux. What is does have, though, is the currency of knowing that we still honour and cherish the memory of all of those tens of thousands of young men—young men who travelled across the world on the adventure of their lives and whose lives, it is now confirmed, were taken from them brutally and unnecessarily. The sheer scale of the waste is frightening when one reads the contemporary reports. Below your feet as you stand there are the remains of the 170 who have now been missing for 92 years.

Finally, for those who share this interest and fascination—and there are a considerable number of Australians within that classification—there is much new interesting literature to be read. Already, Les Carlyon’s work The Great War is a classic, beautifully written. I also recommend Patrick Lindsay’s book Fromelles, which traces the entire bureaucratic saga endured in the recent search for the missing. I understand that it is about to be re-released in an updated form post the recent archaeological exploration and post the gaining of much new critical knowledge as to what occurred that evening. For those wanting a deeper insight into the absolute misery of human life on the Western Front can I also recommend Somme Mud by Will Davies and the sequel, recently released and selling quite well, In the Footsteps of Private Lynch.

Then there are other classics, including Ross McMullin’s biography of General Pompey Elliott—General Elliott was a senator in this place for two terms—and the original opus by Mr Robin Corfield, Don’t Forget Me, Cobber. For those living in Melbourne and Victoria, and anyone visiting, I also recommend a visit to the replica statue of Cobbers. The memorial is at VC Corner and commemorates the feat of Sergeant Fra-
ser, who rescued so many men from no-
man’s-land on that fateful evening. Sculpted
tifully by Peter Corlette, this statue,
standing below the shrine on St Kilda Road,
is well worthy of attention. You do not have
to go all the way to Fromelles to sense its
significance and its sad and poignant beauty.
We will follow the unfolding of the discov-
dery at Fromelles with close interest as the
years come. Thank you.

Water

Senator JOYCE (Queensland) (1.32
pm)—I would like to acknowledge what
Senator Bishop just said, having had both
grandfathers fight on the Western Front. This
is obviously a very poignant thing for so
many families listening today.

I rise today to speak about the water de-
bate and to try and put on the record some
facts to try and balance up some of the con-
jecture that has been floating around. It is
interesting that I as an LNP senator from
Queensland will be supporting the position
of the state Labor Party in Queensland in
trying to get some truth into this debate. I
hope that some other Labor Party senators
may do the same at a later stage.

I note with some interest that some of my
colleagues in other states continue to raise
the issue of overland flow licences in Queen-
sland and in particular in the lower Balonne,
where I live, and other stations that surround
it. For the record, because Cubbie Station is
always brought up, it is one of many water
harvesting licences that are documented in
the Condamine-Balonne resource operations
plan.

It is significant that Queensland, in its wa-
ter planning process for the Murray-Darling
Basin, took the decision to account for over-
land flow extractions and not to turn a blind
eye to these activities. Queensland accounts
for every drop of water that is extracted for
irrigation. All extractions of water are regu-
lated under Queensland legislation. Clear
evidence of this is found in the Murray-
Darling Basin catchment water audit moni-
toring report—which I will go through later
on—in which you will find the volume of
water that was extracted for irrigation and
from overland flows.

I look forward to determining through an
inquiry whether this is the case of other
states linked to the Murray-Darling Basin. I
look forward in particular to ascertaining
how overland flow extraction are regulated
in other states, such as New South Wales. I
will be questioning, if I get the opportunity,
New South Wales departmental representa-
tives as to how they regulate, record and re-
port overland flow in their state. It is abso-
lutely paramount that all states report water
extractions to the high standard that has been
set in Queensland. It is also paramount that
water planning processes in other states
achieve the high standards set by Queensland
water planning processes. I also look forward
to determining through an inquiry why
Queensland extraction figures have been
made available—which I agree should hap-
pen, by the way—but the extraction figures
of other states have not been.

I want to go through some of the facts to
try and bring this debate together. I will go
through a comparative analysis. In 2006-07,
in New South Wales, the total irrigation di-
version was 2,352 gigalitres; in Victoria, it
was 2,081 gigalitres; in South Australia, it
was 627 gigalitres; and, in Queensland, it
was 316 gigalitres. The only one that ex-
tracted less was the ACT, with 25. But
maybe that was a one-off, so let us go
through some of the others. In 2005-06, New
South Wales extracted 5,038 gigalitres, Vic-
toria extracted 3,267 gigalitres, South Aus-
tralia extracted 590 gigalitres and Queen-
sland extracted 316 gigalitres. The only one
that extracted less was once more the ACT,
with 32 gigalitres. There has been uproar this
year because Queensland has extracted 1,041 gigalitres. But we know that at this point in time New South Wales has extracted more than 1,500 gigalitres and Victoria has extracted more than 1,400 gigalitres.

Then we go right back to 2004-05. Once more New South Wales extracted 3,666 gigalitres, Victoria 3,137 gigalitres, South Australia 623 gigalitres, and Queensland 392 gigalitres. Once more the only state or territory that extracted less was the ACT, with 27 gigalitres. And we could go back ad nauseam through all the years and you would find basically the same trend.

We must also acknowledge that Queensland is a long way away from South Australia, which in fact is about 2,400 kilometres, give or take a few kilometres, from Goondiwindi. The reality of water is, as I have said before, that the Murray-Darling Basin is like a big, old, dry carpet rather than a set of interconnected garden hoses. At one end of the big, old, dry carpet there is a lady called Queensland and right down the other end is a lady called Adelaide. If you tip a bucket of water on the dry carpet at Queensland it is very rare that it is going to get to Adelaide unless the whole carpet is saturated. That is the only way you will transfer water across it. I have used that metaphor because it is a metaphor that we have to build on to try to deal with some of the myths that are out there.

If you want to move along, it absorbs about one gigalitre per kilometre of river or about a megalitre a metre. So if you are 2,400 kilometres away at one gigalitre per kilometre, you can work out for yourself with very simple mathematics what the absorption is when you try to move water. Why is it important? It is important because it just goes to show you that, historically, Queensland extracts less water by far than any of the major states and, even if you try it as a solution, it is not a solution. It is not a solution by reason of its distance away.

And by reason of the structure of the environment, Queensland is an opportunistic harvesting area because it deals with summer rainfall. The southern part of the basin is more regulated because you have the major dams and the major reservoirs. If you want to move water effectively then you have to put it into a charged system, a system that is full of water, and move it along that. Think of the logic. You tip water where there is already water and you have an immediate transfer. How would you do that? If you really want to do it, get rid of the Hume Weir. You can move the water down from there. You could take the water out of the Menindee storage lakes and move it down from there. These would be outrageous propositions but they would at least deal with the effect of what would happen in that we know that the southern lakes are estuarine areas. It was only in the 1930s and 1940s that a barrage was put up. So by nature they have been estuarine areas and you would be moving water from where it is stored to where, before white settlement, it would have been a salt-water lake. So these are some of the facts that we have to get on the table, because the debate is affecting everybody.

I just want to go through some of the other figures on the percentage of areas where water has fallen and what water is used. In New South Wales, of the total run-off of about 11,295 gigalitres—and I am sorry to bore everybody with the numbers but you have got to get these facts on the table—the surface water used is about 6,255 gigalitres. So they use about 52 per cent of the water that falls there. In Victoria, of the 9,319 gigalitres that fall in the area, they use about 3,974 gigalitres. So they use about 41 per cent. In South Australia, of the 132 gigalitres that fall on the area, they use 713 gigalitres, so they use 542 per cent of the water that falls on the
area. In Queensland, of the 3,104 gigalitres that fall on the area, they use about 544 gigalitres—about 18 per cent. I know that the states are just arbitrary lines on the map but you have got to understand that even if you just talk about them as geographic areas you can still see where the water is being used and where it is not, and who is using more than God gives them and who is not.

In the Sustainable Rivers Audit of the Murray-Darling Basin Commission, when we actually rated the rivers through everything from hydrology to invertebrates and all the other indicators of a healthy river, the healthiest was the Paroo. This makes sense because there is hardly any irrigation on it except for a bit around a date farm and another bit of pivot irrigation further down. Then, after the Paroo, which is in Queensland, come the Border Rivers which run between Queensland and New South Wales—in fact it is the border; that is why they are called the Border Rivers. The next one is the one I live on, the Condamine. Then there is the Namoi. But, if you go right down to the bottom, the least sustainable are the Murrumbidgee, the Goulburn and the Mitta Mitta. Once more, when you go through the environmental audit, the sustainable rivers—the ones that have been managed properly—are all in Queensland. These are important issues. They might not be popular but it is important to get the facts on the table.

Now I just want to go through some of the other areas because of the uproar that has been used by some about how much Queensland has extracted. In Queensland we are honest; we tell the truth about what we extract. We have extracted over 1,000 gigalitres. But for the record I want to say how much has gone across the border and apparently there it just disappears into the ether. We know that about a million megalitres ended up around the Menindee storage lakes but we do not know what happened to the rest.

But let us just forget about the states. At one part of this catchment they are managing it effectively. At one part of this catchment they are monitoring everything that happens. Then, because they are truthful and honest and actually declare what happens, it is used as a rod to belt them with. Let us have some truth and honesty right across the catchment. Let us, as I have tried to do today, get the facts and figures on the table about what is happening in the catchment. That is the only way you have a truthful discussion about finding a solution to fixing it.

There are so many conjectures put up here but the most important one to remember is that, in Queensland, overland flow is part of the licence but, if we start going down the path where we follow the pack and say that we will have compulsory acquisitions in a part of the catchment which is thousands of kilometres away from where the problems are and we fool ourselves that the expenditure of money in that area is actually going to fix the problem, then it will not be. I think it was one of the South Australian parliamentarians who correctly said that the only way that Queensland water would be of any use to South Australia was if it travelled there in little plastic bottles. That is the nature of the hydrology of how it works.

There is a sign outside my town, St George, which says that we are 200 metres above sea level. We are 200 metres above South Australia. It is a flat and dispersed catchment; there are bifurcation, absorption and flood plains. A release of water around our area may certainly have benefits in the area where it is released but it is not going to
have benefits 2,400 kilometres away. This is part of the discussion. No matter how much we cut and dice and pontificate about what we might do, if the problem is that there is no water there then the only way you can fix it is to find new water for the system. That raises the question that everyone says is in the too-hard basket: moving water from another catchment into the Murray-Darling Basin catchment. In our whole nation, only about six to seven per cent of the run-off is from the Murray-Darling Basin; 24 per cent of our run-off runs into the gulf. If this nation really wants a nation-building project, if you want something to do with the $20 billion you have stashed away, then you should look at engineering mechanisms to collect that water from the north and move it into the Murray-Darling Basin catchment. If you have consistency in flow and consistency in piping then you will be able to move the water down there. But if that is in the too-hard basket and you think that there is some other policy that will magically make water appear when God has decided to turn the tap off, then there is only one person that you are ultimately fooling, and that is yourself.

Death Penalty

Senator MOORE (Queensland) (1.46 pm)—Yesterday in this place petitions were received signed by 2,227 Queenslanders calling on the government to take action to end the use of the death penalty, particularly in our near neighbours in South-East Asia. This program was instituted by Brisbane’s Catholic Justice and Peace Commission. It was part of an ongoing campaign generated by people in their own parishes across Brisbane, which has naturally been focused by the plight of a family from Brisbane, Lee and Chris Rush and their son Scott. We know the story—it has been across the media—of the experiences of one young man who broke the law and is now facing the death penalty in Indonesia. His parents have worked with their local community to share their pain and horror and to bravely speak out about what it means.

It is all too easy to know the horrific facts about the use of the death penalty across the world. The wonderful work of Amnesty International has kept those facts in front of the world since about 1961 when they began collecting statistics. Senator Joyce talked about how easily figures roll off the tongue. One hundred and thirty-seven countries have abolished the death penalty in law and practice. These are countries that have stood up and said that they are no longer going to use the death penalty. Sixty countries retain and use the death penalty, most often as punishment for people convicted of murder or crimes against the state. At least 1,252 people were known to be executed in 24 countries during 2007. Certainly, we know the true figure is much higher, but on the public record, across 24 countries, 1,252 people were executed. About 88 per cent of the known executions across the world took place in just a few countries, and we know them and it is no surprise: China, Iran, Saudi Arabia, Pakistan and the USA. When we look across the world and see the number of people who have already been condemned to death by the state and are waiting to die, on the known figures—and it is very hard to know the real figure—between 18,311 and 27,562 people are known to be waiting to be publicly executed by their countries.

Those figures do tend to come too easily but what we need to know is that just behind every one of those figures is a person, a family and a community. Many of those people have actually broken the law. But what we say, and certainly what the people from the Brisbane Catholic Justice and Peace Commission say, is that the right response, the appropriate response, is not to commit a state sanctioned murder.
The plight of the Rush family in Brisbane has become very publicly known. Last December in Brisbane at their local parish church, Archbishop Bathersby, the Catholic Archbishop of Brisbane, launched the Australian Catholic Social Justice Council’s death penalty paper. This has been written in the last couple of years and it follows on from many years of action by the Catholic Church about the issue of the death penalty across the world. This particular paper, launched at the local Catholic parish where Scott had gone to school and to church, talked about the way that the death penalty has been used across the world. It talked about law. The paper had a chapter by the Jesuit priest Peter Norden, who had worked with the family of Van Nguyen in Melbourne. I remember many people standing in this place and talking about the impact of that particular execution.

What is important though is that people understand the personal impact and that they see the pain by looking at particular experiences. I want to mention a couple of things that have brought home the reality about the theory of whether the death penalty is appropriate or not. I want to mention a couple of occasions. One, of course, is working with the Rushes in Brisbane and seeing their frustration and pain and their wondering how this could happen to their family—never running away from the fact their son had committed a crime but saying publicly that his murder does not take away the crime and that his murder serves no purpose.

I do want to mention a couple of things so they are put on record for people to think about. The Lowy Institute in Sydney have a number of very good publications, and they have been looking into international law for many years. They reminded me in one of their recent publications about a book I read when I was quite young. It was one of George Orwell’s books, and in it there is the most heart-stopping—probably a useful adjective, in this case—description of walking behind a man who was going to be hanged in Burma. This was in the early part of the 20th century. He tells the story in wonderful language, as Orwell always did. It says that, as he was watching and walking with this man who was going to be hanged for some crime at that time, he noticed as they walked towards the gallows the man stepped aside to avoid a puddle in the path to the gallows. It was that moment that instantly brought home that this was a human being and that what was happening to him was wrong.

Another circumstance I want to put on record is some meetings that I have had with members of the Iranian community in Brisbane in which they have talked about their concerns about human rights, justice and the crime rate in Iran, their home country. They encouraged me to watch one of the DVDs they brought with them and I did watch it. In some ways, I am pleased I watched it. In other ways, it has haunted me from the time I watched it. The DVD showed executions of young people in Iran. It showed people being taken to the gallows, and they have so many executions in that country that they do not have the gallows that we have in our minds from the various movies we have seen; they use construction cranes. I have not been able to look at a construction crane in the same way since I watched that DVD. I think that kind of personal response is what we need to have as members of a parliament when we are looking at what we believe about the death penalty.

There is no argument that Australia does not support the death penalty. All our states—because it does come under state jurisdiction—have ceased to have this process. Also, at the United Nations, we have stood up against the death penalty, and the Australian government has a strong record of trying to work with other governments, par-
particularly in the cases of Australians who are facing that issue. We know that more and more young Australians are being caught up in different penal systems and could end up facing the death penalty. But, as Archbishop Bathersby said when he launched the Australian Catholic social justice paper, we cannot be selective in our opposition to the death penalty. Certainly, our hearts go out to Australians and Australian families—and I take the message from the Brisbane Catholic social justice group—but it cannot be a selective decision. This is a decision for all governments. We cannot say that the death penalty is wrong for some, particularly Australian citizens, but not for all. I gave my commitment to the people who signed the petition in Brisbane, I gave my commitment to the Rush family in Brisbane and I give my commitment to people who are involved in this process that their voices will be heard. Their action, which culminated over a period in March, to call attention to the issue of the death penalty in the world must be reacted to and must have some response from us. There is no way that we as a community can accept that this is an appropriate action. It does not reflect human dignity, it does not reflect justice and we must stand up against this process—wherever it is and whoever is the victim.

Paralympics

Senator BERNARDI (South Australia) (1.55 pm)—I preface my remarks by acknowledging Senator Moore for giving up some of her time so I could make these brief comments. On 6 September the 13th Paralympic Games will begin in Beijing. This is an incredible opportunity for some of our most talented athletes to compete on an international stage. There are 170 athletes and 121 officials representing Australia at these very important games. It is a very large Australian team, and they represent the more than 16,000 Australians with a disability who compete in sport on a regular basis. It is estimated that about 20 per cent of Australians have a disability that impedes their everyday activities. This is rising, of course, as our population ages.

Of the 170 athletes who are going to the Paralympic Games, 10 per cent are from South Australia. As a senator for South Australia and the coalition spokesman for disabilities, I would like to put on record not just who these people are but also some of the inspiring words that they have used to motivate themselves and which I am sure will motivate so many more of us. Kirrilee McPherson, Michael Roeger and Katy Parish will be competing in athletics. Felicity Johnson, Mel Leckie and Katie Parker will be competing in cycling. Kieran Modra will also be competing in cycling and is currently ranked at world No. 1. We will have Grace Bowman competing in equestrian and Anthony Clarke competing in judo. Libby Kosmala will be competing in her ninth Paralympic Games in shooting. If she wins two silver medals at these Paralympic Games, which is very likely, she will become the most awarded Paralympic athlete in Australia’s history, so I wish Libby all the best. Matthew Cowdrey, Jay Dohnt and Shelley Rogers will be competing in swimming, and George Hucks, Steve Porter and Ryan Scott will be competing in wheelchair rugby.

Those 17 great South Australians each have an online profile that acknowledges who their heroes are—and their heroes are no different to those of many other athletes out there. But what struck me in some of the biographies of these athletes were the words that they use to motivate themselves and their inspirations. Such phrases as ‘bring it on’, ‘it’s all good’, and ‘if it is to be, it is up to me’ are the sorts of mindsets and positive affirmations that these people are taking with them to help them achieve. One of these athletes said that ‘winners never quit and quit-
ters never win’. Another one was urging everyone to keep smiling. Yet another one said, ‘You miss 100 per cent of the shots that you never take’. All these things are very true, not just for able-bodied athletes but for anyone who is participating at any level of sport, in business, in family or in community life. But these athletes are a particular inspiration because they are living with disabilities that many of us have only been exposed to second-hand or through people not in our immediate families. I think we need to do more to recognise the example that these athletes make in leading positive lives and setting outstanding examples for able-bodied athletes and other non-able-bodied athletes. I wish them every success and I am sure that the Senate will join with me in celebrating their achievements.

QUESTIONS WITHOUT NOTICE

Automotive Industry

Senator RYAN (2.00 pm)—My question is to the Minister for Innovation, Industry, Science and Research, Senator Carr. Could the minister inform the Senate exactly how many jobs have been lost in the Australian automotive components sector since the election of the Rudd Labor government?

Senator CARR—Mr President, the fact is there have been a number of announcements of redundancies in the Australian automotive industry. That has, of course, come about as a result of a quite serious downturn in the changes that have occurred within Australian manufacturing. There has been a period of some months now where we have seen a decline in a number of employment opportunities in manufacturing. The fact remains, though, that since October last year the number of jobs has actually grown in total.

Senator Abetz—In the components sector?

Senator CARR—No, across manufacturing. The ABS figures highlight the fact that since October—and I appreciate the ABS figures do move around from time to time—there has been a growth in the manufacturing sector. Even in the figures announced today there has been a growth of 0.4 per cent. I am sure Senator Ryan would be aware that a year-on-year comparison shows that across manufacturing there has been a growth of some 4.6 per cent. So despite the considerable number of redundancies that have been announced—they are matters of deep regret to the government—the overall situation in manufacturing is nowhere near the position of doom and gloom that those opposite have tried to peddle.

The truth of the matter is that there have been a number of jobs lost and that these losses are regrettable. However, the government have in place a range of measures to assist those workers who are directly affected and we will be moving to establish a comprehensive response with regard to the Bracks recommendations. These will provide an opportunity for the industry to transform itself still further, to allow this industry to be placed on a more sustainable, environmentally much more effective basis than it currently is.

The difficulties in the automotive components sector have been clearly canvassed in the Bracks review and, more generally, the worldwide and domestic economic conditions present a real challenge to industry at the moment. However, I remain optimistic about the future of manufacturing in the light of these challenges. My optimism is based on the fact that the government is going about the task of lifting education standards, improving access to skills and redeveloping national infrastructure and that the support we are providing to the industry will enable them to innovate and meet these challenges head-on. We are developing new approaches to engage industry and unions on a wide range of policy matters. This is a government
that is focused on managing the economy to ensure that the operating environment is conducive to the long-term viability of manufacturing firms. Lowering inflation is critical to that objective.

Senator Abetz—Mr President, I rise on a point of order. The minister has now had 3½ minutes to answer a specific question—not about manufacturing in general but about the automotive components sector in particular. That is what the question restricted itself to. The minister has not even sought to touch on the area of the automotive components sector, which was the central part of the question.

Senator Ludwig—Mr President, on the point of order: the response from the minister was relevant to the question. The minister has been answering the question. He has been answering the question for 3½ minutes. As to the precise issue that Senator Abetz raises, it is a matter that the minister is answering adequately.

The President—On your point of order, Senator Abetz, as you know, I cannot instruct or order a minister on how to answer a question. You have 36 seconds left, Senator Carr; I draw your attention to the issues that were raised in the primary question.

Senator Carr—Ford Australia has announced that there will be a reduction in the number of employees this year in the Broadmeadows stamping, casting and engine plants. There have also been announcements in Geelong in regard to Unidrive, PBR Bosch and Kenworth Australia. I am afraid that the opposition has failed to grasp some fundamentals when it comes to the economics of manufacturing in this country. They did their very best to undermine manufacturing for the 12 years in which they were in office. They took the view that manufacturing was someone else’s problem. (Time expired)

Senator Ryan—I thank the minister for his response but, to bring the matter back to the job losses in the automotive components sector, I further ask: how many more jobs will be lost in the automotive components sector before the government actually does something rather than just talking about it or arranging photo opportunities? Does the government plan to put in place a short-term assistance package for the Australian automotive components sector, which is haemorrhaging jobs under the Rudd Labor government?

Senator Carr—I appreciate that Senator Ryan, not having been here very long, probably does not know very much about what we have been doing in the Australian automotive industry. He is probably not aware of this government’s commitment to the Australian automotive industry. He is probably not aware of the lack of commitment from his colleagues, who chose to turn their backs on the Australian automotive industry. It was his colleagues who in 2002 put in place a program which they set and then forgot. They have had this industry on automatic pilot since 2002. In that time, the Australian dollar has increased its value by 77 per cent. What we have seen is that the previous government had no regard for the Australian automotive industry. It took the view that this was an industry that could get on by itself. (Time expired)

Distinguished Visitors

The President—Order! I draw the attention of honourable senators to the presence in the President’s Gallery of a parliamentary delegation from Sweden comprising members of the Committee on Civil Affairs, led by the deputy chair of the committee, Ms Inger Rene MP. On behalf of all senators, I wish you a warm welcome to Australia and, in particular, to the Senate.

Honourable senators—Hear, hear!
QUESTIONS WITHOUT NOTICE

Afghanistan

Senator MARSHALL (2.07 pm)—My question is to the Minister representing the Prime Minister, Senator Evans. Can the minister update the Senate on recent developments with the Australian Defence Force in Afghanistan?

Senator CHRIS EVANS—I would like to thank the senator for his question. I also acknowledge that Senator Minchin has agreed to my informing the Senate of what has occurred in Afghanistan in recent times. Last night, soldiers of the Australian Special Operations Task Group in southern Afghanistan were engaged in a battle with Taliban extremists. I regret to inform the Senate that nine Australian soldiers have been wounded in this action. One soldier has suffered life-threatening wounds, five soldiers suffered serious wounds and three soldiers suffered light wounds. The wounded soldiers were provided with immediate first aid by their comrades at the scene before being evacuated by helicopter to coalition medical facilities. Several Taliban extremists were killed in the action. I am advised that this action is ongoing, and members of the Special Operations Task Group remain in the field undertaking very dangerous duties.

I know I speak on behalf of all senators to say that our thoughts and prayers are with those wounded soldiers, their families and their colleagues still in the field today. This action and the toll it has taken on these members of the ADF underscore the importance and dangers of their vital mission, which they take on behalf of us all in Afghanistan. I think the toll of recent times in Afghanistan brings home to us all the danger of this mission. This mission remains vital. The Taliban can never again be allowed to use Afghanistan as a training ground, a hiding place and a launching pad for terrorists—terrorists who advocate harm to Australians; terrorists who trained there to take the lives of our countrymen in Bali in 2002; terrorists who, if permitted a safe haven, would seek to attack us and others again.

It is the men and women of the ADF, like those who put themselves in harm’s way last night, who are taking the fight to this enemy. They are being successful in disrupting, destroying and displacing those that would seek to return Afghanistan and its people to the bastion of terror and tyranny it was under the Taliban. We know so many of those who have come to this country to escape that terror. At the same time, it is the men and women of the ADF who are building, teaching and mentoring the people of this province so that they may take charge of the land, take charge of their lives and take charge of their own security. It is the men and women of the ADF who risk their lives every day in the service of this noble and hard fought aspiration.

The fight for Afghanistan will go on. It involves our special forces aggressively taking the fight to the Taliban; it involves our reconstruction and mentoring troops rebuilding the infrastructure and capabilities of the civil community and the security services; and it involves us working closely with our friends and partners. We know we are not the only ones suffering terrible casualties. On 19 August, 10 French soldiers lost their lives and 21 were wounded on one dreadful day in Kabul province east of the capital. We acknowledge the French contribution and their terrible loss. We remain committed to assisting the Afghan people and their democratically elected government to achieve stability and prosperity, the sort of stability and prosperity that we take for granted in this country. We reflect on the bravery and sacrifice of our servicemen and women and the tragedy and the loss that they share on behalf of those I speak of today.
We do not have a lot of information to hand at the moment, but I undertake that I or Senator Faulkner will provide more information to the Senate tomorrow. I know I speak on behalf of all senators when I say that our thoughts and prayers are with the wounded soldiers, their families and the other members of the ADF still engaged in a battle in Afghanistan today.

Honourable senators—Hear, hear!

Senator Minchin—On indulgence, I wish to associate the opposition fully and completely with the remarks of Senator Evans on behalf of the government in his answer to Senator Marshall.

Senator Bob Brown—I likewise associate the Greens and give our support to the words from Senator Evans for those Australian Defence Force personnel who have been injured in Afghanistan and wish all of them a speedy recovery.

Senator Fielding—Very briefly, Family First also wants to send our thoughts and prayers to the wounded soldiers and their families and for the brave job that they are doing in Afghanistan.

Senator Xenophon—I likewise endorse the remarks of my colleagues in relation to our prayers and best wishes to the Australian soldiers in Afghanistan and their families.

Unemployment

Senator BARNETT (2.13 pm)—Before asking the question, I likewise concur and associate myself with the statements made by Senator Evans and other senators in the chamber. My question is to the Minister for Innovation, Industry, Science and Research, Senator Carr. How many jobs have been lost in the Australian textile, clothing and footwear sector since the Rudd Labor government was elected.

Senator CARR—I thank Senator Barnett for his question. I would take Senator Barnett's and the opposition's concerns about the welfare of textile workers more seriously if the opposition had actually indicated any interest whatsoever—in the Australian textile industry. I would take their concerns so much more seriously if they had shown any real commitment to workers in this industry. I would take their concerns so much more seriously if they had not sought to introduce changes to the industrial relations regime in this country which sought to undermine the living conditions of textile workers in this country. I would take their concerns so much more seriously if they had just once raised the issue of the welfare of textile workers.

What we have seen is that this government's approach has been entirely different. We acknowledge that this is an industry that is in the process of transformation. We acknowledge that this is an industry that has highly competitive and highly innovative components to it. We acknowledge the importance of this industry, and that is why, on coming to office, we immediately established a comprehensive review into the textile, clothing and footwear industry. That is why we appointed Professor Roy Green, Dean of the Macquarie Graduate School of Management, who has completed his independent review and has provided that to the govern-
ment. The government will be considering that report and responding to it in due course.

Like Professor Green, I have an optimistic view of the future of Australia’s TCF industries. Many within the TCF industries are very positive indeed about their future. It was reported in the Financial Review of 1 September 2008, for example, that:

Today’s TCF industry survivors are epitomised by the likes of RM Williams, which sells locally-made boots for up to $1875, Melba Textiles, with its bullet-resistant fabrics used by police, and Clear Edge Filtration, a leading fabric supplier to alumina refineries.

Businesses are flourishing by transforming themselves and taking advantage of the technologies that are available at the moment. The Rudd government’s view is that this is an industry that is very much part of the 21st century industrial landscape and that is very much part of our innovation policies and our industry policies. It would be so much better if the opposition came on board with these policies rather than seeking to take opportunistic advantage of a situation which we have seen in recent times. Everyone understands the global pressures that are being faced by manufacturing in this country, but the difference we have now is a government committed to ensuring that a sustainable industry exists in this country. What we now have is a government that is committed to an innovation policy, to an industry policy aimed at ensuring that workers are able to look forward with confidence to the future.

What we have is a major challenge facing Australian manufacturing. What we believe is that, with the right policy settings and working in partnership with industry, we can come through these challenges in a much stronger state. We propose that one should be optimistic about the future. We do not take the view of the opposition that one should talk down—

Senator Abetz—Mr President, on a point of order: once again, the minister has been given over 3½ minutes to try to answer a question which was very simple—how many job losses have there been in the textile, clothing and footwear sector? I understand that you are constrained by standing orders, Mr President, but I would invite you to remind him of the question so that he can answer it in the remaining 30 seconds.

Senator Ludwig—Mr President, on the point of order: as Senator Abetz has signalled, he is constrained by the standing orders. I would humbly submit that Senator Carr is answering the question. He is relevant to the question, and he has been answering that, as Senator Abetz correctly points out, for 3½ minutes. I would humbly ask you to rule that there is no point of order.

The President—Senator Abetz, once again there is no point of order. I remind the minister of the question that was asked of him and ask him to address that question in the remaining 11 seconds.

Senator CARR—The Australian textile industry has a bright future. What needs to occur is new investment, as we have seen in the carpet-making section of this industry, where we have seen, for instance, Victoria Carpets— (Time expired)

Senator BARNETT—Mr President, I ask a supplementary question, notwithstanding the minister’s blatant disregard for his refusal to answer my earlier question. Firstly, is the review that was referred to by Senator Carr in his answer to my first question in addition to the 130-odd reviews that have been undertaken by the Rudd Labor government since the election or is it part of that number? Secondly, is the minister aware of union calls for a crisis meeting to address the jobs in the textile, clothing and footwear sectors? Thirdly, does the government plan to put in place a short-term assistance package for the
Australian textile, clothing and footwear sector, which is haemorrhaging jobs under the Rudd Labor government?

Government senators interjecting—

The PRESIDENT—Order! Before I call Senator Carr, I remind those on my right that the questioner is entitled to be heard by everyone in the chamber.

Senator CARR—The Australian government is a strong supporter of the Australian TCF industry and the many thousands of hardworking Australians that it employs. I understand that some of these hardworking workers have made a trip to Canberra today. And Professor Green, I remind Senator Barnett, has completed his review of the TCF industries in Australia and reported to me last week. The TCFUA has launched its Make it Well, Make it Fair, Make it Here campaign to support its submission to Professor Green’s review. This government appreciates the value of hardworking TCF workers and the contribution that they make to the Australian economy. I can assure the Senate that we will take their interests into account in developing the Australian government’s response to Professor Green’s review.

DISTINGUISHED VISITORS

The PRESIDENT—Order! I draw the attention of honourable senators to the presence in the President’s Gallery of the Australian Political Exchange Council from Vietnam, led by His Excellency Mr Vo. On behalf of all senators, I wish you a warm welcome to Australia and, in particular, to the Senate.

Honourable senators—Hear, hear!

QUESTIONS WITHOUT NOTICE

Immigration Detention

Senator HANSON-YOUNG (2.22 pm)—My question is to the Minister for Immigration and Citizenship, Senator Evans. In light of the publication of a new book, Human Rights Overboard, detailing the horrific stories of children in detention and the ongoing long-term psychological effects that this has had on children and their families, as reported in the Australian on Monday, will the minister confirm that the government will look into establishing a royal commission looking into the effects that Australia’s immigration policy has had on refugees?

Senator CHRIS EVANS—I thank the senator for her question. I know she has a keen interest in these issues. I acknowledge there are calls for a royal commission into immigration detention. I have to indicate that I am not inclined to support those calls. As the Labor opposition, we were supportive of a royal commission prior to the Palmer and Comrie reports which followed the revelations about the terrible mistreatment of Cornelia Rau and Vivian Solon. As a direct result of those very serious reports, the Department of Immigration and Citizenship has reviewed its detention processes, introduced wide-ranging reforms and implemented changes that have vastly improved its performance in these areas. There is increased departmental representation and oversight of detention facilities, vastly improved detention health services—which were a real weakness—and new forms of detention accommodation, and there is a new service delivery model. But I understand the concern that exists about whether these changes go far enough. As part of reassuring myself about that, I have appointed Ms Elizabeth Proust to undertake an independent evaluation of the department’s progress in implementing the Palmer and Comrie reports to assess whether it has done what was recommended and done that fully. Her evaluation is currently underway, and I expect her report to be with me by the end of October 2008.

I acknowledge that the previous government did make some reforms in 2005. I think that did improve the situation, but it was not
fundamental reform. On coming to office in November last year, this government has, if you like, assumed the responsibility for root and branch reform of immigration practice. I am not convinced that a royal commission, given the cost and the diversion of resources, would be the best way forward. I want to focus on going forward, not on analysing what happened before. As minister, I take responsibility for that reform agenda, and I think we have demonstrated our commitment to that reform agenda. We immediately ended the former Howard government’s discredited Pacific solution, we have recently abolished temporary protection visas and we acted quickly to resolve the legacy cases such as ensuring compensation for Cornelia Rau. In conjunction with the Commonwealth Ombudsman, I personally reviewed all the long-term detention caseloads involving people who had been in detention for more than two years.

Senator Ian Macdonald—Let them all go.

Senator CHRIS EVANS—Sorry, Senator? Do you have a contribution to make?

The PRESIDENT—Senator Evans, your comments should be directed through the chair.

Senator CHRIS EVANS—I am just interested in what Senator Macdonald said. I am not sure whether or not the senator supports the review of those cases. But, on the recommendation of the Ombudsman, I reviewed those cases. Many have been granted visas and many have been returned to their countries of origin if they were not entitled to be granted visas. As late as yesterday, I returned to his country of origin our second longest-serving detainee. He had no right to be in this country, he had exhausted his appeal rights and he was returned. We are seeking to resolve long-term caseloads. We are trying to use those principles in assessing the remainder of the detention population. We are trying to set new directions in detention, as I outlined in a speech recently. We are committed to fundamental reform. I think that reform will help to reassure Australians that we have a system of integrity. (Time expired)

Senator HANSON-YOUNG—Mr President, I ask a supplementary question. I thank the minister for his answer. Does the minister accept that the government has a responsibility to assist people affected by their time spent locked up in the system, even if they are no longer detained—in particular, whether or not there will be any substantial support for the 2,000-plus children who were detained for an average of 20 months between 1992 and 2005?

Senator CHRIS EVANS—I thank the senator for her supplementary question. It would require more than a one-minute response to answer all of those issues. But, as I said, we are focusing very much on the future. It is worth noting that, in addition to the Proust review, the numbers in detention have fallen and that a joint standing committee of this parliament is looking into alternative detention methods. We have also had some research from the University of Wollongong on the effects of long-term detention. I suppose my answer is that there is a lot happening in this space. We are, of course, experiencing large compensation claims. Currently the Commonwealth has had to pay out in compensation more than $8 million already as a result of compensation for the previous government’s policies, and no doubt further claims will be lodged. But I am concerned about the treatment of children under the Migration Act. It is one of the areas that I seek to address. (Time expired)

Economy

Senator HUMPHRIES (2.28 pm)—My question is to the Minister representing the
Minister for Small Business, Independent Contractors and the Service Economy, Senator Carr. How many jobs have been lost in the service economy since the election of the Rudd Labor government?

Senator CARR—What we have noticed is that—

Senator Abetz—What we have noticed is that you don’t have an answer.

The PRESIDENT—Senator Carr, ignore the interjection and refer your comments to the chair.

Senator CARR—What is apparent is that global economic events, such as the US sub-prime crisis, and the global economic turmoil are having an impact on consumer and business confidence around the world. Here in Australia what we have also seen is that there have been further influences as a result of the effects of rising petrol prices in recent times and of course the 12 interest rate rises that occurred as a result of the previous government’s failures to actually deal with its responsibilities with regard to the warnings that the Reserve Bank offered. Yesterday the Reserve Bank made changes to the interest rate regime in this country, and I have no doubt that those changes will have a very positive impact on business confidence and consumer confidence.

Honourable senators interjecting—

The PRESIDENT—Order!

Senator Sterle interjecting—

The PRESIDENT—Senator Sterle and others!

Senator CARR—The difference between this government and the previous government is that we are actually in the business of ensuring that we respond to these challenges. We believe that this country can work its way through these challenges and come out so much stronger as a result of it. This is a government which is helping small business by reforming the tax system, by providing tax cuts to small business, by investing in education and skills development, by providing $42 million in funding over four years for small business advisory services, by investing in infrastructure and by embarking upon an ambitious regulatory reform program covering some 27 areas of overlapping and inconsistent business regulations. As a consequence of that, we are able to actually reduce the amount of red tape.

What we have seen in contrast is a coalition which has been engaging in irresponsible, short-term political opportunism by blocking key budget measures in this chamber. This is a measure which is calculated, surely, to undermine business confidence and consumer confidence. What you find is that the opposition has failed to measure up to its responsibilities to work to ensure that this country meets the challenges that we are facing as a result of the international economic circumstances. What we have seen today is that the national accounts figures have indicated that this is a country that is still enjoying solid growth.

Senator Ian Macdonald—Mr President, I rise on a point of order.

Government senators interjecting—

The PRESIDENT—Order! Senator Macdonald deserves to be heard in silence.

Senator Ian Macdonald—This minister makes a complete mockery of question time. He was asked a question on numbers that have lost their jobs in the service industries since the Rudd government has been in power, and nowhere in his answer has he gone near it. This is not just a point of order on the question of relevance but a point of order on the whole basis of having question time, which is to get information from ministers. This minister has been asked three simple questions and seems incapable of under-
standing them and of giving the figures that we have asked for in them.

Senator Ludwig—Mr President, on the point of order: the minister has been responsive. The issue that has been raised is whether the minister is relevant to the question asked. I submit that the minister has been relevant to the question that has been asked. As to the remaining part of the issue that Senator Macdonald raises about other matters, it seems to me he has stretched a long way further than what he may plausibly do in respect of raising an issue of relevance. Be that as it may, Senator Macdonald has been in this place long enough to understand that he can raise an issue of relevance in question time. That is his right. As to the other matters, I think Senator Macdonald has stretched far and wide in respect of the relevance issue. He should confine his remarks to the issue around relevance itself, if he wants to raise a point of order, and address his remarks to that. But I submit there is no point of order.

The PRESIDENT—Senator Macdonald, as you know, there is no point of order. I cannot instruct a minister, as I have told your colleagues previously and as other presidents before me have said, on how to answer a question or direct them to answer it in a specific way. I draw the minister’s attention to the question and I advise the minister that there are 45 seconds in which to address the issues raised by the question.

Senator Carr—The fact is that the national accounts figures today highlight that Australia is still enjoying solid economic growth despite the international challenges that the world economy is facing, despite the enormous pressures that are being brought to bear as a result of the financial crisis that has emerged from the United States and despite the fact that there has been a slowing in consumer confidence, particularly in retail, which has affected employment in the retail sector. Despite all of those factors, we are still enjoying solid growth in this country. This is a government committed to working through these challenges and ensuring that Australia comes out of them much stronger than it is at the moment.

Senator Humphries—Mr President, I ask a supplementary question. I refer the minister to this month’s Australian Industry Group performance of service index, which shows that employment in the services sector has fallen for the third consecutive month. What specific steps is this government taking to prevent further job losses in this sector—or is the government just content to sit back, fold its arms and watch unemployment in this sector creep towards the 4.75 per cent that is forecast?

Senator Carr—The latest performance of service index suggests that activity in the service sector has contracted in August amid a softening of consumer confidence and business confidence, weaker economic conditions and higher petrol prices. This is, of course, expected as a result of the slowing of the economy. What we have here is an employment index that continues to decrease in the context of an international environment in which Australia by comparison is doing remarkably well. The real issue here is: what were the circumstances that led to those 12 interest rate rises, 10 of which occurred under your government? Why was it that you chose to ignore 20 warnings from the Reserve Bank about the consequences of your policies? This is the direct question that the opposition should be now answering, and that is what the Australian people will be seeking from you.
Ashton of Upholland, Lord President of the Council and Leader of the House of Lords. On behalf of all senators, I wish you a warm welcome to Australia and, in particular, to the Senate.

Honourable senators—Hear, hear!

The PRESIDENT—Further, I draw the attention of honourable senators to the presence in the President’s gallery of a parliamentary delegation from Sweden comprising members of the Social Insurance Committee, led by the chair of the committee, Mr Gunnar Axen MP. On behalf of all senators, I wish you a warm welcome to Australia and, in particular, to the Senate.

Honourable senators—Hear, hear!

QUESTIONS WITHOUT NOTICE

Interest Rates

Senator WORTLEY (2.37 pm)—My question is to the Minister representing the Treasurer, Senator Conroy. Can the minister update the Senate on the implications of yesterday’s interest rate announcement for families and outline the ongoing economic challenges faced by Australia, given the current global circumstances?

Senator CONROY—I thank Senator Wortley for that question. The Reserve Bank’s decision yesterday to cut interest rates by 25 basis points, to seven per cent, is a decision working families deserve. We understand that many families have been feeling the full weight of the 10 successive interest rate rises that occurred under the previous government. For the average mortgage, the interest rate cut will put more than $40 per week back into the family budget. This is the first time families have had a rate cut in seven years. For 740,000 first-time buyers, this will be the first time they have experienced any mortgage relief at all. From the government’s point of view, we know there is much more to be done. There will be more tough times ahead as we continue to battle global economic difficulties, which are affecting every country in the world. Australia is not immune to these global economic difficulties, but we are better placed than most to weather the fallout.

Today’s national accounts show that, despite the global financial crisis and slowing global economy, the Australian economy continues to grow solidly. Real GDP rose by 0.3 per cent in the June quarter and by 2.7 per cent over the year. The non-farm economy rose by 0.5 per cent in that quarter. These are solid numbers, especially considering the global challenges we are facing and what is happening to other developed economies. To put these figures into perspective, five of the world’s seven largest developed economies recorded zero or negative growth in the June quarter. While growth in the world’s largest developed economies has stalled or gone backwards, Australia has continued to grow. In fact, over the past year our economy has grown stronger than the economies in the US, the UK, Japan, Germany, France, Italy and Canada and stronger than the whole of the G7, the G3 and the Euro area economies.

Although these are solid numbers, today’s national accounts confirm just how hard family budgets have been hit by the 10 straight rate rises under the Liberals and rising global oil prices. They underline the importance of the tax cuts we delivered for working families, the extra assistance for child care and seniors and yesterday’s cut to official interest rates. The Rudd government are focused on delivering responsible economic management so we can have strong growth with low inflation well into the future. We have delivered a strong, $22 billion surplus to buffer against global turmoil and give us the flexibility to meet today’s challenges. We have made room in the budget for a $55 billion—(Time expired)
Senator WILLIAMS (2.42 pm)—My question is to the Minister for Innovation, Industry, Science and Research, Senator Carr. I refer to the fact that the government’s so-called Carbon Pollution Reduction Scheme will heavily impact Australian industry. Can the minister advise the Senate how the proposed so-called Carbon Pollution Reduction Scheme will work?

Senator CARR—The new senator perhaps is not familiar with the normal arrangements for who on the front bench does what. I am disappointed that you asked the wrong senator to explain the carbon reduction scheme that the government has proposed. I will try to enlighten you. I do suggest that, if the new senator—

Honourable senators interjecting—

The PRESIDENT—Order! Senator Carr, senators must be referred to by their correct title in this place.

Honourable senators interjecting—

The PRESIDENT—Order! This is not helping the progress of question time.

Senator CARR—I understand the new senator is known as ‘Wacka’, and I think that is the sort of question—

The PRESIDENT—Order! Senator Carr, resume your seat. The Senate must come to order!

Senator CARR—The government will set a cap on the total amount of carbon pollution allowed in the economy, which will be covered by particular sectors, and then issue permits up to an annual cap. The industries that generate carbon pollution will need to acquire a permit for every tonne of greenhouse gas that they emit. The quantity of carbon pollution from each firm will be monitored and verified. Liable firms will surrender a permit for every tonne of carbon pollution each year. Firms will compete in a market to purchase the permits they need and, of course, this will be the means by which a carbon price is created. Certain categories of firms might receive some free permits as a transitional assistance measure.

The government has made its commitments clear, as I have indicated to Senator Williams, in a green paper, and I urge him to actually read it. Every cent of the money that is raised as a result of this scheme will be used to help Australians adjust to the scheme and invest in new clean-energy options. Fuel taxes will be cut on a cent-for-cent basis to offset the initial price impact. For pensioners, carers and seniors, allowance benefits will be increased above an automatic indexation. Low-income households will be assisted through a tax and payment scheme. Assis-
tance will be provided to middle-income households for family assistance, which will be reviewed on an annual basis. Additional support will be provided through energy efficient measures and consumer information.

A Climate Change Action Fund will be established to assist business transition to a cleaner economy. It will be available to assist industries to provide additional investment to ensure that new technologies are brought on stream much more quickly than they otherwise would be. *(Time expired)*

**Senator WILLIAMS**—Mr President, I ask a supplementary question. I specifically asked the minister how it will relate to industry as well. Could he please answer that in his final minute?

**Senator CARR**—Senator Williams, again I refer you to the website. You will find that most illuminating. The Climate Change Action Fund will be established to assist business transition to a cleaner economy. It will be available to assist industry in terms of new investment in new technologies and new processes to ensure that we actually see new jobs created in Australia and that we will be able to provide new business opportunities for firms in Australia. Limited direct assistance will be provided to the existing coal-fired electricity generators, delivered in part through a new electricity sector adjustment scheme. These measures together—in terms of the assistance to households, particularly low-income households, and the assistance to industry—will ensure that this country is in a much stronger position than it would otherwise be to deal with the challenges of climate change.

**Water**

**Senator XENOPHON** *(2.49 pm)*—My question is to the Minister for Climate Change and Water. I refer to the report in the *Age* newspaper yesterday based on a leaked commercial-in-confidence report from Hyder Consulting for your department which details the adverse impact the Victorian government’s four per cent cap on water trading is having on Victoria’s job market, economy and embattled northern rivers, costing cash-strapped farmers $19 million, as well as being a ‘severe constraint’ on the ability of the federal government and others to purchase water for the rivers and wetlands of the southern Murray-Darling Basin. Does the minister accept that this independent report directly contradicts public claims by Victorian Premier Brumby that he must keep the four per cent cap in place to protect his state’s interests? Further, does the minister agree with the conclusions outlined in the report?

**Senator WONG**—As the Senate is probably aware, there is currently a four per cent limit on permanent trade out of water irrigation areas, which was agreed to by all states and, I believe, the then Commonwealth government—the previous government—in the context of the National Water Initiative. One of the issues in terms of water reform is looking at the gradual lifting of that cap, and this issue has been discussed at the COAG meetings between the Prime Minister and the premiers. As Senator Xenophon may be aware, it is the Commonwealth government’s view that water markets and those who rely on them—that means irrigators as well as other users—are best served if the markets enable water to go to where it is most valued. However, we do recognise that there are significant concerns in certain communities about the four per cent. Certainly we have received representations from the Victorian Farmers Federation and others, some of whom do raise concerns about any lifting of the four per cent cap.

At the most recent COAG meeting it was agreed by first ministers that governments would look to raise the cap to six per cent next year as an ambition. Obviously there are
issues there which are being worked through. Senator Xenophon may recall that after the cabinet meeting in Adelaide on 14 August, when the cabinet received a briefing on the situation in the Murray-Darling Basin, the Prime Minister indicated that the Commonwealth would continue to actively pursue reforms that were necessary to ensure the lifting of the cap and its implementation on a consistent basis.

If I could just interpose there on that point, one of the issues on which we do need to try and move forward is that of the cap not being applied consistently across states, and we are keen to see that reform progressed. As I said, we do recognise that there are some concerns amongst regional communities about the four per cent cap being lifted. Of course, this reform is being considered in the context of a very difficult time for our irrigation communities—whether they be in South Australia, Victoria, New South Wales or elsewhere—and obviously the discussion about the four per cent cap is being dealt with in that context.

My advice is that consultations are being held in relation to the staged lifting of the cap and have been held in Berri, Griffith, Deniliquin, Mildura, Shepparton and Swan Hill. We do take seriously the need to engage with regional communities on this issue. As I said, though, our view as the Commonwealth government is that we do believe that communities will ultimately be best served if water is able to be traded to where it has most value. I again reiterate the Prime Minister’s indication after the 14 August cabinet meeting that the Commonwealth will continue to actively pursue reforms necessary to ensure the lifting of the cap and its implementation on a consistent basis.

Senator XENOPHON—Mr President, I ask a supplementary question. Has the minister sought advice as to the legality of the four per cent cap in the context of section 92 of the Constitution—that trade within the Commonwealth shall be absolutely free?

Senator WONG—I should have acknowledged before: I think this was Senator Xenophon’s first question so I apologise, Senator, for not having acknowledged that.

Senator Ferguson—It is his second one.

Senator WONG—The previous one was the first—thank you, Senator Ferguson—and this is now the second. If I can just refer you first to the provisions of the Water Act, which obviously contains things such as the water market rules and a process for creating the water market and water trading rules, I would also just make the point that there is a lot of discussion in this place and other places about legal advice, constitutional bases and all of these issues. I refer the senator to what was released yesterday by the Murray-Darling Basin Commission, and also to the submission to the committee. We can have a long discussion about rules but ultimately the problem in the Murray-Darling Basin is lack of availability of water. (Time expired)

Emissions Trading Scheme

Senator FISHER (2.55 pm)—My question is to the Minister for Innovation, Industry, Science and Research, Senator Carr. Of the 1,000 or so business entities to be subject to the so-called Carbon Pollution Reduction Scheme, approximately what number are in the manufacturing sector?

Senator CARR—Mr President, I really do think that is a question that should be directed squarely to Senator Wong.

Senator Minchin—I raise a point of order, Mr President. With great respect, I know Senator Carr is desperately trying to avoid any question to do with the emissions trading scheme, but this question was specifically about the impact of a Rudd Labor govern-
ment policy on the sector of the Australian economy for which he has ministerial responsibility—the manufacturing sector. If he cannot answer that question he should be stripped of that portfolio.

Senator Faulkner—Mr President, on the point of order: it may be the case that Senator Fisher, who has asked the question, has mistakenly misdirected the question to Senator Carr because, given the responsibility for this under the administrative orders—the legislative arrangements—this relates to legislation that is front and centre a responsibility for Senator Wong, who, as even Senator Minchin should know, is the Minister for Climate Change and Water in the Australian government. This is a mistake that the opposition has made, and because of our commitment to transparency we are more than happy for the question to be directed properly to the appropriate minister who has both ministerial and legislative responsibility for the area raised in Senator Fisher’s misdirected question.

Senator Abetz—Mr President, on the point of order: this is not a question about the general scheme of the emissions trading scheme or the Carbon Pollution Reduction Scheme. This is a specific question as to how many businesses are in the manufacturing sector, which falls squarely within Senator Carr’s portfolio. He is the Minister for Innovation, Industry, Science and Research. He indeed touts himself as the ‘minister for manufacturing and making things’, yet when we ask a question of him as to how that might impact on his specific portfolio he seeks to squib it. Mr President, I would invite you to ask Senator Carr, if he has any information to provide to the Senate, to provide it. If he does not, he ought to take the question on notice and come back to the Senate with an answer. But to try to give a hospital pass to his ministerial colleague is not acceptable under our system of ministerial responsibility.

Senator Wong—Mr President, on the point of order: the question asked by Senator Fisher went directly to the scope of the Carbon Pollution Reduction Scheme and the reporting framework, as I recall, in terms of the National Greenhouse and Energy Reporting Act. I would like to make the point that the latter act in fact was amended by the Senate yesterday and is legislation absolutely within my portfolio. The Carbon Pollution Reduction Scheme, notwithstanding that it is a whole-of-economy, whole-of-government form, was squarely within my portfolio, which is why I was the minister who released the green paper. Senator Abetz and others can try and get up and make mischief here, but really what has occurred is that Senator Fisher has misdirected the question. That is the second occasion on which this happened. I note that Senator Carr—

Honourable senators interjecting—

The PRESIDENT—Order! Senator Wong is entitled to be heard in silence. I remind her that she is taking a point of order.

Senator Wong—I make the point that Senator Carr showed courtesy to the Senate in answering the previous question, which frankly should have been directed to me. This is a matter absolutely within my portfolio. If Senator Fisher wishes to direct the question properly at the appropriate time, it will be answered.

The PRESIDENT—On the points of order, as I have previously explained here today, it is not possible for me to direct a minister to answer a question or how to answer a question. I can ask the minister to be relevant to the question. In this case, Senator Carr, I draw your attention to the question. You can answer those parts of the questions that fall within your portfolio and that you are able...
to. I do not ask you to answer any more than that.

Senator CARR—Thank you, Mr President. Insofar as the Carbon Pollution Reduction Scheme relates to manufacturing, I am absolutely confident that the green paper as outlined by Senator Wong provides the framework for Australian manufacturing to not just deal with the questions in regard to greenhouse gases but improve its position in international terms. I am equally confident that Senator Wong, who has coverage of this issue and has made that perfectly clear to the Senate, will be able to ensure the effective operation of this scheme. Insofar as the matters that have been raised by the questioner relate to Senator Wong’s portfolio, I am happy to take them on notice.

Senator FISHER—Mr President, I ask a supplementary question. My question was ‘approximately what number of entities affected by the so-called Carbon Pollution Reduction Scheme were in the manufacturing sector’, which is the minister’s portfolio. Minister, will 100, 50, 300 or 500 be affected? Do you have any idea? If so, please give us the answer; if not, please admit that you have no idea how this scheme will impact on businesses in your portfolio.

Senator CARR—For the second time today, the opposition has directed a question to the wrong minister. They have made a fundamental error.

Senator Ellison—I rise on a point of order. Mr President. In relation to the responsibilities of this minister, I remind him of his administrative orders. The administrative orders state that manufacturing is the first area of responsibility of this minister.

Senator Chris Evans—Mr President on the point of order: Senator Ellison cannot remind the Senate or the minister of the orders. His point of order has to be in relation to the minister’s answer. The opposition can waste their question time because they have no proper questions, if that suits them. The tactics committee said, ‘We’ll ask them all of Senator Carr, even if they aren’t in his area of responsibility.’ You are bereft of tactics or ideas. Senator Ellison is not permitted to try and lecture us on the admin orders.

The PRESIDENT—Senator Evans, resume your seat. You are debating the issue.

Senator Ellison—The point that I was making is that in Senator Fisher’s question she was seeking the number of manufacturing companies that would be affected. Manufacturing is squarely in the administrative orders of this minister; in fact, it is the first item that is mentioned. It is squarely within his responsibility. The question relates to the number of companies that will be affected, and it is squarely within his responsibility to answer that question.

Senator Ferguson—I rise on a point of order, Mr President. I would like you to check the record. As I understand it, Senator Ellison was on his feet taking a point of order and was interrupted by Senator Evans, who took another point of time. I have always understood that standing orders say that when a person is taking a point of order another senator cannot interrupt that senator taking the point of order until he has finished.

The PRESIDENT—On your point of order, I watched closely. While Senator Evans was on his feet and should not have proceeded, I took it that Senator Ellison was sitting down to allow Senator Evans to proceed. Whether that is correct—

Senator Ellison—I thought you were giving him the call.

The PRESIDENT—No, I was trying to call Senator Evans to order. A point of order has been raised. As I have said previously today and at other times during question time, there is no point of order. I cannot di-
rect the minister on how to answer the question. All I can ask the minister to do is to be relevant to the question.

Senator CARR—What I am concerned about in these circumstances is the negligence of Senator Minchin as the Leader of the Opposition in the Senate. We all know what has happened. Senator Abetz—

The PRESIDENT—Order! Resume your seat, Senator Carr.

Senator Chris Evans—Mr President, despite my enjoying this, I ask that further questions be placed on the Notice Paper.

QUESTIONS WITHOUT NOTICE: TAKE NOTE OF ANSWERS

Unemployment
Climate Change

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

That the Senate take note of the answers given by the Minister for Innovation, Industry, Science and Research (Senator Carr) to questions without notice asked today relating to unemployment and to the Carbon Pollution Reduction Scheme.

Today Senator Carr cut a very sad and lonely figure in this chamber. During his desperate attempt to try to answer questions you could see and read from the body language of those sitting behind him and beside him that they were cringing with embarrassment at his performances. Indeed, we had one of the most bumbling performances yet witnessed by this Senate at question time. Senator Carr did not even accidentally stray onto any answer in relation to any of the questions that were put to him. Indeed, he had to be continually reminded of what the question was in response to points of order and the President quite rightly reminded him of the question.

Let us go through these questions, Mr Deputy President, in detail. The first one was about job losses in the automotive component sector. He just simply refused to engage in relation to the issues at stake. He somehow thinks that if he turns up the volume he will not have to provide the substance that is expected of ministers during question time. Decibels will not overcome the need for facts. Shouting is no substitute for substance.

Then when shouting fails he moves on to the blame game. It is a fact that the trade union movement and the manufacturing sector have called for a crisis meeting in relation to job losses in the automotive component sector. But, instead of recognising that, he simply blames the opposition as somehow being responsible for what he is responsible for. That is why he is given a white car to drive around in with a chauffeur. That is why he draws the ministerial stipend. He has to take responsibility and, of course, as we saw today he cannot. He callously disregarded the job losses in the automotive component sector simply as ‘ABS figures moving around’. This really is the language of the Brisbane bureaucrat come to Canberra. Job losses are now described as ABS figures moving around. I remind those opposite that each one of those figures represents an Australian breadwinner. Each one of those figures represents potentially a family unit or a young person embarking upon life seeking a secure future. What is Senator Carr’s response? It is just a case of ABS figures moving around—nothing to worry about.

We then moved on as an opposition to textile, clothing and footwear, and we got exactly the same rant and rave from this minister. There was no answer to the issue of job losses. I simply say this: it is appropriate for the opposition to ask about the number of jobs lost in a particular sector and it is wholly inappropriate for Labor to show an arrogant disregard for those who are losing their jobs.

Thirdly, we moved on to the services sector and we placed the same tale of woe of job
losses under Labor. But, when asked, Senator Carr again, either deliberately, or because he cannot, does not deal with the issues, and he then resorts to the blame game. Then we moved to the carbon tax. He had no idea; then he tried to squib the final question, saying that it was Senator Wong’s responsibility. His own administrative orders, when you look at them, start off by saying what his responsibilities are: manufacturing and commerce, including industry. What could be clearer? But the poor hapless minister does not understand.

This minister and this government are presiding over job losses in every sector for which the minister is responsible—automotive, TCF and services. His response is to blame others, to deny that there is a problem, to shout and to resort to every other antic in the textbook of obfuscation. On each occasion his attention had to be drawn back to relevance. The people of Australia deserve better from this minister. The people of Australia deserve better from this government. (Time expired)

Senator CAROL BROWN (Tasmania) (3.13 pm)—Talking about antics, we have just heard five minutes of hypocritical statements from Senator Abetz. What did they give Australian working families? I will tell you—Work Choices and AWAs, a policy that was not only strongly supported by Senator Abetz but also taken around our state of Tasmania, where Senator Abetz is from; people were told that they were going to be better off. But that is not the case. Under the opposition’s industrial relations laws—

Senator Parry—I rise on a point of order, Mr Deputy President. The taking note motion today was on the answers given by Minister Carr. I do not think that any of those answers included AWAs, and that is where Senator Brown appears to be heading.

The DEPUTY PRESIDENT—In taking note of answers we have allowed fairly broad-ranging discussion. I will listen carefully to what Senator Carol Brown says, but at this stage I think she is still in order.

Senator CAROL BROWN—The Howard government’s AWA individual contracts cut wages and conditions, and that is exactly what the previous government gave Australian workers. The Rudd Labor government has a strong plan to build a stronger, fairer and more secure Australia to help working families, pensioners and carers facing financial pressures and to prepare Australia for the new challenges of the 21st century. Our government has come to office at a time when we are facing some of the most challenging global economic conditions in almost a quarter of a century. The Rudd Labor government is making sure our economy emerges in strong shape from these tough international times so that we can provide quality jobs and security for working families into the future.

We need to build infrastructure for a new century that meets the needs of a rapidly changing world. Since coming to office only nine months ago we have committed to a $76 billion infrastructure investment program, allocating funds for transport, utilities, communications and social infrastructure. The government will invest $26 million in roads and rail infrastructure through the 2008-09 budget to the end of AusLink 2. We will invest $20 billion, through the Building Australia Fund, in transport, energy and water priorities. We will invest $15 billion in education infrastructure through the Education Investment Fund—by establishing trade training centres in schools and computers in our classrooms and by investing in our universities. Also, we will invest $11 billion in health and hospital infrastructure through the Health and Hospitals Fund. As you can see, this government is investing in a range of infrastructure measures which will enable us
to build a strong Australian economy. We need an economy that is equipped to tackle the demanding challenges of the global economy, not just now but also into the future.

It was those opposite who failed to prepare Australia for these tough global economic conditions. They were happy to maintain infrastructure when they should have been investing in new measures to ready Australia for the 21st century. It was this 11 years of inaction by the Howard government which resulted in us inheriting a run-down economy. Australia’s inflation was running at its highest level in 16 years and the country was experiencing the second highest interest rates amongst advanced economies. In May, the Treasurer, Mr Wayne Swan, produced a responsible budget, with a surplus of $22 billion, designed to fight inflation and put downward pressure on interest rates. That is now at risk from the economic vandals opposite.

The budget marked the end of short-term reckless spending and the start of responsible investment to prepare our economy to meet future economic challenges. The Rudd Labor government moved quickly to ensure fighting inflation was its core priority, given rising interest rates at the time. Thankfully, we saw a rate decrease yesterday. It is an issue that can no longer be ignored. Over the last three years the Reserve Bank of Australia warned on more than 20 separate occasions that skills shortages and capacity constraints were threatening growth and contributing to inflation. And each time the Howard-Costello government chose to ignore these warnings and failed to act. The strong, responsible economic management the Rudd Labor government has undertaken is already showing signs of providing relief for working families. The Rudd Labor government is committed to continuing our responsible fiscal management. The government understands the financial strain that the official interest rate increases over the last three years and the rising cost of living are putting on household budgets. (Time expired)

Senator MASON (Queensland) (3.19 pm)—One of the issues raised by the minister in a rather rambling answer in question time this afternoon was the issue of education. I had to concede—I will give the government this—that the education revolution was a marvellous election gimmick. The problem, of course, is that it has been a disaster in implementation. It is becoming a theme of this government that they take policy ideas from the Blair government and from the great state of New York in the United States—great policy ideas but they are disasters when it comes to implementation, as is the notorious computers in schools program here in Australia.

The initial promise was one computer for each student. All of a sudden that marvellous election time promise morphed into access to a computer for every student. And then it got worse. The promise morphed again. What we now learn from the last estimates program is that the government’s aim is to have one computer for every two students.

Senator Parry—Or half of one each!

Senator MASON—Or half of one each! In fact, the government are going to provide half as many computers as they said they would. What we also learnt was this: the government are budgeting $1,000 for each unit. That is roughly $500 for capital costs—the cost of a computer—leaving $500 for all the infrastructure costs. You might remember that, Mr Deputy President. That $500 will have to cover all the start-up costs such as wiring, connection to the internet, networking computers, cabling and so forth. And then there are the ongoing costs, such as maintenance, repair, insurance, security costs, storage costs, ongoing internet costs, air-conditioning costs and on, and on and
—let alone, of course, the money to retrain teachers to better use this new technology. For all these costs the government have allowed $500. That is ridiculous. The best estimates are that the ratio is about one to four—the unit cost being one and the ongoing cost being roughly $2,000. You might say, ‘Oh look, Senator Mason is prattling on in a typical partisan way.’ Well, what did Mr Carpenter, the beleaguered Premier of Western Australia, say? He said, ‘The government have underbudgeted by about $3 billion.’ That is what Mr Carpenter said. And what did Mr Iemma say in New South Wales? In Mr Iemma’s budget papers the New South Wales government explicitly said that they would not pay for the ongoing costs of the Rudd government’s computers in schools program. Why? Because the $500 budget for ongoing costs is nowhere near enough.

What is worse is that we learned about a month ago that Mr Costa, the New South Wales Treasurer, was putting the squeeze on Mr Rudd for a $245 million secret deal to pay the New South Wales government for the costs of computer infrastructure. On page 1 of the Sydney Morning Herald of 30 June 2008 it was revealed in an article titled: ‘How Costa put squeeze on Rudd: School computer debacle’. The article stated:

The Rudd Government has been embarrassed by revelations that it was advised to make a $245 million secret deal with NSW to avoid “a big political problem” and secure support for its election promise to give computers to high school students.

The article went on to state:

In his letter to Mr Swan, Mr Costa said: “In the absence of a firm commitment from the Commonwealth to fully fund these—
extra computer—
costs, the state is unable to participate in round one of the [scheme].”

What a fiasco!

So what have we learnt from all of this? What is the moral of the story? We know two things: that this farce will be resolved in October in COAG and that the moral of the story is that when Mr Rudd turns up with his bright, gleaming computers for every student, leaving the states and parents to pay the ongoing costs, we now know to beware of geeks bearing gifts.

Senator CAMERON (New South Wales) (3.23 pm)—I find it absolutely unbelievable that we have had so much response from the opposition in relation to manufacturing, when, for 11½ years, you were asleep at the wheel—you did absolutely nothing for the Australian manufacturing industry. Elaborately transformed manufacturing exports failed. Investment in the industry failed. Employment in the industry collapsed. You did absolutely nothing. For you to have the hypocrisy to come here and tell the Labor Party what it should do in manufacturing just beggars belief.

I have had some personal experience, as you are aware, in the manufacturing industry. I actually wrote to former Prime Minister John Howard on several occasions seeking an audience to talk about manufacturing jobs. What did I get? I got absolutely no response, and I had written on behalf of hundreds of thousands of manufacturing workers. All the current opposition did was say: ‘Leave it to market forces. Let it rip. Let’s put a couple of free trade agreements in, send the jobs to China, send the jobs to Thailand and continue to be a quarry, a farm and a tourist destination.’ That was the strategy from the now opposition—no vision, no plan and no strategy for manufacturing.

The people I know in the manufacturing industry welcomed the election of a Labor government. They welcomed the appointment of Senator Carr because he is a minister who cares about manufacturing, who cares
about manufacturing jobs, who has actually been out and gone into manufacturing plants and who knows the issues that are on hand for that industry. You have probably mentioned manufacturing more today than you did in the whole 11½ years you were in government. You did not care about manufacturing. All you wanted to do was try and compete on cutting workers’ wages, put Work Choices in, ignore investment in the industry and pander to the HR Nicholls Society to say that that is what would bring forward jobs in this country. There were 11½ years of lost opportunity; 11½ years of nothing from you on the other side. You delivered absolutely nothing—no plan, no strategy and no vision.

Honourable senators interjecting—

The DEPUTY PRESIDENT—Order! I am loath to interrupt, Senator Cameron, but there is far too much noise and I remind you to address the chair, not the senators opposite.

Senator CAMERON—I apologise, Mr Deputy President. It is my total inexperience in the chamber! I will soon pick up, I am sure!

Mr Deputy President, it is absolute gall of the opposition to be talking about manufacturing jobs when they ignored them for 11½ years—when manufacturing was being pushed to the side, manufacturing jobs were being exported, workers were losing their jobs, communities were being devastated and, when people tried to engage the Howard government, they were being told: ‘Go away. Let the market rip. Everything will be okay. We will continue to be a farm, a quarry and a tourist destination’. There was absolutely no vision for manufacturing whatsoever. Tens of thousands of jobs were lost in Victoria; tens of thousands of jobs were lost in New South Wales. Jobs were disappearing and all the opposition did was sit on their hands and hope that something magic would happen to allow the manufacturing industry to revive.

In elaborately transformed manufactures, the things that make an economy wealthy, our exports declined. We signed a free trade agreement with Thailand, and what happened? Our account deficit and trade deficit with that country increased, mostly in manufacturing goods. You had absolutely no idea what building a strong manufacturing sector was about. And without a strong manufacturing sector we will not survive as a front-line, modern community into the future. (Time expired)

Senator JOYCE (Queensland) (3.28 pm)—I think we should dispel something that has already been brought up which obviously relates to Senator Carr. The government asked: what did the conservative side of government bring? It brought the highest level of employment, the highest level of real wage growth and the lowest inflation. It paid off the debt, it presented surpluses and it brought about record business confidence. And now we hear that we did not prepare the government for the tough times! There were no tough times until they turned up!

Then we hear Senator Carol Brown saying, ‘The government’s priority was fighting inflation’—this is now—‘and raising interest rates.’ Well, they have done a very good job. They have met their objective. They have certainly raised interest rates—they have got that one down pat. Now we have the highest fuel prices, the highest grocery prices, record inflation, record interest rates and the lowest business confidence—and this is supposed to represent a change for the better. Let us go through the specific policies they have now.

Today we have the luxury car tax—a tax on Australian manufacturing industry in the motor vehicle industry, a tax on Australian working families and a tax on the cars that
Australia produces. This is another impetus to move Australian jobs overseas, brought about by the Labor government. When I met with some of the manufacturing workers who are here today I found that they are shocked that this government is putting a tax on their workers. It is about to put Australian working families out of a job and about to start moving Australian manufacturing jobs overseas. That is what it is doing. We are seeing the sheer stupidity of putting a tax on a car that Australia produces so that Australians have to move to the cheaper ones that we import. If they do not like that they can move to the dearer ones that the Europeans bring in. This is the sort of government that we have at the moment.

The point that Senator Carr clearly espoused today is their lack of relevance and detail, their lack of ability to get to the bottom of an issue. I was fascinated when once more he asked us to refer to a website—another website. We have to refer to a website for everything in life. We have the personification of the walking website in Senator Conroy, who comes in here with his computers. We have ‘grocery watch’, we have Fuelwatch, we are going to have ‘school watch’ and, for the answers to the question about how the economy is going, we are told to refer to the website. That is the direction in which the government is going.

What has happened with education? Look at this bells and whistles show that they rolled out the other day. Wait for the big nothing that follows that—the big, vacant space of air. Look at their promises. Remember Mr Rudd, before he was Prime Minister, standing up and saying, ‘This is the toolbox of the 21st century’? Now what have we got? We have got the toolbox of the 21st century, but only half the workers are allowed to use it. Then we find that people out west, where they do not have broadband, are not allowed to use it at all. It is gimmickry, because the government have never actually done the detail, the research.

I am fascinated with what is going on with the textile industry. The nirvana for the textile industry is that everybody is going to be wearing a $1,000 pair of RM Williams boots. Well, that is something to look forward to! That is what the Labor Party has presented us with. This is just amazing. These are the geniuses who are going to give us the emissions trading scheme. Wait for this one. Wait for your manufacturing jobs when they are gone. Wait for your rural jobs when they are gone. Wait for when this economy is turned upside down because of your complete ineptness in dealing with the practicalities and the details of managing an economy.

The emissions trading scheme is where the Australian people decide that they have had enough of you, because they can see this one coming. As I say, when poverty walks in the door, love will fly out the window. People’s affection for the Labor government, for the lack of detail and for this gimmickry that we have had to put up with will finish the day the emissions trading scheme comes on board.

Question agreed to.

**Immigration Detention**

**Senator HANSON-YOUNG** (South Australia) (3.33 pm)—I move:

That the Senate take note of the answer given by the Minister for Immigration and Citizenship (Senator Evans) to a question without notice asked by Senator Hanson-Young today relating to mandatory detention.

The issue of mandatory detention and the long-term psychological effects that this has had on children and their families is an ongoing issue that needs to be addressed. I was disheartened to see that the minister would not commit to an in-depth inquiry into this issue during his response to the call for a
royal commission, which needs to be established as a matter of urgency.

The Tampa incident entered Australia’s history books as a blight on our human rights record seven years ago last week, yet we still have not taken responsibility for the impact it had on innocent people. The Greens have been at the forefront of calls for an end to mandatory detention and, while we welcome the move announced by Minister Evans to a more humane and compassionate approach to the processing of these people, we were disappointed to see the current government remain committed to this policy as a whole.

Over the past century the global community has witnessed an increasing number of refugees fleeing from their homeland in fear of persecution, a large majority of whom are women and children. Yet, after years of callous treatment and abuse, there is still much work to be done to restore Australia’s commitment to refugees under our international obligations. Australia is a signatory to the 1951 refugee convention and its 1976 protocol, which explicitly states:

No child shall be deprived of his or her liberty unlawfully or arbitrarily. The arrest, detention or imprisonment of a child shall be in conformity with the law and shall be used only as a measure of last resort and for the shortest appropriate period of time...

While I acknowledge the recent work of the Rudd government to implement a policy that explicitly states there is a presumption against detention, we as elected parliamentarians carry a responsibility to assist people affected by their time spent locked up in the system, even if these people are no longer detained.

In my first speech in this chamber I outlined my rage at the disgrace that was the Tampa and the events that followed, whereby we saw images of refugee children with their lips sewn together, who in desperation for understanding and help had no other means of communication but the mutilation of their own bodies. So I am concerned that this government will not even consider establishing an inquiry, be it a royal commission or even extending the terms of reference for the current inquiry into mandatory detention in Australia, given the clear long-term effects detention has had on children and their families.

In 2004 the report of the Human Rights and Equal Opportunity Commission’s inquiry into children in detention titled A last resort? found that 976 children were in immigration detention in the years 1999-2000; 1,923 children in 2000-01; 1,696 children in 2001-02; and 703 children in 2002-03. Surely, when we look back at the numbers of children held in detention from 1992 to 2005 and the obvious mental health problems that this has caused and continues to cause, we have a responsibility to face the fact that these children were denied a safe, healthy and joyful childhood—opportunities that we would expect as a given for our own children.

During HREOC’s own inquiry, psychiatrists made the observation that those children and adolescents who had been, or were currently, held in detention were more likely to need long-term mental health treatment and other things such as educational support and preferably group activities to look at improving their peer relationships and socialisation. These clear and ongoing problems that children and their families continue to battle on a daily basis reaffirm the need for an inquiry into how much has really changed since 2005 and whether there is a true accountability in the system. We must ensure that punishing and violating people who need our protection and safety never, ever happens again.
I welcome the minister’s comments that he wants this to change, but we need to address the issues still being suffered by the innocent people who are locked up. We must ensure that adequate support, in whatever form, is provided for those who have been wrongly treated. It is up to the government of the day to turn the page on this dark period in Australia’s history by addressing the needs of these children and their families today.

Question agreed to.

PETITIONS

The Clerk—A petition has been lodged for presentation as follows:

Australian Flag
To the Honourable President and members of the Senate in Parliament assembled.

We the undersigned citizens agree that the Australian Flag deserves respect and dignity.

We support the need to legislate to protect the Australian Flag and other official Australian Flags from wilful desecration, vandalism and the like.

Your petitioners request that the Senators support the Flags (Protection of Australian Flags) Amendment Bill 2008.

by Senator Barnett (from 5,347 citizens)

Petition received.

NOTICES

Presentation

Senator Siewert to move on the next day of sitting:

That the Senate—

(a) notes that:

(i) the week beginning 1 September 2008 is National Landcare Week, a week in which we celebrate the contributions made to Australia’s environment by many thousands of Australians who voluntarily give their time to local Landcare, Bushcare, Rivercare and Coastcare groups and in Indigenous Landcare groups who continue a long tradition of ‘caring for country’, and

(ii) the theme of Landcare Week 2008 is to recognise our ‘landcare heroes’;

(b) recognises the importance of Landcare groups and activities in promoting community activities, engendering community spirit and in fostering and promoting engagement, respect and concern for Australia’s precious and unique ecosystems and landscapes;

(c) notes that details of the delivery of the 2008-09 to 2011-12 National Landcare Program remain uncertain; and

(d) calls on the Government to provide continuity and certainty to community Landcare groups, and to ensure that the integration of local landcare activities into regional natural resource management planning frameworks is not lost.

Senator Scullion to move on the next day of sitting:

That the following bills be referred to the Rural and Regional Affairs and Transport Committee for inquiry and report by 3 October 2008:

Horse Disease Response Levy Bill 2008
Horse Disease Response Levy Collection Bill 2008
Horse Disease Response Levy (Consequential Amendments) Bill 2008.

Senator Minchin to move on the next day of sitting:

That the following bill be introduced: A Bill for an Act concerning the provision of emergency assistance for the communities of the Lower Lakes and Coorong region of South Australia. Emergency Assistance Fund for the Lower Lakes and Coorong Region of South Australia Bill 2008 [No. 2].

Senator Ludlam to move on 18 September 2008:

That the Senate—

(a) notes that:

(i) on 7 September 2001, the United Nations General Assembly passed Resolution 55/282 declaring that the International Day of Peace should be observed
annually on the fixed date of 21 September, as a day of global ceasefire and non-violence, and
(ii) the United Nations Secretary-General Ban Ki-moon and his predecessor, Kofi Annan, have urged member states to support the observance of global ceasefire on the day;

(b) supports non-government organisations in Australia who intend to observe the day through vigils, concerts and walks;

(c) calls on the Australian Government to actively support the observance of a ceasefire in Iraq, East Timor, Afghanistan, the Solomon Islands, Egypt (the Sinai Peninsula) and Sudan on Sunday, 21 September 2008, by ensuring that Australia’s armed forces:
(i) do not engage in hostilities for the duration of 21 September, unless provoked to do so in self-defence, and
(ii) promote the observance of a global ceasefire for the duration of 21 September; and

(d) requests that the Australian Government encourage other nation states also to support the observance of a global ceasefire.

COMMITTEES
Selection of Bills Committee
Report
Senator O’BRIEN (Tasmania) (3.40 pm)—I present the ninth report for 2008 of the Selection of Bills Committee.
Ordered that the report be adopted.

Senator O’BRIEN—I seek leave to have the report incorporated in Hansard.
Leave granted.

The report read as follows—

SELECTION OF BILLS COMMITTEE
REPORT No. 9 OF 2008
1. The committee met in private session on Tuesday, 2 September 2008 at 4.17 pm.
2. The committee resolved to recommend—
   That—

(a) the Building and Construction Industry (Restoring Workplace Rights) Bill 2008 be referred immediately to the Education, Employment and Workplace Relations Committee for inquiry and report by 30 November 2008;
(b) the provisions of the Social Security and Veterans’ Entitlements Legislation Amendment (Schooling Requirements) Bill 2008 be referred immediately to the Community Affairs Committee for inquiry and report by 13 November 2008 (see appendix 1 for a statement of reasons for referral);
(c) the provisions of the Tax Laws Amendment (Political Contributions and Gifts) Bill 2008 be referred immediately to the Economics Committee for inquiry and report by 5 November 2008.

3. The committee resolved to recommend—
   That the following bills not be referred to committees:
• AusLink (National Land Transport) Amendment Bill 2008
• International Tax Agreements Amendment Bill (No. 1) 2008
• Offshore Petroleum Amendment (Datum) Bill 2008.

The committee recommends accordingly.


(Kerry O’Brien)
Chair
3 September 2008
Appendix 1
SELECTION OF BILLS COMMITTEE
Proposal to refer a bill to a committee
Name of bill(s):
Social Security and Veterans’ Entitlements Legislation Amendment (Schooling Requirements) Bill 2008
Reasons for referral/principal issues for consideration
Effectiveness of the proposed measures and the impact on children and families.

Possible submissions or evidence from:
Non Government Organisations e.g. ACCOSS, state organisations, Indigenous organisations, community services organisations, Department of Families, Housing, Community Services and Indigenous Affairs (FaHCSIA)

Committee to which bill is to be referred:
Senate Standing Committee on Community Affairs

Possible hearing date(s):
Possible reporting date:
24 November 2008

(signed)

Whip/Selection of Bills Committee member

NOTICES

Postponement
The following item of business was postponed:
General business notice of motion no. 123 standing in the name of the Leader of the Family First Party (Senator Fielding) for today, relating to an amendment to the reporting date for the Joint Standing Committee on Electoral Matters inquiry into the Commonwealth Electoral Amendment (Political Donations and Other Measures) Bill 2008, postponed till 16 September 2008.

PARLIAMENTARY ZONE

Approval of Works

Senator LUDWIG (Queensland—Minister for Human Services) (3.41 pm)—I move:
That, in accordance with section 5 of the Parliament Act 1974, the Senate approves the proposal by the National Capital Authority for capital works within the Parliamentary Zone, being the design of the Pavement Artwork at Reconciliation Place.

Question agreed to.

INDIA AND NEPAL: FLOODS

Senator BOB BROWN (Tasmania—Leader of the Australian Greens) (3.41 pm)—I move:
That the Senate—
(a) notes, with grave concern, the distress of the people affected by floods in India and Nepal; and
(b) extends the sincere wish that the millions of people harmed by the floods find rapid relief and recovery from this disaster.

Question agreed to.

CLIMATE CHANGE

Senator BOB BROWN (Tasmania—Leader of the Australian Greens) (3.42 pm)—I move:
That the Senate—
(a) notes the Australian National University’s report, Green Carbon: The role of natural forests in carbon storage, which finds that destroying native forests releases vast amounts of greenhouse gases; and
(b) calls on the Government to seriously consider the report in developing policy.

Question put.
The Senate divided. [3.47 pm]
(The Deputy President—Senator the Hon. AB Ferguson)

Ayes..............  7
Noes............... 47
Majority.......... 40

AYES
Brown, B.J. Fielding, S.
Hanson-Young, S.C. Ludlam, S.
Milne, C. Siewert, R. *
Xenophon, N.

NOES
Adams, J. Arbib, M.V.
Barnett, G. Bernardi, C.
Bilyk, C.L. Bishop, T.M.
Boswell, R.L.D. Boyce, S.
Brandis, G.H. Brown, C.L.
Bushby, D.C. Cameron, D.N.


* denotes teller

Question negatived.

RUSSIA

Senator LUDLAM (Western Australia) (3.49 pm)—I move:

That the Senate—

(a) notes the European Union’s concern regarding Russia’s aggressive military actions in Georgia;

(b) notes:

(i) Prime Minister Putin’s long-standing policy of suppression of dissent in Russia,

(ii) Russia’s nuclear cooperation with Iran through the supply of reactor technology and nuclear fuel for the facilities at Bushehr,

(iii) the fragile state of the Nuclear Non-Proliferation Treaty due to the Nuclear Weapons States not fulfilling their legal obligation to disarm,

(iv) the Russian Chief of the Armed Forces, General Yuri Baluyevsky has claimed the right to use nuclear weapons ‘preventatively’, and

(v) that it is Australia’s stated aim to be a ‘responsible supplier of uranium’; and

(c) calls on the Government to immediately repudiate the Australia-Russia uranium agreement signed by former Prime Minister Howard and the then President Putin in 2007.

Question put.

The Senate divided. [3.51 pm]

(The Deputy President—Senator the Hon. AB Ferguson)

Question put:

Ayes………… 6

Noes………… 46

Majority……… 40

AYES

Brown, B.J. Hanson-Young, S.C.
Ludlam, S. Milne, C.
Siewert, R. * Xenophon, N.

NOES

Adams, J. Arbib, M.V.
Barnett, G. Bishop, T.M.
Bilyk, C.L. Brandis, G.H.
Boyce, S. Bushby, D.C.
Brown, C.L. Cash, M.C.
Cameron, D.N. Ellison, C.M.
Colbeck, R. Feeney, D.
Farrell, D.E. Fielding, S.
Ferguson, A.B. Fifield, M.P.
Fierravanti-Wells, C. Foster, M.L.
Fisher, M.J. Hurley, A.
Humphries, G. Johnston, D.
Hutchins, S.P. Ludwig, J.W.
Kroger, H. Marshall, G.
McLucas, J.E. Moore, C.
Nash, F. O’Brien, K.W.K. *
Parry, S. Payne, M.A.
Polley, H. Pratt, L.C.
Rya, S.M. Scullion, N.G.
Stephens, U. Sterle, G.
Troeth, J.M. Trood, R.B.
Williams, J.R. Wortley, D.

* denotes teller

Question negatived.

AFGHANISTAN

Senator BOB BROWN (Tasmania—Leader of the Australian Greens) (3.55 pm)—I seek leave to amend general business
notice of motion No. 169 by omitting paragraph (b) and substituting these words ‘regrets the death of these innocent civilians and condemns the Taliban for deliberately targeting civilians and using civilians as unwilling shields for attacks on Afghan and international forces, and’. 

Leave granted.

Senator BOB BROWN—I move the motion as amended:

That the Senate—

(a) notes the finding by the United Nations and Afghanistan Government that the military of the United States of America (US) killed at least 90 civilians, including 60 children, in the Afghan village of Nawabad on 21 August and 22 August 2008;

(b) regrets the deaths of these innocent civilians and condemns the Taliban for deliberately targeting civilians and using civilians as unwilling shields for attacks on Afghan and international forces, and

(c) calls on the Minister for Foreign Affairs (Mr Smith) to urge the US to acknowledge the civilian death toll of its military operation in Nawabad and to support the Afghanistan Government’s call for a full-scale review of US and the North Atlantic Treaty Organization military operations in the wake of the country’s mounting civilian death toll.

Senator LUDWIG (Queensland—Minister for Human Services) (3.55 pm)—by leave—Labor cannot support the proposed notice of motion in its current form. Labor would like to place on record its objection to dealing with complex international relations matters such as the one we have before us by means of formal motions. Such motions are blunt instruments. They force parties into black-and-white choices—support or oppose. They do not lend themselves to the nuances which are so necessary in this area of policy. Furthermore, they are too easily misinterpreted by some audiences as statements of policy by the national government.

Labor is happy to work with the minor parties on notices of motion of this nature but will not be pressured into supporting notices of motion in the Senate unless we are completely satisfied with their content. The Australian government is aware of and concerned by the statement of the United Nations Special Representative of the Secretary-General in Afghanistan, which found convincing evidence that 90 civilians had been killed in the incident. We also note the US military conducted an investigation into the incident and concluded that intense enemy fire justified the actions taken by Afghan and US forces during the operation. Thirty to 35 Taliban militants were killed; five to seven civilians were killed; two civilians were injured and were treated by coalition forces; five Taliban were detained.

The Australian government deeply regrets the death of civilians in Afghanistan as a result of actions by coalition forces. Australia takes the issue of civilian casualties very seriously. Australian troops are deployed under rules of engagement. They are designed to minimise loss of life and strictly comply with Australia’s obligations under domestic and international law. Coalition forces are engaged in Afghanistan to counter insurgents, who show a callous disregard for civilian life, including by intentionally mixing within the civilian population and placing civilians in harm’s way. There is no question but that Afghanistan remains the front line in the fight on terror or that Australia has a direct interest in contributing to efforts to bring security to that country. We know that the Taliban’s success in Afghanistan will have terrible consequences, not just for that country but for Pakistan and the surrounding region, and will provide safe haven and support for terrorist groups operating further
afield in South-East Asia, Europe and elsewhere.

Australia’s commitment to Afghanistan clearly demonstrates to our alliance partners and to the international community that we are prepared to share the burden. Australia is part of a large international effort. Over 40 nations are contributing, authorised by the UN and at the invitation of the Afghan government and people.

Senator ELLISON (Western Australia) (3.58 pm)—by leave—As Senator Ludwig has outlined, this is indeed a complex issue and one which is best not dealt with on the run. Rather than take up the Senate’s time, I can say that the coalition associates itself with the remarks made by Senator Ludwig in relation to this motion.

Senator BOB BROWN (Tasmania—Leader of the Australian Greens) (3.59 pm)—by leave—I would be very happy for the government and opposition to agree to a full-scale debate on this matter. We know from the tragic news today from Afghanistan regarding our own defence forces how hugely important this matter is to all Australians. The matter at hand here is a United Nations and Afghan government report that the military of the United States killed at least 90 civilians, including 60 children, in this Afghani village on 21 and 22 August this year.

The motion that I have brought forward echoes the Afghan government’s own call for a full-scale review of the military operations in their country in the wake of the country’s mounting civilian death toll. For want of a debate, this motion will be voted down, I assume, by both the government and the opposition, but what I do say, through you, Deputy President, is that this is an extremely important matter. It is not one we can legislate on but it is one in which Australia is centrally involved. The Greens do not believe our defence forces should be in Afghanistan but, rather, that there should be much greater civilian aid to that country, because of the history of how the Bush administration entered into this conflict, amongst other things. We strongly support this motion. If the government and the opposition are going to oppose motions like this, and this is the right time for it to be brought before the Senate, then I would ask them to open the matter to a full and proper debate.

Senator FIELDING (Victoria—Leader of the Family First Party) (4.01 pm)—by leave—For similar reasons, we will be opposing this motion. I think that, with complex foreign affairs issues like this, a simple yes or no answer is extremely difficult. For similar reasons, Family First will oppose this motion as well.

Senator XENOPHON (South Australia) (4.01 pm)—by leave—I wish to associate myself with the remarks made by Senator Ludwig, Ellison and Fielding.

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

The Senate divided. [4.06 pm]

(The Deputy President—Senator the Hon. AB Ferguson)

| Ayes | 5 |
| Noes | 47 |
| Majority | 42 |

AYES

Brown, B.J.  
Ludlam, S.  
Siewert, R. *  
Hanson-Young, S.C.  
Milne, C.
Senator MILNE (Tasmania) (4.09 pm)—I move:

That there be laid on the table, no later than 4 pm on 4 September 2008, the ‘alternative, more business-friendly formula for providing assistance to trade-exposed, emissions-intensive companies’ circulated to the business community by either the Department of Resources, Energy and Tourism or the office of the Minister for Resources and Energy (Mr Ferguson) ahead of the roundtable meetings on 29 August 2008.

Question agreed to.

Senator MILNE (Tasmania) (4.10 pm)—I move:

That there be laid on the table, no later than 4 pm on 4 September 2008, the report of the Strategic Review of Climate Change Policies recently completed by Mr Roger Wilkins, AO, with the support by a secretariat located in the Department of Finance and Deregulation.

Question agreed to.

COMMITTEES

Rural and Regional Affairs and Transport Committee

Extension of Time

Senator O’BRIEN (Tasmania) (4.11 pm)—I move:

That the time for the presentation of the report of the Rural and Regional Affairs and Transport Committee on the implementation, operation and administration of the legislation underpinning Carbon Sink Forests be extended to 23 September 2008.

Question agreed to.

GREAT IRISH FAMINE

Senator HUTCHINS (New South Wales) (4.11 pm)—I, and also on behalf of Senator Joyce, move:

That the Senate

(a) notes:

(i) the 9th anniversary of the unveiling of the Irish famine memorial at Hyde Park Barracks by the Governor-General, Sir William Deane commemorating the 4 114 female orphans sent to the Australian colonies between 1848 and 1850, and

(ii) the 160th anniversary of the arrival of the first ship, the Earl Grey in Sydney on 6 October 1848;

(b) recognises the contributions made by those Irish settlers and their descendents to Australian society; and

(c) notes:

(i) the hardships suffered by the Irish emigrants as a result of the Great Irish Famine of 1845 to 1850, and
(ii) the million lives lost during the Great Irish Famine, reducing the population of Ireland by between 20 to 25 per cent, from which the Irish population has only recently begun to recover.

Question agreed to.

FLAGS (PROTECTION OF AUSTRALIAN FLAGS) AMENDMENT BILL 2008

First Reading

Senator BARNETT (Tasmania) (4.12 pm)—Noting that today is National Flag Day, I move:

That the following bill be introduced: A Bill for an Act to amend the Flags Act 1953 to prevent the desecration or wilful destruction of Australian flags, and for related purposes.

Question agreed to.

Senator BARNETT (Tasmania) (4.13 pm)—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 BARNETT (Tasmania) (4.13 pm)—I table the explanatory memorandum relating to the bill and move:

That this bill may proceed without formalities and 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 is a bill to amend the Flags Act 1953 to prevent the desecration or wilful destruction of Australian flags, and for related purposes.

This bill was drafted in response to the wilful burning of the Australian flag on Australia Day, 26 January 2008, in Launceston, Tasmania, and has since received extensive support from the National Returned and Services League of Australia and their state branches. I have also received the support of the Australian National Flag Association and many other such organisations.

The purpose of this bill is to make the desecration or wilful destruction of our flags a criminal offence.

The Australian flag is a profound expression of who we are and the values we stand for. It is worthy of respect and protection. For our flag to be desecrated is an insult to our national pride and heritage, and in particular, our veterans who fought and died under our flag.

In fact, it is right that all flags proclaimed under the Flags Act be respected and protected. As well as the Australian flag, proclaimed flags under the Act include the Aboriginal Flag, the Torres Straight Islander Flag, The Australian Defence Force Ensign, the Royal Australian Air Force Ensign and the Australian White ensign. I acknowledge that the list of proclaimed flags can be amended at any time.

The bill does not refer to flags of the states and territories. This matter is rightfully within their jurisdiction.

This bill is consistent with views expressed in the past by Liberal, National and Labor MPs, who have supported similar legislation, including Michael Cobb MP, former Deputy Prime Minister John Anderson, Bronwyn Bishop MP, Don Randall MP, Trish Draper MP, former Minister for Veterans’ Affairs Bruce Scott, Senator Robert Ray and Roger Price MP.

I recognise that previous attempts to legislate on this matter have been unsuccessful. In drafting this bill, I have taken into account many considerations.

Bills previously tabled have been criticised for being too tough and divisive of our many cultures, and of encouraging people to promote themselves as martyrs.

To allay some of these concerns the penalty imposed is only 2 penalty units or a community service order. Community service with an organisation such as the RSL or other community groups would foster greater understanding of what the flag represents.

This bill seeks to be educative. Passing this law will send a message to all Australians that the flag
is an important national symbol worthy of protection.

The Australian national flag belongs equally to all Australians. It is a symbol of our nation and the values we hold dear. Modern Australians are proud to wave and show off our flag.

In a similar way, our Australian Indigenous flags, the Australian Aboriginal flag and the Torres Straight Islander flag, are of great symbolic importance to the peoples they represent and displayed proudly, as they should.

To desecrate our national flag, Indigenous flags or any flag proclaimed under the Flags Act is an insult to our national pride and heritage. It is, in particular, an insult to veterans who fought to protect these values under the national flag.

It is right that this Parliament legislates to protect the flag under which our veterans fought and died.

This bill has the support of the National President of the RSL, Major General Bill Crews and he has been very encouraging in my efforts to both protect and promote the Australian flag, and for this I say thank you. It has in fact, for many years, been RSL policy to promote legislation protecting our flag. I have also received support from the President of the Tasmanian Branch, Tony Scott, who has expressed to me the disgrace felt by our veterans when our flag is wilfully desecrated. He has also informed me that many Aboriginal veterans have also expressed to him their support for the Australian flag to be protected by legislation.

I would like to thank the Australian National Flag Association for their support in promoting this legislation, and especially, thanks to the Tasmanian President, Mr Reg Watson who played an instrumental part in launching this current campaign in protecting our flags.

I have received support from RSLs and other service groups from all over Australia. Since announcing my intention to introduce this legislation, I have had people from all sections of the community come forward to offer their support.

Moreover, I have received over 5000 signatures in a petition in support of legislation to protect our flags.

It must be noted that I have no intention of this bill being used against people who inadvertently destroy images of the flags’ that may, for example, be portrayed on items such as tea towels, t-shirts and other items of clothing, bags, et cetera. The bill recognises there may be reasonable cause for the destruction of the Australian national flag or proclaimed flags because it has become worn, soiled or damaged in normal usage.

In response to the constitutionality of this bill I have received advice ascertaining that this bill falls fully within constitutional parameters and is reasonably appropriate and adapted to achieve a legitimate object that is compatible with the constitutional system of representative and responsible government. In short, the bill falls fully within the parameters of the Australian Constitution.

Interestingly, it is currently a crime in Australia to deface, disfigure, mutilate or destroy Australian coin or paper money, yet there is no legislation to protect and honour the symbol of our nation.

Other countries with protection of flag legislation include: Austria; China; Hong Kong; France; Germany; India; Italy; New Zealand; Portugal; Norway; Taiwan and Turkey.

The Australian flag is a symbol of our achievements as a nation. Respect for the flag is respect for the Australian nation and our achievements.

To display the flag is to display pride in our nation and our heritage. This is a nation of which we can and should be proud.

I commend this bill to the Senate.

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

Leave granted; debate adjourned.

MATTERS OF PUBLIC IMPORTANCE

Murray-Darling Basin

The Deputy President—The President has received a letter from Senator Bernardi proposing that a definite matter of public importance be submitted to the Senate for discussion, namely:

(a) The current dire state of the Murray Darling Basin and in particular the challenges facing the Lower Lakes communities;
(b) The failure of the Government to deliver immediate short term relief to communities reliant on the Murray Darling Basin; and

(c) The need for the Government to support the immediate provision of $50 million to assist the communities in the Lower Lakes and Coorong region of South Australia.

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

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

The DEPUTY PRESIDENT—I understand that informal arrangements have been made to allocate specific times to each of the speakers in today’s debate. With the concurrence of the Senate, I shall ask the clerks to set the clock accordingly.

Senator FISHER (South Australia) (4.15 pm)—I rise to speak on this matter of utmost public importance: the dire situation facing Australia, the Murray-Darling Basin, the communities who rely upon and live along the Murray-Darling Basin and, in particular, the people of my home state of South Australia who live on or near the Coorong and the Lower Lakes. We know that the situation facing these communities and the country is dire and, sadly, it becomes direr daily. Yesterday we learned that this past winter had been the fifth driest in the last 155 years and that the situation facing the lower basin was the worst since records began in 1892. The Murray-Darling Basin Commission’s Chief Executive, Wendy Craik, was very frank when she said:

We’re continuing to establish new records that we don’t particularly wish to establish.

Yesterday we learned that monthly inflows for August were less than one-fifth of long-term averages for the system. Yesterday we also got Minister Wong’s departmental submission to the Senate rural and regional affairs committee in relation to the reference inquiring into the situation in the Coorong and the Lower Lakes. That submission played down the option of lifting fresh water to save the Lower Lakes and the Coorong. That submission indicated that any release of water from either the Menindee Lakes or the Snowy system could take water that may be needed, apparently, for critical human needs next year. That submission indicated that the volume of fresh water needed to replenish the Lower Lakes is simply not available at this time—dire indeed.

I have seen first-hand the dire circumstances facing the people of the Lower Lakes and the Coorong. I have travelled and visited with members of the communities in Goolwa, Milang, Narrung and Meningie—I have seen some of their circumstances first-hand and I have heard just some of their stories—to see what the lack of water is doing to the people and the communities. I visited with Brendan Nelson, the Leader of the Opposition, as he too wanted to listen to and to hear from the members of the community about the impact that the lack of water is having on their daily lives—or what used to be their daily lives—and the sorts of things that they think could be done to help them through. In that context, I have met with community members, tourism operators, farmers and irrigators and discussed what they think could be part of the next step. I have heard stories of people paying thousands of dollars to truck water in to water their stock and to keep their stock alive. I have seen elderly people, people like our mums and dads and our grandparents, struggling to pipe water across dry flats, struggling with pipes across muddy flats to get drinking water. I have seen tourism operators who cannot operate with such low flows and I have heard from third, fourth and fifth generation farmers who are in many cases likely to be forced off their land unless something is done.
This is a crisis that not only affects those who should be at what should be the water’s edge but today is not; it is a crisis that extends beyond those immediate communities to the communities who feed and service those who should be at the water’s edge. If the farmers leave the land, then ultimately so do those who help farmers—for example, vets in the case of dairy farmers. If tourism operators leave, what happens to those who service the tourism operators’ operations? Without support, it is very clear that the people of the Lower Lakes and the Coorong are likely to survive what could well be the departure of swathes of their population.

Part of what is needed for the Lower Lakes was reflected on by opposition leader Brendan Nelson in April this year. He talked about help for the communities of the Lower Lakes, help for local people, help for local businesses and local communities in consultation with those local people and local communities: local help, local self-help, driven by local people. Help for local people, driven by local people. What do we have instead? On a national level we have this thing called a COAG agreement, which of course is not an agreement. It is an agreement in name only because any premier can walk out at any time. It is an agreement, presided over by the Rudd government, which does not deliver a national plan or national management of the Murray-Darling Basin in any sustainable way. It does not involve a referral of powers. It leaves the Murray-Darling Basin states beholden to the whims of the states. And it does not deliver any water; it stagnates water and takes it out. It stagnates water because nothing will happen until 2011—2009 is likely to be too late, let alone 2010 or 2011. And, worse than that, it allows the taking out of water that was not being taken out of the system before the COAG agreement was struck. For example, the Goulburn to Melbourne pipeline effectively sees upwards of 100 gigalitres of water a year being flushed down Melbourne’s toilets at the expense of others.

On a broader level we have Rudd government inaction. We have a Rudd government watching water. We have a Rudd government failing to act on the three key stages of moving the Murray-Darling Basin system forward—that is, failure to bring water back in in an organised and strategic way, failure to plan to reallocate that water once it is brought back into the system and failure to force their Labor colleagues, as part of ending the blame game, to better collect—(Time expired)

Senator WONG (South Australia—Minister for Climate Change and Water) (4.22 pm)—I welcome the opportunity to debate this MPI today and I welcome the opposition coming out of the shadows where they have been hiding since the submission options on the Lower Lakes were provided to the Senate yesterday. For those of you on the other side who have read the submission to the committee which outlines the options that are being considered by the department and by the MDBC, it certainly makes for very sobering reading. It outlines the serious situation in the Lower Lakes and outlines the short-term options for managing the situation that had been provided to government. It is interesting to note what has happened since it was provided. We have not heard a peep from the opposition somehow on which option they would choose. I am sure if you did a straw poll over there we would certainly not have a single position from the opposition because we know how divided they are on this.

Can I say this: given how serious the situation in the lower Murray is, I am shocked that we have the Leader of the Opposition trying to play it down. Today on Adelaide radio we had an astonishing distor-
tion of the facts by the Leader of the Opposition, who misrepresented a report by the Bureau of Meteorology. He said, ‘Annual mean rainfall has been slightly more than average recently, 25 millimetres, but also we have had an annual mean maximum temperature for 2007 of 0.73 degrees.’

Dr Nelson was referring to the annual Australian climate statement for 2007. It is a statement that showed that 2007 was the sixth hottest year on record and it also showed that, whilst there was slight increase in annual mean rainfall attributed to La Nina, that was in Australia overall including the tropical north. But that very statement also showed that the Murray-Darling Basin remained dry. What is Dr Nelson’s message to Adelaide? His message to Adelaide is this: there is no shortage of water; just move to Darwin. Dr Nelson says: ‘Never mind if you are in the Lower Lakes because in the Kimberley it is bucketing down. Never mind if you are the member for Riverina and there is no water in Deniliquin.’

Opposition senators interjecting—

Senator WONG—Why not go and talk to the member there, Senator, because it is raining cats and dogs in Broome. And to Senator Joyce he is effectively saying, ‘Don’t worry about St George, Senator Joyce, because the Daintree is fine.’ While I am on the subject of the relationship between the Murray and climate change, it is indeed interesting to note that this motion was moved by Senator Bernardi, who is one of the die-hard climate change sceptics of the opposition just like his mentor, Senator Minchin.

Senator Bernardi—Hear, hear! Because he is my mentor!

Senator WONG—I will take that interjection, Senator Bernardi. He says, ‘Hear, hear!’ because these are people who just cannot let go of their scepticism on climate change and you are why the coalition has absolutely no credibility on climate change. Because you do not believe it is happening. So why do you not front up to the Australian people and say that what you took the last election was only because you thought you had to pretend to care, which is what one of your colleagues said—that you had to pretend to care about climate change. That was the only reason you moved before the election. I return to Senator Bernardi, who said just one year ago:

I have come to believe we’re seeing a distortion of a whole area of science that is being manipulated to present a certain point of view to the global public, that is that the actions of man—
clearly, only men—
are the cause of climate change.

Perhaps it would be a good time now for Senator Bernardi to admit and recognise that an important part of helping the Murray is to tackle climate change.

I want to make a comment about the submission that those on that side clamoured long and loud to see, because before the submission was released the opposition were demanding to see it, and now it has been released they cannot face the facts. They have gone to ground. They have ducked for cover. If you consider yourselves to be the alternative government, it is not that easy. You have the facts now. Why do you not take some responsibility, Senator Bernardi? Why do you not take some responsibility? You made all that hot air and noise about releasing the submission and, once you got the information, where were you? You ducked for cover.

Opposition senators interjecting—

The ACTING DEPUTY PRESIDENT (Senator Humphries)—Order! The chamber will come to order.

Senator WONG—While we are on the issue of transparency and accountability, which is what the opposition demands from government, it is very interesting to note that
the relevant shadow minister appears to be hiding documents about the availability of water in the basin. I had a look at a transcript of an interview that Mr Hunt gave earlier this week. He says that he has his own figures on water availability for the Lower Lakes. He says, ‘The advice we have is that a higher percentage of the water than there would previously be will now arrive in South Australia.’ This is what Mr Hunt says: ‘This is water that’s available. It’s available now. It could make a real and significant difference.’

Senator Bernardi is speaking after me, and I say to him: why does he not get up and tell us where Mr Hunt’s water is? Why do you not get up, Senator Bernardi, and tell us where Mr Hunt’s water is? Because the fact is, you keep making these claims which—frankly, now that you have the information—you ought to know not to be true. You ought to take more responsibility as the alternative government for the way in which you enter this debate. I would like to know from Senator Bernardi, Senator Minchin or Senator Fisher where Mr Hunt’s water is going to come from. I am sure Senator Joyce would like to know that. I am sure Senator Nash would like to know that. And I am sure Senator Boswell would like to know that. But, instead of being transparent, what we see from the opposition, having spent 12 years in government doing absolutely nothing on this issue, is that they are now cynical enough to walk both sides of the street.

There is a consistent theme when it comes to the way in which the opposition approaches the politics of water. And it is politics, because they did not have an approach on the policy. It is this—it is very simple: it is called telling people what you think they want to hear. So, when you are down in South Australia, you send backbench senators down to tell those communities what you think they want to hear. Meanwhile, you have frontbenchers up in New South Wales and Victoria telling their communities what they think they want to hear. So, when you are downstream in South Australia, you express outrage at the state of the Lower Lakes and you call for emergency action, although you actually have no solution—no option that you have put forward on this. And when you are upstream in Victoria you tell your constituents that the lakes cannot be saved, should not be saved, and the government should not stop purchasing water entitlements.

What the document that has been presented to the Senate shows and what the Murray-Darling Basin Commission information, which was also released yesterday, shows is that there is no room for political opportunism when it comes to the Murray-Darling Basin. There are no easy options; there are only hard choices. We have significantly less water in the southern basin than we need. The document that was provided shows that currently there are around 3,949 gigalitres in storage, and 4,292 gigalitres have been committed. The fact is: if it does not rain, unfortunately, something has to give.

What I said previously in this chamber in question time remains the case. My first priority is securing Adelaide’s water supply and the supply for the towns that rely on the river. We on this side will not be part of any approach which threatens the critical needs of communities that rely on the Murray-Darling for drinking water. Again, I ask this question: can other senators say the same? At the moment what we have is a whole heap of noise from the opposition when it comes to the problem and deathly silence when it comes to a solution. You run away from the options and you run away from the difficult policy decisions, just as you did for 12 years in government. Where were you, Senator Bernardi? Senator Minchin was in cabinet. Where were you, Senator Fisher, when the
previous government did not spend one cent on buying one drop of water to return to the Murray? Did I hear coalition backbenchers or Senator Minchin in the cabinet demanding that the government purchase water for the Murray River? I do not think so. You delivered absolutely nothing and now, in the face of the Mayo by-election, you want to whip up this issue, an issue on which you never delivered.

Let me be absolutely clear about the Lower Lakes. As the Senate knows, the Prime Minister has visited there. I have visited on a number of occasions and I have met with the communities down there. We do need to do everything we can to avoid the acidification of the Lower Lakes. And while the situation is serious and urgent, when the options before us have such serious consequences, we also need to avoid a precipitous decision, and that is the approach the government has taken. We are proceeding with a course of action that was outlined in the submission—that is, to continue the pumping arrangements which we have in place—but we also have to ensure that we find a longer term solution.

One of the things the government has already committed is $200 million to the South Australian government to find an enduring solution, a lasting solution to the problems facing the Lower Lakes and the Coorong, and we have indicated we would make $10 million of that immediately available to accelerate projects to the Lower Lakes in the Coorong. That is why the government has already committed $120 million for piping works to connect towns, communities and irrigators who currently rely on the Lower Lakes to a higher point along the Murray. Senators may recall that that announcement was made jointly by the Prime Minister and the Premier. Also, I was there when we visited the Lower Lakes and when we visited Langhorne Creek and spoke to the community there. Let us understand this: we actually responded directly to one of the options that were put to us by those communities. One of the things that were put to me and to the South Australian Premier was that we need to look at infrastructure works to secure the supply, particularly for the irrigators on the Langhorne Creek site. What did the government do? We listened to that and we provided $120 million to deal with that issue.

It is the case that we do face a great deal of difficulty on current inflows in the southern part of the Murray-Darling Basin in particular. We do have to take an approach that avoids having a situation where you see a repeat of what is occurring in the Lower Lakes in other parts of the basin, and we do need to do what we can to ensure that all communities in the basin have the water they need.

As the Senate would be aware, the government has a $12.9 billion plan, Water for the Future, which is fundamentally about preparing Australia for a future where we are likely to see less rainfall. But the reality is that we are prepared to recognise the impact of overallocation and climate change on this basin, and we are prepared to do the hard yards when it comes to delivering on water for the future. It appears that those on the other side are back to the old game of playing politics on water, pointing the finger and saying one thing upstream and one thing downstream. The reality is that those opposite continue to deny that climate change is real. They continue to deny that climate change is having an effect on Australia. They continue to deny that climate change is having an effect on the Murray-Darling Basin, and what we know is that they are deeply divided on what they want to do. All they have done, as I have said, is to tell people what they want to hear. Let us remember what Mr Hunt said in terms of the Lower Lakes. He said:
There are real things that can be done in terms of physical work.

What did Dr Stone, shadow minister for the environment, say? She said:

... no amount of strident demand for more water and flow from upstream would change the fact that there simply was not the fresh water available for these lakes ...

Is that the position? Dr Stone also said that we should open the barrages to the Lower Lakes and flood them with sea water. She obviously has not been listening to Senator Minchin, who went back downstream to South Australia and said:

... the coalition is totally opposed to the flooding of the Lower Lakes with sea water.

Who are the public supposed to believe—the shadow minister for the environment, Senator Minchin, Mr Hunt or Senator Birmingham?

Let us also talk about one of the ways in which we know we can return water to the river, which is by purchasing water, one of the fastest and fairest ways in a difficult circumstance to return water to the river. What does the opposition think about that? Firstly, we know that they did nothing for 12 years in government on that. They were 12 years in government and there was not one drop of water. But we also do not know what they think about it, because guess how many positions they have had on purchasing water? We have counted them. We think it is about seven, to date. In relation to water purchase, Mr Hunt says that he is pleased we are doing it but then he says that it will not work. Mr Cobb says that purchasing water is meaningless. That was after he said that it would cause a new drought. Mr Truss, Leader of the Nationals, says it will increase grocery prices. Mr Pyne, member for Sturt, says we should be doing more. Dr Stone says it is okay as long as it is not in her electorate. And Dr Nelson says, ‘Why purchase water? Why not just compulsorily acquire it?’ So who is speaking for the opposition and what is their position? Or are they too divided to have a position? Or is their position simply yet again, ‘Let’s tell people what we think they want to hear’?

What we ought to do when it comes to the Murray-Darling Basin is deal with the facts. This basin has suffered for too long from politicians and governments that have done nothing or have told people simply what they think people want to hear. We need to confront the reality of climate change, we need to confront the reality of overallocation and we need to confront the facts. Those on the other side are simply playing politics. (Time expired)

Senator SIEWERT (Western Australia) (4.37 pm)—It is interesting to note that I am the only non South Australian speaking in this debate. I hate to tell the South Australians that this is not just about them—and that comes from somebody who is deeply concerned about the Lower Lakes and the Coorong. We need to be looking at a whole-of-basin approach to this. I heard Senator Wong talking about the hard choices. No-one has been making these hard choices for a century. We have had state versus state, we have had states versus the Commonwealth and the Commonwealth versus the states, and unfortunately that is still happening. Hard choices! How about the states and the Commonwealth agreeing that the water sharing plans will come into place in 2011 when the cap comes into place? The New South Wales water sharing plans will stay in place until 2014 and the Victorian water sharing plans will stay in place until 2019. How is that going to save the Murray? Where is the sense of urgency? Where are the hard decisions about investing money where it is going to best pay off for the Murray?
Unfortunately, we are still not facing the hard decisions around land capability, around where we are going into the future in a system that is facing crisis—and not just in the Coorong. The Coorong is facing the most immediate crisis and that is where the alarm bell is ringing loudest at the moment; it is also ringing all across the basin. Are the other states pinging Queensland for allowing the Paroo to be developed and for breaking their agreement not to allow development of the Paroo? Is New South Wales looking at where water is being stolen in the Northern Rivers? There is plenty of satellite evidence that shows unregulated use—it is not illegal because New South Wales will not act to make it illegal. Is work being done by New South Wales to start bringing some regulation to the Northern Rivers? Is Victoria dealing with the four per cent cap now that the report that has been leaked shows the economic impact of not raising the four per cent cap? Where are the hard decisions there? Where is the pressure on these states from the Commonwealth to make them reform?

What about the actions that the states have agreed to take under the National Water Initiative? The states are not meeting their agreements under the National Water Initiative—and that has been going for years—let alone coming anywhere close to dealing with the commitments that they made under the COAG agreement. None of that is being delivered. We are not seeing actions from the state governments. We are not seeing enough pressure on the states from the Commonwealth. I would hate to see it if we were acting when there was not a crisis. This is action at a snail’s pace and it has been going on for too long. (Time expired)

Senator BERNARDI (South Australia) (4.40 pm)—I thank Senator Siewert for injecting a bit of reason into this debate after the 15-minute outburst from Senator Wong. It was quite an extraordinary decision by Senator Wong to come in here and defend the inaction of the government, because earlier this week, when we attempted to discuss this in taking note of answers, the government could not put up a South Australian to do it; they trotted out a Western Australian and someone from the ACT on the government side to talk about the crisis facing the Lower Lakes.

My motivation in proposing this matter of public importance is simply to identify and highlight the inaction from this government in the crisis that is facing the Lower Lakes and their communities. We are facing two crises here. One of them is simply an environmental disaster in the making. We accept that there are many challenges in solving this, but the one particular challenge, the crisis that the government could do something about and has failed to do anything about, is to offer relief to the human component of this suffering—the communities, the farmers and those who depend upon the Lower Lakes for their livelihoods—rather than simply to the environmental component.

Whilst Senator Wong and the government say that they cannot do anything about supplying more water, they can do a whole lot more to ease the burden on these communities. Even though the coalition are not in government, we still want to see people do better. What we have asked the government to do is to support a $50 million injection of funds to offer immediate relief to the communities, and the government is silent on it. It says that it does not accept that any relief is needed, despite the rhetoric, the spin and the insubstantial statements that Mr Rudd and his ministers have made.

Mr Rudd was elected in November of last year. In July of this year he made his first visit to the area that is facing the most pressing environmental issue in this country. He said, ‘It will be tough, it will be difficult, it
will be expensive, but we intend to take on this challenge.’ They were his words, yet in mid-August—just last month—he said, ‘What we’ve done is to take every possible measure available to us in the last six months to try to turn this disaster around and it is a real problem.’ He has not turned around the disaster. He has not taken the measures and the steps that are necessary to ease the burden on people who have to truck in their own drinking water, who have to reduce their herd of dairy cattle from 800 to 250 and who struggle to send their kids to school and to put food on the table.

This is the human impact, Senator Wong. It is the human impact that your government is absolutely ignoring and you should be very ashamed. There is an absolute dire need for urgent government assistance. If the government are prepared to ignore the people of the Lower Lakes and the good people of South Australia, let me tell you that the opposition, the coalition, are not prepared to do it. We will continue to raise this issue. We will continue to advocate for relief for the people who are doing it really tough, no matter how much Senator Wong and all the expert reports that she is relying on say that nothing more can be done. You cannot give up. You cannot wash your hands of these sorts of things.

Minister Wong has shown absolutely no interest in relieving the immediate plight that is facing so many South Australian communities. It is embarrassing. This is what is written in the papers. This is what I am reading every day. These are commentators, these are journalists and these are people who actually are interested in these communities. These are the local papers. They are throwing their hands up and going: ‘What do we have to do? How much more do we have to struggle in order to get some relief and some compassion from what is a very heartless government?’

In the context of what governments do, if there is a disaster in another country we step in and help out straightaway. But when the biggest environmental disaster, the catastrophe, that is facing the communities of the Lower Lakes happens in our very own backyard this government does nothing about it. As a South Australian senator I say to Senator Wong: stand up for South Australia. Do not fall into the ‘let’s support Queensland’ routine which is coming out of Mr Rudd’s office, with the Treasurer and all the power-brokers up there. Fight for South Australia. I urge every South Australian senator to do the same thing. It is absolutely embarrassing that we have a cabinet minister who is prepared to let communities suffer. (Time expired)

Senator HANSON-YOUNG (South Australia) (4.45 pm)—The crisis that we see in the Lower Lakes and the Coorong is something that we need to be tackling immediately. The Greens have been campaigning on the plight of the Murray for years. We have been speaking to the local communities from Goolwa right up to Queensland. We have moved parliamentary motions of urgent action. We have put forward necessary amendments to the federal government’s water bill. But it is now crunch time. We need to find new sources of water as soon as possible for the Lower Lakes and the Coorong, and fresh water flows must be restored before summer if we are to have any chance of trying to rescue the dying Coorong and the Lower Lakes.

This is why the Greens moved the motion for the urgent Senate inquiry into what we need to do. We need to figure out how we can get water down there, not in 2019 or 2018 but now. The multiparty support for the inquiry into the water management of the Lower Lakes and the Coorong indicated the scope of this environmental crisis. It shows acceptance by all sides of politics that we need to act now. The Greens indeed welcome
the support for a big inquiry from the coalition, although it is disappointing to hear the dirty smear campaign against the Greens that is being perpetrated in the Mayo electorate by the Liberals even today.

Isn’t it interesting that Senator Minchin expressed such concern about the impact of the Greens policy on the people of South Australia, particularly those in the electorate of Mayo, when the former Liberal member, who was there for 24 years, did little to address the crisis and little to address the continued mismanagement of the Murray and the devastating effects that was having on his constituents? While the Greens do not oppose government support for these communities in the Lower Lakes and the Coorong—in fact we welcome it—after 12 years of inaction by the previous government I am interested in the opposition’s timing on this, suddenly accepting that this is an emergency and needs an emergency assistance plan, given the significance of the Mayo by-election this coming Saturday.

It is that type of dirty politics and the smear campaign that is being run by the Liberals that is misleading, and insulting to, the people of Mayo. It leads me to think that perhaps it is the Liberal Party who are in panic in Mayo. Perhaps it is because the local communities are talking about what is going on in the Lower Lakes and the Coorong and they want to see action. They have not seen action for 12 years. We cannot wait another 12 years; we need action now.

Let’s get the support for the communities that we need and get the water down to the Lower Lakes and the Coorong, but let’s not make this about politics because we have a by-election happening in Mayo. The Greens have been consistently calling for action on the Murray. I urge the government to act on the findings of the Senate inquiry when it reports at the end of this month. We need to be looking after our communities in the Lower Lakes and the Coorong and we need to be ensuring that we save our Storm Boy country, but let’s get the dirty politics out of it.

Senator MINCHIN (South Australia) (4.48 pm)—I start off on a bipartisan note by observing that I think this is a common cause—that everyone agrees the situation in the Murray-Darling Basin is quite horrendous and that we do have a crisis in the Lower Lakes. This is a tragedy of environmental, economic and social proportions that we have never seen before in the Lower Lakes. I think it is at least a common belief that primarily this crisis was caused by the prolonged drought that Australia has suffered and the decades of mismanagement and overallocation in the Murray-Darling Basin.

I say with great respect to Senator Wong, having been down to the Lower Lakes and talked to the communities down there, that they actually feel insulted by the proposition advanced by Mr Rudd and her on their visits down there, which in a sense dismisses all this as the result of climate change. The communities regard that as a massive cop-out, because it suggests to the people suffering down there that signing the Kyoto protocol and having the so-called Carbon Pollution Reduction Scheme is going to solve all of the problems. Whatever the merits of Labor’s approach to climate change, no-one, surely not even the Labor Party, believes that Australia bringing in a ‘Carbon Pollution Reduction Scheme’ in 2010 is going to make any difference to the situation in the Murray-Darling Basin or indeed to the Lower Lakes. With respect, I urge Senator Wong to stop insulting the people of these communities by that sort of reflection. It is only damaging the Labor Party and her own credibility.

In relation to these communities, we have been calling for months for assistance on
this. It is insulting to us and to these communities to say that this is Mayo related but, given the focus on the Lower Lakes in this electorate, we urge this government to adopt the coalition’s position of immediately providing $50 million in emergency assistance to this Lower Lakes community. It is all very well for Senator Wong to say, ‘We’ve provided Mr Rann with $200 million to deal with environmental issues’—in other words, ‘We are going to just let the acidification happen or let these communities collapse and then Mr Rann can have a slush fund of $200 million.’ These communities need this assistance now because their businesses and their livelihoods are suffering enormously.

We will introduce our bill for immediate emergency relief assistance of $50 million into the Senate tomorrow. Frankly, the government is showing absolute contempt for these Lower Lakes communities by dismissing our proposal in the way that they have. That contemptuous dismissal of our proposal is doing the Labor Party no good whatsoever in the Lower Lakes community, and of course that simply compounds the contempt which the Labor Party is showing for the Lower Lakes communities by its extraordinary refusal to even put up a candidate in the Mayo by-election. Nothing could be more contemptuous of the Lower Lakes community than that. It shows that the Labor Party is indeed frightened of what the Lower Lakes community might say to the Labor Party were it to run a candidate.

Can I also make the point that the economic life and community cohesion of the Lower Lakes are built on there being a freshwater ecology. Some are arguing that we should solve this problem by simply flooding these lakes with sea water. Indeed, that is no less than option 3 in the paper issued by the minister’s department, which is really quite disturbing. The paper says in relation to option 3 that historical modelling indicates that saline water would have likely flowed into Lake Alexandrina in past times of very low Murray River flows. If you turn to a very good document produced by the River Murray Catchment Water Management Board, it makes clear:

Prior to European settlement, Lakes Alexandrina and Albert at the terminus of the River Murray were predominantly fresh, with river water discharging to sea and keeping the Mouth clear. Contrary to what many believe today, saltwater intrusions into the Lake environment were not common until after 1900 when significant water resource development had occurred in the River Murray system.

Before large-scale extractions of water, the Lakes and lower Murray were rarely subjected to sea water invasions.

That is very important historical data. What is worrying me and our side of politics—and, indeed, the Lower Lakes communities—and, indeed, reinforced by this options paper is that the Rudd and Rann governments seem hell-bent on this seawater option. Indeed, they seem to be on what you might describe as ‘Lower Lakes watch’. They are sitting by, twiddling their thumbs and waiting for the point at which they can simply flood the Lower Lakes with sea water. Our criticism of this government is this: they have now had nine months, they are not doing anything and they are simply waiting and watching to see what will happen. They are now striking fear into the hearts of all those in the Lower Lakes by suggesting—I think quite unequivocally—that they are going to simply build a weir and flood the Lower Lakes with sea water. As I say, this is quite contrary to all the historic evidence about this. This will destroy the freshwater ecology of the Lower Lakes.

Can I in my concluding remarks make the point that I think the government has got a very big problem here. A big part of this problem is that the government made a very
big mistake in combining in one portfolio the huge responsibility for water in this nation with the responsibility for climate change. It is our assertion that the minister who has this giant portfolio is clearly spending almost all her time running around and striking fear into the hearts of Australian business that she is going to introduce this so-called Carbon Pollution Reduction Scheme. That will strike fear into the hearts of all workers in Australian industry. It will be one of the most job destructive experiments that a Labor government has ever inflicted upon this country.

Indeed, she is spending all her time devising this scheme to destroy jobs and destroy Australian industry and not spending any time on the crisis that we face now—that is, the crisis in the Murray-Darling Basin and, more particularly, the crisis in the Lower Lakes. She should be 100 per cent of her time on her responsibility for water. Instead, we see her running around and devising this Carbon Pollution Reduction Scheme so that she can suck up to the greenies around the world, while destroying jobs and destroying Australian industry. Her responsibility is water. She should be stripped of her responsibility and it should be given to someone who can apply themselves full-time to the crisis that is gripping the country.

Senator WORTLEY (South Australia) (4.55 pm)—I welcome the opportunity to debate this matter of public importance today—that is, the state of the Murray-Darling Basin and, in particular, the challenges facing the Lower Lakes communities. The submission of options for the Lower Lakes provided to the Senate yesterday—

Senator Bernardi—What are they?

Senator WORTLEY—It is all right, Senator Bernardi. You are a climate change sceptic. We have that on record, and I will get to that in due course. The submission outlines a serious situation in the Lower Lakes and it outlines the short-term options for managing the situation. The annual Australian climate statement showed that 2007 was the sixth hottest year on record. It also showed that the Murray-Darling Basin remained dry. It came as no surprise.

Senator Bernardi—What’s that got to do with the communities of the Lower Lakes?

Senator WORTLEY—Yes, Senator Bernardi, I am happy to talk about that. While we are on the subject of the relationship between the Murray and climate change, let us look at a statement made by Senator Bernardi 12 months ago. He said:

I have come to believe we’re seeing a distortion of a whole area of science that is being manipulated—

manipulated—to present a certain point of view to the global public, that is that the actions of man are the cause of climate change.

Before the submission was released, the opposition were demanding to see it. But now they are nowhere to be seen. Take a look around the chamber. They have gone to ground. We have had from those sitting opposite so many different positions. What their position is depends on which state they live in. When you are downstream in South Australia, you express outrage at the state of the Lower Lakes and you call for emergency action. We know that. When they are upstream in Victoria, they tell their constituents that the lakes cannot be saved and should not be saved and that the government should stop purchasing water entitlements. We know there are no easy options. We know that there are hard choices that have to be made.

Senator Bernardi—Are you standing up for South Australia?

Senator WORTLEY—What this document shows is that we have significantly less water in the southern basin than we need. If
it does not rain, something will have to give. In the short term, the needs of people reliant on the Murray for critical drinking water must come first. This includes the one million residents of Adelaide. Yes, Senator Bernardi, I am a South Australian senator. We must be absolutely clear about the Lower Lakes. We need to do everything we can. That is why the government is proceeding with the course of action endorsed in this submission—that is, to continue the pumping arrangements we have in place. The Rudd government has committed $200 million to the South Australian government to address the problems facing the Lower Lakes and the Coorong—$200 million to the South Australian government, $10 million of which will be available immediately to accelerate projects for the Lower Lakes and the Coorong. That is why the government has committed $120 million for piping works to connect to a higher point on the Murray towns, communities and irrigators currently relying on the Lower Lakes.

We also want to avoid the situation that is occurring in the Lower Lakes spreading to other parts of the basin and ensure that all Australians have the water they need. So what are we doing about it? The Rudd government has a $12.9 billion long-term plan—Water for the Future—which is about preparing Australia for a future with less rainfall as a result of climate change.

We are sitting here today and we are debating this issue that is affecting the Murray-Darling Basin and the Lower Lakes with those on the other side, who have been climate change sceptics for nearly 12 years. What did they do? What did you contribute, Senator Bernardi, from your side? Absolutely nothing. That is one of the reasons we are in our current situation. You know that. You can sit there and you can say what you like, but you know that, and those opposite who were in government for 12 years—(Time expired)

FIRST SPEECH

The PRESIDENT—Before I call Senator Farrell, I remind honourable senators that this is his first speech. I therefore ask that the usual courtesies be extended to him.

Senator FARRELL (South Australia) (5.01 pm)—Thank you, Mr President. I take this opportunity to once again congratulate you on your appointment. Like all the new senators, I shall be grateful for your assistance and, I am sure, your patience. It is an extraordinary honour to be elected to the Senate. All of us come to this place at a pivotal time in our country’s history. Blessed as Australians are with opportunities and resources, we also face some very significant challenges. We have great responsibilities to discharge, and the way we approach the challenges of the 21st century will determine the sort of Australia we leave our children and our children’s children.

The votes are in, amigos, and, as they have done so many times in the past in times of war and national crisis, last November Australians turned to the Australian Labor Party to find solutions for seemingly intractable problems. I am proud to be able to play a small part in this work. It is a matter of great sadness that my father, Edward William Farrell, is not here today. Dad would have loved to have been here. He was a political aspirant with great passion and optimism. He stood unsuccessfully for the seat of Boothby five times between 1961 and 1972 and for the Senate in 1975. My sister and brother were early campaign workers, helping out and handing out each time Dad stood for election. Dad never lost heart and nearly every May school holidays as we drove to Sydney he would drive us past Old Parliament House here in Canberra, declaring with irrepressible optimism that he would be there
after the next election. Of course, he never was. I know it would have given him immense pleasure and pride to see me in this chamber today—as it would have given my mother, Mary Heptinstall. Like so many, Mum was taken from us by breast cancer far too early, but she instilled in me a strong sense of social justice as well as a love for that quintessentially Australian game, Australian Rules football. Today of all days I miss them both very much, but I am delighted that my sister Leonie, her husband, Peter, and their daughter, Erin, as well as my younger brother, Andrew, his partner, Claire, and their children, Elsie and Mabel, have been able to join us today.

Last year’s electoral success to the Senate and my years of work for the SDA owe a great deal to many people. But no-one has been more important or contributed more to me than my wife, Nimfa. Twenty-five years ago, Nimfa made the decision that hundreds of thousands of migrants had made before her. She left her home in the Philippines and everything and everyone she knew to marry me and start a new life in Adelaide. As our family grew in size, much of the child-rearing was left to her. The sacrifices she made to enable me to pursue my career were enormous. I thank her for her love and support and for that of my children. My daughter Mary is hoping—as we all are—that she will finish studying law and international studies this year. My middle girl, Tess, is studying media. She sent me a beautiful email this morning and is currently on her way to work in an orphanage in Brazil. The marvels of modern communication, in which South Australia I am pleased to say leads the nation—yes, that is true!—means that she can watch my speech live in London, and I hope she is doing that at the moment. My youngest daughter is Emily. She is a Jonas Brothers fan and studies at Loreto College in Marryatville. All of its students were here today. Occasionally there is Mary’s friend James, who started a new job recently in Aboriginal health. I say to James that he will be pleased to know that closing the gap for Indigenous Australians is a high priority for this Labor government, and I look forward to playing a part in this as a Labor senator. Two of Nimfa’s nine siblings were also able to come by today—Wilma, who has flown in from the Philippines, and Jess. They are here with Peter.

In these days where small is good and there is a constant drive for centralised decision-making and efficiencies, it is a little bit unfashionable to support a two-tiered form of government. Recently I read Robert Caro’s absorbing book on the Lyndon Johnson presidency. I recall a section about the drafting of the American constitution. A puzzled Thomas Jefferson, who had hurriedly returned from France, asked George Washington over breakfast why he had unexpectedly agreed to a two-tiered form of government. Washington replied with his own question. He asked Jefferson, ‘Why did you just pour tea into a saucer?’ Jefferson replied, ‘To cool it.’ Washington smiled and said, ‘Just so—and we pour House legislation into the senatorial saucer to cool it.’ Like Washington, I am in favour of a senate or house of review to cool legislation and provide checks and balances. My guess is that many of today’s opposition members and senators, as well as ex-members and ex-senators, now wish the Work Choices legislation had been considerably more cooled—perhaps cryogenically frozen—in this chamber.

It was, in fact, the Work Choices legislation that encouraged me to run at the last election. As a unionist for 32 years, and like so many other ordinary Australians, I was appalled by the Work Choices regime that the coalition foisted on ordinary Australian families. This was not the Australia I wanted to be part of, and I felt so strongly about it I
wanted to have a hands-on role in dismantling it. I wanted to be directly involved in restoring the sort of Australia my parents and grandparents’ generation worked and fought so hard to build and protect. I am delighted to say that one of our first pieces of legislation was the abolition of Australian workplace agreements. Shortly, we will be introducing legislation that restores balance in the workplace. As a nation, we are so much better than Work Choices.

My early years were spent at Crafers in the Adelaide Hills. We then moved to Forestville, near the family shop where I started my long connection with the retail industry. Subsequently, we moved to Panorama for a couple of years before settling on Goodwood Road, Daw Park. The southern Adelaide suburbs were a different world in the 1960s. At a little Dominican parish school, St Therese’s, I made some friends for life including singer songwriter John Schumann. We both moved to Blackfriars Priory School in Prospect, where I met my great friend Simon Milazzo, who is here today with Josie. I started at Adelaide University, where I studied law, meeting another lifelong friend, Peter Bok, now one of Adelaide’s most celebrated artists. Like lots of students, I worked as a shop assistant during my spare time—for some six years at my uncle Joe’s kiosk at the Cleland Wildlife Park in the Adelaide Hills. Although my mother is not with us today, I am delighted that her brother, my uncle Joe Heptinstall, is here with his wife, Josie.

I joined the SDA in 1976 as an industrial officer under the late Ted Goldsworthy. Ted grew up in an orphanage, was self-taught but, in my experience, there was no better advocate for working families. I owe him much as I do to my subsequent boss, John Boag, and his wife Dulcie. His daughter Rachel is here today. I was elected as assistant secretary in 1980 and became secretary in 1993.

Through the union, I was able to continue my studies at the Kennedy School of Government in Boston, where I got a glimpse of what was soon to be lurking around the corner in Australian workplaces. As federal president, I worked closely with the SDA’s Joe de Bruyn, Jim Maher and many good people around Australia including Chris and Ellie Ketter and Michael Donovan, who when the chips were down could always be relied on for support. There was no day that I did not enjoy my work with the union and the chance it gave me to improve the lives of our members. I look back now and I see one of our greatest achievements, as leaders of the SDA, was the development and implementation of a superannuation scheme for our members, REST Superannuation.

When I first started working, superannuation was a privilege not a right. Married women almost never got it, part-timers never got it and casuals certainly never got it. Until then, super was generally only available to males—mostly professionals—working with a single employer over a lifetime. We fought to change that. We took on the retailers and they fought back. They dragged us all through the courts but, in the end, we won. Now super is a near universal right. We extended it to women, we extended it to part-timers, we extended it to casuals and then the Hawke-Keating government extended it to nearly everyone else. We created a system of savings for retirement for Australian families, established a whole new industry and we succeeded in entrenching a nationwide superannuation system that has now become a world leader. There is still unfinished business, though, and we must ensure that women who move in and out of the workforce for child rearing are fairly treated. We might want to consider accessing pension payments from super accounts through
ATMs and, ultimately, the scheme needs to be boosted by higher contributions so that eventually all working Australians can retire with dignity.

It is a function of first speeches that new members and senators outline their key interests and policy drivers. The continual development and improvement of Australia’s superannuation system—however unsexy that might seem to some—is going to be one of mine.

Despite successes like this, much remains to be done and I have left the South Australian branch in the capable hands of secretary Peter Malinauskas, assistant secretary Sonia Romeo—here with Dan—and their very hard-working and committed staff. The union today is big, strong and self-reliant. Over a lifetime in or on the fringes of politics, I have more than most to thank and time simply does not permit me to mention all of them. I appreciate the indulgence of the Senate and the indulgence of many people who will not be named here. The important thing is that you know who you are, as I do too.

Always there to offer sage advice have been Paul Holloway, Michael Atkinson, Michael O’Brien, Carmel Zollo, Trish White and their partners Wendy, Joan, Jane, Lou and Joe. Also there in the early days were Mark Bishop, Steve Hutchins and Gary Gray. Tom Koutsantonis has been a tower of strength in times of trouble as have been Bernard Finnigan, Jack Snelling, Tom Kenyon, Michael Brown, Tung Ngo—the list goes on. Each of you represents a part of the future of the ALP in South Australia. Some of my former work colleagues also won at this election: Amanda Rishworth and Nick Champion, who joined Kate Ellis, Annette Hurley and Dana Wortley.

Alex Gallacher from the Transport Workers Union was one of the people who convinced me to run again. I received a heap of support from other union officials, including John Camillo from the Australian Manufacturing Workers Union, Debbie Black from the Finance Sector Union and Bob Geraghty from the ETU. In addition, I want to mention the new member for Port Adelaide, Mark Butler, who was prepared to fundamentally change the confrontational way in which factional politics had been played in South Australia.

I also want to thank my staff: Sevi, Matt, Aaron, Dani, John, Brigitte and Kate. I want to also acknowledge former senators John Quirke, Geoff Buckland and Linda Kirk, whom I thank for her contribution to this chamber. I wish her all the best for the future.

I am a proud South Australian. I am very conscious of my responsibilities in this place to my home state. I was born in the river town of Murray Bridge and, as such, the plight of the river affects me deeply. There is an extremely urgent need to rally to its aid—one that transcends state borders. The problem of the Murray-Darling Basin is a national problem demanding a national solution. The coalition’s response to this most critical national challenge was—and I am not sure I can say this charitably—less than effective. So yet again it is left to Labor to develop and implement the solutions. The Rudd government is giving this issue priority and has committed meaningful funds to buy back water as well as funds for an expanded and fast-tracked desalination plant to secure drinking water long term.

As Sandra Postel, the Director and founder of the Global Water Policy Project, said:

For many of us, water simply flows from a faucet, and we think little about it beyond this point of contact. We have lost a sense of respect for the wild river, for the complex workings of a wetland, for the intricate web of life that water supports. We have been quick to assume rights to use
This is one of the truly great challenges I mentioned at the outset of my speech. I pledge today to work as hard as I can to help restore the river of my early years. Failure is simply not an option.

In closing, I am reminded of the words of the American labour leader the late Walter Reuther. He had been a leader of the United Auto Workers union and a supporter of the New Deal. He was a socialist in his youth but later became a fierce anticommunist. Reuther said:

There is no greater calling than to serve your fellow men. There is no greater contribution than to help the weak. There is no greater satisfaction than to have done it well.

I pledge to heed that calling with all my energy and determination in the certain knowledge that there is no greater calling than that of public service to the families of our great nation.

FIRST SPEECH

The PRESIDENT—Order! Before I call Senator Arbib, I remind honourable senators that this is his first speech. I therefore ask that the usual courtesies be extended to him.

Senator ARBIB (New South Wales) (5.21 pm)—Mr President, first, may I pass on my belated congratulations on your election as presiding officer. I wish you sound and wise judgement in your guardianship of the Senate. I also take the opportunity to pay tribute to my New South Wales Senate predecessor, Kerry Nettle. I have always known Kerry to be a decent, passionate and hardworking senator. To her credit, and the betterment of this chamber, she expressed herself with resolve. I wish her well.

It is with immense pride and humility that I enter the parliament. There can be no greater honour in our democracy than serving the Australian people. This position provides an individual with such enormous opportunities: the opportunity to improve the lives of all Australians; the opportunity to help our great country advance economically, socially and culturally; and the opportunity to give back to a country that has given each of us so much. It is an opportunity I will never take for granted, and I thank the voters of the great state of New South Wales for their support and trust.

Without question, the election of the Rudd Labor government heralded a new direction for Australia. Inspired by Kevin Rudd's education revolution, by climate change and by Labor's plan for a fairer workplace, the Australian people voted for positive change. Positive change is something that has always characterised the Australian Labor Party. Labor is a progressive, forward looking party—the party working for the common good, the party of reform and the party of the future. I draw inspiration from the words of Labor's first Prime Minister, Chris Watson. These days, he is rarely quoted, but more than a century ago, in 1904, he said that Labor was 'the spirit of humanity, the spirit of those who care for the poor and the lowly'. He said that Labor’s approach was 'of those who will leave no stone unturned in their efforts to benefit humanity'. That is our history. That is our responsibility, and it is towards these ends that my time in this chamber will always be directed.

I enter this parliament having held many occupations. These have included a position as a metal trades assistant—I am really sorry, Doug; I was never a member of the metal-workers. I have been a lifeguard, a restaurant cook and, most recently, worked in the finance sector. But the majority of my working life has been dedicated to the Labor movement. It is indeed a great pleasure to have served the trade union movement as an organiser with the Transport Workers Union. I am extremely proud of my contribution and
that of my colleagues in the fight for social justice and workers rights.

In my 11 years serving the Australian Labor Party, I have had the pleasure of working with thousands of like-minded, passionate and dedicated local branch members, best described as the heart and soul of our great party. For party members living in regional and rural Australia, it is not unusual to drive countless hours to stand at polling booths all day in seats where there may be little or no hope of winning. They participate because they believe. They believe in the party; they believe in our ideals. This sort of dedication is inspiring. That is why I say, with no exaggeration, how proud I am to have these members as my friends, how thankful I am for the tireless work they perform and how grateful I am for their endorsement.

Mr President, last week, on your election, you explained that no one senator comes to this chamber alone, that we all have a team of family and friends who have helped us to reach where we are today. I wholeheartedly agree. There are so many people who have assisted me along the journey, but to single out a few for thanks would be unfair to all those I have leaned on for support over the years. It would also take up the remainder of this speech. So I simply give my supporters, staff and friends in the public gallery the deepest thank you for your support, for your sacrifice and for your respect. I am here because of you. I carry with me the sum of our joint experiences, and I will try and do justice to your expectations but, above all, thank you for your friendship.

When I sat down to write this speech, I realised how much of my life has been shaped profoundly by my family. There have been five great women who have shaped my life, and tonight I honour them with my first speech. My grandmother, Dorothea Weight, was born in 1916. Her story is so similar to so many other senior Australians, a story of trying times and sacrifice to provide a better life for her family. By the time she turned 14, the Great Depression had devastated economies all around the world. I remember my grandmother telling me how terrible the Depression was. Time and time again, she told me, ‘Find a job, work hard and save for a house.’

I still remember my grandmother’s great disappointment when I told her I was running for the Senate. She questioned why I would take a job that lasted only six years and suggested I consider taking a more secure job as a bank teller. Unfortunately for my grandmother, I did not take her advice. My grandmother always showed great compassion and respect for working people. When I look back at the reasons I joined the Labor Party, it is hard to go past the ideals and principles that she instilled in me. Unfortunately, my grandmother passed away a few months ago after a very long illness. I thank her from the bottom of my heart. I miss her dearly.

My mother, Lola Arbib, has had the biggest impact in shaping my life. She met my father, Enrico, in 1968. He had immigrated to Australia from Italy five years earlier in search of a better life. In 1968 my father and mother were married, and within five years they had two young boys. The migrant’s dream had been realised. However, it was not to last. My father’s life was cut short at the age of 43. Upon my father’s death, our extended family rallied around us, helping my mother with the difficulties of raising two boys on her own. The circumstances of my upbringing have allowed me to truly appreciate the wisdom of ‘it takes a village to raise a child’. I will always be thankful to those who helped our family. However, it is my mother who is owed the greatest debt, as it was she who sacrificed so much for her children. Mum, I thank you today, and continue
to thank you every day, for all you have done for me and my brother. We will always be indebted to you.

The other three women who have been instrumental in shaping my life are, of course, my wonderful wife, Kelli, and our two beautiful daughters, Alexandra and Charlotte. Kelli is my friend, my greatest supporter and, most importantly, the most loving mother imaginable. Many of my friends delight in regularly reminding me that Kelli is the more intelligent half of our marriage. But tonight I respond with this: that may be true, but I was still smart enough to convince her to marry me. Kelli, without your love and support I would not be here. Thank you.

The birth of my children has been the most profound and defining moment of my life. I am proud in the knowledge that my greatest achievement now and in the future will always be the development and care of my daughters. If you asked me what would be the guiding principles for my time in this chamber, the answer is simple. As a senator, my children and the welfare of all our children would be my compass. It is being a parent that has taught me most about the pressures families face, in particular the stress that mothers face each day.

Watching my wife struggle with emotional and physical exhaustion while trying to rear our children and re-enter the workforce has made a significant impression on me. In today’s society with a greater proportion of women in employment I believe that we must do much more to assist parents to cope with the stresses of parenthood, particularly in the early years. Paid maternity leave, better support services and child care that is more equitable and flexible must be part of this parliament’s future program. I say this not as a senator but as a father who takes the greatest satisfaction in being involved in my children’s upbringing and who wants to play an even greater role. And I am not alone. The majority of fathers I talk to at playgrounds, at the local swimming pool and at the shopping centre would like to spend more time with their children.

The time has come for our institutions to truly recognise the values of parenting and make the changes necessary to enable parents to enjoy a more rewarding family life. Indeed, what is required is a new definition of success, one that champions the balance of home and work life, because there is no benefit in forging a stellar career if it is at the expense of your children. Although there may be a short-term cost for these measures, the benefits in terms of childhood development welfare, along with the increased productivity gained through greater worker satisfaction, can never be calculated.

The next 20 years will be critical in Australia’s history. How will the leaders of today face the challenges of tomorrow? What strikes me most when I see the monumental challenges facing us on issues such as climate change, water security, our ageing population and Indigenous inequality is that, while these challenges seem so daunting, we have never been so well placed economically or scientifically to make the changes necessary. The question for Australian policy makers is: how can a country so endowed with natural resources and prosperity use our great assets to build and progress our nation? How can we harness this good fortune and invest it in the future? I believe the answer lies in embracing science and technology. There is no doubt that the 21st century will be one where scientific advances will be the driving force of economic, social and environmental changes.

Moore’s law, named after Intel co-founder Gordon Moore, states that in the future the capacity of the computer chip will double every 18 months. That means in nine years...
time the capacity of the computer chip would have increased by an amazing 6,400 per cent. That is staggering. The possibilities in areas such as communications, medicine, education and environmental science appear endless.

Australia’s future, I believe, lies in becoming a world leader and exporter of these new technologies. We can all witness the positive changes in countries like Ireland and India where the synergy of government and business has stimulated IT industries to grow and develop. Therefore it is vital that government and the private sector collaborate on policy and incentives to encourage greater research and development, working hand in hand with our universities and research institutions to allow these new industries to flourish.

In order to take advantage of these new opportunities we must build an education system that is world’s best. The Rudd government’s education revolution recognises this and aims to make Australia the best-educated, best-skilled and best-trained country in the world. Education is the way to transform our economy and education is the way to take advantage of new technology. Education is also the pathway to social change creating greater opportunities for Australians to share in our country’s wealth. All children must have access to an education that gives them the opportunity to liberate their talents and to provide the foundation for a productive and fulfilling life. This is nowhere more evident than in the role education will play in closing the gap on Indigenous inequality.

The first act of this new parliament was a decision to further the process of reconciliation between Indigenous and non-Indigenous Australians. Today I add my support and my voice to the Prime Minister’s historic apology. It is the fulfilment of the hopes of countless Australians from all political persuasions representing the past and the future, but it is only one of many steps on the pathway to true and lasting reconciliation. What is required now are concrete steps to dramatically improve the lives of Indigenous people—better health care, better housing and safer communities. I am proud of the work and policies that the Rudd government have taken to bridge the gap on Indigenous inequality. But much more needs to be done.

Empowering individuals and communities through education and training has to be at the forefront of our efforts. What I believe is required is an approach that extends opportunities to all Indigenous people by providing skills and vocational support to prepare Indigenous people for work. It cannot be left to just government to find these solutions. The private sector must do its bit by locating these employment opportunities. To this end the work that Andrew Forrest and Noel Pearson have begun with the recently announced Australian Employment Covenant is extremely promising.

However, to achieve real results Indigenous welfare must be reconsidered. The Indigenous welfare model of the past has failed by inadvertently creating a cycle of dependence and despondency resulting in disincentives to Indigenous job seekers. If we are serious about breaking the cycle we must provide real incentives to break through these structural barriers. It is a big task but with the community united and working to a common goal it is possible. Bridging the gap on Indigenous inequality is something I feel deeply about, and today and in the future I commit myself to playing a role in meeting this goal.

Australia faces challenges today that, in a globalised world, extend beyond our borders. Climate change and energy security are issues that have been ignored for far too long but are now thankfully at the forefront of the
Rudd government’s agenda. It is unfortunate that some people think the problems are too hard and claim we should wait until governments in other countries act first—I disagree. That is not the Australian way. If there is a fight worth fighting, Australia does our bit. If there is a fight worth fighting, Australia always leads the way, and so it must be on climate change.

We are not the owners of the land, sea or air but mere custodians for future generations. We must not hesitate or fear the future. Now, more than ever, we must show courage and leadership. I strongly believe that the human race relishes great challenges. In 1961 John F. Kennedy challenged the American people to put a man on the moon and, in just eight years, they met that challenge. If we reached a faraway moon in 1969, with computer chips that could not fit in a single house, then maybe in 2008 and beyond we can save our own planet with all of our modernity and advancement. It will be tough, there will be a cost, but what is required, now more than ever, is the political will to stay the course.

My vision of Australia is of a country that is fair and equitable for all its citizens regardless of their background, gender, race or religion. I believe in an Australia where children living in the city or in the country are filled with hopes and dreams, big and small, and can achieve them regardless of the circumstances or environment; a country where mums and dads who coach their children’s sporting teams on the weekend or after work are respected just the same as our Olympic heroes; a country where carers and charity workers are truly valued; and a country where ordinary people are championed for doing extraordinary things.

I am passionate about this country, its people and its future. We face great challenges, but where many see these challenges as obstacles, I see opportunities. It is on these opportunities that my efforts will now be focused. I look forward to serving our great country. Thank you.

MATTERS OF PUBLIC IMPORTANCE
Murray-Darling Basin

The ACTING DEPUTY PRESIDENT (Senator Forshaw)—I now return to the discussion of the matter of public importance. I call Senator Xenophon.

Senator XENOPHON (South Australia) (5.43 pm)—There is no greater issue facing my state and indeed this nation than the plight of the Murray-Darling Basin. I have made this point before but I believe it is worth repeating now: governments do not own the rivers. They do not own the lakes and they do not own the environment. They are simply custodians of these natural treasures.

When it comes to the Murray-Darling Basin, as custodians we have done a lousy job. For too long we have treated our rivers as some kind of aquatic magic pudding, acting as though they would always run and never run out of water. One state has paid dearly for this blatant disregard for our natural resources and that is my home state of South Australia.

I will never forget a recent trip to the Lower Lakes and the Coorong. I will always remember the region to be Storm Boy country—teeming with bird, fish and plant life—but what I saw shocked me. Where there was once life there was now a region dying a slow, salty death. The local communities have known this for some time and, as the Senate is discussing today, we also know that the situation is dire. Fortunately, in recent times, this is a reality that the federal government also accepts.

Just yesterday, the Murray-Darling Basin Commission reported that last month’s rain-
fall was below average, with inflows in the month of August being one-fifth of the long-term average. This is bad news but rainfall is only part of the problem. I note that the government has been keen to claim the situation facing the river is as a result of climate change. Well, yes and no. Climate change is a factor and a fact but so is overallocation and so is the failure of Federation to deal with the mismanagement of the river system.

How can we justify a situation where Victoria can hold the other basin states to ransom and how can we accept the obscene overallocation along the river, particularly for those water inefficient allocations where parochial interests have been put ahead of the national interest? That said, I believe none of this is a reason to write off the Lower Lakes. We simply cannot afford to, and recent rains, however modest, show us why we should not. Even though this winter has seen the fifth-lowest rainfall in 177 years, that rain has still led to a small rise of some 20 centimetres of the water level in Lake Alexandrina, and just this small amount of water has made a real difference. Communities down there have come alive with hope because they see that even a small amount of water could save the lakes from a salty death. I believe the Lower Lakes are more resilient than we give them credit for. If we do not act now to save this wonderful part of our world, future generations will judge us harshly, as they should.

The DEPUTY PRESIDENT—Order!
The time for the debate has expired.

COMMITTEES
Scrutiny of Bills Committee
Report
Senator PARRY (Tasmania) (5.46 pm)—On behalf of Senator Ellison, I present the 8th report of 2008 of the Senate Standing Committee for the Scrutiny of Bills. I also lay on the table Scrutiny of Bills Alert Digest No. 8 of 2008, dated 3 September 2008.
Ordered that the report be printed.

DOCUMENTS
Work of Committees
The DEPUTY PRESIDENT—On behalf of the President, I present Work of Committees for the period 1 January to 30 June 2008.
Ordered that the document be printed.

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

Sensor LUDWIG (Queensland—Minister for Human Services) (5.48 pm)—by leave—I move:
That senators be discharged from and appointed to committees as follows:
Legal and Constitutional Affairs—Standing Committee—
Appointed—
Substitute member: Senator Ludlam to replace Senator Hanson-Young for the committee’s inquiry into the Independent Reviewer of Terrorism Laws Bill 2008 [No. 2]
Participating member: Senator Hanson-Young
Rural and Regional Affairs and Transport—Standing Committee—
Appointed—
Substitute member: Senator Siewert to replace Senator Milne for the committee’s inquiry into the management of the Murray-Darling Basin system.
Participating member: Senator Milne
Question agreed to.
HORSE DISEASE RESPONSE LEVY BILL 2008

HORSE DISEASE RESPONSE LEVY COLLECTION BILL 2008

HORSE DISEASE RESPONSE LEVY (CONSEQUENTIAL AMENDMENTS) BILL 2008

First Reading

Bills received from the House of Representatives.

Senator LUDWIG (Queensland—Minister for Human Services) (5.49 pm)—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 LUDWIG (Queensland—Minister for Human Services) (5.50 pm)—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—

HORSE DISEASE RESPONSE LEVY BILL 2008

The Horse Disease Response Levy Bill 2008 will help the horse industry fund its obligations under the provisions of the Emergency Animal Disease Response Agreement, the EADRA. It will impose a once-off statutory levy on the registration of horses to meet the industry’s commitment to share funding of responses to emergency disease outbreaks that affect horses.

With the current outbreak of equine influenza (EI) in Australia, nationally agreed emergency response arrangements were tested for the first time by a major animal disease outbreak in multiple jurisdictions. The EADRA, which commenced in 2002, is an important part of our national emergency animal disease preparedness and response infrastructure. The Australian Government and all state and territory governments are signatories to the EADRA, as are a number of livestock industries, but not the horse industry. Similar arrangements apply to plant industries.

Under the EADRA, the costs of responding to emergency animal diseases (EADs) are shared by the affected Parties. It provides certainty in funding for emergency animal disease threats and certainty in providing a rapid and effective response.

Recognising that most industry bodies do not have the reserves or the required capital backing to arrange commercial loans to draw on in the event of an EAD outbreak, the Australian Government agreed to underwrite industry contributions under the EADRA. Without ready access to financial underwriting for affected industries, an EAD response could be delayed and the overall response severely prejudiced.

Conditions for underwriting industry contributions to an EAD response are set out in the EADRA. These include the condition that there will be no Government underwriting without an agreed repayment scheme, such as a statutory levy, and that repayments must be within a reasonable period of time, generally no more than ten years.

All major livestock industries are signatories to the EADRA, including cattle, sheep, wool, pigs, dairy, poultry, goat and honeybee. All have arrangements in place to meet their obligations under the EADRA in the event of an animal disease emergency. In most cases this is a levy set at a zero rate by regulation. Other industries have accumulated reserves or have an existing positive levy in place. Where a levy mechanism is in place, collection is at a point of transaction, such as when cattle are sold at saleyards.

Ratification of the EADRA by the horse industry was delayed because of difficulties in obtaining industry agreement to an appropriate levy mechanism. Unlike production industries, it was difficult to easily establish a levy collection point that was equitable to all. However, after extensive consultation the industry has agreed that it was best to impose it at the point of horse registration.
The Australian Horse Industry Council (AHIC) made a submission to the former Government in late 2006 on behalf of the three peak national representative industry bodies – the AHIC, the Australian Harness Racing Council and the Australian Racing Board – supporting the introduction of a statutory levy to be applied to the initial registration of horses with recognised breed societies and performance organisations. This levy would be payable only once, on the initial registration of a horse. It would not be retrospective.

Since equine influenza was first detected in August 2007, up to the time of the last confirmed case in late December 2007, 6627 properties had been infected in New South Wales and 3569 in Queensland. All of these cases now appear to have been resolved. It is expected that eradication may be achieved by mid-March and that it will be possible to demonstrate in a few months time provisional proof of freedom from the disease. This has been an excellent effort by all parties, government and industry.

By then, the costs of the national response will be known and the extent of each party’s liability ascertained. Regulations will then be drafted under the provisions of this new legislation to set an operative horse disease response levy rate to enable the industry to repay the Australian Government for funds advanced on its behalf.

HORSE DISEASE RESPONSE LEVY COLLECTION BILL 2008

The Horse Disease Response Levy Collection Bill 2008 provides for arrangements to collect and administer the horse disease response levy imposed under the proposed Horse Disease Response Levy Act 2008. The Constitution requires that provisions dealing with the collection and administration of a levy must be in legislation separate from that which imposes the levy itself.

This new legislation will require horse registration bodies to pay the Commonwealth the amounts they receive from horse owners in the form of horse disease levy payments.

Registration bodies will be allowed to refuse to register a horse where the owner has failed to provide the necessary funds to pay the levy, and they will be required to issue a receipt as evidence that the levy has been paid.

The legislation will also provide regulations to determine when a levy is due. Provision will be included for imposing penalties for unpaid levies, and also for the remission of any penalties resulting from late payments. The legislation will also allow the Commonwealth to recover levies that are due, and to make refunds.

It is proposed that powers for the collection of information and documents will include a strict liability offence provision for where a person fails or refuses to comply with a request for information. This is necessary to ensure that the levy collection requirements are adhered to.

There is also provision to allow an authorised person to release information relating to the amount of levies received by the Commonwealth to a horse industry body, the Australian Animal Health Council or other authorised persons. However, this information will not identify an individual or provide other contact details.

These arrangements help give effect to the Australian Horse Industry Council’s submission to the former Government in late 2006. This submission was on behalf of the three peak national representative industry bodies – the Australian Horse Industry Council, the Australian Harness Racing Council and the Australian Racing Board – supporting the introduction of a statutory levy on the initial registration of horses including with recognised breed societies and performance organisations.

The new Bill will help the horse industry fund its share of the costs of responding to outbreaks of animal disease such as equine influenza. It recognises that most industry bodies do not have the reserves or the required capital backing to arrange for commercial loans to draw on in the event of such an emergency.

It will also help the horse industry have the confidence to become a formal signatory to the Emergency Animal Disease Response Agreement (EADRA) – an important part of Australia’s emergency animal disease preparedness and response infrastructure – and join other major livestock industries as Parties to it.
The proposed arrangements set out in this new legislation are similar to those applying to other industries that are Party to the EADRA.

HORSE DISEASE RESPONSE LEVY (CONSEQUENTIAL AMENDMENTS) BILL 2008

The Horse Disease Response Levy (Consequential Amendments) Bill 2008 amends the Australian Animal Health Council (Live-stock Industries) Funding Act 1996 and provides for the appropriation and application of the horse disease response levy under the new Horse Disease Response Levy Act 2008.

The proposed amendments provide a mechanism to help the horse industry fund its liabilities under the Emergency Animal Disease Response Agreement (EADRA). The EADRA, which began in 2002, is an important part of Australia’s animal disease emergency preparedness and response infrastructure. It provides funding certainty in the event of emergency animal disease threats to Australia and certainty in providing rapid and effective responses. The Australian Government and all state and territory governments are signatories to the EADRA, as are a number of livestock industries. But not the horse industry.

Under the terms of the EADRA, the Government may be required to underwrite an industry’s share of the costs in a response to an animal disease emergency. The Agreement provides for this on the proviso that the industry agree to an appropriate repayment scheme, including through statutory levy arrangements.

While the horse industry is currently not a Party to the EADRA, the amendments will help it to become a Party by establishing secure funding arrangements to meet its obligations.

The Amendment Bill provides for amounts equal to the horse disease levy imposed under the provisions of the new Horse Disease Response Levy Act 2008 to be paid to the Australian Animal Health Council from the Consolidated Revenue Fund through the normal appropriation process.

The Amendment Bill authorises the Australian Animal Health Council to hold and manage these funds on behalf of the horse industry. The Australian Animal Health Council is to use the funds to discharge any obligations that the industry may incur under the EADRA. However, if the horse industry has not become a Party to the EADRA at the time that the horse disease levy is imposed, the Australian Animal Health Council must use the funds to repay the Commonwealth for any liabilities incurred responding to emergency animal disease outbreaks such as equine influenza.

If at any time the horse industry has no obligations under the EADRA, it may ask the Australian Animal Health Council to apply the funds in the event of other horse disease-related emergencies. However, it is not proposed that funds directed for research and development be matched by the Government.

These amendments help give effect to the Australian Horse Industry Council’s submission to government supporting the introduction of a statutory levy for the initial registration of horses. It helps establish arrangements for the long-term funding of emergency animal disease outbreaks such as equine influenza and so assists in providing certainty in responding to such outbreaks.

The amendments set out in this new legislation are similar to those applied to other industry Parties to the EADRA.

Debate (on motion by Senator Ludwig) adjourned.

COMMITTEES
Finance and Public Administration Committee
Report

Senator POLLEY (Tasmania) (5.50 pm)—I present the report of the Finance and Public Administration Committee, Knock, knock... who’s there? The Lobbying Code of Conduct, together with the Hansard record of proceedings and documents presented to the committee.

Ordered that the report be printed.

Senator POLLEY—by leave—I move:

That the Senate take note of the report.

Today I table the Finance and Public Administration Committee’s report titled Knock, knock ... who’s there? The Lobbying Code of Conduct.
Conduct. Firstly, I would like to thank Stephen Palethorpe, the committee secretary, and his team, who work so hard for us to be able to present these reports. May I also thank those who put forward submissions, as well as all those witnesses who appeared at our hearing in order to put forward their point of view.

Respect for the institutions of government depends to a large extent on public confidence in the integrity of ministers, their staff and senior government officials. There is a general cynicism in the public about our elected officials. The Lobbying Code of Conduct is a measure that we can use to combat that cynicism relating to transparency within government. This is why this measure is something to be welcomed. Ultimately, it is a tool that will restore the public’s confidence in its government.

Increasing the focus on lobbying activities is in the public interest as many citizens are unaware of the complex relationship that exists between lobbyists, their clients and those they are placing representations before. The committee supports the aim of the government to:

… promote trust in the integrity of government processes and ensure that contacts between lobbyists and Government representatives are conducted in accordance with public expectations of transparency …

The Rudd Labor government recognises that lobbying is a legitimate activity and part of the democratic process. However, what is needed is a mechanism of regulation that balances the rights of interest groups to put forward their point of view and the right of the public to know who is talking to ministers. This code of conduct represents an appropriate balance between these two aims—that of the public to know of the lobbyists’ activities and that of the lobbyists representing interest groups. By requiring lobbyists to register, it adds a layer of transparency that has not existed previously. By making the register available to the public on the website of the Department of the Prime Minister and Cabinet, it makes it even easier for the public to monitor and be aware of lobbyists’ activities.

I am pleased to note in the Senate today that there are currently 193 lobbyists on the register. As we heard from our witnesses, a wide variety of organisations welcomed the code. This indicates that there is a high level of support for the transparency that this code effects. Professor John Warhurst said that lobbyists:

… welcome the recognition and legitimacy that tends to follow such government attention.

John O’Callaghan said that the code:

… will lead to improved transparency in dealings between lobbyists and the federal government, providing a higher level of confidence about the processes of government, including government policy making.

Those who appeared before the committee understood that the Rudd Labor government was putting forward a clear code of conduct and lobbyist register aimed at promoting good governance and restoring confidence in the government. Further evidence from witnesses suggested that the code of conduct should go further and be applied through a statute. However, evidence presented to the committee by the Clerk of the Senate suggested that such a course of action would be seen as an encroachment on the separation of powers between the judiciary and the parliament—indeed, even a possible challenge to the freedom of political communication.

As I stated earlier, the main objective of the code of conduct was to ensure transparency in lobbying and was supported by the witnesses who appeared before the committee. The evidence supported a need for a code of conduct to provide transparency and some form of regulation to lobbyists’ activi-
ties. I understand that this code of conduct is something that is unique in Australian political history. Although there was previously a register of lobbyists in place in Australia from 1984 to 1996, it was not a public register and it did not include a code of conduct to regulate lobbying practice. What has been introduced by the Rudd Labor government has incorporated both of these. The new Lobbying Code of Conduct and the Register of Lobbyists will help bring our checks on third-party lobbyists up to international standards. Presently, Canada and the United States of America already have registers, and the European Parliament is currently moving to establish a mandatory public register.

In light of the time limits that have been placed on us today, I seek leave to incorporate the remainder of my speech in Hansard to enable other members of the committee to make a contribution to the debate.

Leave granted.

The remainder of the speech read as follows—

The implementation of this code is an important step that the Rudd Labor government has taken and they should be congratulated on this important measure of ensuring transparency within government. The registration of lobbyists should be seen as part of the government’s determination to restore respect for the institutions of government and improve governance across the public sector. The Register of Lobbyists was foreshadowed in the government’s election commitments and is another example of how the Rudd Labor government is delivering on its election commitments.

There are other aspects to the code that warrant discussion. A major element of the code was the introduction of post-employment prohibitions on government and public sector staff engaging in lobbying activities. This extends to ministers and parliamentary secretaries, who no longer will be allowed to engage in lobbying activities until they have been out of office for 18 months. There were various points of view on this issue; however, I feel that placing these limits on post-government employment is the right thing to do. After all, we all benefit from a transparent and accountable government.

Of course, the code has only been in operation since 1 July of this year. As such, the committee felt it was right that an inquiry be conducted into the operation of the code in the second half of 2009. From our hearing, there were aspects of the code that will need to be reviewed; therefore, I support the recommendation to conduct the review late next year. The purpose of the review is to ensure the code of conduct and the register are functioning as intended, including in three areas. The first is coverage of lobbyists. For example, the code has operated for too short a time for us to decide whether the definition of the word ‘lobbyist’ is adequate. Whether the definition should be expanded further to cover groups not presently covered is something that can be included in the review. The second is the regulatory burden on lobbyists. The last is procedural fairness. Issues such as these can only be decided after the code operates for a period of time.

In conclusion, may I congratulate the government for putting forward the code of conduct and register and for fulfilling another of its election commitments. I commend this report to the Senate.

Senator FIFFIELD (Victoria) (5.56 pm)—Firstly, I thank the committee secretariat for their work on this report and this inquiry and also congratulate them for their creativity with the title of this report, which is Knock knock … who’s there? Congratulations to them for that. I also acknowledge Senator Polley’s fine chairmanship of the committee.

On this occasion, opposition senators are submitting a minority report, but in doing so there is certainly no question that ministerial probity and transparency are essential pillars of our democracy. The coalition shares the view that public confidence in the integrity of government is vital to the effective functioning of our parliamentary system, but the government proposal for a Lobbying Code of Conduct is seriously flawed. I must express some disappointment at this point in Senator
Faulkner, who has responsibility for the Lobbying Code of Conduct. It is genuine disappointment, because I am someone who had high hopes for Senator Faulkner. I am someone on this side of the chamber who has often said to his colleagues that he believes Senator Faulkner does genuinely care about standards in government and about probity and propriety in the administration of government. But I must confess that I have steadily become disappointed: firstly, with Senator Faulkner’s failure to ensure that charter letters were issued to ministers; secondly, with his stalling and never-ending monologues in Senate estimates; and, thirdly, with his handling of the CMAX affair. I would have hoped that Senator Faulkner would have ensured that the relevant staff were stood aside, but the government staffing committee has taken no action, took some four or five months to conduct their inquiries and have now stalled those in the face of the Auditor-General’s report. That is a third source of disappointment with Senator Faulkner, and this lobbying code is the fourth.

The register, as proposed, does contravene the principle of equality before the law by unfairly preferencing one sector of the business community over another. This, I believe, is a partisan attempt to protect the political influence of the trade union movement. As I say, this code is fundamentally flawed. The code totally ignores in-house lobbyists employed by unions, industry associations and corporations. Indeed, there is nothing in this code or its provisions that would prevent the disgraced former Western Australian Premier Brian Burke from lobbying in the ministerial wing of parliament as an in-house advocate on the payroll of a union or a company—absolutely nothing.

The code also invests in the Cabinet Secretary, Senator Faulkner, an arbitrary power to exclude lobbyists from the register, with no practical avenue of appeal. The only avenue of appeal open to lobbyists who are excluded would be the High Court and possibly the Federal Court, at great expense. This would potentially have very crippling consequences for lobbying firms, the majority of which are small businesses. This power invested in Senator Faulkner also poses the serious risk that the code could be used for partisan political purposes rather than for the dispassionate regulation of an industry.

It is for these reasons that opposition senators have three primary recommendations. The first is:

That the Cabinet Secretary’s powers to exclude a lobbyist from the register be devolved to the Secretary of the Department of the Prime Minister and Cabinet.

It is a function which is much more appropriately vested in a senior public servant than a partisan political figure. The second main recommendation is that any decision to exclude an individual or entity from the register should be subject to appeal to the Administrative Appeals Tribunal, to ensure that legal recourse is not cost prohibitive for a small business. The third primary recommendation is that ‘coverage of the code be expanded to embrace unions, industry associations and other businesses’ which conduct their own lobbying activities.

There clearly is no widespread concern about, or crisis of public confidence in, the probity of Commonwealth governance or institutions. But, if the aim of this code is to prevent the occurrence in the federal jurisdiction of episodes such as those witnessed with the likes of disgraced former Premier Brian Burke and the Wollongong development scandal in New South Wales, then this code fails that test. This code, in unamended form, will fail to achieve its stated purpose and could create a cure which is far worse than the disease.
Opposition senators have proposed a couple of other amendments to the code. One is: That post-employment restrictions on MOPS staff be removed from the Code.

This is, in effect, a retrospective change to the employment conditions of MOP staff—and I am in wholehearted agreement with the CPSU on this matter, I regret to say.

Senator Ronaldson—They are right.

Senator FIFIELD—As Senator Ronaldson says, they are right. The other matter that needs to be cleaned up is the status of the question-and-answer section on the PM&C website—that is, whether or not this constitutes part of the code. There is an out here for lobbyists, who could say, ‘Well, we’ve satisfied the code itself,’ even if their actions were contrary to the Q&A section of the PM&C website. So its status needs to be clarified. Finally, opposition senators are of the view:

That the Code should not be expanded to apply to non-executive members of either House of Parliament nor to non-ministerial MOPS staff.

There should be nothing which stands in the way of the capacity of constituents and the public to communicate with their elected representatives. That expansion of the code is something which we do not support.

It is no surprise that the sole government recommendation in this report is for yet another review. We probably do not have too much trouble with that but we do recommend that our amendments to the code be accepted so that this can be a properly functioning and effective code.

Question agreed to.

Environment, Communications and the Arts Committee

Senator McEWEN (South Australia) (6.03 pm)—I present the report of the Environment, Communications and the Arts Committee, *Management of Australia’s waste streams (including consideration of the Drink Container Recycling Bill 2008)*, together with the Hansard record of proceedings and documents presented to the committee.

Ordered that the report be printed.

Senator McEWEN—by leave—I move:

That the Senate take note of the report.

At the outset I would like to thank everybody involved in the inquiry and the preparation of this report, in particular the secretariat and the many people who contributed submissions and attended public hearings. I also note in particular the efforts of new Senators Pratt, Ludlam and Williams, who participated fully in the inquiry and were of great assistance to me in checking the draft report.

On 20 March 2008, the Senate referred the following matter to the Senate Standing Committee on the Environment, Communications and the Arts: management of Australia’s waste streams, with particular reference to trends in waste production; the effectiveness of existing strategies to reduce, recover or reuse waste from different waste streams; potential new strategies to reduce, recover or reuse waste; the economic, environmental and social benefits and costs of such strategies; policy priorities; and consideration of the Drink Container Recycling Bill 2008. It was an inquiry that generated considerable public interest.

The report does several things, including remind us that recycling rates have increased rapidly over the past decade; however, unfortunately, they have not kept pace with the proliferation of overall waste generation, which results in an increasing amount of end-use material being sent, in particular, to landfill in Australia. The committee noted that, certainly, while we need good policy development in this area across local, state and federal governments, it is difficult to
make good policy when there is a lack of a
decent national waste data system, and the
report recommends that governments con-
sider re-establishing a decent system so that
we can make good policy.

The committee spent a significant amount
of time considering the effect of increasing
the amount of waste going into landfill and,
hence, measures to reduce that, including the
application of landfill levies. There was
strong evidence that landfill levies are a good
way of reducing the amount of waste that
goes to landfill, and the report notes that
governments should consider across-the-
board landfill levies, taking into account the
differential impact that they might have on
smaller communities.

While landfill is going to remain one of
the methods of waste disposal—and, hope-
fully, waste recycling—it is important also
that the government takes into account the
effect on greenhouse gas abatement of the
recycling of waste and waste that goes into
landfill. There is a recommendation in the
report that the government consider those
aspects as part of its Carbon Pollution Re-
duction Scheme.

There was considerable discussion during
the inquiry about the value of extended pro-
ducer responsibility schemes to reduce waste
and to encourage recycling in Australia. There
are numerous examples from overseas
about that and considerable attention was
given during the inquiry to burgeoning areas
of waste and what we are going to do about
them—in particular, e-waste. It was noted
that at the moment local government in Aus-
tralia bears an almost unbearable burden in
trying to deal with that kind of waste, which
is increasing and needs to be dealt with rap-
idly and in a way that does not put a dispro-
portionate burden on local government.

There was extensive discussion also about
kerbside recycling and the impact that that
has had on recycling in Australia—again an
impost that local government largely picks
up and that should be shared more equitably.
There was also discussion about the Drink
Container Recycling Bill 2008, and there
was a recommendation that that bill be con-
sidered by the Environment Protection and
Heritage Council as part of its deliberations.
An example was given during the inquiry
about how effective drink container recy-
cling legislation has been in my state of
South Australia, where it has meant that 70
per cent of drink containers are recycled be-
cause there is a value attached to those con-
tainers. The committee believed that that was
a good example for the rest of the nation to
consider and contemplate. While you cannot
extrapolate the South Australian example
directly to the rest of the nation, there is a
good basis there for us to go forward.

While we could not support the bill at this
stage, as part of this inquiry we have recom-
manded that government have a look at as-
pects of that bill, particularly in the South
Australian context, to see whether it is able
to be rolled out further. I will leave my
comments there. I seek leave to continue my
remarks.

Leave granted; debate adjourned.

**TAX LAWS AMENDMENT (LUXURY CAR TAX) BILL 2008**

A NEW TAX SYSTEM (LUXURY CAR TAX IMPOSITION—GENERAL)
AMENDMENT BILL 2008

A NEW TAX SYSTEM (LUXURY CAR TAX IMPOSITION—CUSTOMS)
AMENDMENT BILL 2008

A NEW TAX SYSTEM (LUXURY CAR TAX IMPOSITION—EXCISE)
AMENDMENT BILL 2008

Second Reading

Debate resumed.
Senator McLUCAS (Queensland—Parliamentary Secretary to the Minister for Health and Ageing) (6.10 pm)—I thank all honourable senators who have made a contribution to the debate on the Tax Laws Amendment (Luxury Car Tax) Bill 2008 and related bills. The increase in the luxury car tax rate from 25 per cent to 33 per cent to apply on and from 1 July 2008 is an important part of the government’s budget. The revenue raised from the increase in the luxury car tax will contribute to a strong cash surplus for 2008-09 of $21.7 billion or 1.8 per cent of GDP.

The measure is expected to raise over $500 million in additional revenue over the next four years. It is part of a substantial surplus, which acts as a buffer against global difficulties and gives us the flexibility we need in uncertain global times. We know that eight rate rises in just over three years have also hurt families badly and that the effects of these rate rises combined with global problems are also slowing our economy. That is why we have been responsibly addressing the domestic inflation that we inherited at a 16-year high, now made worse by global factors.

The luxury car tax increase will not increase the burden on working families. The measure also recognises that Australians who can afford luxury vehicles have a greater capacity to contribute to revenue and that if everyone pays their fair share of tax we can reduce the overall tax burden imposed on working families. While the government tried to get the amending legislation passed before the start date of 1 July 2008, the Senate referred it to the Senate Standing Committee on Economics for report not before 26 August 2008. That committee reported on 28 August with the recommendation that the Senate pass the luxury car tax amending bills.

I draw honourable senators’ attention to how the Senate economics committee report has discredited some of the myths of the luxury car tax. For example, it has been argued that luxury cars are more fuel efficient than other vehicles and so the luxury car tax effectively represents a tax on fuel efficiency and, ultimately, the environment. Like cars below the threshold, the fuel consumption of luxury vehicles varies considerably. Some luxury vehicles consume significantly less fuel than the average. The size of the engines fitted to luxury vehicles and their generally heavier weight means that most consume more fuel per kilometre than cars below the threshold. The Senate report shows that the median fuel consumption for cars under the luxury car tax threshold is less than nine litres to travel 100 kilometres while the median for models subject to the luxury car tax is more than 10 litres.

However, this means there is some scope to encourage the purchase of the most fuel efficient vehicles through the luxury car tax. This is reflected in the amendments to the bills that have been foreshadowed and that the government will move today. The amendments allow luxury cars with a fuel consumption of less than seven litres per 100 kilometres to use a threshold of $75,000 in 2008-09 instead of the $57,180 threshold applying to less fuel efficient vehicles. This means that the vast majority of cars currently available which meet the fuel consumption criteria will no longer have to pay any luxury car tax while others will pay significantly less. More broadly, the Treasurer will refer the Greens preferred approach of phasing out the luxury car tax and phasing in a tax on vehicle fuel inefficiency and consequent greenhouse gas emissions to the Henry tax review for consideration. The Treasurer will also refer luxury car tax and fringe benefits tax for car issues to the Henry review for consideration, which I understand are the
concerns of Senator Xenophon. I note in this regard that the government has asked the Henry tax review to consider the interactions of the tax system with the Carbon Pollution Reduction Scheme.

Additionally, there have been comments about how vehicle safety, as well as large families and rural communities, will be affected by the luxury car tax increase. The report concludes that there are many comfortable, safe new vehicles, not to mention second-hand vehicles, available that are well priced under the current luxury car tax threshold, including vehicles with four-wheel drive and other features required by drivers in remote areas.

A dissenting view was put forward on behalf of coalition senators. Broadly, the dissenting view recommended that the luxury car tax increase be opposed in the Senate. I thank Senator Xenophon for his contribution to the debate on these bills. Senator Xenophon has raised concerns about the impact of the luxury car tax increase on contracts entered into before the budget where the vehicle could not be delivered before 1 July 2008. The government would like to indicate that it is open to this proposal. This issue has also been raised by several coalition senators. They have sought to bolster their case with arguments put forward by the car industry on the uncertainty associated with the fact that the bills were not passed before 1 July 2008. The 1 July 2008 start date was announced in the budget and set out in the amending legislation that was passed by the House of Representatives on 28 May. I note that some of the difficulties currently being faced by suppliers of luxury cars have occurred because the Senate chose to refer the amending bills to a committee rather than deal with them before 1 July.

The luxury car tax has broadly remained unchanged since its introduction in 2000. There have been few, if any, complaints raised in this chamber about its operation. This is probably because, as the Senate committee notes, the luxury car tax is a progressive tax which is relatively easy to collect. However, the opposition has decided to stand up for lower taxes for luxury cars rather than lower interest rates for working families who are doing it tough. The government now knows where the opposition stands on responsible budgeting. The government now knows that those opposite do not understand that there is an inflation challenge. We have had to take the tough decisions to fund long-term investment in the infrastructure, education and training, and health and hospital needs of our nation.

Unfortunately, those opposite do not understand that you cannot keep spending without knowing where the money is coming from. Now they want to punch a $22 billion hole in the surplus that we need to fight inflation. We should not be surprised. Unfortunately those opposite are absolutely addicted to the type of reckless spending that has given Australia an inflation problem. They cannot resist a good $22 billion raid on the surplus. Old habits die hard. I take this opportunity to challenge those opposite to change their ways. I challenge them to say which programs would be cut to pay for their $22 billion raid on the surplus. I challenge them to, for once in their political lives, choose economic responsibility over short-term political opportunism. I challenge them to support this responsible measure and join us in the fight against inflation. The government must retain the integrity of the budget surplus through the luxury car tax to buffer against uncertain times, to put downward pressure on inflation and to address the legacy of the big-spending ways of those opposite.
Question put:
That these bills be now read a second time.
The Senate divided. [6.24 pm]
(The President—Senator the Hon. JJ Hogg)
Ayes............ 34
Noes............. 33
Majority........ 1

AYES

NOES

PAIRS
Arbib, M.V. Farrell, D.E.

Hutchins, S.P. Birmingham, S. Wong, P. Coonan, H.L.

* denotes teller

Question agreed to.

Bills read a second time.

Senator Conroy—I move:
That consideration of the bills in Committee of the Whole be made an order of the day for the next day of sitting.

Senator BOB BROWN (Tasmania—Leader of the Australian Greens) (6.29 pm)—We will support that motion. However, I would just like to make it clear that the Greens will be standing by the amendments that we have foreshadowed and that the government has inherently agreed to support here. Included in that will be a reference we are looking forward to: the Henry tax review looking at the Greens suggestion of a phase-out of the luxury car tax and the phase-in of a tax based on the fuel efficiency of vehicles. We are pleased that that is going to become part of the tax review and that, in this process of considering this legislation, we have made the first move towards the consideration of taxes in this nation on the basis of not only where the taxes are levied and who pays for them, but also where an environmental good or environmental amenity comes out of that. It is a very big breakthrough. We are looking forward to further amendments in this debate and a much better outcome as a result of both the government’s goodwill in this matter, which is manifest, and the amendments which have been flagged by the Greens. I have not seen any amendments from Senator Fielding and therefore we have nothing to consider. It is incumbent upon us, if we are going to get changes to legislation to achieve better outcomes, that they are made available to the Senate as specified and they are costed if necessary so that we can consider them. I am very pleased that this matter is now going into committee.
Senator ABETZ (Tasmania) (6.31 pm)—by leave—While this motion may well be carried or considered or determined by the Senate, I would suggest, with respect, that the pursuit of this particular motion would not necessarily be in the Senate’s best interest because the former motion that was passed in fact does not, in my submission, represent the will of the Senate.

Senator Conroy—What are you saying, Eric?

Senator ABETZ—What I am saying is that unfortunately one of the Liberal senators was missing for that division and if that senator had been present then the vote would have been negated and we would then not need to proceed to make this particular matter an order of the day for the next day of sitting.

I know, as many honourable senators in this place know, that unfortunately, with activities around this very large building, from time to time people do get waylaid, do not hear the bells, do not hear their pagers. It does become a matter of some embarrassment.

Senator Conroy—I’m not perfect on this!

Senator ABETZ—I must say I am very fortunate, Senator Conroy. In 14 years—

The PRESIDENT—Senator Abetz, address your comments to the chair.

Senator ABETZ—Mr President, I am sure that due to divine intervention it has been very fortuitous for me to claim that over 14 years I have never missed a division. Senator Conroy cannot make that claim and he knows that, with the best intentions in the world, honourable senators sometimes do miss divisions. Therefore, I am giving an indication that we will be seeking a recommittal of the previous vote. While we will not be opposing this particular motion, I think it is appropriate that we give notice to the Senate that we will be seeking a recommittal of the vote tomorrow because the missing senator at this stage cannot be located—hence looking around to see whether the particular senator has in fact returned to the chamber.

Government senators interjecting—

The PRESIDENT—Order!

Senator ABETZ—Mr President, given those particular circumstances, we cannot recommit this evening. On behalf of the coalition, I apologise to the Senate for that inconvenience. I suggest we put the motion before the chair and we then deal with the matter of recommittal tomorrow morning.

Senator FAULKNER (New South Wales—Special Minister of State and Cabinet Secretary) (6.34 pm)—I find that a most extraordinary contribution on the question before the chair from the Deputy Leader of the Opposition in the Senate. Normally in these circumstances, if a senator is not present in the chamber and a suggestion is made by any senator in the chamber that the will of the Senate has not been reflected in a vote of the Senate, an explanation far more forthcoming than the one we have just heard from the Deputy Leader of the Opposition in the Senate is provided. It is true that the question before the chair is obviously in no way going to affect the recommittal of a previous vote if leave is granted for such a recommittal or standing orders of the Senate are suspended in a way which would allow for a recommittal to occur. Linking these two issues is not necessarily a matter that is of consequence. It is competent for the previous vote’s decision to be recommitted if that is the will of the Senate, regardless of whether the question before you, Mr President, is agreed or not. I think anyone who has an understanding of the way Senate procedures work would be aware that that is the case.
Now that I am so old, I can speak to the Senate as the second-longest serving senator in this place. And I have never heard in the time I have been here of a situation where we have not at least had the real situation in relation to a senator who missed a division identified before the chamber. That is something that in my experience in the chamber—which I admit is long—

**Senator Abetz**—Some would say too long.

**Senator Faulkner**—Many on the other side would say too long; that is true, Senator Abetz. But I have never heard of a situation where a proper and full explanation has not been provided. I found it quite extraordinary that the Deputy Leader of the Opposition would make such a contribution before the Senate without firstly identifying for the chamber who the senator was who missed the division. We have not been informed about that. Secondly, we have not been informed as to why that senator did not attend the chamber.

I have a very long record in this place—as long-serving opposition senators would know—of always taking the view that the will of the Senate should be reflected in votes that are taken. I have never deviated from that principle the whole time I have been here—whether it was during the life of the Keating government, when I managed government business in this place; whether it was during the life of the Howard government, when for the vast period of that time I was Leader of the Opposition in this place—and I have not changed my mind now that the Rudd government has been elected to office. In relation to the coalition, the same principle, the same consistency, has unfortunately not applied. It has not applied and it should apply.

**Senator Conroy**—Name names! Who did it and when?

**Senator Faulkner**—I can later in my speech, Senator Conroy, share some of these experiences—if that is necessary—with members of the opposition. But I would suggest that the correct course of action here, in the first instance, is for us to hear from the senator concerned what the circumstances were surrounding their absence from the division. That ought to be provided to the Senate as a matter of urgency.

I would hope that, under the new leadership in opposition of Senator Minchin, the Liberal and National parties—the coalition—are going deal more consistently with these issues. I happen to believe that is in the long-term interests of the Senate. I believe it is in the long-term interests of both the Labor and the non-Labor parties in this place. It happens to be a good way for the Senate to work. Because everybody in this chamber knows that so much of what occurs in the good management of this place happens outside the chamber. So much depends on goodwill and on negotiations that are conducted with a reasonable spirit, but most importantly where commitments can be made and honoured.

This is a very significant budget measure. It has a huge impact on the government’s recent budget, and what the government is about to be asked to do is recommit a vote knocking over a budget measure when the opposition has not had the internal discipline even within its own party to vote on this matter. Do not forget—and no senator should underestimate the significance of this—

*Honourable senators interjecting—*

**Senator Faulkner**—I want to say this: in the time that I have been a senator in this chamber, I have not seen a recommittal on a matter as serious as this.

**Senator Minchin**—That is not right!

**Senator Faulkner**—You say that it is not right by interjection, Senator Minchin,
not from your seat. If you say that it is not right, you name a more significant issue where a senator or party has asked for a recommittal.

We all know the measure that the second reading vote related to—the Tax Laws Amendment (Luxury Car Tax) Bill 2008. And we all know what that measure did, which of course was to increase the luxury car tax rate from 25 per cent to 33 per cent to apply on and from this year. And we all know the impact on the budget here of $555 million. That is the hole that the opposition is blowing in the government's budget, and they cannot even get their own senators into the chamber to vote on the matter. That is unprecedented. That is serious. How seriously do you think the Australian people should take an opposition that argues a case on an issue like this but cannot even exert the internal discipline to get its own senators into the chamber to vote on this sort of matter?

I believe that what the Senate faces here is something that is, effectively, unique in its history. At the end of the day I expect that there will be more goodwill around the chamber from those who have supported the bill than from those who have opposed it. There will be more consistency in approach. But this matter does warrant a more responsible, reasonable approach than the one we have heard from the Deputy Leader of the Opposition. I argue very seriously to the Leader of the Opposition that that is a way forward. I cannot speak on this matter and I do not pretend to on behalf of the government, but I can say on behalf of the government that I know how consistently we have dealt with these matters in the past—absolutely consistently. We have never varied, and I personally have never varied and would not vary, from the principle of the will of the Senate being reflected in the decisions it makes. But here is something for every opposition senator to give some consideration to over the hours and days ahead: to remember these principles, to take account of them, to ensure the good management of this place and to ensure political process and parliamentary process is disciplined and principled, understanding that differences occur in this chamber.

I make those comments to the chamber and say in conclusion that I do not believe the question before the chair impacts in any way in terms of preventing the recommittal, and I say that in terms of whether the question before the chair is agreed to or not agreed to, because the question may not be agreed to if the will of the Senate is as Senator Abetz has indicated and as Senator Minchin intimates. That is certainly the case. So I do not think that the fate of this particu-
lar question before the chair is relevant to the recommittal. In fact, I do not believe that whether that question is put or not and is agreed to or not is relevant to the recommittal, but I do ask opposition senators to think about these comments and respect the principles behind them.

The PRESIDENT—Senator Boyce, do you wish to speak on the question before the chair?

Senator Boyce—I am seeking leave to make a personal explanation.

The PRESIDENT—You will get that opportunity. I am going to put the question that is before the chair, which is that the motion moved by Senator Conroy be agreed to.

Question agreed to.

PERSONAL EXPLANATIONS

Senator BOYCE (Queensland) (6.49 pm)—I wish to make a brief personal explanation. I am the senator to whom Senator Faulkner is referring.

Senator Faulkner—Mr President, on a point of order: I would be very happy to grant Senator Boyce leave, but this statement can only be made by leave.

The PRESIDENT—Is leave granted?

Leave granted.

Senator BOYCE—I apologise again for that, Mr President. Mr President, let me say to the Senate that I am sincerely sorry for the inconvenience I have caused by missing that division. I have in other circumstances joked that I have a pavlovian response to the division bells. I was attending a Water Services Association of Australia function which was being addressed by Senator Wong at the time. When I was told that I had missed this division, I said to colleagues there that the bells did not ring. They told me that the bells did ring up there. I genuinely would like to tell the Senate that I did not hear those bells. I am very sorry and I guarantee that I will not miss another division.

Senator FAULKNER (New South Wales—Special Minister of State and Cabinet Secretary) (6.51 pm)—I seek leave to make a short statement on this matter.

Leave granted.

Senator FAULKNER—First of all, let me thank Senator Boyce for her explanation and note that that is the proper course of action—that the senator who missed the division identify themselves and then explain to the Senate what occurred. I will also say that this is, as I think senators who have served here for some time know, certainly not unprecedented. It does happen from time to time. One always hopes it is not oneself when it occurs. So far—touch wood—in 19 years I have not had to make such an explanation but I bet I will be next, having said that.

An opposition senator interjecting—

Senator FAULKNER—Yes; but, knowing you, you will be before me. Mr President, given the hour and given the business before the Senate—and I would like to speak to my chamber management colleagues and probably consult our leader—I believe the appropriate course of action here would be for leave to be granted but for the recommittal to occur tomorrow morning. I think this is also the normal way that we deal with these matters. I would respectfully suggest, through you, Mr President, that Senator Minchin contemplate this as no doubt some consideration of this will continue via statements by leave.

Senator ELLISON (Western Australia) (6.53 pm)—I seek leave to make a short statement.

Leave granted.

Senator ELLISON—Mr President, after discussion with a number of senators here, I
believe the appropriate course of action is for the vote to be recommitted tonight. During the time I have been here, my experience in a situation like this has been that the recommittal has occurred at the earliest opportunity after the error has been found. I understand that Senator Brown was going to seek leave to make a short statement as well. Should that leave be sought, I can foreshadow that the coalition will grant that. I certainly would seek a recommittal of this. We had envisaged the luxury car tax bills going on until 7.20 pm anyway. It was something that had been the subject of discussion between the Manager of Government Business and me. I think that senators would have been aware that there was a possibility of a division occurring at this time. On that basis, I would be seeking leave shortly to have the question on the second reading of the luxury car tax bills put again tonight.

Senator BOB BROWN (Tasmania—Leader of the Australian Greens) (6.54 pm)—I seek leave to make a short statement.

Leave granted.

Senator BOB BROWN—Mr President, firstly I would seek your confirmation of my belief that it would require another motion from the Senate to bring us back to the luxury car tax bills.

The PRESIDENT—Yes. Firstly, leave would need to be sought such that a recommittal motion could be put. Then, if leave were granted this evening, the recommittal motion would be put and would be the subject of debate before the chair.

Senator BOB BROWN—That is my understanding. Thank you, Mr President. Because that is subject to debate, further comment can await that. It is the tradition of this Senate—and it is an extremely important one—that where somebody has inadvertently or without any deliberation missed a vote which is crucial to the outcome that such a recommittal occur. It is a very valuable and precious tradition that we are talking about here, because it does mean that the ultimate will of the Senate, whether or not we like it, is expressed and that advantage is not taken of a senator missing a vote because, as on this occasion, the senator did not hear the bells and there was no intention on the senator’s behalf to miss the call. The senator has given that explanation and I agree with Senator Faulkner that that should be and is accepted. However, I also think that the matter does deserve some debate. We are in a new period of balance of power in the Senate and all of us must reflect on that. I will keep further remarks until the proper time in the next half-hour.

Senator LUDWIG (Queensland—Minister for Human Services) (6.57 pm)—I seek leave to make a short statement.

Leave granted.

Senator LUDWIG—Mr President, the situation we got to earlier this evening is that we went to a vote on the second reading in respect of the bill. As I understand it, the opposition lost that vote in the sense that it got carried. As I understand it, it failed in that sense because a senator was absent. In this place, as all of us know, the usual situation is that a particular senator will call in and make a personal explanation as to the reason for their inability to be in the chamber for a particular vote. I, like Senator Faulkner, touch wood that it would never be me—nor would I want to be in the position of the particular senator in this circumstance.

However, the situation we have now progressed to is where there has been a motion to adjourn the second reading debate. It seems to me that the second part of the difficulty we are confronted with is that it is now past 6.50 pm, the usual time for consideration of government documents to commence. We are now approaching the hour of seven...
o’clock. The difficulty which confronts us all is that the principle in this place has always been that, if there has been a vote, it should reflect the will of the Senate. Everyone agrees with that; no-one disagrees with that statement. To ensure that that does in fact occur, my view is that we should recommit the matter tomorrow so that we can ensure that everyone is here—that they have not left the building, that they have not, like Senator Boyce, gone to another function—and so that everyone can understand what has happened. The other fundamental issue is that all senators are made aware of what has actually happened this evening so that that serves as a timely reminder for people to meet their commitments in the chamber when the bells ring.

My view is that, given the hour of the evening, it would be more sensible to ensure that the debate on the consideration of government documents be proceeded with. We could then adjourn at 7.20 pm, which is the usual time, and allow this matter to be re-committed tomorrow so that the true will of the Senate can be reflected. What I would not want to see, obviously, is the vote being re-committed, passing again and then us ending up with another problem on our hands with another senator trying to come into the chamber and explain why they were not here.

It is really important that we reflect upon what has happened and upon the opposition’s position of not being able to gather all their senators together to vote. That is unfortunate and it does occasionally happen, but it is probably a little bit sharp that it has happened in respect of this particular bill. In any event, what you would not want to happen is for this circumstance to occur again this evening, given the time, and for us then to end up in a similar position going through this motion again.

If we allow the matter to rest, we ensure that it is dealt with at the proper time tomorrow. We know that all senators will be and should be present then. Everyone will be advised of the need to turn up for that vote. They will understand the obligations that they have to meet in this place. I am sure on that basis we could proceed with the vote to reflect the true will of the Senate, as the government and opposition similarly agree. I submit that that is now the position we are in, as unfortunate as it may be. But it is a more sensible position because, without doing a numbers count all the way round, we could quite frankly end up in the same position, which would be a double embarrassment to the Senate and particularly to the opposition.

Senator Ellison—That is not what we agreed.

Senator LUDWIG—I will take that interjection. What we had agreed in respect of what would happen this evening, as I understood it, was that if we needed time to deal with the second—

Senator Joyce—Mr President, on a point of order: although I cannot, maybe you can direct the Manager of Government Business on standing order 196, which deals with tedious repetition. I know what is happening here—we are getting continual recycling of the same issue in order to filibuster.

Senator Conroy—Mr President, on the point of order: there is clearly no point of order. Senator Ludwig was granted leave to give a short statement and he is doing just that. To waste the time of the chamber with spurious points of order like that really does not reflect well on you, Senator Joyce.

Senator Faulkner—Mr President, on the point of order: I think this is an extremely important point and I commend it again, through you, to the opposition. Can you con-
firm that government business concluded at 6.50 pm?

The President—The advice that I have is that government business concluded at 6.50 pm but that that does not preclude the consideration of the seeking of leave to make a statement by Senator Boyce or other people, should they choose to seek leave.

Senator Ludwig—I will take that issue up. The position outlined was that—and it is complex, but I will go through it—if we got to the end of the second reading debate before 6.50 pm, we could conclude that debate then. If it went after 6.50 pm, we could conclude it after that time. The point of the division was the conclusion of the second reading debate. If the division occurred and there was time remaining after 6.50 pm, we would go on to the higher education bill.

We often arrange across the chamber to use government document time for government business. What happened is that we went to a vote. After the vote, we discovered that there was a supervening event and that what was expected to happen did not happen. At that point the agreement was not breached. We agreed to do exactly what we did. What has now happened is that there was a supervening event—that is, the coalition, through Senator Boyce, did not manage to ensure that their will, and in fact the will of the Senate, be reflected. Given that event, the second supervening event should be that we recommit the vote as per the normal procedures, unfortunate though that might be.

What I suggest is that it is more sensible to deal with this on the morrow, given the hour and because of the circumstances that have occurred this evening. There is no breach of our agreement—a supervening event has occurred. What I now suggest as the more sensible and practical approach to take is that we allow the Senate to express its will tomorrow in respect of this vote. That is the more sensible thing to do to ensure that we truly reflect the Senate’s will, given the hour that we now find ourselves in.

It is a simple position that should be adopted, it is the normal course of events that would have been adopted and it ensures that we do not end up in the same position again—that is, having another vote that is not reflective of the Senate because of other events that transpire. For instance, I do not know whether the Independents, the Greens, other coalition senators or our own senators are in the building and are aware of what is going on this evening.

I grant that the circumstances are unusual. If the opposition had had all of its senators turn up, the matter would have been proceeded with and we would have been able to go on to higher ed until 7.20 pm and then have the adjournment debate. But there was, as I have said, a supervening event. That supervening event warranted leave to be granted for the person to provide a personal explanation. We have now all heard that personal explanation, we understand the position and it is now sensible to take the next course of action, which is to wait for the matter to be dealt with tomorrow.

Senator Minchin (South Australia) (7.07 pm)—by leave—As Senator Faulkner and others well know, it is a long established principle that votes of this kind are recommitted when one or other senator for whatever reason is absent. That has occurred in my experience, in the 15 years I have been here, on both sides of this chamber. It is to the credit of this Senate that that convention has properly been observed. The other part of that convention is that the recommittal should occur as soon as possible after the initial vote that was prejudiced by the absence of one or other member. The fact is that the adjournment tonight is at 7.20 pm. We can have a technical debate about
whether the government agreed that the consideration of government documents would be forgone. We understood that was the case, that government business would continue until 7.20. In any event, all senators know that the adjournment is not until 7.20 and that they should be available for votes until 7.20.

This Senate is not going to be easy for any of us to manage for the next two or three years, as it is so finely balanced. Senator Faulkner has properly recognised that for the management of this Senate it is critical that both sides recognise the principle of recommittal in these circumstances. But I would appeal to the Labor Party to grant leave for this recommittal to occur this evening in the interests of ensuring as best we can the efficient, effective and conciliatory management of this Senate over the next two to three years. There is no good reason for the recommittal not to occur now. The division bells can be rung now and this vote will be concluded by 7.20, which is the time for the adjournment. I would, with all the goodwill that I can bring to bear, appeal to the Labor Party not to deny leave for this recommittal to occur now.

Senator CARR (Victoria—Minister for Innovation, Industry, Science and Research) (7.09 pm)—I seek leave to make a short statement.

Leave granted.

Senator CARR—These are quite extraordinary times. We have a situation where the opposition are seeking to uphold the longstanding principle that the will of the Senate should be maintained in votes, a principle that the opposition have now discovered with some force—and I must say we had some difficulties with them understanding this in the past when they were in government. It is essentially a principle that is conceded on both sides of the chamber. It is extremely important that the Senate’s will is reflected in the votes of this place. If a senator is not able to attend a division or by misadventure fails to attend a vote then there is a convention that the senator—as Senator Boyce has done—gives an explanation for the failure to attend the vote. I understand this may be the first occasion for Senator Boyce on which that has occurred. I do not recall circumstances where I have been obliged to do that because I think I have met the fundamental requirement, the obligation, of senators to come into this chamber and cast a vote.

Senator Heffernan—You’re as pure as the driven snow!

Senator CARR—You say that I am as pure as the driven snow. I think on this matter I have got reason to make a claim that my voting record is appropriate and that I have fulfilled my obligations to vote in divisions. I certainly have not placed the chamber in a position where the will of the Senate has been frustrated or where a vote has been taken which does not reflect the will of the Senate. That is a simple proposition. Senator Boyce has sought to clarify the reason for her failure to vote. But the really big issue here is the circumstances that surround this issue. We are not talking about just any particular matter. We are talking about a measure that is—

Senator Ellison—Mr President, I rise on a point of order. Leave was granted for a short statement, and I would ask you to direct the senator to the fact that it should be a short statement and ask that he conclude his remarks.

The PRESIDENT—I cannot direct the senator to conclude his remarks, but I can draw the attention of the senator to the fact that leave was sought to make a short statement.
Senator CARR—Mr President, I am making a short statement. I am drawing the attention of the Senate to the manner and the circumstances that surround the appalling behaviour of the opposition in this matter. What we have here is a budget measure which has the effect of raising some $550 million—over half a billion dollars—worth of revenue and we have a proposal by the opposition to knock over that measure. We have had the second reading vote, and by their misadventure the vote failed to deliver the result that they were anticipating. They have then sought to get the vote recommitted. They have tried to do it at this time of night. They have tried in the middle of the night to move a proposal. We all understand the normal procedure of the Senate, and senators who may well have left this building will not be aware of the circumstances that surround the recommittal.

The opposition are now seeking to recommitt to a vote this measure to take $550 million from the government’s surplus. Five hundred and fifty million dollars is what this vote is all about. We should not ever move away from that basic proposition. We have a situation where the opposition is now seeking to cut tax on luxury cars for wealthy people rather than provide interest rate cuts for working families. That is what this debate is really all about. It is not some procedural, simplistic matter of a senator failing to fulfil their obligations. It is a fundamental measure about the opposition seeking at this hour—well after the proper conclusion of government business—to move a recommittal of the vote, with the effect of removing $550 million from the surplus. This is an opposition that is seeking to blow a hole in the budget of $550 million.

We have a simple proposition: that this matter ought to be recommitted in due time, when senators have an opportunity to cast their vote properly. That time is tomorrow, and that is to give people notice that this matter is being recommitted to a vote. The votes of the Senate would normally have been concluded by 6.50, on any reasonable reading of the standing orders. Senators may well have left the building. Senators are entitled to leave the building under the normal operation of the standing orders. But what you are trying to do, at 7.15 this evening, is to recommitt to a vote a measure to take $550 million out of the budget and to do so as a result of your poor organisation.

Senator Abetz, as we know, is taking control of the tactics committee. We all understand that Senator Minchin has failed in his responsibilities in terms of his leadership of the opposition. We have seen the circumstances of question time today, where you cannot even ask questions of the right minister. You are so badly organised. You are so incompetent. You are such a bunch of dilletantes that you cannot even organise your raid on the budget properly. You have to do it in the middle of the night. This is your game. Your game is to essentially—

Senator Ellison—Mr President, I raise a point of order. Leave was given for a short statement. By any judgement, Senator Carr has now abused the leave that was granted by the Senate. It is not a short statement that he has made. It has been going on for more than five minutes. I would ask you to draw the senator’s attention to that.

Senator Conroy—Mr President, on the point of order, Senator Carr is making a short statement. By any judgement, Senator Carr has now abused the leave that was granted by the Senate. It is not a short statement that he has made. It has been going on for more than five minutes. I would ask you to draw the senator’s attention to that.

Senator Conroy—Mr President, on the point of order, Senator Carr is making a short statement. He has been interrupted on a number of occasions. If those opposite had stopped interjecting and taking spurious points of order, he may have actually concluded.

Opposition senators interjecting—

Senator Conroy—But those interjections, like those that are going on now, are slowing down the business of the Senate. If the oppo-
sition would allow Senator Carr to finish, I am sure he will draw to a conclusion within two or three minutes.

Senator CARR—Mr President, on the point of order, I have been seeking to make a short statement to the Senate concerning the incompetence of the opposition, who cannot even organise a raid on the budget properly. That is what I have been seeking to do and I have been rudely interrupted by a wilful opposition that does not wish to face up to the truth. I think I should be able to conclude my statement in a proper manner without these wanton interruptions.

Senator Ellison—Mr President—

The PRESIDENT—Senator Ellison on a point of order?

Senator Ellison—No, he sat down and I am seeking leave to have the question on the second reading of the luxury car tax bills put again.

The PRESIDENT—No, I have not yet ruled on the point of order raised by you. Let me say that there are some difficulties in the issue that you raise. The difficulty is that in terms of the words ‘short statement’ I have no definition, no clarity, other than the precedents before me in this chamber where people have sought leave to make short statements, and those short statements have varied in length. Having said that, I am cognisant of the fact that this matter is before the Procedure Committee by way of representation tomorrow. I understand that I cannot sit a senator down and stop them from addressing the chair in this matter. It is clearly something that needs to be resolved if people are to seek leave to make short statements before the chair. It is very difficult to impose on the chair what actually constitutes a short statement. In those circumstances, Senator Ellison, whilst I hear your point of order, I am sure that this matter will be taken up before the Procedure Committee tomorrow and I cannot rule in favour of your point of order other than to call Senator Carr, who had the call and was on his feet.

Senator CARR—I have been seeking to make a short statement concerning these events, which are quite extraordinary. I do not think I was speaking for any more than five minutes. By any reasonable definition I would have thought that five minutes would constitute a short statement. I have been interrupted on numerous occasions. There have been numerous points of order. As a consequence there have been considerable amounts of time spent on spurious matters raised by the opposition, who are quite frankly in a situation where they are once again demonstrating—

Senator Conroy—A shambles!

Senator CARR—They are a shambles. What you have got is a rabble. I am very disappointed that you have failed in your obligations to even get your senators into the chamber to vote on a raid on the budget of this size. I am very disappointed that the opposition felt that they were not able to muster the numbers that they needed to actually do this and that they sought to bring forward at this hour a proposition which would in fact see many senators being seriously disadvantaged in the reconsideration of a matter of this significance. This is no ordinary matter. It is my contention—

ADJOURNMENT

The PRESIDENT—Order! It being 7.20 pm, I propose the question:

That the Senate do now adjourn.

Mr Greg Urwin

Senator PAYNE (New South Wales) (7.20 pm)—I rise tonight to pay tribute to a great Australian, a great diplomat and a great man of the Pacific, Greg Urwin. Pacific Island nations, along with Australia, New Zealand and international donor nations, will
together mourn the loss of Greg Urwin, a man who has had a substantial impact on the development of Pacific Island nations. Greg died in Samoa on 9 August this year. He made an outstanding contribution to Australia’s involvement in and understanding of the Pacific region. His first diplomatic appointment to the Pacific region was to Apia, Samoa, in 1977, at a time when some Pacific countries were still emerging as independent nations and others were yet to do so. In the ensuing 30 years, his commitment to the region and importantly to its people never wavered.

Of his pending appointment as the first Australian Secretary General of the Pacific Islands Forum in 2004, Greg said, ‘Once I’m the Secretary General, I’m not an Australian, I’m an international civil servant and I’ll be the servant of all the members of the forum.’ This approach underlined his uncompromising attitude toward pursuing the interests of the Pacific. Greg did not shy away from elements of disquiet and controversy that surrounded the appointment of an Australian to the role as head of the forum. He recognised that the election of an Australian to head the forum may cause concern, but his appointment was fully endorsed when he was returned to serve a second term as Secretary-General from October 2006.

His achievements included playing a very important role in drafting the Biketawa Declaration. The Biketawa Declaration was adopted by forum leaders in 2000. It was a declaration which recognised that at times the internal affairs of a forum member might be of such gravity that they represented a legitimate concern to the other forum members—that a problem for one member was a problem for all. This was a crucial step in developing procedures for dealing with difficulties that arose in the Pacific, including conflict-prevention measures. It particularly enabled the formation of the subsequent Regional Assistance Mission to the Solomon Islands in 2003, a milestone for collaborative and cooperative action in the Pacific. Greg also saw in the Biketawa Declaration important recognition of Indigenous rights and cultural values—recognition that those issues could not be divorced from other, broader issues like the upholding of democratic processes and good governance.

Both RAMSI and the Enhanced Cooperation Program in Papua New Guinea were seen by Mr Urwin as examples of an Australian approach to Pacific policy which was a departure from earlier policy in that they were direct and active engagements designed to confront a range of issues and problems. In many ways, I think Greg saw this as the only practical option for Australia. He recognised that accusations of neo-colonialism and ambivalence about Australia would inevitably accompany Australian or Australian-led initiatives in the Pacific, but he also acknowledged that such less favourable views of Australia ought not to be defining concerns for us, and he wrote of this in an editorial piece in the Australian Financial Review around that time.

He was interested in sustainable outcomes and benefits, and he was an advocate for the Pacific as a whole. The Pacific Plan, which was endorsed by forum leaders in 2005, was another project in which Mr Urwin had a very significant involvement. The plan is constituted around four pillars on which initiatives were then developed: economic growth, sustainable development, good governance and security. It is that type of complete, holistic approach which characterised Greg’s vision, born out of decades of experience and a particularly keen understanding of the region’s history. The vision of the region as a whole—thinking of the entity of the Pacific—is the basis of what now really drives Australian policy in the Pacific. He saw the Pacific Plan—I am advised that it
was a title to which he laughingly referred as a bit of a worry occasionally, saying, ‘It sounds like Joseph Stalin’—as something that would be a ‘living, ongoing thing’, as he was reported as saying. He obviously knew that no prescriptive, one-off document or plan could possibly hope to be of meaningful value in countering the broad range of problems which would inevitably arise in the Pacific region. He viewed the Pacific Plan as, if you like, an entry point for discussions related to Pacific cooperation, development and integration.

Greg saw Australia’s future as being in part dependent on the long-term relationship it could establish with our immediate region and worked throughout his professional life on establishing and developing these relations. Although he was, of course, born in Australia, Greg was often referred to as a ‘son of the Pacific’, including recently by the Prime Minister of Tonga, the Hon. Feleti Sevele, in his tribute to Mr Urwin. Journalist Graeme Dobell—well known to many of us, particularly those with an interest in international relations and foreign affairs—wrote of Urwin:

He’d drunk kava—

of which he was a renowned connoisseur—
at one time or another with just about everyone who plays for power in the Pacific.

That is certainly a feat I would not like to try and emulate! As well as his diplomatic appointments to the Pacific, including posts as head of mission in Fiji, Vanuatu and Samoa, Greg worked with the Department of Foreign Affairs and Trade in Canberra. His knowledge and comprehension of the region proved invaluable in DFAT—and I know many of his fellow officers would acknowledge that at the drop of a feather—most particularly during the Bougainville crisis in Papua New Guinea, which early tested Australian-PNG relations. The Department of Foreign Affairs and Trade publication *The Bougainville crisis: an Australian perspective* makes clear its recognition of Greg Urwin’s contribution.

In spite of the sometime preponderance of negative comment on the Pacific in the Australian media and elsewhere, Greg was keen to highlight that not all was bad in the region. He contrasted the problems that had occasionally been experienced on the national level in a number of nations with more positive developments at the communal level: strong clan and family life, the role of the church across a number of the Pacific nations, voluntary organisations and sport. I know that every single member of parliament who has the opportunity to visit the Pacific, almost no matter where they go, can also make those observations as they meet with communities and community leaders and see those strengths of value and community.

He had an uncanny ability to delve beneath the obvious and to envisage a manner in which the different requirements and demands of Melanesia, Micronesia and Polynesia could be met. He ventured that a common thread in all of these cases would:

… be about finding the appropriate accommodation between modern national methods of governance and older priorities and practices.

These are words which we would do well to reflect upon today. He was aware that the imposition of systems could not be effective and durable unless all stakeholders and people had an important role to play. His contribution was recognised with the award of the Public Service Medal in 2001 for outstanding contribution to Australia’s relations with the Pacific and again in 2003 with the award of the Centenary Medal for outstanding public service for his efforts in advancing Australia’s interests in the Pacific.
I met with Greg most recently in Suva in late 2006 to discuss the inquiry then being conducted by the Human Rights Subcommittee of the Joint Standing Committee on Foreign Affairs, Defence and Trade on Australia’s aid program in the Pacific. I was then, as ever, grateful for his advice, his professionalism and the very important role that he was playing in the Pacific then as the Secretary General of the Pacific Islands Forum. I also reflected, as I was reading a number of obituaries and words written and spoken about Greg after his death, on his sense of humour, his infectious laugh—which was widely reported—and those very many aspects of his personality which endeared him to so many people.

His understanding of the Pacific region as a whole and of many of the individual nations and communities, I believe, remains unmatched, and he will be greatly missed as a great Australian and a diplomat in every sense of the word. In concluding this evening, I wish to extend my sympathies to his family—his wife and their sons—and to his very many friends and colleagues who mark the passing of a consummate professional.

Bridgewater High School

Senator CAROL BROWN (Tasmania)

(7.29 pm)—I rise to speak briefly tonight on the long-awaited announcement late last week by the Tasmanian Premier, David Bartlett, concerning the future of the provision of education and training in the Bridgewater and Southern Midlands communities, in Hobart’s outer suburbs. This is an issue my colleague the member for Franklin, Ms Julie Collins, and I have brought to the attention of the parliament on a number of occasions. From the start, since the Bridgewater High School’s destruction by fire, Julie and I have been supporters of the re-establishment of the high school on its original site. Ms Collins brought to the House’s attention on Monday her support for the Premier’s announcement when she said:

It was with pleasure that I welcomed Premier David Bartlett’s announcement last Friday accepting the Bridgewater and Southern Midlands Education Renewal Taskforce’s recommendation to build a new facility on the original Bridgewater High site, one that will include grades 9 to 12 as well as an adult learning provision.

The Premier’s announcement that a new, state-of-the-art education facility would be built on the original Bridgewater High School site, with the state government setting aside up to $40 million for this project, was welcomed by the Bridgewater community. The Premier announced that the government would accept nine of the 11 final recommendations of the Bridgewater and Southern Midlands Educational Renewal Taskforce set up to investigate options for the future of education in the area, following the area’s main high school being devastated by fire last October—and I thank the task force members for their work and diligence.

The most significant of the task force’s recommendations is for the building of a new facility on the original Bridgewater High School site which will include grades 9 to 12 and an adult learning provision. The Bridgewater model, from birth to adult learning, will proceed over the next five years, but the Brighton component will be further developed in consultation with the community. The way education is delivered in the area will be revitalised based on extensive community consultation. Under the model announced by Premier David Bartlett last week, education provision in the area will take the form of a middle-school model, with the establishment of separate centres for birth to grade 4, grades 5 to 8 and grades 9 to 12, to better cater to the specific needs of the community. The Bridgewater and Southern Midlands community will have access to...
lifelong education and training opportunities within the community.

Indeed, this announcement fits in with the Premier’s stated goal of improving education provision in the state to ensure that it fits the needs of differing communities. By announcing a new direction for education and training in the Bridgewater and Southern Midlands areas which retains the core education and training facility in the heart of the Bridgewater community, this is exactly what he has done. He has listened to and taken note of not only what is in the best interests of the future of the area but also what is in the best interests of the community.

What makes the long-awaited decision so significant is not the fact that, in accepting the recommendations of the task force, the Premier has embarked on the first pilot project of the middle-school model of education in the state; what makes it so significant is what it means for the community, who have struggled with uncertainty following the loss of the high school to fire last October. Let me put this into perspective. The suburb of Bridgewater, where the previous high school was located before it was destroyed, is one of the most socially marginalised and externally stigmatised areas in Tasmania. However, as is the case with most areas that suffer their fair share of knocks, Bridgewater has maintained a strong sense of community.

Indeed, for many of the 370 students who attended the high school and their families, the school was much more than a place of learning; it provided a social hub in which a great deal of community pride was invested. The loss of the school last October obviously took a huge toll on the local community, who were devastated to wake up one morning to discover the high school, situated in the heart of the community, had been destroyed. Gone was not only the high school but also the primary place for social networking and support for many students and members of the wider community. The tragic loss of the school took a heavy toll on staff, students, parents and the community. Students were initially forced to temporarily relocate to either of the two schools around 10 to 20 kilometres away. The high school students are now temporarily located in one of the primary schools in the area, with students from the primary school co-located with another primary school. The staff from each of the schools in the area should be congratulated on the professionalism they have shown in ensuring students still have access to the resources they need to continue their learning.

The community should also be congratulated on the way in which it has handled all that has occurred after the fire: everything has been done with minimal fuss and bother, with the best interests of the children always at heart. Indeed, one of the strongest qualities to arise from this tragic event has been the way in which the community rose to the challenge. The impact of the fire was felt by not only the students and their families but by the whole community. In fact, in the days immediately following the fire, a number of concerned residents banded together and formed a community lobby group to ensure that the high school was rebuilt on the original site and not taken out of the reach of the growing number of young people who live there—and so the Keep Bridgewater High on its Original Site steering committee was formed. It is fair to say, I believe, that its intent received bipartisan support from both state and federal politicians.

The committee originally lobbied the Premier to have the school rebuilt on the original site. However, once the task force chaired by Tony Foster, Mayor of Brighton, was announced, to examine not only the viability of rebuilding the high school but also the entire future of education provision in the
area, the committee quickly set about engaging the community and raising awareness of the future of education in the Bridgewater-Gagebrook and wider area. Participating in the public consultation process undertaken by the task force, the committee became the voice and face, if you like, of the Bridgewater community. It kept its finger on the pulse at each and every stage of the consultative process, reminding those outside the community of the urgent need for a decision and the strong need for a facility to be rebuilt on the original site. The passion and commitment to the cause shown by the members of the committee, including spokeswomen Ronda Cockshutt, Linda McKenzie, Angela Knight and Vicki Graham, is commendable and was untiring.

In March this year, after doorknocking literally every residence in the Bridgewater, Gagebrook and Brighton communities, the steering committee presented the state Minister for Education, David Bartlett, with a petition containing over 3,500 signatures. That’s 3,500 signatures out of a community of 5,000. Mr Bartlett welcomed the input from the local community and said that he would consider the interests of the community when making his final decision on where the new education facilities for the area would be built.

Indeed, the Premier stayed true to his word. When announcing his decision, last week, to implement nine of the 11 recommendations of the task force, and to rebuild the primary facility on the original high school site, the Premier acknowledged the hard work which Ms Cockshutt and the committee had put in to have the community’s interests heard.

The decision, which will see a state-of-the-art education and training facility in the state being built in one of the most socially marginalised communities, was the right decision not only for the community but for the future of education in our state. The decision reflects a coming together of minds—not only about what is good for the future of education in our state, but also about what is good in terms of the specific needs of specific communities.

In closing, I think it is fitting to describe to you the scene at last week’s announcement by the Premier. Walking into the temporary high school, I was first greeted by a group of excited young girls who obviously had been working hard catering for the morning tea held to hear the Premier’s announcement, and I congratulate them on providing very tasty fare. Committee spokeswoman Ronda Cockshutt was nervously awaiting the Premier’s arrival. Following the announcement by the Premier, and in a true sign of what the decision meant for the community, Ronda, overcome with emotion, presented the Premier with a plaque of appreciation thanking him for showing faith in the community and for a decision which is the fulfilment of a community. This is a good news story. And I have to say that its value lies in pleasantly being reminded of the impact our decisions in government can have in communities such as Bridgewater.

It has been a long journey up until this point. However, I look forward to being there, as no doubt the steering committee led by Ronda will be, when the first sod is turned, but more importantly when the first students walk through the doors of the new facility located in the heart of Bridgewater, where it belongs.

**Medicare Funding**

**Senator McGauran** (Victoria) (7.39 pm)—Members of that Senate would be aware of the impending conscience vote in the parliament set down for 17 September. That vote relates to a motion to disallow item 16525 of regulations that provide Medicare
funding under the Health Insurance Act of 1973. The aim of the disallowance motion is to withdraw Medicare funding for second trimester abortions and late-term abortions. There is also a pending conscience vote in the Victorian parliament regarding the freeing-up of access to late-term abortions. The effect of the federal motion and the state legislation is to bring to the parliaments for the first time a debate centred on late-term abortions.

The history of abortion debates in the past has focused on early-term abortions. It is true that late-term abortions are a modern-day phenomenon due to the advancement of medical procedures and scientific breakthroughs. Late-term abortions were not even contemplated in the 1969 Menhennitt judgement, which effectively introduced abortion on demand. It was a ruling for the early term. However, in the past decade or so the number of late-term abortions—at least up to 32 weeks—have increased, and there is estimated to have been over 300 in Victoria in the past year. These late-term abortions are undertaken not only in specialist private abortion clinics but in Melbourne’s leading hospitals, such as Royal Women’s Hospital, which undertakes some 44 late-term abortions per year.

The use and refining of ultrasound has enabled the contemplation of what was once unthinkable—that is, to abort on the grounds of a disability that is in the eye of the beholder. It is known that there are late-term abortions available for disabilities as minor as a cleft lip, or as acceptable a disability as dwarfism. A new category has also slipped into the vernacular, being ‘psychosocial’, which means that the baby is not wanted on social grounds. Regrettably, the disability of Down syndrome has become an increasing reason for late-term abortions.

Given that these issues are relatively new medical and social phenomena, this is an overdue debate in society. It is an issue that has been successfully hidden away, wrapped in society’s acceptance of early-term abortions, but the procedure is much worse, as are the reasons for it. The gravity of the issue is clearer. We are dealing with a fully formed, viable baby. If you are a pro-choicer, within the confines of past debates you would have specifically dealt with early-term abortions. There are competing rights in the early term between the adult and the baby. A clear choice is available. The answer that the pro-choicer gives is that the woman’s right reigns. However, the question is not the same for late-term pregnancies. There are no competing rights between the mother and the baby. The baby is viable at some 20 weeks and can live away from the mother. So the question in the debate on late terms is: do the adults have an unfettered right over the children?

This is the basic human rights question that society must decide. Another reason society must answer this question of limited or unlimited choice is because, as time goes on, the violence of the act increases. The medical process of the late-term abortion must be distinguished clinically from early-term abortion. The method is a more invasive and difficult surgical procedure. The doctor must undertake a greater physical and mental intent to terminate the baby as distinct from early-term pregnancies.

Senator Faulkner—Mr President, I rise on a point of order. I have listened very carefully to Senator McGauran. I am very reluctant to take this point of order but we have to be careful here about standing order 194, where it is not competent for a senator to anticipate a discussion of any subject which appears on the Notice Paper. I am concerned that Senator McGauran may be offending that standing order. However, I try to be gen-
erous in these things, particularly because these are matters subject to conscience votes in this place and one has to be very careful about this. But the anticipation point is a reasonable one and it is often made, so I ask for your guidance on that. Perhaps you would ask Senator McGauran to ensure that he respects that in his contribution.

The PRESIDENT—On your point of order, Senator Faulkner, the debate on the motion in September is quite specific in respect of items in schedule 1 of the Health Insurance Act. If Senator McGauran strays into that specific area, I will have no option but to rule him out of order because that is anticipating the debate. Senator McGauran, I draw your attention to the point of order that has been made and ask that you do not stray into that area of the debate.

Senator McGauran—Yes, Mr President, I will not refer to the coming debate, although I admit I did in the early part of my contribution. I was touching on the matter with regard to undertaking the procedure of late-term abortion and distinguishing that procedure from early-term abortion procedures. I said it was far more difficult surgically—it requires greater physicality and mental intent to terminate the baby. The truth of the matter is that these babies are strong and fight for their lives. Late-term abortion, therefore, is clinically different because the foetus is more mature and consequently larger. It has recognisable human appearances, a solid bone structure, a well-developed cardiovascular system and central nervous system, and is responsive to painful stimuli. It has been well featured in many pictures and documentaries that a baby in the womb responds to an invasion by a probing needle by placing its hands in front of its face to protect herself.

A fine example of this is the shocking yet wonderful story of Gianna Jessen, an American woman who survived abortion. Gianna has been in the parliament for the last two days, meeting with senators and relating her story of survival in the hope that she will inspire them. Gianna survived abortion at seven months of age by being saved by a nurse after being burned in the womb by a saline solution for 18 hours. To quote her:

I remained in the solution for approximately 18 hours and was delivered on April 6, 1977 at 6am in a Californian abortion clinic ... a nurse called an ambulance while the abortionist was not yet on duty ... this happened to me.

I will just read two paragraphs of Gianna Jessen’s biography:

Gianna Jessen does not quit. Giving up is not an option to her. Gianna has what she refers to as the “gift” of Cerebral Palsy. She weighed a mere 2 lbs at birth and the doctors said she would never be able to hold up her head, sit up, crawl or walk. She began to walk by the age of three years old with the help of leg braces and a walker.

Gianna doesn’t believe that her Cerebral Palsy takes away from her life, but, rather, enriches it ... she walks with a slight limp today and runs marathons. On April 30, 2005 she completed her first 26.2 mile marathon after running just over seven hours and was presented with the coveted blank blank award! On April 23, 2006 she completed the London Marathon as well. She is now determined to run marathons all over the place, because she was never supposed to even walk!

The irony of the story is that it is a beautiful story. To meet Gianna is inspirational. She is a very joyous person, a very courageous person, and like all of us she is alive, but she is not meant to be.

We meet many people in this wonderful job that we have. To meet many people—people of high office, low office and no office—is one of the great privileges of public life, and I would have to say that meeting Gianna has been the one of the great privileges. I would urge all senators, or as many as possible, to meet Gianna—whatever position or whatever side of the fence, if you
like, that you take—because she is an inspirational person.

In conclusion, I am convinced that unless a line is drawn in the sand with regard to late-term abortions society will quietly, unnoticed perhaps, but surely fall into the practice of eugenics. Frankly, it is already being undertaken in so many clinics today. However, as a Senate, as a parliament or, more so, as a society, we need to draw a line in the sand on late-term abortions—I make the distinction quite clearly from early-term abortions; I hope I have made the distinction in my speech—otherwise we will quietly but surely fall into the practice of eugenics.

Senate adjourned at 7.50 pm

DOCUMENTS

Tabling

The following government documents were tabled:

ASC Pty Ltd—Statement of corporate intent 2008 to 2011.
Indigenous Business Australia—Corporate plan 2008 to 2013.

Migration Act 1958—
Reports for the period 1 March to 30 June 2008—
Section 91Y—Protection visa processing taking more than 90 days.
Section 440A—Conduct of Refugee Review Tribunal reviews not completed within 90 days.


Tabling

The following documents were tabled by the Clerk:

Higher Education Support Act—Funding Agreements under section 30-25, in respect of grant years—
2008, dated 23 June 2008—
Australian Catholic University.
Curtin University of Technology.
Edith Cowan University.
La Trobe University.
QUESTIONS ON NOTICE

The following answer to a question was circulated:

**Toyota Grant**
*(Question No. 486)*

Senator Abetz asked the Minister representing the Prime Minister in the Senate, upon notice, on 17 June 2008:

With reference to the $35 million Toyota grant which was announced on 10 June 2008:

In detail, what communications did the Prime Minister, his staff, or members of his department have with Toyota between the time of the announcement of the grant in Japan on 10 June 2008 and the time Toyota issued their press statement on 11 June 2008.

Senator Chris Evans—The Minister representing the Prime Minister has provided the following answer to the honourable senator’s question:

There were no communications between my department and Toyota.

My chief of staff did discuss the announcement with a Toyota executive but the decision to release a statement and the content of the statement released by Toyota was a matter for the company alone.