INTERNET

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RADIO BROADCASTS

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

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

Senate Party Leaders and Whips
Leader of the Australian Labor Party—Senator Hon. Christopher Vaughan Evans
Deputy Leader of the Australian Labor Party—Senator Hon. Stephen Michael Conroy
Leader of the Liberal Party of Australia—Senator Hon. Nicholas Hugh Minchin
Deputy Leader of the Liberal Party of Australia—Senator Hon. Eric Abetz
Leader of the Nationals—Senator Barnaby Thomas Gerard Joyce
Deputy Leader of the Nationals—Senator Hon. Nigel Gregory Scullion
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 John Reginald Williams
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]
RUDD MINISTRY—continued

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<td>Assistant Treasurer and Minister for Competition Policy and</td>
<td>Hon. Chris Bowen MP</td>
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<td>Consumer Affairs</td>
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<td>Minister for Veterans’ Affairs</td>
<td>Hon. Alan Griffin MP</td>
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<td>Minister for Housing and Minister for the Status of Women</td>
<td>Hon. Tanya Plibersek MP</td>
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<td>Minister for Employment Participation</td>
<td>Hon. Brendan O’Connor MP</td>
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<td>Minister for Defence Science and Personnel</td>
<td>Hon. Warren Snowdon MP</td>
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<td>Minister for Small Business, Independent Contractors and the Service</td>
<td>Hon. Dr Craig Emerson MP</td>
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<td>Economy and Minister Assisting the Finance Minister on Deregulation</td>
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<td>Minister for Superannuation and Corporate Law</td>
<td>Senator Hon. Nick Sherry</td>
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<td>Hon. Justine Elliot MP</td>
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<td>Minister for Youth and Minister for Sport</td>
<td>Hon. Kate Ellis MP</td>
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<td>Hon. Maxine McKew MP</td>
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<td>Parliamentary Secretary for Defence Procurement</td>
<td>Hon. Greg Combet AM, MP</td>
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<td>Parliamentary Secretary for Defence Support</td>
<td>Hon. Dr Mike Kelly AM, MP</td>
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<td>Parliamentary Secretary for Regional Development and Northern Australia</td>
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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>
<td>Hon. Laurie Ferguson MP</td>
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</table>
SHADOW MINISTRY

Leader of the Opposition
Deputy Leader of the Opposition and Shadow Treasurer
Leader of the Nationals and Shadow Minister for Trade,
Transport, Regional Development and Local Government
Shadow Minister for Broadband, Communications and the
Digital Economy and Leader of the Opposition in the
Senate
Shadow Minister for Innovation, Industry, Science and Re-
search and Deputy Leader of the Opposition in the Senate
Shadow Minister for Infrastructure and COAG and Shadow
Minister Assisting the Leader on Emissions Trading De-
sign
Shadow Minister for Foreign Affairs and Manager of Oppo-
sition Business in the Senate
Shadow Minister for Finance, Competition Policy and De-
regulation and Manager of Opposition Business in the
House
Shadow Minister for Energy and Resources
Shadow Minister for Families, Housing, Community Ser-
vices and Indigenous Affairs
Shadow Special Minister of State and Shadow Cabinet Sec-
retary
Shadow Minister for Human Services and Deputy Leader of
The Nationals
Shadow Minister for Climate Change, Environment and
Water
Shadow Minister for Health and Ageing
Shadow Minister for Defence
Shadow Minister for Education, Apprenticeships and Train-
ing
Shadow Attorney-General
Shadow Minister for Agriculture, Fisheries and Forestry
Shadow Minister for Employment and Workplace Relations
Shadow Minister for Immigration and Citizenship
Shadow Minister for Small Business, Independent Contrac-
tors, Tourism and the Arts

Hon. Malcolm Turnbull MP
Hon. Julie Bishop MP
Hon. Warren Truss MP
Senator Hon. Nick Minchin
Senator Hon. Eric Abetz
Hon. Andrew Robb MP
Senator Hon. Helen Coonan
Hon. Joe Hockey MP
Hon. Ian Macfarlane MP
Hon. Tony Abbott MP
Senator Hon. Michael Ronaldson
Senator Hon. Nigel Gregory Scullion
Hon. Greg Hunt MP
Hon. Peter Dutton MP
Senator Hon. David Johnston
Hon. Christopher Pyne MP
Senator Hon. George Brandis SC
Hon. John Cobb MP
Mr Michael Keenan MP
Hon. Dr Sharman Stone MP
Mr Steven Ciobo MP

[The above constitute the shadow cabinet]
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<td>Shadow Minister for Financial Services, Superannuation and Corporate Law</td>
<td>Hon. Chris Pearce MP</td>
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<td>Hon. Tony Smith MP</td>
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<td>Hon. Bruce Billson MP</td>
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<td>Shadow Minister for Competition Policy and Consumer Affairs and Deputy Manager of</td>
<td>Mr Luke Hartsuyker MP</td>
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<td>Opposition Business in the House</td>
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<tr>
<td>Shadow Minister for Housing and Local Government</td>
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Thursday, 25 September 2008

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

TEMPORARY CHAIRMEN OF COMMITTEES

The PRESIDENT—Pursuant to standing order 12, I lay on the table a warrant nominating Senator Ellison as an additional Temporary Chair of Committees when the Deputy President and Chairman of Committees is absent.

PETITIONS

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

Indigenous Affairs

Petition against the Northern Territory. Intervention

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

The Federal government’s intervention in the Northern Territory is discriminatory against Aboriginal people. Punitive policies such as welfare quarantining, the abolition of Community Development Employment Projects (CDEP) and compulsory acquisition of property are causing enormous hardship for Aboriginal communities in the NT.

Your Petitioners ask/request that the Senate should:

Immediately repeal all legislation passed as part of the NT National Emergency Response package and guarantee the operation of the Racial Discrimination Act 1975 in all future legislation. We further request that the Government commit substantial resources to the long-term provision of infrastructure and social services in all Aboriginal communities across Australia, taking direction from those communities in line with the principles of self-determination.

by Senator Crossin (from 2,254 citizens)

Petition received.

NOTICES

Presentation

Senator Hanson-Young to move on the next day of sitting:

That the Senate—

(a) notes that:

(i) Friday, 10 October 2008 marked the sixth annual World Day Against the Death Penalty, and

(ii) this day of action was established in 2003 by the World Coalition Against the Death Penalty in a commitment to the universal abolition of capital punishment; and

(b) calls on the Rudd Government to urge the 60 remaining nation states that continue to use the death penalty as a form of punishment, to abolish the death penalty as a matter of urgency, and halt all executions of those sentenced to death.

Senator Bob Brown to move on the next day of sitting:

That the Senate—

(a) notes:

(i) the community opposition to 24 hour operations at Canberra airport, and

(ii) the current effective operation of curfews in Sydney, Coolangatta, Essendon and Adelaide; and

(b) calls on the Government to implement a curfew at Canberra airport.

Senator WORTLEY (South Australia) (9.32 am)—On behalf of the Standing Committee on Regulations and Ordinances, I give notice that 15 sitting days after today I shall move that the following determinations be disallowed:

 Determination of Fees for Water and Sewerage Services No. 1 of 2008 made under section 9 of the Christmas Island Act 1958; and

 Determination of Fees for Water and Sewerage Services No. 1 of 2008 made under section 12 of the Cocos (Keeling) Islands Act 1955.
I seek leave to incorporate in Hansard a short summary of the matters raised by the committee.

Leave granted.

The summary read as follows—

**Determination of Fees for Water and Sewerage Services No. 1 of 2008 – Christmas Island**

These two instruments that specify fees for water and sewerage services on the Islands are drafted in substantially similar, though not identical, terms. Clause 5 of each instrument lists definitions which are used to classify land for the purposes of determining appropriate fees for water and sewerage services. Paragraph 5(b) of the Christmas Island Determination defines the category of Commercial/Residential. The Cocos (Keeling) Islands Determination does not have a similar category.

Clause 5 in both instruments defines a category of ‘charitable purposes’ by reference to whether the Authority is of the opinion that the land is used for specified purposes. There is no indication in the Explanatory Statement as to the rights of appeal that can be exercised by a person who believes that the Authority’s opinion regarding the charitable uses for which land is used is in error.

The Committee has written to the Minister seeking advice on these matters.

**Senator WORTLEY** (South Australia) (9.32 am)—Following the receipt of satisfactory responses, on behalf of the Standing Committee on Regulations and Ordinances, I give notice that on the next day of sitting I shall withdraw:

Business of the Senate Notice of Motion No. 1 standing in my name for eleven sitting days after today for the disallowance of the Higher Education in External Territories Guidelines 2008, and

Business of the Senate Notice of Motion No. 1 standing in my name for thirteen sitting days after today for the disallowance of the Social Security (Public Interest Certificate Guidelines) (DEEWR) Amendment Determination 2008.

I seek leave to incorporate in Hansard the Committee’s correspondence concerning these instruments.

Leave granted.

The correspondence read as follows—

**Higher Education in External Territories Guidelines 2008**

28 August 2008

The Hon Julia Gillard MP
Minister for Education
Suite MG.41
Parliament House
CANBERRA ACT 2600

Dear Minister

I refer to the Higher Education in External Territories Guidelines 2008 made under section 238-10 of the Higher Education Support Act 2003

The definition of ‘explanatory statement’ in section 4 of the Legislative Instruments Act 2003 requires an explanatory statement to explain the purpose and operation of the instrument. The Committee’s practice is to ask for an item-by-item explanation of provisions in an instrument. The Explanatory Statement that accompanies this instrument simply reproduces, in abridged form, the purpose provisions from each Chapter of the instrument. No further explanation of particular provisions is given. The Committee would therefore appreciate a revised and more detailed explanation for this instrument.

The Committee would appreciate your advice on the above matter as soon as possible, but before 12 September 2008, to enable it to finalise its consideration of these Guidelines. Correspondence should be directed to the Chair, Senate Standing Committee on Regulations and Ordinances, Room SG49, Parliament House, Canberra.

Yours sincerely

Senator Dana Wortley
Chair
22 September 2008
Senator Dana Wortley
Chair
Senate Standing Committee on Regulations and
Ordinances
Room SG49
Parliament House
CANBERRA ACT 2600
Dear Senator Wortley
Thank you for your letter of 28 August 2008,
concerning the Higher Education in External Ter-
ritories Guidelines 2008 (the Guidelines).
I note the Committee’s concerns regarding the
adequacy of the Explanatory Statement to the
Guidelines, for the purposes of section 4 of the
Legislative Instruments Act 2003.
A copy of the revised Explanatory Statement to
the Guidelines is attached, which provides a more
detailed item-by-item explanation of each provi-
sion in the instrument.
I trust this information enables the Committee to
finalise its consideration of the instrument.
Yours sincerely

ATTACHMENT A
EXPLANATORY STATEMENT
Issued by the authority of the Minister for Educa-
tion
Subject: Higher Education Support Act 2003
Higher Education in External Territories Guide-
lines 2008
Authority
Section 238-10 of the Higher Education Support
Act 2003 (the Act) provides that the Minister may
make guidelines for the purposes of the Act. In
particular, Item 6A of the table in subsection 238-
10(1) specifies that the Minister may make
Higher Education in External Territories (HEET)
Guidelines (Guidelines) to give effect to matters
set out in Chapter 6 of the Act.
Background
Part 6 of the Act provides for approval of existing
higher education institutions or proposed institu-
tions to be approved as various kinds of higher
education entities and the accreditation of higher
education courses of study, in each case in rela-
tion to an Australian external territory. This part
of the Act also provides that persons who do not
have approval or accreditation under this part of
the Act may be guilty of an offence if they oper-
ate as a university or other higher education pro-
vider, offer higher education awards or describe
themselves as universities.
In October 2007, the Ministerial Council on Edu-
cation, Employment, Training and Youth Affairs
(MCEETYA) agreed to revised National Proto-
cols for Higher Education Approval Processes
(National Protocols) after extensive consultation
with stakeholders.
The National Protocols are available at:
http://www.mceetya.edu.au/mceetya/national
protocols for higher education main-
page,15212.html.
MCEETYA tasked the Joint Committee on Higher
Education (JCHE) with developing National
Guidelines to set out necessary matters of detail
for implementation and to increase the consis-
tency of approval processes for higher education
institutions and courses across jurisdictions. The
National Guidelines were developed with com-
ment and input from a wide range of higher edu-
cation stakeholders.
The National Guidelines have been agreed to by
the relevant ministers in all jurisdictions. The
National Guidelines are available at:
http://www.mceetya.edu.au/mceetya/national
protocols for higher education main-
page,15212.html.
The HEET Guidelines incorporate the National
Protocols and the National Guidelines by refer-
cence and must be read in conjunction with those
documents as they are in force at the time the
HEET Guidelines are made by the Minister.
Consultation
Following on from the extensive consultation on
the National Protocols and the National Guide-
lines, the HEET Guidelines were also distributed
for comments from the higher education sector in
January 2008. They were distributed to the fol-
lowing peak bodies: the Australian Council for
Private Education and Training (ACPET), the
Council of Private Higher Education (COPHE)
and Universities Australia (UA). ACPET and COPHE suggested minor amendments regarding inclusion of fees for non self-accrediting higher education entities and appeal processes; these suggestions have been incorporated. UA agreed to the draft guidelines being made and registered in the form in which they were circulated.

Commencement
These Guidelines commence the day after the day they are registered on the Federal Register of Legislative Instruments.

Overview of the Higher Education in the External Territories Guidelines
Chapter 1 provides an introduction to and outline of the guidelines broadly similar to this document. It explains that the HEET Guidelines give effect to the National Protocols and National Guidelines, as approved by MCEETY A in October 2007, in the Commonwealth’s jurisdiction. Potential applicants would be remiss if they failed to read these documents which are in the public domain.

Chapter 2 provides potential Applicants with information about obtaining an application form, CRICOS approval, fees and charges, and limitations on marketing, advertising and public statements during the approval process, and review and appeals processes.

Section 2.5 requires applicants to write to request application forms which can then be provided by e-mail or physical post. Because the external Territories is a very small jurisdiction, it is desirable to establish early awareness of any interest in establishing a higher education entity to operate in an external Territory.

Fees and charges are set in section 2.15 to reflect the costs expected to be incurred in an assessment process by the Commonwealth. As the external Territories include remote locations, the costs of an assessment process are likely to be high and because the number of applications is likely to be low due to the small size of the jurisdiction, there is unlikely to be potential to amortise costs over a number of potential higher education entities.

The provisions of section 2.30, Review of Decisions, reflect standard procedures for administrative review under Commonwealth Acts. It enables applicants to seek review if they are dissatisfied with a decision and to make application to the Administrative Appeals Tribunal if they are not satisfied with the outcome of the review.

Chapter 3 sets out information about applications for approval as a non self-accrediting higher education entity in relation to an Australian external Territory and specifies matters to which the Minister will have regard in making decisions.

Section 3.5 requires the applicant to complete an approved application form addressing the evidence to be provided by initial applicants as set out in section 17 of the National Guidelines for the Registration of Non Self-Accrediting Higher Education Institutions and the Accreditation of their Course/s.

Sections 3.10 through 3.20 specify the main features of the assessment process. In particular, section 3.10.5 enables the Minister to request additional information where an application is found to be incomplete upon initial assessment, section 3.15 enables the Minister to decide that an application is lacking sufficient merit to warrant establishment of an assessment committee and section 3.20 describes how an assessment committee will be established should such be required.

Section 3.25 identifies the specific sections of the National Guidelines that apply in consideration of applications for registration as a non self-accrediting higher education entity in the external Territories. It also specifies the other matters the Minister may have regard to, including the offshore operations, if any, of the applicant, the recommendations of the assessment committee and the recommendations of the Department.

Section 3.30 specifies that an applicant may be approved to operate as a non self-accrediting higher education entity in an external Territory for a maximum of five years. It also identifies that the Minister may impose conditions on the approval where these are deemed necessary, including on advice from the assessment committee or the Department.

Section 3.35 specifies the requirements for approval to continue to operate as a non self-accrediting higher education entity in an external Territory. At 3.35.10, this section specifies that, in addition to matters covered by sections 17-19 of
the National Guidelines, the Minister may take into account compliance with any conditions imposed in the course of initial approval.

Section 3.40 specifies that the Minister will provide reasons in writing for a refusal of an application as soon as possible after the decision.

Section 3.45 acknowledges that mutual recognition across jurisdictions will be in accordance with sections 12 and 19 of the National Guidelines.

Chapter 4 sets out information about applications for the accreditation of a course of study leading to a higher education award in relation to an Australian external Territory and specifies matters to which the Minister will have regard in making decisions.

Section 4.5 requires the applicant to complete an approved application form addressing the evidence to be provided by initial applicants as set out in section 18 of the National Guidelines for the Registration of Non Self-Accrediting Higher Education Institutions and the Accreditation of their Course/s.

Sections 4.10 through 4.20 specify the main features of the assessment process. In particular, section 4.10.5 enables the Minister to request additional information where an application is found to be incomplete upon initial assessment, section 4.15 enables the Minister to decide that an application is lacking sufficient merit to warrant establishment of an assessment committee and section 4.20 describes how an assessment committee will be established should such be required.

Section 4.25 identifies the specific sections of the National Guidelines that apply in consideration of applications for accreditation of a course or courses to be offered by a non self-accrediting higher education entity in the external Territories. It also specifies the other matters the Minister may have regard to, including the offshore operations, if any, of the applicant, the recommendations of the assessment committee and the recommendations of the Department.

Section 4.30 specifies that a course or courses may be accredited to be offered by a non self-accrediting higher education entity in an external Territory for a maximum of five years. It also identifies that the Minister may impose conditions on the accreditation of a course or courses where these are deemed necessary, including on advice from the assessment committee or the Department.

Section 4.35 specifies the requirements for accreditation of a course or courses to continue to be offered by a non self-accrediting higher education entity in an external Territory. At 4.35.10, this section specifies that, in addition to matters covered by section 18 of the National Guidelines, the Minister may take into account compliance with any conditions imposed in the course of initial accreditation.

Section 4.40 specifies that the Minister will provide reasons in writing for a refusal of an application as soon as possible after the decision.

Section 4.45 acknowledges that mutual recognition across jurisdictions will be in accordance with sections 12 and 19 of the National Guidelines.

Chapter 5 sets out information about applications for approval as a self-accrediting higher education entity other than a university in relation to an Australian external Territory and specifies matters to which the Minister will have regard in making decisions.

Section 5.5 requires the applicant to complete an approved application form addressing the evidence to be provided by initial applicants as set out in section 20 of the National Guidelines for Awarding Self-Accrediting Authority Higher Education Institutions other than Universities.

Sections 5.10 through 5.20 specify the main features of the assessment process. In particular, section 5.10.5 enables the Minister to request additional information where an application is found to be incomplete upon initial assessment, section 5.15 enables the Minister to decide that an application is lacking sufficient merit to warrant establishment of an assessment committee and section 5.20 describes how an assessment committee will be established should such be required.

Section 5.25 identifies the specific sections of the National Guidelines that apply in consideration of applications for awarding self-accrediting authority to a higher education entity in the external Territory.
Territories. It also specifies the other matters the Minister may have regard to, including the offshore operations, if any, of the applicant, the recommendations of the assessment committee and the recommendations of the Department.

Section 5.30 specifies that an applicant may be approved to operate as a self-accrediting higher education entity other than a university in an external Territory for a maximum of five years. It also identifies that the Minister may impose conditions on the approval where these are deemed necessary, including on advice from the assessment committee or the Department. In particular, section 5.30.10 specifies that the Minister may require a successful applicant to comply with any or all of the post-approval processes identified in sections 13-19 of the National Guidelines for Awarding Self-Accrediting Authority Higher Education Institutions other than Universities.

Section 5.35 specifies the requirements for approval to extend the scope of an entity’s self-accrediting authority in an external Territory. At 5.35.10, this section specifies that, in addition to matters covered by section 20 of the National Guidelines for Awarding Self-Accrediting Authority to Higher Education Institutions other than Universities, the Minister may take into account compliance with any conditions imposed in the course of initial approval.

Section 5.40 specifies that the Minister will provide reasons in writing for a refusal of an application as soon as possible after the decision.

Section 5.45 acknowledges that mutual recognition across jurisdictions will be in accordance with section 12 of the National Guidelines for Awarding Self-Accrediting Authority Higher Education Institutions other than Universities.

Chapter 6 sets out information about applications for approval as a university in relation to an Australian external Territory and specifies matters to which the Minister will have regard in making decisions.

Section 6.5 requires the applicant to complete an approved application form addressing the evidence to be provided by initial applicants as set out in sections 1619 of the National Guidelines for Establishing Australian Universities.

Sections 6.10 through 6.20 specify the main features of the assessment process. In particular, section 6.10.5 enables the Minister to request additional information where an application is found to be incomplete upon initial assessment, section 6.15 enables the Minister to decide that an application is lacking sufficient merit to warrant establishment of an assessment committee.

Section 6.20 describes how an assessment committee will be established should such be required, including consultation with applicant on proposed membership of the assessment committee. Section 6.20.15 specifies that one of the duties of the assessment committee is to notify the public about the proposed university and to conduct consultation with interested parties, both of which involve making public aspects of the proposal other than those commercial and in-confidence.

Section 6.25 identifies the specific sections of the National Guidelines that apply in consideration of applications for establishing a university in the external Territories. It also specifies the other matters the Minister may have regard to, including the offshore operations, if any, of the applicant, the recommendations of the assessment committee and the recommendations of the Department. Section 6.25.5 specifies that the Minister may approve an applicant with an unmodified university title, with a modified university title, or a university college title.

Section 6.30 specifies that an applicant may be approved to operate as a university with a specified title in an external Territory for an initial period of up to five years. It also identifies that the Minister may impose conditions on the approval where these are deemed necessary, including on advice from the assessment committee or the Department.

Section 6.35 specifies that the Minister may require a successful applicant to comply with any or all of the post-approval processes identified in sections 11-14 of the National Guidelines for Establishing Australian Universities.

Section 6.40 specifies the requirements for approval to continue to operate as a university in an external Territory. At 6.40.10, this section specifies that, in addition to matters covered by sections 16-19 of the National Guidelines for Estab-
lishing Australian Universities, the Minister may take into account compliance with any conditions imposed in the course of initial approval. At 6.40.15 through 6.40.25 this section further provides for an applicant to apply to move from operating as a university college in an external Territory to operating as a university in an external Territory.

Section 6.45 specifies that the Minister will provide reasons in writing for a refusal of an application as soon as possible after the decision.

Chapter 7 sets out information about approval of an application to operate as an overseas higher education entity in relation to an Australian external Territory and specifies matters to which the Minister will have regard in making decisions.

Section 7.5 requires the applicant to complete an approved application form addressing the evidence to be provided by initial applicants as set out in sections 1719 of the National Guidelines for the Overseas Higher Education Institutions seeking to operate in Australia.

Sections 7.10 through 7.20 specify the main features of the assessment process. In particular, section 7.10.5 enables the Minister to request additional information where an application is found to be incomplete upon initial assessment, section 7.15 enables the Minister to decide that an application is lacking sufficient merit to warrant establishment of an assessment committee and section 7.20 describes how an assessment committee will be established should such be required.

Section 7.25 identifies the specific sections of the National Guidelines that apply in consideration of applications for registration as an overseas higher education entity in the external Territories. It also specifies the other matters the Minister may have regard to, including the offshore operations, if any, of the applicant, the recommendations of the assessment committee and the recommendations of the Department.

Section 7.30 specifies that an applicant may be approved to operate as an overseas higher education entity in an external Territory for a maximum of five years. It also identifies that the Minister may impose conditions on the approval where these are deemed necessary, including on advice from the assessment committee or the Department.

Section 7.35 specifies the requirements for approval to continue to operate as an overseas higher education entity in an external Territory. At 7.35.10, this section specifies that, in addition to matters covered by sections 17-19 of the National Guidelines, the Minister may take into account compliance with any conditions imposed in the course of initial approval.

Section 7.40 specifies that the Minister will provide reasons in writing for a refusal of an application as soon as possible after the decision.

Section 7.45 acknowledges that mutual recognition across jurisdictions will be in accordance with section 11 of the National Guidelines.

Chapter 8 sets out the circumstances in which the Minister may seek further information relating to an application for approval as a higher education entity or for accreditation of a course of study, in relation to an Australian external Territory. Non-compliance by the specified date with requests for further information will be construed as withdrawal of an application. Applicants may apply for further time to provide the information requested.

Chapter 9 identifies the circumstances in which a person that operates or purports to operate in an external Territory as a university or other provider of courses of study leading to higher education awards commits an offence under the Act and the Criminal Code (Cwth).

Appendix 1 provides definitions and a glossary of terms for interpretation of the Guidelines.

28 August 2008

The Hon Julia Gillard MP
Minister for Education
Suite MG41
Parliament House
CANBERRA ACT 2600

Dear Minister

I refer to the Social Security (Public Interest Certificate Guidelines) (DEEWR) Amendment Determination 2008 made under subparagraph 209(a)(i) and paragraph 209(b) of the Social Security (Administration) Act 1999. This instrument permits the disclosure of protected information to the Family Responsibilities Commission of Queensland.

The Explanatory Statement that accompanies this instrument notes that the Federal Privacy Commissioner was consulted in relation to new sections 16A and 16B but does not indicate what comments, if any, the Privacy Commissioner made about the sections. The Committee considers that it would assist in understanding the nature of the consultation that has been carried out if this information was included in the Explanatory Statement. Notwithstanding any changes to the Explanatory Statement, the Committee would appreciate further information on the Privacy Commissioner’s response to the new sections.

The Committee would appreciate your advice on the above matter as soon as possible, but before 12 September 2008, to enable it to finalise its consideration of this instrument. Correspondence should be directed to the Chair, Senate Standing Committee on Regulations and Ordinances, Room SG49, Parliament House, Canberra.

Yours sincerely

Senator Dana Wortley
Chair
Standing Committee on Regulations and Ordinances
Parliament House
CANBERRA ACT 2600

Dear Senator Wortley


The Explanatory Statement to the Amendment Determination notes that the Department of Families, Housing, Community Services and Indigenous Affairs (FAHCSIA) consulted with the Privacy Commissioner in relation to the sections inserted into the Social Security (Public Interest Certificate Guidelines) (DEEWR) Determination 2008 (DEEWR Determination) by the DEEWR Amendment Determination. FAHCSIA undertook this consultation in connection with the identical amendments made to the Social Security (Public Interest Certificate Guidelines) (FAHCSIA) Determination 2008 (FAHCSIA Determination). The DEEWR Determination was amended in June 2008 to mirror amendments made to the FAHCSIA Determination in May 2008 following this consultation, in order to ensure consistency in the application of the protected information provisions of the social security law.

As consultation with the Privacy Commissioner on the relevant sections was undertaken by FAHCSIA, it would be more appropriate for the Hon Jenny Macklin MP, Minister for Families, Housing, Community Services and Indigenous Affairs to reply to your inquiry and I have copied the Minister into my letter for her information.

Yours sincerely

Julia Gillard
Minister for Education
The Hon Jenny Macklin MP  
Minister for Families, Housing, Community Services and Indigenous Affairs  
Suite MG.51  
Parliament House  
CANBERRA ACT 2600  

Dear Minister  

I refer to the Social Security (Public Interest Certificate Guidelines) (FAHCSIA) Amendment Determination 2008 and the Social Security (Public Interest Certificate Guidelines) (DEEWR) Amendment Determination 2008 made under subparagraph 209(a)(i) and paragraph 209(b) of the Social Security (Administration) Act 1999. These instruments, which mirror each other, permit the disclosure of protected information to the Family Responsibilities Commission of Queensland.

The Explanatory Statement that accompanies these instruments notes that the Federal Privacy Commissioner was consulted in relation to new sections 16A and 16B but does not indicate what comments, if any, the Privacy Commissioner made about the sections. The Committee considers that it would assist in understanding the nature of the consultation that has been carried out if this information were included in the Explanatory Statement. Notwithstanding any changes to the Explanatory Statement, the Committee would appreciate further information on the Privacy Commissioner’s response to the new sections.

The Committee is writing to you at the suggestion of the Minister for Education.

The Committee would appreciate your advice on the above matter as soon as possible, but before 23 September 2008, to enable it to finalise its consideration of these instruments. Correspondence should be directed to the Chair, Senate Standing Committee on Regulations and Ordinances, Room SG49, Parliament House, Canberra.

Finally, thank you for your letter of 28 August 2008 offering to remove the phrase “an incorrectly held opinion” from these instruments. This addresses the Committee’s earlier concern and, as a result, the Committee will remove its disallowance notice on the FAHCSIA Determinations as soon as practicable, though it intends to maintain an interest in the issue of consultation. The Committee would appreciate your advice when the amendment to these instruments has been completed.

Yours sincerely

Senator Dana Wortley  
Chair

23 September 2008

Senator Wortley  
Chair

Senate Standing Committee on Regulations and Ordinances  
Parliament House  
CANBERRA ACT 2600  

Dear Senator Wortley  


Mirror provisions are contained in sections 17 and 18 of the Social Security (Public Interest Certificate Guidelines) (FaHCSIA) Determination 2008 (the Guidelines). The OPC’s comments in relation to these two sections of the Guidelines are provided in Attachment A. My Department gave serious consideration to all the comments provided by the Privacy Commissioner.

Section 17- Establishment and operation of the Families Responsibilities Commission

In particular, the OPC expressed concern that the Queensland Family Responsibilities Commission (QFRC) could find itself in possession of a large amount of personal information (through the agency notices) about individuals who are not ‘community members’, and are therefore not necessary to QFRC’s purpose, powers or functions.

Under the Family Responsibilities Commission Act 2008 (QLD) (the Queensland Act), school
principals, the education chief executive, the child protection chief executive, the clerk of the court and lessors are required to give the QFRC an ‘agency notice’ containing personal information under a set of circumstances set out in Part 4 of the Queensland Act. The disclosure of personal information by various Queensland agencies to the QFRC is authorised under the Queensland Act, and this is not a matter that I have responsibility for.

Under section 7 of the Queensland Act, a person is a ‘community member’ if the person is a ‘welfare recipient’ and the person satisfies a locational requirement. Section 48 of the Queensland Act specifically allows the QFRC to have regard to the postal address of a person, or address of the place of residence of a person, last known to the Centrelink Secretary, in determining whether the person satisfies the locational requirement of the definition of ‘community member’.

Section 17 of the Guidelines would allow the disclosure of information by the Department of Families, Housing, Communities and Indigenous Affairs (FaHCSIA), through Centrelink, to the QFRC to assist the QFRC in determining whether a person is a ‘community member’. This enables the Secretary of FaHCSIA, or his/her delegate, to determine that it is necessary in the public interest to disclose information to enable the QFRC to correctly identify persons who are within the jurisdiction of the QFRC.

The OPC suggested that FaHCSIA may like to consider other ways in which the decision about whether a person is a ‘community member’ could be achieved before information about an individual is disclosed to the QFRC. I note that the process around the making of this decision is governed by the Queensland Act and is a matter for the Queensland Government to determine. However, I understand that the Queensland Government has given serious consideration to the process and nature of information exchanges authorised under the Queensland Act, to ensure appropriate privacy safeguards are in place to protect personal information. Further, any social security and family assistance information that is provided to QFRC continues to be protected, under the confidentiality provisions of the social security and family assistance laws, against unauthorised use or disclosure.

The OPC also suggested FaHCSIA may like to consider including additional guidance in the Guidelines relating to the handling of records and the destruction of personal information that is not necessary to QFRC’s purpose, functions or activities. I consider that the QFRC has responsibility for the handling and destruction of any personal information they collect and it would be up to the QFRC to develop any such guidelines. As noted above, any information provided is already subject to stringent levels of protection under the social security and family assistance laws.

Section 18 - Other matters of relevance
The OPC indicated they would like a clearer explanation of section 18. In response, an officer of my Department contacted an officer of the OPC, in which the scope of this provision and the inherent safeguards involved in the disclosure of any information for the purpose of this section was discussed, that is, any information which may be released would be specified in detail in a public interest certificate. Further, the issue of any public interest certificate pursuant to this section is subject to the delegate forming the view that the release of information is ‘necessary in the public interest’ and also subject to section 7 of the Guidelines, which provides that the person to whom the information will be disclosed must have a genuine and legitimate interest in the information.

Following this discussion, to illustrate the level of detail of information that is specified in a public interest certificate, my Department provided the OPC with a copy of a recent public interest certificate made to allow for disclosure that is for the purpose of section 15 of the Family Assistance (Public Interest Certificate) Guidelines 2006, (a mirror provision to section 18 of the Guidelines). FaHCSIA did not receive any further comments from the Privacy Commissioner in relation to this provision.

I further note, as specified in the explanatory statement to the Guidelines, that section 18 would only be relied upon to enable a delegate to release information in the public interest where unusual or urgent circumstances have arisen. In the three years since the mirror provision in the family
assistance public interest certificate guidelines have been in place, disclosures for the purposes of the mirror provision have only been used a very small number of times.

I hope the above comments satisfy the Committee’s concerns.

Yours sincerely

Jenny Macklin MP

Minister for Families, Housing, Community Services and Indigenous Affairs

ATTACHMENT A – PRIVACY COMMISSIONER’S COMMENTS

Proposed section 17 - establishment and operation of the Families Responsibilities Commission

This section provides that relevant information may be disclosed where it is necessary for the establishment of the Queensland Family Responsibilities Commission (QFRC), or to assist in the performance of its powers or the exercise of its functions.

The Office notes that the QFRC collects information in the form of an agency notice about individuals in a wide range of circumstances including where:

- A child who is a dependant of the person is not enrolled in school, is not meeting school attendance requirements or is the subject of a child protection notification;
- The person is convicted of an offence in the Magistrates Court; and
- The person is in breach of certain tenancy obligations.

However, the Office also notes that the QFRC may only hold a conference about a person for whom it has received an agency notice if the person is a ‘community member’. From our understanding of the explanatory statement, this could mean that the QFRC could find itself in possession of a large amount of personal information about individuals who are not ‘community members’ and that this information therefore would not be necessary to the QFRC’s purpose, powers or function.

FaHCSIA may like to consider if there are ways in which the determination of a person as a ‘community member’ can be achieved before information about the individual is disclosed to the QFRC. Alternatively, FaHCSIA may like to consider including additional guidance in the Guidelines relating to the handing of records and the destruction of personal information that is not necessary to QFRC’s purpose, functions or activities.

Proposed section 18 - Other matters of relevance

This proposal allows for the disclosure of relevant information that may be necessary for the purpose of facilitating the progress or resolution of matters of relevance to a department that is administering any part of the family assistance law or the social security law. The Office would welcome a clearer explanation of this proposal in order to provide FaHCSIA with appropriate advice.

Senator Bob Brown to move on 14 October 2008:

That, in light of the $US700 billion economic reform package to address the financial crisis in the United States of America (US) currently before the US Congress, which includes potential restrictions on chief executive officers’ ‘golden handshake’, the Senate calls on the Australian Government to investigate similar measures for termination payouts for executives.

Senator Bob Brown to move on the next day of sitting:

That the Senate—

(a) notes the arrest of a farmer in Victoria who opposed the Sugarloaf Pipeline, which is being forcibly constructed from the Goulburn Valley to Melbourne; and

(b) calls on the Minister for the Environment, Heritage and the Arts (Mr Garrett) to urgently reconsider his approval of this costly, environmentally-unsound and controversial project.
Rearrangement

Senator LUDWIG (Queensland—Manager of Government Business in the Senate) (9.34 am)—I move:

That the following government business orders of the day be considered from 12.45 p.m. till not later than 2 p.m. today:

No. 4 AusLink (National Land Transport) Amendment Bill 2008—Resumption of second reading debate.

No. 5 Australian Research Council Amendment Bill 2008—Resumption of second reading debate.

Question agreed to.

NOTICES

Postponement

The following item of business was postponed:

General business notice of motion of motion no. 183 standing in the name of Senator Milne for today, proposing the introduction of the Energy Efficiency Opportunities Amendment (Mandatory Implementation) Bill 2008, postponed till 10 November 2008.

COMMITTEES

Rural and Regional Affairs and Transport Committee

Extension of Time

Senator McEWEN (South Australia) (9.36 am)—I move:

That the time for the presentation of the report of the Rural and Regional Affairs and Transport Committee on matters specified in part (1) of the inquiry into the management of the Murray-Darling Basin system and on the Emergency Water (Murray-Darling Basin Rescue) Bill 2008 be extended to 3 October 2008.

Question agreed to.

Environment, Communications and the Arts Committee

Extension of Time

Senator McEWEN (South Australia) (9.36 am)—I move:

That the time for the presentation of the report of the Environment, Communications and the Arts Committee on the Renewable Energy (Electricity) Amendment (Feed-in-Tariff) Bill 2008 be extended to 10 November 2008.

Question agreed to.

COMMONWEALTH RADIOACTIVE WASTE MANAGEMENT (REPEAL AND CONSEQUENTIAL AMENDMENT) BILL 2008

First Reading

Senator LUDLAM (Western Australia) (9.37 am)—I move:

That the following bill be introduced: A Bill for an Act to repeal the Commonwealth Radioactive Waste Management Act 2005, and for related purposes.

Question agreed to.

Senator LUDLAM (Western Australia) (9.37 am)—I present the bill and move:

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

Question agreed to.

Bill read a first time.

Second Reading

Senator LUDLAM (Western Australia) (9.37 am)—I move:

That this bill be now read a second time.

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

Leave granted.

The speech read as follows—

COMMONWEALTH RADIOACTIVE WASTE MANAGEMENT (REPEAL AND CONSEQUENTIAL AMENDMENT) BILL 2008


Before the 2004 election, Federal Environment Minister, Senator Campbell provided an ‘absolute categorical assurance’ that a radioactive dump would not be imposed on the Northern Territory. In July 2005 it was announced, after no consultation with the NT Government or affected traditional owners and communities, that three Department of Defence sites - Harts Range, Fisher’s Ridge and Mt Everard - had been short-listed for assessment.

The Commonwealth Radioactive Waste Management Act (CRWMA) 2005 was then pushed through federal parliament, overriding NT laws prohibiting transport and storage of federal nuclear waste. The legislation prevents the Aboriginal and Torres Strait Islander Heritage Protection Act 1984 from having effect during investigation of potential dump sites, and it excluded the Native Title Act 1993 from operating at all. Procedural fairness is also wiped out through suspension of the Judicial Review Act.

Amendments passed in 2006 to the CRWMA override Aboriginal Land Rights Act procedures requiring informed consent from all affected people and groups. Indeed, these changes explicitly stated that site nominations from Land Councils are valid even in the absence of consultation with and consent from traditional owners.

Under the amended process, Muckaty, 120 km north of Tennant Creek, was nominated by the Northern Land Council. The site was added to the short-list of potential sites in September 2007, when former Science Minister Julie Bishop accepted the contentious nomination. This clearly ignored strong, public opposition from a number of traditional owners from the Muckaty Land Trust.

In response to this announcement, Senator Carr, the Shadow Minister for Industry, Innovation, Science and Research stated, “Today’s announcement is yet the next chapter in the decade-long saga of lies and mismanagement that has become Howard’s waste dump. The Howard Government has tried to impose its waste dump at numerous sites around the country; settling on the Northern Territory because of its ability to steamroll the Territory’s rights and impose the dump against its will. After forcing legislation through Federal Parliament, the Science Minister now has full Ministerial discretion over the siting of a nuclear waste facility in the Northern Territory. Labor believes that Howard’s bullyboy tactics in the Northern Territory are no way to select a nuclear waste dump. Labor is committed to repealing the Commonwealth Radioactive Waste Management Act and establishing a consensual process of site selection. Labor’s process will look to agreed scientific grounds for determining suitability. Community consultation and support will be central to our approach.

In April 2007, the Australian Labor Party national conference passed its National Platform, Chapter 5 of which states that a “Federal Labor Government will:

- not proceed with the development of any of the current sites identified by the Howard Government in the Northern Territory, if no contracts have been entered into for those sites.
- establish a process for identifying suitable sites that is scientific, transparent, accountable, fair and allows access to appeal mechanisms.
- identify a suitable site for a radioactive waste dump in accordance with the new process.
- ensure full community consultation in radioactive waste decision-making processes.
- commit to international best practice scientific processes to underpin Australia’s radioactive waste management, including transportation and storage.”
A number of senior Labor Ministers and Senators released media statements prior to the 2007 federal election pledging repeal of the CRWMA if elected. ALP politicians had referred to the legislation as ‘draconian’, ‘sordid’, ‘arrogant’ and ‘profoundly shameful’. In their media statement issued on 6 March 2007 by Senator Carr, Shadow Minister for Industry, Innovation, Science and Research, MP Warren Snowdon, Member for Lingiari and Shadow Parliamentary Secretary for Northern Australia and Indigenous Affairs, and NT Senator Trish Crossin. This committed Federal Labor to:

- Legislate to restore transparency, accountability and procedural fairness including the right of access to appeal mechanisms in any decisions in relation the siting of any nuclear waste facilities;
- Ensure that any proposal for the siting of a nuclear waste facility on Aboriginal Land in the Northern Territory would adhere to the requirements that exist under the Aboriginal Land Rights, Northern Territory Act (ALRA);
- Restore the balance and, pending contractual obligation, will not proceed with the establishment of a nuclear waste facility on or off Aboriginal land until the rights removed by the Howard government are restored and a proper and agreed site selection process is carried out; and
- Not arbitrarily impose a nuclear waste facility without agreement on any community, anywhere in Australia.

The Commonwealth Radioactive Waste Management Act 2005 has been ineffective and controversial. Leaving this legislation in place undermines the Aboriginal and Torres Straight Islander Heritage Protection Act, overrides Aboriginal Land Rights procedures and is a blatant disregard for the express wishes of the Territory government. Repealing this legislation is implementing an ALP federal election promise and will pave the way for a new approach to the management of Australia’s radioactive waste.

Australia’s radioactive waste is a legacy of decisions taken in the past, specifically in the Menzies era when the government opened a research reactor at Lucas Heights, 31 kms from the heart of Sydney. Decisions taken then reflect historically specific moments in science and in politics. Both the scientific and the political methods we have today contrast sharply with those of the Cold War era during which assumptions about the relatively new nuclear technology were simplistic and utopian and nuclear decision-making was cloaked in secrecy, far away from the public eye.

The decisions we take today about Australia’s radioactive waste – how it should be stored, where it should be stored, whether it should be transported and centralised – should reflect the best science we have at our disposal now, as well as the best democratic and transparent processes that governments and citizens can utilise in today’s world.

Transparency is what Australia has been lacking in its decision-making about radioactive waste management. Recent attempts to impose an "out of sight, out of mind solution" onto unwilling communities, or communities that have been divided through the provision of payments are not sustainable “solutions” but doomed because they do not enjoy public confidence.

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

Leave granted; debate adjourned.

COMMITTEES
Economics Committee
Reference
Senator HUMPHRIES (Australian Capital Territory) (9.37 am)—I move:

That the following matter be referred to the Economics Committee for inquiry and report by the first sitting day of April 2009:

The funding, planning, allocation, capital and equity of residential and community aged care in Australia, with particular reference to:

(a) whether current funding levels are sufficient to meet the expected quality service provision outcomes;
(b) how appropriate the current indexation formula is in recognising the actual cost of
pricing aged care services to meet the expected level and quality of such services;
(c) measures that can be taken to address regional variations in the cost of service delivery and the construction of aged care facilities;
(d) whether there is an inequity in user payments between different groups of aged care consumers and, if so, how the inequity can be addressed;
(e) whether the current planning ratio between community, high- and low-care places is appropriate; and
(f) the impact of current and future residential places allocation and funding on the number and provision of community care places.

Question agreed to.

URGENT RELIEF FOR SINGLE AGE PENSIONERS LEGISLATION

Senator BOB BROWN (Tasmania—Leader of the Australian Greens) (9.38 am)—I move:

That a message be sent to the House of Representatives requesting that the House immediately consider the Urgent Relief for Single Age Pensioners Bill 2008.

Question agreed to.

VOLUNTARY STUDENT UNIONISM

Senator HANSON-YOUNG (South Australia) (9.39 am)—I move:

That the Senate—
(a) recognises that university enrolments for 2009 are due to begin in the week beginning 28 September 2008 around the country;
(b) notes:
(i) the summary report, The impact of voluntary student unionism on services, amenities and representation for Australian university students, dated April 2008, that specifically highlighted the devastating impact voluntary student unionism (VSU) has had on the quality of student support services on campuses across the country;
(ii) the alternative solutions to the current system of VSU put forward by a number of key stakeholders, including a proposal based on a combination of shared funding arrangements between students, universities and government, and
(iii) the Government’s commitment to restoring essential student services and representation; and
(c) calls on the Minister for Education (Ms Gillard) to confirm before enrolments for the 2009 university calendar commence, that the current system of VSU will be scrapped to address the regressive impact VSU has had on student services and the educational experience, to ensure any change in legislation is in place before 2010.

Senator LUDWIG (Queensland—Minister for Human Services) (9.39 am)—by leave—The government’s consultations on VSU have supported our view that this policy has had a substantial negative impact for students and the higher education sector. The Rudd government is committed to ensure that university students have access to vital campus services and amenities including child care, health care, counselling and sporting facilities as well as a democratic representation advocacy.

We have no plans to reinstate compulsory student unionism and will not be returning to the hefty upfront fees that the previous government allowed to exist at some universities. There has been a range of alternative solutions put forward by the sector but no consensus. We want to provide a sustainable and robust solution to address the ongoing costs of student services, amenities and representation. The government will of course not be rushed on this and is undertaking a proper process to ensure it gets the policy right. In the interim, we have provided some
additional support for student amenities and services through the $500 million better universities renewal funding and $23.9 million in additional funding to increase child care assistance for parents who are studying at university.

Question put:
That the motion (Senator Hanson-Young’s) be agreed to.

The Senate divided. [9.45 am]
(The President—Senator the Hon. JJ Hogg)

Ayes…………… 5
Noes…………… 56
Majority………. 51

AYES
Brown, B.J. Hansen-Young, S.C.
Ludlam, S. Milne, C.
Siewert, R. *

NOES
Abetz, E. Adams, J.
Arbib, M.V. Barnett, G.
Bernardi, C. Bilyk, C.L.
Birmingham, S. Bishop, T.M.
Boswell, R.L.D. Boyce, S.
Brown, C.L. Bushby, D.C.
Cameron, D.N. Carr, K.J.
Cash, M.C. Colbeck, R.
Collins, J. Coonal, H.L.
Cormann, M.H.P. Crossin, P.M.
Farrell, D.E. Feeney, D.
Ferguson, A.B. Fielding, S.
Fieravanti-Wells, C. Fisher, M.J.
Forshaw, M.G. Furner, M.L.
Hogg, J.J. Humphries, G.
Hurley, A. Hutchins, S.P.
Johnston, D. Kroger, H.
Ludwig, J.W. Lundy, K.A.
Macdonald, I. Marshall, G.
Mason, B.J. McEwen, A.
McLucas, J.E. Minchin, N.H.
Moore, C. Parry, S. *
Polley, H. Pratt, L.C.
Ronaldson, M. Ryan, S.M.
Scullion, N.G. Sherry, N.J.
Sterle, G. Troeth, J.M.

Trood, R.B. Williams, J.R.
Wortley, D. Xenophon, N.

* denotes teller

Question negatived.

FREEDOM OF INFORMATION

Senator MILNE (Tasmania) (9.48 am)—I move:
That the Senate—
(a) notes that:
(i) prior to the 2007 federal election the Australian Labor Party (ALP) promised to reform the Freedom of Information (FOI) process and establish an FOI Commissioner,
(ii) at the time the ALP said that ‘The current FOI regime allows the Howard Government to escape real transparency and genuine accountability. For 11 years, the Howard Government has shrunk away from the light of public scrutiny and transparency – by abusing the current FOI laws’,
(iii) it took the Government 6 months to decide to release (subject to the agreement of Gunns Ltd) the report by Dr Michael Herzfeld on the potential marine impact of effluent from the Gunns’ pulp mill, and
(iv) the Government has recently refused the Senate’s request for the release of the Wilkins report, Strategic Review of Climate Change Policies, citing Howard Government precedence as an excuse; and
(b) calls on the Government:
(i) to live up to its election promise to govern with transparency and accountability, strengthening the public interest test for access to information, and
(ii) to update the Senate on its review of the FOI process.

Question agreed to.
SOUTH AFRICA: SAND MINING

Senator MILNE (Tasmania) (9.49 am)—
I move:

That the Senate—

(a) notes that:

(i) the South African Minister of Minerals and Energy, Ms Buyelwa Sonjica, in the week beginning 21 September 2008 put on hold the mining rights previously awarded to the Australian company Mineral Commodities Limited and its South African partner Transworld Energy and Mineral Resources,

(ii) this planned sand mining operation along a 22 kilometre stretch of coastal dunes on South Africa's wild coast would have changed the way of life of the AmaDiba people who have lived in the area for centuries, and

(iii) such changes may cause further social conflict, forced evictions, loss of access to farmland, relocation of ancestral graves, destruction of culturally-important archaeological sites and unacceptable environmental and health impacts; and

(b) calls on the Government to investigate whether human rights abuses, violence and conflict have occurred or are occurring, as a result of this Australian company's activities and planned mining operations.

Question put.

The Senate divided. [9.50 am]

(The President—Senator the Hon. JJ Hogg)

Ayes.......... 7
Noes.......... 48
Majority....... 41

AYES

Adams, J.
Barrett, G.
Bilyk, C.L.
Bishop, T.M.
Brown, C.L.
Cameron, D.N.
Cash, M.C.
Collins, J.
Cormann, M.H.P.
Farrell, D.E.
Ferguson, A.B.
Fisher, M.J.
Furner, M.L.
Hurley, A.
Johnston, D.
Ludwig, J.W.
Macdonald, I.
Mason, B.J.
McLucas, J.E.
Parry, S. *
Pratt, L.C.
Ryan, S.M.
Sterle, G.
Trood, R.B.

* denotes teller

EXCLUSIVE BRETHREN

Senator BOB BROWN (Tasmania—Leader of the Australian Greens) (9.54 am)—Yesterday I sought leave to table the book Behind the Exclusive Brethren. I gave that to opposition and government representatives overnight and I now seek leave to have the book tabled.

The PRESIDENT—Is leave granted?

No, leave is not granted, Senator Bob Brown.

Senator BOB BROWN—May I ask who did not grant leave?

The PRESIDENT—The first voice I heard was from my left here. One side is happy; the other side is not happy. So there is no leave granted, Senator Brown.

Senator BOB BROWN—I shall speak to the opposition and ascertain reasons.
COMMITTEES

Publications Committee
Report

Senator McEWEN (South Australia)
(9.55 am)—At the request of Senator Carol Brown, I present the fifth report of the Publications Committee.

Ordered that the report be adopted.

Senators’ Interests Committee
Documents

Senator JOHNSTON (Western Australia)
(9.56 am)—On behalf of the Standing Committee of Senators’ Interests, I present the following documents:
(a) Register of senators’ interests, incorporating statements of registrable interests and notifications of alterations of interests of senators lodged between 24 June and 22 September 2008;
(b) Register of senators’ interests incorporating statements of registrable interests of senators lodged by 23 September 2008; and
(c) Register of gifts to the Senate and the Parliament, incorporating declarations of gifts lodged between 19 June 2007 and 23 September 2008.

BUDGET
Consideration by Estimates Committees
Additional Information

Senator McEWEN (South Australia)
(9.56 am)—I present additional information received by committees relating to estimates as follows:
   Community Affairs Committee—1 volume
   Economics Committee—1 volume
   Education, Employment and Workplace Relations Committee—1 volume
   Environment, Communications and the Arts Committee—1 volume
   Finance and Public Administration Committee—1 volume
   Foreign Affairs, Defence and Trade Committee—2 volumes
   Legal and Constitutional Affairs Committee—2 volumes
   Rural and Regional Affairs and Transport Committee—2 volumes

EVIDENCE AMENDMENT BILL 2008
Report of Legal and Constitutional Affairs Committee

Senator McEWEN (South Australia)
(9.56 am)—At the request of the Chair of the Senate Standing Committee on Legal and Constitutional Affairs, Senator Crossin, I present the report of the committee on the Evidence Amendment Bill 2008, together with the Hansard record of proceedings and documents presented to the committee.

Ordered that the report be printed.

COMMITTEES

Legal and Constitutional Affairs Committee
Additional Information

Senator McEWEN (South Australia)
(9.57 am)—At the request of the Chair of the Senate Standing Committee on Legal and Constitutional Affairs, Senator Crossin, I present additional information received by the committee on its inquiry into the provisions of the Family Law Amendment (De Facto Financial Matters and Other Measures) Bill 2008.

INTERNATIONAL TAX AGREEMENTS AMENDMENT BILL (No. 2) 2008
First Reading

Bill received from the House of Representatives.

Senator LUDWIG (Queensland—Minister for Human Services) (9.58 am)—I move:
   That this bill may proceed without formalities and be now read a first time.
Question agreed to.
Bill read a first time.
Second Reading

Senator LUDWIG (Queensland—Minister for Human Services) (9.58 am)—I move:

That this bill be now read a second time.

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

Leave granted.

The speech read as follows—

INTERNATIONAL TAX AGREEMENTS AMENDMENT BILL (No. 2) 2008

This bill gives the force of law to a new tax Protocol with South Africa. The new Protocol, which will modernise and enhance the bilateral tax arrangements between Australia and South Africa, was signed in Pretoria on 31 March 2008. The Protocol amends the existing tax treaty between Australia and South Africa signed in 1999. This bill will amend the text of the existing South African tax treaty in the International Tax Agreements Act 1953.

The Protocol was prompted by the need to meet Australia’s most favoured nation obligation in the existing tax treaty and the proposed changes to South Africa’s domestic law taxation of corporate profits.

Tax treaties facilitate trade and investment by minimising tax barriers between treaty partner countries, by relieving double taxation, preventing tax discrimination, and providing certainty with respect to tax treatment of cross-border income flows thereby reducing compliance burdens on taxpayers.

Tax discrimination under other countries’ tax systems can be a significant barrier to outbound Australian investment. The Protocol inserts a non-discrimination article, which addresses our most favoured nation obligation and prevents discriminatory tax practices between the countries.

Australia’s and South Africa’s bilateral economic and trade relations continue to grow. South Africa is Australia’s largest and most dynamic market in Africa, and South African investment dominates investment from the African continent into Australia.

Accordingly, the Protocol updates the taxation arrangements between Australia and South Africa to enhance Australia’s relationship with South Africa. The Protocol reduces barriers to bilateral trade and investment by lowering withholding tax rates on interest and royalties.

The Protocol also amends the withholding tax rates applying to dividends. The new Article provides a 5 per cent rate for all non-portfolio inter-corporate dividends, and a 15 per cent rate for all other dividends. These changes align with OECD norms and reflect South Africa’s changes to its domestic law system of taxing corporate profits. Australian non-portfolio investment in South Africa will generally benefit from reduced total South African tax on corporate profits as a result of these changes.

In responding to the needs of both Australian and South African business and in ensuring protection of Australia’s revenue base, the new Protocol also includes a number of other key changes.

• It updates capital gains tax treatment so that it aligns more closely with the OECD, to assist trade and investment flows between the countries;
• It modernises the exchange of information provisions to conform with current OECD standards, allowing the tax administrations of both countries to share tax information; and
• It also introduces integrity measures which provide for cross-border collection of tax debts.

The new Protocol will enter into force once both countries have advised that they have completed their domestic requirements which, in the case of Australia, includes enactment of this bill.

The treaty has been considered by the Joint Standing Committee on Treaties, which has recommended that binding treaty action be taken.

Full details of the amendments brought forward in this bill are contained in the explanatory memorandum.

Ordered that further consideration of this bill be adjourned to the first day of the next period of sittings, in accordance with standing order 111.
TAX LAWS AMENDMENT (LUXURY CAR TAX) BILL 2008

Consideration of House of Representatives Message

Message received from the House of Representatives acquainting the Senate that it had agreed to the amendments requested by the Senate to the bill.

Third Reading

Senator LUDWIG (Queensland—Minister for Human Services) (9.59 am)—I move:

That this bill be now read a third time.

Senator ABETZ (Tasmania) (9.59 am)—The opposition retains its ongoing opposition to this legislation. This legislation is nothing other than a blatant tax grab. It was introduced into this place on the basis that it was a measure to fight inflation, yet the Senate’s own Standing Committee on Economics, dominated by Labor senators, found that it would in fact be inflationary. So we have a situation where the Rudd Labor spins says, ‘We need this as a measure to fight inflation,’ yet Labor senators and every economist around the place says it is inflationary. For those who are interested, it is at paragraph 2.19 of that report.

In their desperate attempt to get this legislation through, the Labor Party with the Independent senators and the Greens put together a mishmash of amendments which now means we have one of the most socially unequal pieces of legislation to pass through this place. The inequity of the amendments is gross. I would, in fact, describe it as obscene. Just consider some of the amendments that the Labor Party, the Greens and the crossbenchers supported. The city doctor driving his turbocharged Mercedes will be completely exempted from the luxury car tax now—courtesy of the Greens, courtesy of the Labor Party and the crossbenchers. But the country doctor who needs a LandCruiser will be paying the full 33 per cent—courtesy of Labor, the Greens and the crossbenchers—yet they claim they support the need for rural doctors. One thing might have been to give a tax break to a rural doctor on his or her LandCruiser rather than giving a tax break to the city doctor on his or her turbocharged Mercedes.

But if we are into social equality, Senator Doug Cameron and those who say they always fight for the worker might tell us why in regional Australia the squatter ought to get the tax break but the shearer does not, and that was what Senator Fielding’s amendment meant. And Labor voted for it, the Greens voted for it, Senator Xenophon voted for it. So now we have the squatter getting the tax break, but the shearer and the plumber and the contractor and everybody else in rural and regional Australia do not. That is what happens when you make these sorts of obscene deals with each other and vote for each other’s amendments without understanding what the outcome will be.

The outcomes are now becoming very obvious, because as a result of Labor amendments, the Green amendments and the crossbenchers’ amendments we have a situation now where, courtesy of the *Australian*, we are told that a fellow who bought a BMW in Brisbane, Eric Makiol, found good news in the fine print because his BMW 5 series diesel sedan which costs $81,233 will now be $5,000 cheaper. And just to make sure, do you know what he has done? He has delayed the delivery of the vehicle to ensure that he gets the $5,000 tax break.

The Labor Party must be so proud of themselves. The Greens must be so proud of themselves giving a 33 per cent reduction in tax to Sydney doctors on their turbocharged Mercedes, obliterating the luxury car tax for the city doctors but enforcing a 33 per cent
luxury car tax on the rural doctor that needs a LandCruiser. What a great social policy! You ought to be proud of it. You ought to be going back to your branch meetings and saying: ‘Guess what I did this week in the Senate? I voted to ensure that city doctors got this tax break at the expense of country doctors. I’m so proud of myself that the squatters got the tax break but the shearer hasn’t.’ That is what the Labor Party, the Greens and the cross-benchers have done.

I make this appeal especially to Senators Xenophon and Fielding. It is not too late for them to come into this chamber and vote against this nonsense, this obscenity. Indeed, the Greens themselves in their desperate bid to cobble together this mishmash have now voted for a tax deduction for those people who cut down old-growth forests—and I actually support this element of theirs. I dare them to go to their next Greens meeting, or when they sip their cafe lattes or whatever they might have, and say to their supporters, ‘We are very proud because this week in the Senate we voted for a tax deduction for those people who cut down old-growth forests.’ Because that is what they did as part of the amendments that they supported. I am not sure that the Greens understand that that is what they did, but that is what they have done.

To my friends Senator Xenophon and Senator Fielding, senators from South Australia and Victoria, the heart of the Australian motor vehicle manufacturing sector, make no mistake about this—I address their empty chairs, and I understand that they are not here because they have other important matters to deal with and I am not critical of that, hoping that they might be listening in their rooms, because it is not too late for them to change their vote and to stop this obscenity. Even if my arguments about the city doctor’s turbocharged Mercedes being fully tax-exempted but the country doctor’s Land-Cruiser being fully taxed does not convince them, I hope they are concerned for the 34,000 people that work in the Australian motor vehicle manufacturing sector and that that might at least strike a chord with them.

All three of Australia’s car manufacturers are against this luxury car tax. And, what is more, they are specifically opposed to the amendments that have gone through this chamber, because as a result of these amendments 25 models of imported vehicles will be completely exempted from the luxury car tax and not a single Australian made vehicle will be. How do they face those families who work in the Australian motor vehicle sector and say: ‘This week we did a proud thing by you. We did our very best for you. We ensured that the turbocharged Mercedes would no longer have any tax on it but the Holden Statesman will be lumbered with a full 33 percent tax’?

Not only are there these great social inequities in this legislation but it will be very damaging to the Australian motor vehicle manufacturing sector. It will hurt the Australian car industry. It is going to hurt innovation. We heard during the debate that the bases on which the luxury car tax and then the increases in the threshold are determined that any add-on to a motor vehicle is seen as a luxury. So we had the ludicrous proposition during the debate of Senator Doug Cameron talking about air conditioning in motor vehicles. Well, hello! If you have a LandCruiser in outback Australia, in the shade, it will get to 40 degrees plus. He thinks air conditioning is a luxury; he should get in touch with the real world. Those things are no longer considered a luxury; they are a necessity. The message the government are now sending to motor vehicle manufacturers is: if you innovate, if you make your car safer, if you make your car better, we will tax you for doing so, but we will completely exempt from the luxury car tax a range of 25 vehicles coming in
from overseas. The luxury car tax is a disincentive to innovation.

It is very interesting that, in the totality of this debate, the Labor Party simply and blindly see this as a finance, taxation, Treasury matter, and they have Senator Conroy dealing with it. On this side, we believe that it is a vital industry issue. That is why, as shadow minister for industry, I have been leading the debate on behalf of the opposition. We see the whole picture. We see the impact on industry. We see the impact on the jobs of Australian workers. That is why I do not mind admitting that I get a bit impassioned about this matter. I am concerned about those workers. I am concerned about the Australian car industry. But did we see the Minister for Innovation, Industry, Science and Research, who allegedly champions the Australian motor vehicle sector, enter this debate in any way, shape or form? No, there was not a word from him, and that is indicative of the way the Rudd Labor government does business.

I make this final appeal to Senator Xenophon and Senator Fielding in particular. When you go home to your states this weekend, when you have a coffee, a beer or a glass of water, whatever it might be, with friends and constituents, how will you tell them that you voted against the interests of the Australian car industry, that you voted for amendments that will support 25 imported vehicles but will give no benefit to any Australian made car? How are you going to tell them that the city doctor gets a full tax exemption on his or her turbocharged Mercedes Benz but that the rural doctor who needs a LandCruiser will be paying a full 33 per cent tax? How will you tell people that you believe in social equity when the squatter gets a tax deduction on his or her four-wheel drive—usually a bloke, I understand—but that the shearer, the plumber, the worker does not get the benefit of any tax deduction? How proud will you feel when you go back to your constituents?

This legislation is a mishmash of amendments which are socially inequitable. It is obscene and, what is more, the only rationale that the Labor Party gave to us for this measure was that it was needed to fight inflation. Yet their own Labor dominated Senate Standing Committee on Economics have told this chamber, in paragraph 2.19 of their report, that it will be inflationary.

So what is the good of this legislation? It is inflationary. It will hurt the Australian automotive sector and Australian workers. It is a tax on innovation. It is socially inequitable. What are the grounds that Senators Xenophon and Fielding find within their minds to justify a vote for this legislation? At all times, we as an opposition have been opposed to this tax increase, this tax slug, this inflationary tax grab. We remain opposed to it, even on the third reading, and we will be seeking a division when the question is put.

Question put:
That this bill be now read a third time.

The Senate divided. [10.17 am]
(The President—Senator the Hon. JJ Hogg)

Ayes............. 32
Noes............ 30
Majority....... 2

AYES
Arbib, M.V. Bilyk, C.L.
Bishop, T.M. Brown, B.J.
Brown, C.L. Cameron, D.N.
Collins, J. Conroy, S.M.
Crossin, P.M. Farrell, D.E.
Feeney, D. Fielding, S.
Forshaw, M.G. Furner, M.L.
Hanson-Young, S.C. Hogg, J.J.
Hurley, A. Hutchins, S.P.
Ludlam, S. Ludwig, J.W.
Lundy, K.A. Marshall, G.
McEwen, A. Milne, C.

CHAMBER
In moving that this report be noted I want to give credit to the number of people who were again prepared to come forward and talk to our committee, very personally and with great consideration, sensitivity and openness about their own process. We had recommendations and evidence from a range of people who wanted the community affairs committee to look again into the issues of mental health in Australia. It was not simply that the committee thought it would be a good idea. In fact, what happened was that many people who had given time and effort to our original inquiry came back to committee members, because there becomes a bond between committee people and the people with whom they work, and said it was timely for us to have another look at what was going on.

As you know, Madam Acting Deputy President Crossin, the original Senate Select Committee on Mental Health was formed with full cross-party support in this place and a deep regard for the need to consider mental health in this country. In the years since that initial inquiry there have been amazing changes in government response to mental health in this country. We saw the COAG mental health process, where the previous government, with full support from the then opposition and from state governments across this country, made the commitment that there needed to be immense effort put into mental health services and processes across the country. There was an acknowledgement that services and funding to that time had not been adequate and that people in Australia were not receiving the best support that they deserved. That acknowledgement came out through a range of processes, particularly that driven by the Mental Health Council, who had pointed out to all of us through a number of inquiries that more needed to be done and that we were not fulfilling our responsibilities.
After the Senate select committee inquiry there was discussion across various elements and departments of government that we would consider where we were going into the future. This community affairs committee report, two years down the track, is entitled *Towards recovery*. We pick up that term to say that we are working and must work with a recovery based model and we are looking at mental health services across the country. A number of senators are going to speak on this report today but it will not be the end of discussion on mental health. There will need to be a clear commitment and effort into the future to fulfil the recommendations that so many people have brought to us.

At this stage I want to express particular appreciation and personal thanks to the secretariat of the community affairs committee, in particular Ms Lisa Fenn, who has been with us through the whole process from our original inquiry. The sensitivity, the commitment and the professionalism of the people in the secretariat are what makes the Senate Community Affairs Committee an effective committee. Particularly in this area of mental health there has been more than just a professional interest, and I want to put on record our appreciation for that.

This report goes through a range of recommendations and, in particular, congratulates so many people who have done immense work in this area. And we do acknowledge, and want to put on record, that the preliminary efforts of the COAG initiatives have been received positively. That was a great message that came from across the country, that the funding and the programs that have been put in place since the injection of funds from COAG have been effective. They do need to continue, much more needs to be done and our report highlights a number of gaps in the process. But I think it is important that we acknowledge good work. In particular, there was great discussion about the Better Outcomes process, the availability through Medicare funded services of a range of mental health professionals to work with clients across the country, and the initiative which gave access to psychologists for people who sought their services with the support of the GP process and the great support of various mental health professionals—the psychiatrists, the nurses, the social workers, the range of people who must work in a team to have a client based focus for services.

Too often we heard the complaint that somehow, in the midst of the process, the person whose health is being considered can be lost. The very important role of consumers was reinforced again. In the future planning and provision of services in this country, the importance of consumers must be clearly understood. They must be involved in a real way, not in any token way. The wonderful phrase used by the Mental Health Consumer Network, ‘Nothing about us without us’, continues to be important in this field, as in others. So the role of the consumer is one that our committee again reinforces.

We also have issues about the need for continued coordination. In the first report, and also through the COAG process, much was spoken about the real need for coordination of services, again allowing for the fact that it must be focused on recovery and on the person whose health we are discussing. It must be continually reinforced that effective mental health services in this country do not belong to one level of government. We must have the federal government and the state governments working effectively through COAG on service provision, but increasingly the role of local government has been picked up. We mention in our report issues to do with housing, shelter and security and how people need to be able to feel safe in their community with effective housing. Some-
times it is necessary for people to use the formal emergency medical services; in many cases that is a path that must be travelled. But increasingly we need to ensure that people will have a choice in their treatment, where they live and where they can journey on their pathway to recovery. This often involves the role of local government. We heard of strong initiatives in some areas, but too often the stigma, isolation and negativity about anything to do with mental health came forward when it came to planning decisions and being welcomed into communities. So we stress that the coordination of services and their effect, particularly in those government areas, is an essential element of further plans and effective treatment in the area of mental health.

There are many recommendations in the report and I encourage people to read it. I also encourage people to read the range of submissions that came through, because this story is not the story of our committee. This story is the story of the people who came to talk with us and give us their views and recommendations about what should be their journey to recovery.

I want to spend a couple of minutes talking about a group that was mentioned in our original inquiry—that is, those people who are diagnosed with what is called borderline personality disorder. In our original inquiry the way their needs were mentioned was that advocates who had this condition came forward and talked about the way that, even within the existing medical system, they felt as though they received less service, less respect, less acknowledgement, that there had been inadequate services provided for their needs and, in fact, a degree of ignorance of their needs and the expectations they should have about getting support for their wellbeing.

We had an unprecedented process, where a number of peak bodies came together and put a joint submission to the committee. This came from medical professionals, people who identified themselves as having this condition and also people who had worked with them for many years. Our committee has made a number of recommendations seeking that there be some further research and acknowledgement of this underacknowledged area of mental health, and we are hoping that through the enthusiasm that has been raised recently through the great commitment and dedication of a number of advocates and professionals that there will be acknowledgement of the special needs of people with borderline personality disorder and that their needs will be acknowledged fully in mental health services into the future in our country.

I am very pleased to be part of a community affairs committee that is working with people who seek our support to bring their concerns and needs into public policy in this country. We will not cease our interest in the area by bringing down this report. This is part of an ongoing journey, and we will continue to look at recovery pathways for mental health. It is important as we are looking, as a nation, towards our next National Mental Health Plan that we have the involvement, the commitment and the acknowledgement that mental health is something about which we must all have more knowledge and to which we must make a commitment towards recovery in our services.

Senator HUMPHRIES (Australian Capital Territory) (10.31 am)—I want to join the chair of the Senate Community Affairs Committee in commending this report to the Senate and to identify a couple of issues that I think are worth drawing out of the report. Senators will recall that the report of the Senate Select Committee on Mental Health that was brought down in 2006 was part of a
fairly significant change taking place at that time in mental health services across this country. We had the report of the select committee; we had the report of the Mental Health Council of Australia called *Not for service*, which identified a huge area of unmet need in Australia’s health services; and we had a response from the Howard government at that time, with a package of provisions for improving the level of service to the mentally ill of Australia worth about $1.9 billion and with an expectation that state and territory governments would be lifting their game to match that kind of outlay so that we had a comprehensive assault on the inadequacies of our health system in respect of mental illness.

The purpose of this inquiry was really to follow up that wave of enthusiasm that followed those reports and that funding to see whether we were actually making ground on this very important issue. It needs to be borne in mind that, unlike any other part of our health system in Australia, those who are mentally ill stand a much better chance of not receiving diagnosis and not receiving service than anybody else in our health system. We heard evidence in the original inquiry that only 38 per cent of Australians with a mental illness could expect to be diagnosed and treated at any given time, despite the fact that one in five Australians could expect to experience mental illness at some point in their lives. That level of underservicing or unservicing would be completely unacceptable in any other area of health, but it has been tolerated and simply allowed to occur for far too long in respect of mental illness. We found that there were areas where we had certainly had improvements in outcomes as a result of the steps that both the federal and the state and territory governments had made in response to the challenge before them. Like the curate’s egg, the scene is good in parts. There are places and times where services are very good and there are others where services are grossly and woefully inadequate.

I want to draw attention to a couple of issues that arise out of this report. First of all, the mental health workforce is the key to being able to produce much better outcomes in the future, and the drag on getting better outcomes has been very much tied up with the fact that qualified psychiatrists and other health professionals, particularly mental health nurses, are often simply not available to actually deliver the services that people need. This particularly applies in rural and regional Australia. The fact is that the lack of an adequate workforce in mental health was one of the reasons that the government used in the budget in May this year to cut back on that $1.9 billion package, and it remains of great concern to this side of the house that that extremely important package of measures to assist Australia’s mentally ill has been compromised. In part, this is for reasons that are beyond the government’s control, but we need in the long term to make sure that that money is there because it certainly will need to be spent to address those gaps.

The second point we looked at in some detail was the program initiated by the Howard government of introducing so-called personal helpers and mentors within the portfolio. These are not health professionals in the sense of being qualified with a health skill of some sort. They are simply trained individuals who go out there and deal with people with a mental illness with a high level of need and attempt to address the holistic question of what they can do to stabilise their lives and access the sorts of services, to the extent that they are available, that they need to overcome the effects of their illness—to connect with employment services, to deal with a problem about medication, to make sure that if they are in education that they stay in education. Those sorts of issues are
what the personal helpers and mentors are all about and they have been overall very successful. The committee would like an extension of the rollout of those personal helpers and mentors to those parts of the Australian community, in a geographical sense, which presently do not have access to them.

We also felt that it was extremely important to start to make sure that government services are better coordinated. A mentally ill person is far more likely to need a whole suite of government services than a person who is ill with cancer, diabetes, Crohn’s disease or anything else. That integration is not generally available at the moment. We saw a very good model in evidence in Western Australia. In Western Australia, Centrelink has brought together state agencies, Commonwealth services like the Department of Health and Ageing and Centrelink and other services to make sure that a person with mental illness has a much better chance of getting the whole suite of services that they need. We recommend that that kind of consultative exercise proceed in other parts of Australia as well. We highly commend it.

I adopt and support the comments made by Senator Moore with respect to the grey areas of mental disorder or disability, issues that are most typified by things like borderline personality disorder. We need to address the fact that these sorts of conditions are not easy to diagnose and not easy to treat but remain a very heavy burden of disability in the Australian community. The thrust of this report is to suggest that we should be spot targeting our efforts into a range of areas where need is particularly acute. The recommendations outlined in the report suggest a number of areas where that kind of spot targeting of effort might be most beneficial to Australians with mental illness.

I commend the staff of the Senate Standing Committee on Community Affairs for the hard work that they put into this entire exercise. This committee is extremely busy. There are something like 14 references before it at the moment. It is an extremely busy committee of the Senate, but it manages to produce high-quality reports on each occasion. This is certainly no exception. I want to thank the staff of the committee, who do a tremendous job, year in, year out, in making sure that we, the senators who serve on that committee, look good by having high-quality reports available for the public to see. I commend the recommendations very strongly to the Australian government because they are all extremely worth while and in urgent need of being acted upon.

Senator BOYCE (Queensland) (10.39 am)—I also wish to support the other members of the Senate Standing Committee on Community Affairs in their comments on the report Towards recovery: Mental health services in Australia. We have made 26 recommendations in our report on the mental health services in Australia, and they range from smaller areas, such as governance issues around developing best practice methods for managing demand for the personal helpers and mentors programs, to larger areas, such as developing a vision and a national plan for mental health services right through to 2015. We have also recommended that consumers be very much part of the contribution to future policy making for mental health service provision. They have in the past been ignored; I would like to talk a little bit about the reasons for this later on.

The Howard-Costello government, through COAG, introduced the National Action Plan on Mental Health 2006-2011. This came as a direct result of the Senate Select Committee on Mental Health inquiry into mental health in 2006. I would like to acknowledge former Senator Lyn Allison for her contribution in making that a reality. The Howard-Costello mental health plan high-
lighted the issues in mental health—the holes, the gaps and the lack of service, which in some cases was completely and utterly shameful.

We pushed the state government to particularly focus on strategy, policy and a coherent funding of mental health services. However, this inquiry has found that there is still much work to be done. Services and the quality of those services vary radically from state to state. Our first recommendation is that the Australian government, in consultation with state and territory governments and mental health stakeholders, develop a new national mental health policy document to succeed the National Mental Health Plan 2003-08. That policy document could provide a clear vision for our services, involving those who use those services so that we end up with community based mental health services that are focused on recovery, not on empire building for service organisations. Any future plan must include funding and consumer outcome benchmarks. Measuring what we do has been a large part of the problem. We have had outcomes from a large input of funding but whether they have been good outcomes we honestly in many cases have no way of knowing, other than by inquiries such as this Senate inquiry.

We received a wide range of submissions. I would like to join other committee members from the community affairs committee in thanking all those who took the time to put in submissions, often at personal and emotional cost to some of the people who chose to submit. They recognised that it was important to try to get their views into the system. I must admit that the one thing that did surprise me in this inquiry was the view of many witnesses that we had made very little progress at all on removing stigma from mental health issues and people with mental health disorders. We have had programs such as beyondblue and the Black Dog Institute and a number of high profile people have spoken about mental illness in a way that would have been inconceivable 10 or 15 years ago. Yet witness after witness spoke of stigma being very little changed in the general community.

One man from a small country town told us of his former friends crossing the street to avoid him after he had a mental health breakdown. We also heard from one facility for mental health patients that very carefully ensured that it had no signage and no hint from the outside of what it did because they were concerned that the neighbours might try to have them moved away from the area. From that sort of stigma, it is not very far to abuse. When people are treated as second-class citizens or in fact not like human beings in some cases, it is not very far away at all from that sort of stigmatisation to abuse. From evidence, it appears that there has been very little progress in terms of the turning of a blind eye and the ignoring of sexual abuse of and physical violence against people with mental health problems.

We heard of some outright human rights abuses. One story that stayed with me was a mental health facility in Victoria where it was not uncommon for patients to be raped and for these rapes either not to be reported or not to be acted on by police. I understand that this is a difficult area to police. They are quite right in some circumstances to claim that mental health patients would not make competent witnesses, therefore following up such a case is a waste of time. Surely we have the ability, the smarts, to do something to find a solution to this problem. To abandon these people and not to assist them in any way at all simply reinforces the view that we do not care about them, that they are second-class citizens. This is something that we need to work on.
Our second recommendation is that there be a national advisory council on mental health, which would have a standing committee to monitor human rights abuses and discrimination against people with mental illness and report to parliament on their findings annually. I believe that this might go some way towards developing a systematic way of solving some of the very difficult problems around the stigma and discrimination against people with mental illness within our community in Australia.

I would also like to briefly mention what the chair described as an ‘unprecedented coalition of organisations’ including academics, medical professionals and mental health consumers to advise the community and highlight to the committee the specific problems faced by people with borderline personality disorder problems. This is not currently classified as a serious mental illness. It means that patients have serious problems being treated. We were told that they are not just stigmatised by the community or by their families for their behaviour, but also stigmatised by the medical profession, by doctors and nurses. It may be the last bastion of mental health where people are told: ‘Pull your socks up. Get over it.’ I think that we have managed to get past that in some other areas of mental illness, but borderline personality disorder is certainly still a vexed issue and one that we have recommended we need to put some special attention into to highlight the problems faced by these people. Not only do they currently fall through the cracks but they are stigmatised to a very large degree by the profession as well as by the community.

I would hope that the government will carefully read the report and accept the recommendations of this. We have started to improve radically our delivery of mental health services. We cannot afford to take our eye off the ball now. We must continue to give people with mental health problems these same sort of hope and priority that we have in other areas. Mr Acting Deputy President, I seek leave to continue my remarks.

Leave granted; debate adjourned.

BUSINESS
Rearrangement

Senator LUDWIG (Queensland—Manager of Government Business in the Senate) (10.48 am)—I see that Senator Coonan is not here at the moment and we might want to put it off until a later part of the day, but I will just inform everybody what it is about. I seek leave to move a motion to vary the routine of business for today and I will explain it before I get leave granted. What it does is that on Thursday, 25 September 2008:

(a) consideration of general business and consideration of committee reports, government responses and Auditor-General’s reports under standing order 62(1) and (2) shall not be proceeded with;

(b) the routine of business from 12.45 pm till not later than 2 pm, and from not later than 4.30 pm shall be government business only; and

(c) divisions may take place after 4.30 pm.

That effectively means that we allow time between what would otherwise be noncontroversial time to deal with government business, which is the condensate bill. The opposition have kindly given up their general business to additionally deal with the condensate bill, if necessary. And because divisions would otherwise be postponed to 4.30 pm onwards, we need to move that so that divisions can take place. It would otherwise be an ordinary Thursday. We would then move the committee reports, if we needed to, so that we could then continue to deal with the condensate bill only to conclusion, that is, the third reading stage. Because it is a request and there are government requests, it would need to go over to the House and
come back before the third reading could be dealt with.

We think that with a bit of luck we might be able to deal with that today. Therefore we do not need to deal with the Friday sitting. I have postponed the motion to a later hour in the day, during the afternoon, so that if we did need to come back and revisit it we could deal with it at that point. Procedurally, this allows us to have quite a lengthy piece of government business. I thank the opposition for agreeing to provide that to the government so that we can then proceed with the condensate bill.

There will be a question that will arise in respect of this when we get to the consideration. Should it be in committee and be referred, there will be a question as to what we do while we wait for the matter to be requested and go over to the House and come back. Depending on the time of day we could go back to opposition general business and we could give leave for a particular topic they might want to debate at that point or we could go on with second reading speeches dealing with family law amendment or some other matter by agreement, but not to the conclusion—matters that we can deal with later on.

I thought it was worth while just explaining all of that for the transcript so that there cannot be a mistake in respect of the issues that I have put forward and my understanding of the agreement that we have. I am happy for Senator Coonan to add to that. So, I seek leave to move that motion. Senator Coonan may want to speak before leave is granted.

Leave granted.

Senator LUDWIG—I move:

That, on Thursday, 25 September 2008:

(a) consideration of general business and consideration of committee reports, government responses and Auditor-General’s reports under standing order 62(1) and (2) shall not be proceeded with;

(b) the routine of business from 12.45 pm till not later than 2 pm, and from not later than 4.30 pm shall be government business only; and

(c) divisions may take place after 4.30 pm.

Senator COONAN (New South Wales) (10.52 am)—I missed most of what Senator Ludwig said but I think he has outlined our agreement appropriately, as I apprehend it and as has been related to me by Senator Abetz. The purpose of this cooperative arrangement between the coalition and the government is to enable the condensate bills to be debated. Because it is very difficult to give an indication as to just how long it will take, the proposal set out in the motion—perhaps I could describe it this way—may put in place arrangements that are not required. Rather than inconvenience colleagues and inconvenience the Senate we have agreed between us that we will see how it goes and then we will be in a position to deal with the motion if it needs to be relied on by the government.

Question agreed to.

EXCISE LEGISLATION AMENDMENT (CONDENSATE) BILL 2008

EXCISE TARIFF AMENDMENT (CONDENSATE) BILL 2008

Second Reading

Debate resumed from 24 September, on motion by Senator Faulkner:

That these bills be now read a second time.

Senator JOHNSTON (Western Australia) (10.54 am)—I want to commence my remarks on the Excise Legislation Amendment (Condensate) Bill 2008 and this tax, which is essentially one of the greatest assaults on the living standards of Western Australians I have ever seen in the history of Federation, by saying that it discloses all of the morality of carpetbaggers and burglars. That is what
we are looking at here—carpetbaggers and burglars. This is a wacky government. It has got absolutely no idea of good public policy. Their first real act was to obliterate the exceptional circumstances regime for drought-stricken farmers. That was their first contribution to public policy in this country.

Of course, we have seen today the luxury car tax. What a wonderful thing for a car industry that is on its knees through lack of confidence, a manufacturing industry that is going to be assailed by an emissions trading scheme, and here they are—the wisdom of Job!—implementing a luxury car tax. Then of course we see alcopops. I can tell you that the distillers are thinking this is the best thing since sliced bread. They are selling more raw spirits than ever before. What a wonderful contribution to our youth. Of course, we have got an emissions trading scheme green paper. How brilliant is this? The LNG industry is not included as an emissions intensive industry receiving permits. This is the one industry that Australia puts to the world to reduce global greenhouse gas, particularly in East Asia, and they are not included in the scheme. It is just unbelievable.

Of course, they then give road transport certificates, which I take no issue with, but they leave rail out. The most energy efficient, combustion efficient and emissions reduced area of transport in Australia and they do not give them a permit. Then of course we see them attack our uranium exports to India. In one fell swoop they would eliminate a whole year of Australian emissions by seeing the Indians produce electricity through fission. This is another wacky tax. This is an absolute smash and grab raid and I want to style it right here and now as the drive by shooting of the century. Here is an industry that has drawn in international players—we have investment from Japan, America and Australia—building what is Australia’s premier and biggest oil and gas project. It has paid billions of dollars in tax royalties since 1984. So what does this government do as one of their first acts? It thinks: ‘How can we get into the pocket of these people? How can we grab the money and run?’

Of course this $2.5 billion tax grab must be passed on. What business in the world could possibly tolerate a $2.5 billion assault on their bottom line? So the people of Western Australia, the mums and dads and their businesses, are going to have to pay this money to Canberra to fund Labor’s profligate, stupid, hopeless state governments in Victoria and New South Wales. That is what is happening. Look at what has gone on in New South Wales. The frolicking in the offices, ministers going to jail for all sorts of drug offences and goodness knows what. There is no water. They cannot build a desalinator. These two states cannot get themselves organised to do a damn thing in this country and this government is bailing them out with Western Australian money. That is what is happening. We are paying taxes in WA for these guys, for these incompetents.

We have already seen what the party brings to the table in terms of good governance. We saw it in Western Australia. We saw what happened after eight years of the Carpenter government. We ran an ad on television that said: ‘Think of three things the Labor government in Western Australia has achieved.’ Everybody thought, ‘Well, that’s a bit tough. What have they achieved?’ Do you think the Labor Party responded to that ad? Do you think they got the money together to put their ads on TV to say, ‘We’ve done good things’? They sat there like stunned mullets and did not respond to that ad—ipso facto they have done nothing in eight years. They have done nothing in the world’s best economy, with mineral prices and agricultural prices through the roof and they have done nothing—and they admit it.
May I predict: we will take the other viable marginal federal seat from Labor at the next federal election. We will take it because, when Kevin Rudd said, ‘We are going to put this tax on the pockets of Western Australians,’ what did the then Labor Premier do? He sided with Canberra and said to his constituents, ‘Pay up and shut up because we’re Labor, we know what we’re doing and we’re going to take your money.’ That is what he said.

What did that mean for the wonderful strategies of Labor in Western Australia? It is going to follow on federally, I can say. In Morley we had a 9.5 per cent swing. This was a blue ribbon Labor seat where they would strut around haggling over who was going to get the seat. There were parachutes landing every day with beautiful media stars who were going to be the new state gurus, but there was a 9.5 per cent swing to a fabulous Liberal candidate who nominated five minutes before the closing of nominations. That is how good this government in Perth was.

Senator Abetz—What about Southern River?

Senator Johnston—Southern River—fabulous. There was a five per cent swing to a very good hardworking candidate. Admittedly, he had some time to assert himself—he was out in the field for a lot longer. What about Mount Lawley? There was an 8.5 per cent swing. What about Wanneroo? There was a six per cent swing. I got up at four o’clock in the morning to run a polling booth there and the people came and said, ‘I don’t like that Kevin Rudd—he’s into us.’ They were dead right.

These burglars are into Western Australians. Let me tell you, if Kevin Rudd steps foot into Western Australia, he will hear all about it. He never goes there; he has not got the pluck to go there. He sneaks in and goes down to see Gerard Neecham’s Aboriginal college with no fanfare, just sneak in during a state election campaign, because he knows he is on the nose. He is on the nose because, when he wants to tax Western Australians and one of our premiere and best corporate citizens in Woodside and all of their joint-venture partners, we know what is going on. We know he has his hand in our pocket and he is giving that money to New South Wales and Victoria because of their stupid, hopeless mismanagement. That is what he is doing.

In their dying weeks—and this is the wonder of Labor—they impose a condensate tax; they then get annihilated in an election because people wake up to what they are doing. Can I just say, these are the joys of a desperate Labor Party. One of their stars and champions was one Ian Taylor, a deputy premier from Kalgoorlie—where I spent time as a younger man. He was a very good governance man who worked hard for his constituents and he put a very plausible and acceptable face on Labor. His best friend in the world, John Bowler, stood as an Independent having been thrown out of the Labor Party in Kalgoorlie. Naturally, as you would, he put that relationship above politics and went up to help him. What did the Labor Party do? In the dying days of their campaign, they expelled one of their most respected sons. Let me tell you, the people of Western Australia expelled them very, very quickly. They rigged the boundaries to favour themselves and they still lost—an absolutely amazing event—all because people have woken up to Labor.

This condensate tax is one of the principal architects of Labor’s demise in Western Australia and the people are not going to forget it. I will welcome the federal election because I say: Hasluck, come on down and get on board. We are going to take Hasluck and we will have 12 of the 15 Western Australian seats because this tax is nothing more or less
than a naked assault on the living standards of Western Australians.

It is one of the most arrogant things I have ever seen and it fits right in—it has a beautiful synergy—with the way that the Labor Party is currently dealing with pensioners. Here we are talking about pensioners, looking at their living standards, listening to them complain about the fact that they cannot make ends meet. You have the Prime Minister, the Treasurer and the deputy leader of the Labor Party all saying, ‘We could not live on the pension.’ In the height of all that, you have a Labor parliamentary secretary standing up in parliament and saying: ‘My wife’s serving of beef stroganoff is not big enough. I don’t care about pensioners who are buying dog food; I don’t care about pensioners who can’t make ends meet. I don’t care about any of that. My wife’s beef stroganoff is not big enough.’ This is what these guys bring to the game. It is disgraceful. They are out of touch and arrogant. Let them eat cake made from the ingredients garnered from Western Australia—they can afford it. I look forward to the next federal election or any election in Western Australia that has a Labor Party opponent because we are going to take them to the cleaners.

This government has a $22 billion surplus. It has a $40 billion infrastructure fund for unspecified projects. I heard Senator Milne say ‘The money has to come from somewhere if you want to raise pensions.’ Senator Milne, there is $40 million set aside by this government for no-name projects with no detail—for nothing. It is sitting in the ether in the forward estimates—$40 billion. They do not have a plan for this money, yet they want to take $2.5 billion from one entity.

Let us turn to the damage this does to our international reputation. This country’s reputation around the world as an exporter and as a destination for investment is second to none. We have stable government, we have good sovereign risk, we have good return on investment and our legislative frameworks are known and certain—until now. The message sent to the Chevrons, the Woodsides and the BHPs of this world is: ‘Watch out if you’re making a profit. If you have really done a good job in investment and bringing a project forward, we are going to reach into your pocket and rip it off you because you can afford it. We want to give it to New South Wales and Victoria, who have made a complete botch of everything, like we are going to. We’ve made a complete botch of everything, but you can afford it, so we’re going to take it from you.’

Sovereign risk is something that is very hard to get. A reputation in sovereign risk is very hard to accumulate. We are competing with Qatar, whose cost structures are a fraction of ours. You can get an environmental approval overnight in these places. And yet we are out there competing with them and we are investing billions of dollars. Gorgon is a $50 billion project; Woodside’s Browse is probably $25 to $35 billion, depending on what year you want to talk about the investment coming to fruition. We have provided, for 10 years, a certain stable environment where these projects have gone ahead and have been successful in the most trying and competitive of international circumstances.

They are extraordinarily capital intensive industries. The first thing they have to do is go out and drill these petroleum licences in deep water, 1,500 metres of water, and then they have to bring the produce—the gas or the oil—another 400 to 500 kilometres on to shore. And then, if it is gas, they need to compress it down to LNG, put it on a specially designed boat and then sell it into the world against the Middle East competition, against the Indonesians and against the South Americans. They have made a huge success of it. Charles Court got them going by say-
We will take the gas and, if we don’t take it, we’ll pay you for what we don’t take. That was a very brave contract but it got them going.

Now this government comes along and says: ‘Yes, well, you’re very fat and happy. I don’t care if you’re investing about three-quarters, or 75 per cent, of your profits back into the development of further gas fields. We don’t care about that; we just want the money. Give us the money.’ That is the attitude of a man with a gun doing an armed robbery with violence. That is what we have got from Canberra: an armed robbery with violence. If you do not comply, you get the butt in the head. That is what is going on here.

Our reputation has gone down the drain because of this. Every single large project boardroom is saying: ‘What is happening in Australia? They have just ripped off the condensate tax with no warning, no notice. It has never happened before and now they are imposing an emissions trading scheme on us. I thought we were doing a good job. Why are we getting crucified?’ This is the question everybody around Australia who is involved in big investment and employing thousands of Australians is asking: ‘What have we done to deserve this? What have we done to deserve this very profligate, bad government?’

This is a drive-by shooting. It is an assault on one of the nation’s best assets and it is an assault on one of the nation’s most prospective industries. It is an industry that will carry us into the future. I quote the CEO of Woodside, who is the operating partner of the North West Shelf gas project, when he said about this:

Governments have a responsibility to consult with industry on major issues such as this. On this occasion there was no consultation on changes to arrangements that we considered to be binding.

This is not a loophole which is being closed or a free ride that has come to an end. This is a negotiated fiscal arrangement which formed the basis of Australia’s largest resource development. And there it is; this is a negotiated arrangement which forms the basis of Australia’s largest resource development. In 2006 and 2007 the Commonwealth government raised $1.594 billion in resource rent tax from this project and is estimated to raise $1.84 billion in the current year rising to $3.74 billion in 2009-10. Is that not enough from one project? Is that not enough from one project? Is that not enough for this government? Royalties have been paid since production began in 1984. In the past 12 years, royalties paid to both the Commonwealth and Western Australian governments have realised $6.5 billion.

Here we have a government that without a word of warning, without a semblance of commercial courtesy and without respect for our sovereign risk issues, simply announces in the budget, ‘You’re hit for $2.5 billion.’ It is unprecedented in terms of bad public policy, bad governance and discourtesy. It is unprecedented. So, domestic users are going to be whacked because nobody could bear this. The retribution for the Rudd government will be felt in the seat of Cowan by ordinary people who rely on reticulated gas for their hot water, as well as in the seat of Swan and in the seat of Stirling.

I assure the Senate this—and you, Mr Acting Deputy President. The Prime Minister has not been seen in Western Australia; he dare not show his face. They know what is going on. The Prime Minister does not read our newspapers, he does not know the headlines that have pointed the finger at him for this tax on us. We have very long memories.

This is a government of focus groups. This is a government that talks in mantras, talks about ‘working families’ and, yet, ad-
mits at the same time working families have never been worse off than under the Prime Minister. That is a confession by the man himself. They have not been any better served and, in fact, are worse off. They are his words and admission. What is he doing about it? Wringing his hands and saying: ‘Pensioners? Oh, it is a terrible thing.’

Senator Abetz—Inquiries.

Senator JOHNSTON—‘We will wait till an inquiry. They can just wait. They can just wait till next year for the inquiry. Make ends meet and wait until we’re ready to give you something in your pension.’ Infrastructure bottlenecks: another well-worked mantra through the focus groups. Little does anybody understand or know that the Commonwealth controls not one single infrastructure bottleneck. The states control the lot. The education revolution: this is a government of the most spun mantras I have ever heard. ‘We’ll keep grocery prices and fuel prices down.’ ‘We’ll end the blame game,’ and ‘We’ll bring cooperative federalism.’ Here is cooperative federalism working as it has never worked before: a drive-by shooting, a raid on the pockets of every Western Australian. We will not forget this.

Senator SIEWERT (Western Australia) (11.14 am)—I rise to speak on the Excise Legislation Amendment (Condensate) Bill 2008 and Excise Tariff Amendment (Condensate) Bill 2008. It is just laughable to hear the opposition so stridently supporting corporate welfare. If I have this right, we gave this exemption as a subsidy to help an infant industry get up and running 30 years ago, and it is still going—so if you give a bit of support to an industry to get it up and running you can never take it away? What a load of rubbish! Are we always going to be handing out corporate welfare to industries that can well afford to support themselves? A profit of a billion dollars in six months was made by Woodside, the very company that we are now supposed to be continuing to subsidise—a billion dollars of profit in six months! Do not make me weep! At the same that we are talking about trying to get $30 a week extra for pensioners, Woodside have made a billion dollars of profit in six months. It does not match up to me. When are they going to wake up and smell the roses and realise that the community will not support that level of subsidy anymore? Look at what is happening in America at the moment. We have a financial crisis driven by greed—big corporates wanting more and more and more. The community over there is sick of it and the community over here is sick of it.

I just heard Senator Johnston talking about the swing to the Liberals at the recent Western Australian election. The Greens also did extremely well and received a big swing, which for me is a further indication that people are sick of corporate greed and the ‘me first’ approach and want to see some fairness back in the system. We have the big corporates, Woodside et al, saying, ‘We’ll pass it on to the consumer.’ I think consumers will see through that when they look at the profits these companies are making. ‘Oh, yeah, but we can’t afford this excise, so we’re going to make you pay.’ Why can’t they afford it? They made a billion dollars in six months. With the North West Shelf venture we are talking about BP, Chevron, Shell, BHP, Mitsubishi and Woodside. I do not think any of those companies are poor. In 2006 Woodside made record profits, and this year it has made a billion dollars in six months. Do not come to the Australian community and cry poor and say that this is going to hurt the consumers when you have been getting a subsidy, designed to get an infant industry up and running, inappropriately for 30 years—and now they want to keep it going? Let us keep them on the subsidy teat so they can make record profits again! Then, when the
government talks about actually ending that subsidy, they cry poor and say, ‘You’re going to pay because we’re not going to take a cut in profits’—a level of profit they should not be earning because they have been getting a subsidy for years. How can we help other, new industries—for example, renewable energy industries—get up and running when we are still subsidising megacorporates? That subsidy was supposed to get them up and running and then end. How can we start supporting the fledgling, genuine, renewable energy industries to get up and running if we are still subsidising the megacorporate industries that are making record profits? It does not add up to me.

Woodside, at the same time they are crying poor, is behind Pluto, which is destroying the Burrup Peninsula and the world’s best rock art. Woodside prevented national heritage listing of its particular piece of the Burrup so that it could not get accused of destroying a national heritage site. Whether there is a national heritage listing on that area or not, it is still a natural heritage treasure—and Woodside is still moving and destroying that rock art. Here the coalition are, arguing to provide a subsidy to a company that is going in and destroying our national heritage. Woodside has for years been opposing recognition of the Burrup Peninsula and its internationally important rock art on the national heritage list. This is the very same company that, along with other companies, wants to go into the Kimberley. So now we are going to subsidise them to go into the Kimberley. I think they are big enough now to be able to survive on their own two feet without corporate welfare from the public purse. That has been going on for far too long. That money should be directed into genuinely helping the mums and dads and the pensioners of Australia. You cannot argue on the one hand for a rise in the pension and then on the other hand say, ‘Oh, we’re still going to support corporate subsidy and corporate welfare.’

Senator Cormann—You want to push up the price of gas for pensioners?

Senator SIEWERT—I will take that interjection. The point there is that Woodside should not be so greedy. Greed is what is driving and has driven the financial crisis they are facing in America. Finally people are waking up and realising that it is totally inappropriate to drive that greed. Greed, greed, greed. Well, people have had enough. They have absolutely had enough. Where do you get off arguing for corporate welfare and arguing for pensioners at the same time? It is always industry first, isn’t it? When it comes down to it, it is always industry first.

Senator Cormann—It’s people first.

Senator SIEWERT—It is not people first; it is industry first. That is the policy position being taken here, when you see a profit of a billion dollars in six months. In this day and age, in anybody’s language that is a significant amount of money. We do not need to be subsidising that anymore. They need to be paying their fair share. Everybody always understood it was to get an infant industry up and running. Now there are other things that Australia needs to be doing. We need to be getting behind a renewable energy industry and supporting that much more. We need to be genuinely supporting the mums and dads and the pensioners who are in need and getting away from this corporate handout to organisations that can well and truly stand on their own two feet.

I have not heard that BP, Chevron, Shell, BHP, Mitsubishi or Woodside are struggling at all. All we are doing is trying to prop up major companies instead of supporting families and pensioners. The opposition bring their bleeding heart in here and talk about pensioners—finally they have woken up to the fact that pensioners are doing it tough.
They were in government for 11 years and did not manage to help them. Now all of a sudden they are in opposition and maybe they have time to actually look around at the people who are suffering in Australia. All pensioners in Australia, not just age pensioners, are suffering and, after 11 years, all of a sudden it has dawned on the opposition that these people are struggling. ‘But we’re not going to support any of the measures that actually raise some revenue because we don’t like tax either. We want to support big business and we want to support pensioners. Which one are we going to go for?’

Are we actually going to make sure that the corporates pay their fair share for the resources that they are making money out of so that Australia gets its fair share? This was a subsidy in the first place, so what they are arguing is that any support for infant industries has to stay forever and we are never going to take it from them. Once they become megabig, they are so big that we are going to keep supporting them anyway. It does not make sense to me.

It is about time that we started making sure that we have enough in our consolidated revenue that we can genuinely look after those in Australia that need it most. I do not think the likes of Woodside need that subsidy. It is corporate subsidy, it is corporate welfare and we do not need it anymore. We have got to get away from ‘big is better’ and ‘greed at all costs’ because it is bringing down the American financial institutions. The Americans are sick of it, and I will tell you what: Australians are certainly sick of it.

I also stood in a polling booth in the recent WA state election, and I have never had as many come and get Greens how-to-votes from me and say, ‘Things have got to change.’ So wake up and smell the roses. It is time to get the corporates off the corporate teat and start delivering for those that are genuinely doing it tough in this country.

Senator MARK BISHOP (Western Australia) (11.23 am)—I rise in support of the Excise Tariff Amendment (Condensate) Bill 2008. The intention of the bill, as we all know, is to remove the exemption on the production of condensate from the crude oil excise.

Senator Cormann—That is a disgrace! Aren’t you from Western Australia? You should have learned on 6 September.

Senator MARK BISHOP—Listen and you will learn, Senator Cormann. You will get some sense from a Western Australian senator, not the nonsense you lot have been talking about.

The ACTING DEPUTY PRESIDENT (Senator Humphries)—Order! The senator should be heard in silence.

Senator MARK BISHOP—Thank you, Mr Acting Deputy President, for that help. The intention of the bill, as I say, is to remove the exemption on the production of condensate from the crude oil excise, and the amendments will apply the crude oil excise regime to condensate produced at the North West Shelf gas project. Condensate, as we know, is a light crude oil extracted from natural gas. It is mainly used in the production of petrol and, as we are all aware, the price of petrol has gone through the roof in recent times and seems likely to stay high.

In 1977 condensate was made exempt from the crude oil excise. It was exempted, as was said earlier, to facilitate sunrise industry investment in the North West Shelf gas project and the Cooper Basin. At the time of the concession, the then Treasurer deliberately said, ‘This will assist the marketing of LPG and condensate from fields already discovered but not yet developed in the North West Shelf.’ Since that time the concession
has been of great benefit and enormous help to the North West Shelf venture partners.

During recent Senate committee hearings the Australian Petroleum Production and Exploration Association were quick to point out that condensate ‘actually aids the economics of gas’ and, further:

… very few gas projects have proceeded without associated condensate production. However, there is not one scintilla of evidence that the concession was to apply indefinitely—and, as many speakers have already said, neither should it apply until the end of time. Today the North West Shelf project is huge. It accounts for 48 per cent of Australia’s petroleum production and 54 per cent of our natural gas production. It results in sales of approximately $11 billion. Over the last five years, with the increase in world prices, the excise exemption has been worth almost $1.5 billion—a $1.5 billion windfall for the six multinational companies involved in the joint venture. Just for the record, who are these companies? They are BP Developments Australia Pty Ltd, Chevron Australia Pty Ltd, Japan Australia LNG Pty Ltd, Shell Development (Australia) Pty Ltd, BHP Petroleum (North West Shelf) Pty Ltd and Woodside Energy, who operate the project.

Much has been made of the possible impact of the condensate tax. I would like to look briefly at the long-term profitability of companies involved in the extraction of non-renewable resources such as oil and gas. BP Developments is part of the BP Australia group, which had a net profit after tax of $1 billion in 2006 and, in 2007, a net profit of $1.4 billion, representing a 40 per cent increase over the previous financial year. Chevron Australia is part of the Chevron Corporation. It had a net income in 2006 of $17 billion and its net income rose by nine per cent in 2007 to $18.6 billion. Chevron also experienced an 18 per cent increase in its share price over the last financial year.

Japan Australia LNG is a subsidiary of the Mitsubishi Corporation. Mitsubishi has not performed as well as the others, who concentrate almost exclusively on oil and gas production. That corporation, in its annual report, showed a drop in sales revenue of eight per cent in 2007 and a three per cent drop in gross profit. Consumer items such as cars clearly are not as profitable these days as other items that might be produced.

Shell Development (Australia) Pty Ltd is, of course, part of the Royal Dutch Shell group, and net income for the group rose 21 per cent from $26 billion in 2006 to $31 billion in 2007. The Royal Dutch share price has also risen over the last 12 months somewhat significantly. Woodside described 2006 as a record year. Their net profit after tax increased 29 per cent to $1.4 billion and revenue was up 39 per cent to $3.8 billion. In 2007 profits were of a similar margin. In addition, the share price for Woodside has increased 47 per cent in the last 12 months. BHP Petroleum, as a subsidiary of BHP Billiton, experienced a 25 per cent increase in its share price over the same period and was a significantly disproportionate contributor to earnings within the BHP Billiton group.

What is the net of that? Share prices of companies involved in the oil and gas extractive industries in the last two, three and four years have done extraordinarily well in what has been a somewhat depressed market price environment. In that context, both executives and management have been rewarded most handsomely. Resource companies are doing well in Australia and will continue to do well under this government. However, the point needs to be emphasised once again: these companies extract Australia’s non-renewable energy resources for profit, profit that is distributed to shareholders all around the world,
and it is clear that the North West Shelf gas project is a mature and highly profitable investment. The project, by any stretch of the imagination, is no longer reliant on investment incentives for its ongoing success. It should be noted that the imposition of an excise on condensate will result in a reduction of royalties. Royalties are paid by these companies to the Western Australian government. That is because the excise payments are a deductible expense for calculating the offshore petroleum royalty. It should also be noted that the first 3.1 million barrels will incur no excise at all.

I think we should take it as read that that any company is loath to concede a tax concession, a tax rort or a tax subsidy without a fight, and that is what we have going on here now. Shareholders properly demand a return on their investment as well as a useful growth in capital price. However, the excise regime for the production of condensate will continue to remain the same as the regime applied to stabilised crude petroleum oil. Given their similarity, the interlocking relationships between the production exercises for the two and the synergies between the whole set of companies involved in the North West Shelf gas project, the two commodities should be taxed in a similar manner. That means there will be no excise on annual production of 3.1 million barrels or less; 10 per cent on annual production of 3.1 to 3.8 million barrels; 15 per cent on annual production of 3.8 to 4.4 million barrels; and 20 per cent on annual production of 4.5 to 5 million barrels.

The resources sector is clearly of immense importance to Australia’s future prosperity. Governments have a responsibility to ensure the ongoing health, sustainability and growth for the benefit of all Australians. But this government makes decisions not only to benefit ordinary Australians but also is extraordinarily mindful of the important role played by the private sector in our mutual and our joint prosperity. We do listen to industry requests for adjustments to tax arrangements. A case in point is the enormous Henry review of the tax system, which will specifically look at barriers to investment in large-scale downstream gas-processing projects, hurdles faced by remote gas developers and consideration of a future policy framework for new Sunrise extra investment in the gas sector. As you would expect, industry welcomed the inclusion of all of these issues in the Henry review after no attention and no action for the last 12 years.

There are significant challenges to developing oil and gas projects in northern and far western Australia. Many sites are remote from infrastructure and markets. The high costs of extraction also add to the capital intensive nature of these industries. But, over time, tax regimes change—and so they should change. This excise exemption is a historic anomaly and an anomaly no longer needed and it should be brought into line with the rest of the country. New gas projects, such as Gorgon and Browse Basin in my home state of Western Australia as well as Sunrise in the Northern Territory, are now in competition for investment dollars. It is time to even the playing field, and the current government has made the right decision to even the playing field. New resource ventures require large upfront capital investments in infrastructure to get off the ground. Ultimately, they bring revenue to government and benefits to all Australians. Governments of all persuasions recognise the need to assist new ventures in the early stages of development. However—and this is the key point—there is no need for long-term valuable resources to be directed to highly profitable ventures.

Much has been written about the likely impact of the excise on domestic petrol and gas prices. In fact, members opposite have
sought to link the condensate tax to increases in Western Australian domestic gas prices. How silly. How illogical. How absurd. And it shows a lack of understanding by the alternative government, by the opposition, of global commodity markets. You do not know how they work. When one thinks about it, it defies logic considering that for 12 years they boasted of their mastery of the economy. Liquid petroleum gas is priced in Western Australia—as it is in the rest of Australia—by reference to a world price. As a further safeguard, natural gas supplied to householders in Western Australia is subject to the Energy Coordination Gas Tariff Regulations of the Western Australian state government—now a Liberal-National government. Just as the imposition of the crude oil excise does not increase petrol prices, the condensate tax will not increase gas prices because they are set internationally.

We were elected to implement the commitments we made last year to the Australian people on tax, on income support and child care to help those under financial pressure. This is going to be done, as we all know, principally through the budget process. The measures contained in this bill will increase the return to the Australian community for allowing private interests to extract non-renewable energy resources. The revenue raised will add to our ability to assist families and pensioners under pressure. It will assist in investment in our schools and hospitals.

It will also most critically close a tax loophole which has given an advantage to one group of private companies and their shareholders over all others. The absurdity and the illogicality of the position of the opposition is absolutely amazing. If we accepted their principal argument—that a tax concession, tax subsidy or tax reduction, once given, remains forever and for all time—there would not have been any change in this country in the last 30 years. All of the financial market change, tariff reductions and accessing of markets by new companies from overseas were commenced by the Whitlam government, continued under the Hawke and Keating governments and continued under the Howard government. What was it about? It was about incentive, it was about access and it was about change. Why did we want change for the last 40 years? To improve material living standards for ordinary Australians. That necessarily involves that some companies which received an initial start-up kick to invest billions of dollars in a worthwhile project, 30 years into the project—when they are turning 40 per cent annual growth in capital price and 40 per cent annual growth in return to shareholders—no longer need that subsidy. It is about worthwhile change to benefit all Australians.

As Senator Siewert properly said, for the last four days you have done nothing but try to wreck the budget process of the properly elected government in this country. You say two things: spend, spend, spend without merit and keep taxes that are in existence. What a load of rubbish. You cannot have it both ways. You cannot wreck the budget and deny tax revenue in the order of $1 billion or $2 billion over a four-year period in one bill and, at the same time, want to add outlays to the tune of many billions of dollars.

This bill is worthy of support. The government should be commended for bringing it in. Industry will adapt and change and all of the companies I mentioned will continue to grow. I commend the bill to the Senate.

Senator EGGLESTON (Western Australia) (11.39 am)—It is quite clear there is a very large gulf of disagreement between the opposition and government on this issue, and my money for the moral right is on the side of the opposition. The proposed imposition of a $2.5 billion excise on condensate pro-
duced by the North West Shelf joint venture, if I may say so, is yet another example of the high-taxing policies of the Rudd government. Throughout their short history, so far we have seen a total commitment to higher taxes. Unfortunately, this huge increase in tax, which was imposed without consultation with the North West Shelf joint venture partners—which include Shell, BP, Chevron, MIMI and Woodside—will have some seriously adverse consequences, not only in WA where the increased tax will most likely be passed on to domestic and industrial consumers in the form of higher prices for electricity—

Senator Mark Bishop—I have already explained that.

Senator EGGLESTON—This will be done when contracts come up for renewal, Senator Bishop. Ordinary Western Australia families—mums, dads and the kids—will have to pay higher prices for goods in stores and suburban household electricity bills will be higher. Also, from a national perspective, this decision by the Rudd government has compromised Australia’s good reputation as a nation where sovereign risk is low. Whereas until now investors have considered that the word of the governments of Australia could be relied on and trusted when it came to agreements for large resource investments, following this decision—to unilaterally break an agreement without any prior consultation—this reputation for reliability will be in tatters. It is hard to escape the conclusion that this $2.5 billion tax on condensate produced on the Burrup Peninsula is an example of the fact that many of the Rudd government’s budget measures have not been thought through and will have serious, adverse impacts if passed.

Apart from putting up prices for ordinary families being an example of an unintended outcome, other budget measures having unintended outcomes include the axing of the Commercial Ready program, which provided finance for companies doing innovative research and its axing will mean that Australia loses products to other countries, and the axing of the Regional Partnerships program, which had so many unforeseen impacts on people living in rural Australia that the Rudd government was compelled to backtrack and to restore many of the projects it had planned to terminate. Imposing this $2.5 billion tax on condensate will, without doubt, have an impact on the people and the economy of Western Australia as Woodside has indicated to the stock exchange that the $2.5 billion in additional tax will have to be passed on to its consumers, including families, in Western Australia. This impact will be widespread because Western Australia has become heavily dependent on gas as a source of energy for both domestic electricity and many industrial users in Western Australia, including the large Alcoa bauxite refinery at Pinjarra, as well as mining and other industries in the Pilbara and eastern goldfields.

It seems extraordinary that the Rudd government should be surprised that Woodside has indicated to the stock exchange, as I said, that it will inevitably have to pass on the $2.5 billion additional tax to its customers. Western Australian consumers, most importantly ordinary families, will have to bear that cost increase. An extra $2.5 billion in costs is a large amount of money by anyone’s standard. One can only say that, in not comprehending that this would inevitably have to be passed on, the Rudd government has demonstrated its naivety in not understanding the fundamentals of running a large corporation. That the Rudd government appears to be so naive about the realities of finance in business must be a cause of great concern to those considering large capital investments in Australia.
The manner in which this decision was made, in secret, and then only communicated to the North West Shelf joint venture as a fait accompli in the budget, must also raise serious concerns about the attitude of the Rudd government in dealing with the interests of large resources companies. According to the Parliamentary Library, the North West Shelf oil and gas venture is Australia’s largest resources project and has involved some $20 billion in capital investment to April this year. Given this, surely it would have been reasonable to assume that consultations would have occurred between the Rudd government and the company when a major and fundamental change to the financial arrangements between the company and the government was under consideration.

This is particularly important when it is understood that the arrangements to exempt the company from condensate excise had been in place since the earliest negotiations about the project and that there had never been any suggestion that these arrangements would be subject to review or change, much less unilaterally terminated, as is proposed by the government. In fact, according to the briefing the Senate economics committee received from Treasury, there was no termination date placed on the arrangements for the exemption from condensate tax, so the North West Shelf joint venture was entitled to think that this was a permanent condition, especially since it had been in place for several decades. However, in spite of this, the joint venture was only informed of the decision to end the exemption for the condensate excise immediately prior to the budget, without any prior consultation or hint that the condensate exemption was to be terminated.

Senator Siewert spoke about Woodside’s greed. Unlike oil projects which are profitable after a relatively short period of time, gas projects have a long period before the enormous cost of setting them up is recovered and profit on capital is generated. Senators should understand that the joint venture has continued to expand the North West Shelf project at great expense over the years and only recently has commissioned two additional trains, as they are called, to increase production levels. As I said, total investment is now approaching $20 billion, and senators will appreciate that it takes a long time to recoup development costs of that kind. So it is hardly greed on the part of Woodside that it wants to be given a reasonable opportunity to recoup its investment.

Senator Cameron, in his speech last night, was dismissive of coalition concerns about sovereign risk. The reliability of agreements with governments is known as sovereign risk. Australia has had an excellent reputation as a nation where governments kept their word and, accordingly, Australia has been regarded as a reliable country to invest in, with low sovereign risk. By contrast, a Third World banana republic would undoubtedly have a high sovereign risk, and no respectable investors would want to chance their money in such a country. The fact that Australia was a nation of low sovereign risk, with a reliable legal system and political stability, has been an important, key competitive advantage in attracting large resource investments to this country. This has been the case even though in Australia costs have been higher than in some of the alternative countries where investment in similar gas projects could occur, such as Indonesia, Qatar and Nigeria.

We in Western Australia have taken a lot of care over the years to protect our reputation for being a state where sovereign risk was low, because the Western Australian economy, since the 1890s, has been driven by great mining booms and resource developments. In the 1890s and on into the 20th century, it was gold, particularly in Kalgoorlie, which drove the WA economy. Then,
from the 1960s on, it was nickel and bauxite. Most significantly, in the present, the Pilbara iron ore industry and the oil and gas developments of the North West Shelf are the key driving force of both the Western Australian and the Australian economies. Senator Cameron appeared to not understand that these great investments in gas resource projects have not occurred in Western Australia by accident but have been differentially and preferentially made in Western Australia because Western Australia has a reputation as a safe place for international investment, where sovereign risk is low.

However, this decision by the Rudd government to terminate the longstanding exemption from paying excise on condensate by the North West Shelf joint venture without any consultation has cast a cloud over the previously impeccable reputation of Western Australia, and Australia as a nation where sovereign risk was low. That the Rudd government have done this is incomprehensible and underlines their lack of experience and understanding of the expectations of great international resources companies. The Labor Party seem to think that these resources companies are bound to Australia, that they cannot go elsewhere. The Rudd government has seemingly ignored the reality that other countries also have large gas reserves and that if costs in Australia, which are already high, are raised too much through the unilateral ending of agreed exemptions or other conditions we in Australia will lose our competitive advantage. As a result, international resources companies like Shell, Chevron, BP and Woodside, who are partners in the North West Shelf joint venture, may cease to undertake new developments in Australia and instead invest in new projects elsewhere—for example, in countries like Indonesia, Qatar and Nigeria—where costs are low and regulations almost non-existent but sovereign risk is high.

The last point I wish to make about this decision of the Rudd government is that condensate is a relatively greenhouse friendly source of energy. It seems to me somewhat curious that a government which is obsessed with greenhouse issues and the reduction of carbon emissions in Australia should be penalising a greenhouse friendly energy source in this matter. But perhaps I should not be so surprised, because it is becoming increasingly apparent that the decisions of the Rudd government are often poorly thought through, often do not take into account the consequences and frequently are no more than ideologically driven, symbolic gestures designed to make a short-term impact. In fact, the Rudd government is becoming very much a government of symbolism, not of substance. By contrast, when the Howard government came into office their first budget contained a number of outstanding initiatives, such as setting up the Natural Heritage Trust, which was to be funded with $1 billion from the sale of Telstra, which was another outstanding proposed initiative. So I suppose it is reasonable for us to ask here today: what has the Rudd government done in the 10 months it has been in office? Sure, this government has signed the Kyoto treaty—

Senator Faulkner interjecting—

Senator EGGLESTON—My pronunciation is being corrected from across the floor—it has apologised to the Indigenous people of Australia and it has set up literally hundreds of reviews, but there has been very little significant new policy announced. I must say the people of Australia are justified in wondering just what this government has been doing with its time and whether it really does have any new ideas. The May budget reflected the approach of poorly thought through, ideological based, symbolic gestures. And now to the list of such a poorly thought through measures we must add this
condensate tax, which will disadvantage ordinary families in WA by increasing the cost of domestic electricity in our state.

In conclusion, in the interests of preserving Australia’s hard-earned reputation as a reliable nation of low sovereign risk where large capital investments in resource projects can be made with confidence and, most importantly, ensuring that families in WA are not burdened with higher electricity bills and increased prices for consumer goods, I call upon the Senate to reject this legislation.

Senator FARRELL (South Australia) (11.55 am)—I seek leave to incorporate two speeches, one by Senator Arbib and one by Senator Pratt.

Leave granted.

Senator ARBIB (New South Wales) (11.56 am)—The incorporated speech read as follows—

I rise today to support the Excise Tariff Amendment (Condensate) Bill 2008 and the Excise Legislation Amendment (Condensate) Bill 2008.

We are currently living in uncertain and deeply worrying times: the snowballing credit crisis in the United States has shook the world economy to the core and no one knows how far this financial crisis will eventually go.

The financial collapse of companies such as—Bear Sterns Lehman brothers, Fannie Mae and Freddie Mac, and AIG the world’s largest Insurance company have added to the growing concerns about the strength of the US economy.

Last weeks $700 billion, US, economic rescue plan by the US Treasury to buy bad debt is an attempt to insulate and stabilise the United States economy from international stock markets.

The total rescue package now comes to around $1.3 trillion dollars.

A staggering amount in anyone’s currency!

There is one thing I agree with the new Opposition Leader, the Member for Wentworth.

As the new opposition leader recently said we are presently facing, the gravest economic crisis globally in any of our life times ...

In light of this turmoil on World markets it is vital that our economy and businesses have some sort of financial certainty from this Parliament.

It’s why the Australian government has taken such strong measures to insulate the Australian economy from the economic tsunami engulfing the world.

But it is not the only challenge.

At the same time as this—we are being forced to fight a war on inflation ...

A legacy left to us by the former Howard Government. The facts which are here for everyone to see:

- The highest inflation rate in 16 years
- 10 straight interest rate rises
- the second highest rates in the OECD

The Prime Minister and the Treasurer both understand this and had this uppermost in their minds when they framed May Budget.

We on this side of the Chamber understand that Australians are doing it tough, doing it tough on petrol rises, doing it tough on cost of living increases, doing it tough on interest rates.

That’s why the budget delivered by Wayne Swan contained massive spending cuts and a record $22 billion surplus to keep downward pressure on inflation and therefore downward pressure on interest rates.

I don’t consider myself an economic genius, but I did listen to my year 10 commerce teacher when he told me to build savings you need to increase revenue and to reduce spending.

And just as average households are forced to make these tough decisions, so too do governments.

In the May Budget not only did we see big cuts to bloated Howard government spending, we also saw new measures that sought to bolster the surplus. This is where this excise on condensate comes into play.

And it amazes me after years of worshiping the surplus how the Liberal Party have all of sudden forgotten the economic basics.
I remember the former Prime Minister John Howard saying in 2001:
“The last thing I will do is abandon the commitment I have with the Australian people to maintain a stable economy.
“A stable, growing economy is the source of wealth for all Australians.”
He goes on:
“And if any government undermines that, that government should be thrown out”
I remember our friend in the other place, the Member for Higgins, between writing memoirs saying:
“If you spend surpluses, you don’t have surpluses.”
“If you spend a surplus, what you’ve got is a deficit.” Mr President,
The Australian people remember that the Liberals preached economic responsibility but delivered something quite different.
They talk the talk but rarely deliver.
They ignored 20 warning from the Reserve Bank on their reckless spending Mr President... they also ignored similar warnings from the IMF regarding their “stimulatory” budgets.
And they have learnt nothing from their election loss.
Their former Opposition Leader Dr Nelson’s promise to cut 5 cents per litre to the fuel excise coupled with an increase to the single income pension, that conveniently overlooks 2.2 million other welfare recipients such as care givers, widowers or even veterans pension, together with their blocking of key government revenue raising measures will blow a hole in the budget surplus of at least $6.1 billion dollars each year.
That is a staggering 23% of the current budget surplus. So much for being economically responsible.
Even more staggering is that the new Opposition leader the member for Wentworth has continued down this economically irresponsible path.
The Liberals party’s childish opposition to government legislation in this chamber has shown what the Liberal Party truly values.
They value the interests of Porsche and Lamborghini drivers over the interests of working families.
They value tax breaks for multinational companies over services for working families.
And they value concessions for health insurance providers over $1200 tax breaks for working families.
Is it any one wonder that the Australian public rejected them and their conservative policies in last year’s election.
I think not...
In order to maintain a strong surplus it’s vital that Senators in this chamber pass these revenue measures to ensure that the economy continues to prosper into the future.
I would like, if you allow, to provide the Chamber some background regarding condensate and the details of this excise.
Condensate, as we are aware, is a light crude oil extracted from natural gas. Since 1977 a Crude Oil Excise exemption has applied to the sale of condensate.
Originally, this regime was designed to encourage, among other things, exploration and development of petroleum resources under the North West Shelf project.
This was an important measure at the time and the stakeholders of the North West Shelf project have benefited substantially from this tax incentive.
Treasury estimates place the worth of this concession at almost 2.7 billion from 2001-02 to 2010-11 —A substantial boost and a good leg up to the industry.
The profit derived from the companies that operate on the North West Shelf run in the tens of billions of dollars, therefore withdrawing this tax exemption would have little or no effect on the operations of these companies.
Further, the argument the Liberal Party members put forward that the implementation of these measures will have adverse impacts on future investment decisions are plain wrong and not based on any objective evidence or analysis.
As for the opposition’s claim that lifting the tax break will increase gas prices in the WA, this is also furphy perpetuated by the members on the other side of the chamber to help their friends in a multi-national reap even higher profits.

Domestic gas consumers in WA make up less than one per cent of Woodside’s revenue. Even the former leader of the opposition himself said I quote:

“I’m advised in part it’s not likely to have any impact on domestic gas prices.” (August 19)

How many other companies in this country get this sort of tax break or financial benefit?

The Liberal Party have once again shown their true colours, backing in a massive multi national over working families.

Even more galling the same company benefited back in 2001 from a Howard Government tax cut worth $460m that were not passed on as lower prices to consumers.

Yet those opposite continue to argue for this measure to be stripped from the budget, undermining the mandate this Government was given to manage the economy responsibly, to combat inflation and to lead Australia into the future.

And they won’t say how they will pay for it or make up the difference. The black hole will stand and the effects will be severe.

Don’t worry, they say, it’s only a small budget hole. Mr President, $6.1 Billion is not a little hole, it is a reckless undermining of the entire budget.

It is irresponsible and reckless to ignore this reality and for the opposition to block this bill.

But Economic irresponsibility seems to be par for the course with this opposition.

The liberals opposite have repeatedly demonstrated where their political allegiances lies; consistently we see the opposition siding with big business over working families - blind profits over good policy, recklessness over responsible management of the Australian economy.

How many times have we seen it since the election?

They stood on the side of the liquor industry protecting massive corporate profits from ready to drink alcopops.

They stood on the side of a system of the big oil companies, blocking the Fuel Watch scheme that would help families by providing transparency to fuel pricing.

The Australian people were being offered an opportunity to easily access information so vital for consumer choice. What did the liberals say?

They would rather that information continue to be provided to the retailers, for their benefit not for motorists at the pump.

Now we see the same stance on this bill. A bit more profit for a few over the economic security of the many. The opposition has made its priorities clear once again.

The Senators on the opposite side of the chamber should do the economically right thing and pass this legislation to help ensure working families in Australia are able to prosper in these difficult economic times. If this bill is defeated it will be a win for corporate greed and Liberal Party ineptitude.

**Senator PRATT** (Western Australia)

(11.56 am)—*The incorporated speech read as follows—*

I rise to speak on behalf of the Excise Legislation Amendment (Condensate) Bill and the Excise Tariff Amendment (Condensate) Bill.

The proposed amendments will apply the Crude Oil Excise regime to condensate in the North West Shelf.

This regime is the same regime that already applies to petroleum fields discovered after the 18th of September 1975.

The imposition of Crude Oil Excise will not increase petrol or gas prices because those prices are set by international energy prices.

This measure increases the return to the Australian community for allowing private interests to extract non-renewable energy resources.

The current arrangements give a huge gift to North West Shelf companies.
These companies have profited well from the mining boom and this community-funded free kick is no longer appropriate. The joint venture has enjoyed great benefits from this exemption, not only because condensate production from the North West Shelf area has risen but also because condensate is a premium product and its price has usually been more than bench mark crude oil prices, which have themselves increased rapidly in our region.

In the June half of this year alone, Woodside handed down a 67 per cent lift in net profit.

The condensate tax exemption has given the North West Shelf Venture partners $1.5 billion over the past five years alone.

The North West Shelf project is the only gas project to have benefited from the tax exemption for condensate.

Meanwhile other condensate production current and proposed projects are subject to the tax. Given that the exemption was given originally to get the North West Shelf Project up and running 24 years ago, it can no longer be justified.

The project is now highly profitable and no longer reliant on investment incentives such as the exemption that this bill will remove.

It’s now time Australian tax payers in general, and Western Australian tax payers in particular, got some return on all the investment they have put in to this project in the form of this exemption and other support.

As Nigel Wilson pointed out in the Australian in May:

One thing the chief executive of Woodside might like to remember when he notes existing tax arrangements have underpinned more than $25 billion in investment in the shelf, is that it was domestic taxpayers, particularly in Western Australia, who took the price, transport and market risk for the shelf’s domestic gas, which allowed the huge project to justify the capital expenditure in LNG processing in the first place.

New gas projects such as Gorgon, Browse and Sunrise are struggling to get off the ground and it is time to even up the playing field for investment in gas projects.

Tax breaks for such new LNG projects may well be justified, which is why such measures will be examined as part of the Rudd Labor Government’s overall review of the tax system, currently underway.

The measure is a very important part of Labor’s budget surplus.

It has an estimated net revenue gain of $2.5 billion over the forward estimates period, partly offset by an increase in net outlays of $69.6 million over the same period.

Labor’s budget surplus designed to help fight inflation.

It will help Australia families by putting downward pressure on interest rates and on the cost of living.

The coalition believes it can win votes by sabotaging the surplus but they are wrong. Voters will not thank them for undermining our efforts to fight inflation, to help reduce interests rates, and to lower the cost of living.

I am pleased to say that the measure will not impact on Western Australia offshore petroleum royalty revenue.

As part of this measure, the Australian Government will provide the Western Australian Government with ongoing compensation for the loss of shared Offshore Petroleum Royalty revenue resulting from imposing the Crude Oil Excise on condensate.

This arises because Crude Oil Excise payments are a deductible expense for calculating the Offshore Petroleum Royalty. An initial payment of $80 million will be paid to the WA in 2007-08, with payment in subsequent years adjusted to equal the impact of removing the condensate exemption on royalty payments to Western Australia.

This is estimated to cost $406.6 million over the forward estimates period.

Woodside’s threat to raise prices in response to this measure is pure political grandstanding in an effort to avoid paying its fair share.
There is no justification for transferring the tax to consumers.

Condensate is not a gas—it is like crude oil—this measure is not a tax on natural gas a Passing on the tax could constitute a breach of trades practices laws and warrant investigation by the ACCC.

The ACCC is already examining whether Woodside and its North West Shelf Gas Venture partners are in breach of trade practices law by continuing to market gas jointly rather than by competing with each other, after customers complained that the arrangement could be forcing them to pay higher prices.

Domgas, an alliance of Western Australian gas customers, has argued to the ACCC that the market power exercised by North West Shelf partners, which make up 70 per cent of the West Australian Market, has constrained the supply of gas and resulted in rapid rises in gas prices.

Domgas Alliance represents gas customers including Alcoa, Alinta, the Dampier-Bunbury pipeline, Fortescue Metals, Newmont and the WA State Government owned energy utilities Horizon Power and Synergy.

Woodside’s implied threats of higher prices are simply not justified and should not be used by the Coalition to justify its stance on this measure.

In fact, I think Woodside needs to explain its windfall profits in the order of 100 million as a result of the WA gas crisis.

The usual contracted price is $2-3 per gigajoule. Gas sold outside the usual contracts has been sold at ten—and then at auction $16 per gigajoule.

The Senate Economics Committee, of which I am a member found no evidence to support Woodside’s claim that it would have to raise prices.

In fact, the claim made by Mr Voelte, Woodside’s chief executive, that prices would rise, directly contradicts the evidence given to the Senate Economics Committee by North West Shelf Executive, Eve Howell, who said, and I quote:

“What I can say is that our current domestic contracts are in place and will be honoured. We in general have no ability to pass on this additional impost.”.

Woodside’s claim is nothing more than political grandstanding in effort to avoid paying their fair share of excise—so much so that Brendan Nelson, the then leader of the Opposition took some time to swallow Woodside’s line.

On the 27W of August he told ABC radio that it beggared belief that Woodside would not pass on the tax to consumers.

Yet a week earlier, he was apparently happy to have his beliefs beggared when he said he had been advised that this bill was not likely to have an effect on prices.

So, either the former leader of the opposition is a fool by his own admission, a fool being someone who can easily be convinced of things that beggar belief, or there is evidence that contradicts Woodside’s claim that prices will rise.

The claim by the North West Shelf Venture companies that this important budget measure will undermine Australia’s sovereign risk standing is even more far fetched.

The joint venture company has complained that the Government’s decision to remove a tax exemption makes big-scale investment in Australia as risky as big-scale investment in Papua New Guinea.

But the fact is that taxation arrangements covering the North West Shelf have changed several times since the original taxation agreement covering the project was introduced.

As Nigel Wilson pointed out in the Australian in May, Woodside’s claims that it had no warning that this measure might be introduced are surprising, given that the major oil companies collectively spend seven figure sums keeping up to date with the Government’s likely approach on these issues, and given that Labor Senators such as former Resources Shadow Minister Joel Fitzgibbon have raised the issue numerous times at Estimate Committee hearings.

Shane Wright, economics editor of the Western Australian, gave a scathing response to the extraordinary claim that Australia’s sovereign risk standing would be effected by this measure on the 27th of July, which is worth quoting at some length. He said:
“Australia remains ranked among the most secure nations in which to invest by authorities such as the OECD, while PNG remains just above Iraq and Afghanistan. Again, you have to wonder where the joint venture would rank the Rudd Government compared with Hugo Chavez and his nationalisation campaign of Venezuela’s oil, cement and steel industries. There’s been no complaint from the joint ventures for tax changes over the past 30 years that have reduced their payable tax. So, the real argument is that you can make a change to a tax arrangement, as long as they’re better off for it.”

So much for the sovereign risk argument against this measure.

However, the absurdity of the claim hasn’t stopped Coalition senator’s such as Mathias Cormann from parroting it whenever they get the chance.

As Lenore Taylor aptly put it in the Australian, way back in May when this measure was first announced, and I quote:

“Some in the corporate world seem to be playing a very political game in trying to get rid of a decision they don’t really like.”

It is my hope that the majority of Senator’s will take a leaf from Brendan Nelson’s book before Woodside convinced Western Australia’s Liberal Senators to convince him it was in all their interests to dance to the tune of big corporate interests.

It is the Coalition’s backflip on this issue and the antics that have resulted that beggar belief, not the merits of this bill.

I urge all Senators to put an end to this attempt to sabotage sound fiscal policy for no good purpose.

I urge them to support the measure.

Senator CORMANN (Western Australia) (11.56 am)—This Excise Legislation Amendment (Condensate) Bill 2008 is a lazy tax grab by a lazy government desperate for cash to fund its high-spending budget, and the people of Western Australia are being asked to pay the price, to pay the bill. After the election we were told for six to seven months: ‘We’ve got to fight inflation. The inflation genie is out of the bottle. We’ve got to cut spending. This is going to be a tough budget.’ What did we find out on budget night? Net spending went up by $15 billion. Of course, the Rudd government, now that they are so-called ‘economic conservatives’, were desperate to ensure that they could still show a bit of a surplus. So what did they do? They had to find some easy tax targets. Never mind the negative and disastrous flow-on consequences. Never mind that this will have a disastrous impact on the economy, families, pensioners and businesses in Western Australia. Never mind that this will have disastrous consequences for our sovereign risk profile. Never mind that this is not the right decision to ensure we attract investment in an industry that can help us address the challenges of global warming by exporting LNG to some of the Asia-Pacific markets. Never mind that this is the time, from both an economic and an environmental point of view, when we should be doing everything we can to attract investment that will help us to ensure our energy security, to continue to grow and to ensure economic prosperity into the future.

This is an ad hoc measure. As Senator Johnston said in his speech earlier today, it is a drive-by shooting. This is not a serious attempt to balance the need to provide an appropriate return to the community with the need to provide a competitive taxation framework for an important industry. This is an ad hoc measure from a government that had to look very quickly for $2½ billion and thought: ‘Oh, well, these are big oil and gas companies, so who is going to stand up for them? This is going to be easy politically for us to sell.’ It is the same way that they tried to sell a $3.2 billion tax take on so-called alcopops as a health measure even though they never talked to the health department about it. These are all tax measures driven out of Treasury—there is nothing else to it. If
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the government were serious about taking a strategic view, they would have asked the Henry review into the taxation system to consider this issue first and then come up with whatever taxation framework they considered appropriate. But, no, they put in this $2½ billion additional tax grab targeted at the North West Shelf project outside of any strategic considerations and are quite happy to take all of the negative public policy consequences that might come our way.

Let us talk about the sovereign risk profile and our attractiveness as an investment destination. The reality is this: we are in an environment where there is huge demand pressure for LNG, which we have in abundance but are not exploiting to our fullest potential. We need to attract investment but we are actually a high-cost investment destination compared to other investment destinations in the Asia-Pacific. We face technological geological challenges and compared to other potential investment destinations we are at a comparative disadvantage.

Our sovereign risk profile, our political stability and our highly skilled workforce were the competitive advantages that we were able to bring into play to attract the necessary investment and to increase gas production in Australia, which is quite frankly what we should be aiming for. The government does not worry about our sovereign risk profile and does not worry that gas projects of this nature are very capital intensive. The North West Shelf gas project is a $25 billion investment. Do you think if you put $25 billion on the table that you would not want some certainty in terms of your cost structures and in terms of the fiscal arrangements that you operate within? Do you think you would put $25 billion on the table if the government, at a whim, without even going through a proper process, can just throw all of that overboard?

For 30 years we had bipartisan commitment to giving a proper, stable fiscal framework to this very important project. It was the first such major project that we were able to get off the ground here in Australia. Sir Charles Court, the great former Premier of Western Australia; Malcolm Fraser, the then Prime Minister; and the project proponents sat down and came up with an arrangement that ensured that this project would get off the ground; it did and it was very successful. We should do more of this. To their credit the Hawke, Keating and Howard governments essentially went along with what was a very clear understanding on the fiscal arrangement that was in place to ensure that this project would get off the ground and continue to expand and continue to provide the significant export income, taxation revenue and benefits to our economy that it has.

How did the government go about this? When you make a major change like this and you want to ensure that any impact on our sovereign risk profile is minimised, don’t you think you would sit down with the stakeholders concerned and consult instead of saying: ‘This is what we are thinking: we do not think that you are paying enough. We think that we ought to revisit the exemption that was agreed to 30 years ago’? Don’t you think you would say: ‘Let’s sit down. How can we ensure that all parties to the arrangement can come up with the best possible way forward to ensure that it is a win-win’?

The government did not consult with anyone. Treasury did not even consult with the most expert Commonwealth department on this measure, the Department of Resources, Energy and Tourism. Quite frankly the government would have done very well to look at some of the evidence in Senate estimates. I refer very specifically to the evidence on 31 May 2005 by Mr Hartwell, head of the Resources Division in the Department of Resources, Energy and Tourism. If Treasury
had had a close look at this, they would have actually been able to provide advice to the Treasurer that his argument that somehow this is closing a loophole or getting rid of a taxation advantage is actually nothing more than a furphy. It is absolutely dishonest spin.

The government went out there and tried to justify this measure by stating that somehow the North West Shelf gas project inappropriately benefited from a taxation advantage that was not available to anybody else. That is not true—it is absolutely incorrect. I asked Treasury whether they had done any modelling to substantiate that assertion put out there by the Treasurer. In order to benefit from a taxation advantage it has to be an advantage compared to somebody else, presumably, somebody who is faced with the same set of circumstances. Firstly, is there any offshore gas project other than the North West Shelf that is currently paying excise on condensate? You will find that there is not, because straight after the North West Shelf gas project got off the ground the then government, in 1987 I believe, introduced what was called a petroleum resource rent tax, which is a profit based tax. It is a system of secondary taxation that essentially allows major gas projects of this nature to make major deductions for exploration expenses and various other allowable deductions, which can be compounded forward et cetera.

Projects these days that would essentially start off something like the North West Shelf did 30 years ago will not pay any secondary taxation for at least five to 10 years—don’t take my word for it; that is the evidence from Senate estimates—because they will be able to deduct a whole heap of expenditure, which was never the circumstance for the North West Shelf project. During the inquiry we held, Treasury was actually trying to make the point that they were exempt from all secondary taxation. When I tested this and sent an email back afterwards and said, ‘This is not quite right. As I understand it, they have paid royalties and they have paid excise on everything other than condensate production from day one,’ in fact the response was, ‘Yes, they have.’

The latest information that came my way is that Woodside actually wrote to the Treasurer earlier this week and provided advice that under its calculations, the North West Shelf venture actually paid $8 billion more in tax than it would have if it had been subject to the PRRT arrangements. Where is the taxation advantage in that? Can somebody tell me where the taxation advantage is in this? Essentially, the Treasurer went out there trying to justify a $2.5 billion tax grab, which of course the businesses that are affected by it will try to pass on to their customers. That will, of course, put upward pressure on the price of gas and electricity, which will put pressure on families, pensioners and businesses in Western Australia. And it is all to fund the Rudd government’s big-spending, big-taxing budget.

I asked Treasury, ‘Did you actually model this to substantiate the assertion made by the Treasurer that this is a taxation advantage?’ They said, ‘No, we did not.’ They got lost in all sorts of arguments, and I might quote some of the exchanges, which would be quite amusing if it were not so serious. I read a quote to Treasury from Mr Don Voelte, who had said:

... this is not a loophole or a free ride which has come to an end. This is a negotiated fiscal arrangement which formed the basis of Australia’s largest resource development

Treasury officials told the committee:

Contrary to suggestions from industry we have not been able to find any statements or documents which suggest that the exemption was supposed to apply indefinitely.

So they have not been able to find evidence that it was, but they cannot rule it out either.
Then, in evidence before the committee they said:

... the project has had an exemption from all secondary taxation at the Commonwealth level, not counting the royalty arrangement which is in place with the states. It has been exempt from crude oil excise for 30 years.

Wrong! And that was evidence provided by Treasury at our inquiry! If Treasury does not understand what is being proposed how can this Senate have any confidence in passing this bill? How can we have any confidence that this is a properly substantiated measure, properly thought through, having properly assessed all the flow-on consequences, in particular for the people and the businesses of Western Australia?

Then, again, the Treasury officials say:

The project that we are talking about has enjoyed for 30 years an exemption from the secondary taxation regime to which it was subject.

Wrong! I will just read, for the benefit of the Senate, specifically what the North West Shelf project has paid:

‘Petroleum royalties set at the rate of 10 per cent and 12½ per cent of the net wellhead value of production from each licence area; crude oil production excise associated with crude oil produced from each petroleum field.’ Crude oil production on the North West Shelf has not been excise exempt.

If you go back to the evidence on 31 May 2005 you will find that Mr Hartwell, when asked questions about this, told Senator O’Brien that if the North West Shelf project had been subject to PRRT instead of the excise and royalty regime to which it is subject then it was his opinion that the secondary taxation liability would have been about the same. When you have a senior expert Commonwealth official who makes that sort of assertion on 31 May 2005, and you are an incoming government that is considering introducing such a measure, and wanting to sell it on the basis that this is getting rid of a taxation advantage, wouldn’t you think that that government would ask the question: ‘Is that the case or is it not the case?’ Don’t you think that the Treasurer, wanting to go out and say, ‘We’re closing a loophole; we’re getting rid of a taxation advantage,’ would have asked his department: ‘Look, there was this answer on 31 May, 2005 from Mr Hartwell were he said this. Now, I want to say that: can you give me some evidence?’ In all of the inquiries—during Senate estimates and during the Senate inquiry—I have not had one answer where Treasury was able to substantiate the Treasurer’s assertion that the North West Shelf gas project benefited from a taxation advantage.

Even worse, today we find out that Woodside, which now has done the analysis, has actually written to the Treasurer and advised the Treasurer that, by their calculation, they have paid $8 billion more in secondary taxation than they would have under PRRT arrangements. I expect an answer from the government about this, because why should the people of Western Australia pay higher gas prices, higher electricity prices—it will have a serious negative impact on their economy—just so that the Rudd government can put another $2½ billion into its high-spending budget?

Let us just reflect on what happened on 6 September, because I was quite stunned. This measure was first announced on budget night and the next day I read in the *West Australian* a quote from Alan Carpenter, then Premier of Western Australia. Essentially, Alan Carpenter was an apologist for the Rudd government. Straightaway he said, ‘Yeah, no worries.’ The one thing the Rudd government thought about was how to buy off the state of Western Australia. They thought, ‘We’re going to make this change. It is going to have a flow-on impact on your budget, so we’ll have a couple of hundred million there to..."
make sure that you’re not going to be worse off as a Labor state government.’ So what does Alan Carpenter say? ‘Sure; no worries! This should not have any impact on investment in the North West Shelf. We’re quite happy for the Rudd government to go ahead.’

I was flabbergasted. We have a great tradition in Western Australia of premiers standing up for our state. Premiers in Western Australia actually stand up to the government in Canberra, no matter which political persuasion. Ask Malcolm Fraser whether Sir Charles Court would have just waved him through. Ask John Howard whether Richard Court would have just waved him through. I think the answer would be no. And I think you will find, on 6 September, that was one of the reasons the decision of the people of Western Australia went the way it did.

Then Woodside came out and told people the bleeding obvious: ‘If we are going to be faced with this $2½ billion tax we will seek to pass it on.’ What did the then Premier of Western Australia, Alan Carpenter, do? He shot the messenger. He said, ‘This is outrageous. Woodside shouldn’t be allowed to do this; we should send them to this body and that body,’ instead of standing up to Canberra and telling Kevin Rudd to do things to support important Western Australian industry, to stand up for economic prosperity in Australia and in Western Australia, and to stand up for our capacity to contribute to energy security and to address the global challenge of climate change.

This is a bad public policy measure. It is a lazy tax grab by a lazy government that essentially was desperate to find some cash to fund its high-spending budget. This measure should not be supported. This measure is very bad public policy. This should have gone through a proper strategic process. The Henry review of taxation should have looked at this strategically to ensure that we balanced the need to provide appropriate returns to the community with the need to provide a competitive taxation arrangement for an important industry. This measure should not have been introduced as an ad hoc measure in the budget on 13 May. In my opinion the Senate should very strongly vote against this.

Senator XENOPHON (South Australia) (12.14 pm)—I do not intend to take up too much of the Senate’s time in my response to the Excise Tariff Amendment (Condensate) Bill 2008. The purpose of this bill is to impose excise on condensate which is currently excise free for companies operating on Australia’s North West Shelf. Condensate is a form of crude light oil that is produced when natural gas is extracted. It is used mainly for the production of petrol and domestic gas. When the crude oil excise was introduced in 1975, condensate was exempted so that the infant liquefied natural gas industry could develop. But the industry has grown up and now it is time to pay up.

Over 30 years later, there is merit in the government’s argument that this is no longer an infant industry, and this excise loophole can and must be removed. The industry can hardly complain. It is important to note this is only an exemption from excise for the North West Shelf. Other regions with similar processes do not share in this exemption, although some regions do face a primary industries resource tax.

Senator Cormann—None of them pay it.

Senator XENOPHON—I thank Senator Cormann for his comments. But the point remains that if there is revenue being derived from our natural resources then as much profit as is practicable should be going to the people of Australia, not to the pockets of large oil companies.

Let’s put this in context. There are a number of other joint venture partners in this pro-
ject. Of course there is Woodside, the most vocal in its opposition, with profits that I expect this year will be around US$2 billion with a market capitalisation of US$33 billion. BHP Billiton’s market capitalisation is $135 billion and their profit for 2007 is in the region of US$15 billion. Royal Dutch Shell has $256 billion in market capitalisation and $31 billion in profits. Chevron has $175 billion in market capitalisation, with $18 billion in profits. BP has $168 billion in market capitalisation and $21 billion in profits. There is also the Japan Australia LNG consortium and China National Offshore Oil Corporation. China National Offshore Oil Corporation’s 2007 figures were in the vicinity of $13 billion in profits. It is interesting to note that Woodside seems to be the only one—

Senator Cormann—It’s the operator of the venture.

Senator XENOPHON—Well, it seems to be the vocal one. We do not hear the others complaining about this. When sovereign risk is defined by Oxford online as ‘the risk of investment in foreign countries in which the political and economic situation might lead to a government expropriation of private assets’, I just cannot accept, given the history of this tax holiday, that the sovereign risk argument applies in the context of this particular legislation. My office has met with Woodside, but unfortunately I did not have an opportunity to meet with the CEO of Woodside. I would have very much liked to have met with him, and maybe after my comments today he will want to meet with me.

Woodside claims that it has been keeping prices low in the Western Australian gas market through a moral obligation. But now the government plans to remove the tax break it no longer feels morally obliged. Morality is an interesting notion. I must say I found the idea of Woodside cloaking its motives in morality somewhat baffling. At this point, it is important to remind the Senate that, in the past, serious substantive allegations have been made about the morality of this company. I refer honourable senators to an article and investigative piece in the Age on 5 July of this year headed ‘Woodside drill deep into an African money pit’. I note that Senator Christine Milne has been outspoken on this issue, and I commend her for raising some very important concerns in relation to Woodside’s conduct.

Let’s put that in perspective. This is the company that paid US$100 million to the ruling military junta in the African Republic of Mauritania in what was quaintly called a project bonus. This junta was not elected; it replaced the ballot box with bullets. I wonder what a military junta would do with US$100 million—I really hope they did not buy any bullets. If this tax change does not go through, will it leave the folk at Woodside more money to pay their project bonuses? It is my view that morality should exist irrespective of profits. If you are really moral, you are always moral. Your bank balance or your balance sheet should not have anything to do with it.

Let’s turn from morality to economics. With the price of petrol set by world markets, oil companies are restricted in raising domestic oil prices. The reality is 90 per cent of condensate is exported and less than half of one per cent of revenue comes from condensate’s contribution to the Western Australian domestic market—a market that Senator Cormann has been outspoken on. I commend him for that, and I want to deal with his concerns shortly because I respect them.

That said, I am very concerned by threats to pass on costs to consumers. I am concerned firstly by the potential to hurt families at a time when living costs have become in-
creasingly tight. I am concerned by the way this reflects the lack of competition and the amount of market control exercised by these companies. I refer honourable senators to an article by Lenore Taylor, the national correspondent for the *Australian*, on 30 August this year, headed ‘Gas price inflated, watchdog warned’. The article led off:

WEST Australian gas customers may be paying inflated prices, according to a complaint to the competition watchdog that questions whether a joint marketing arrangement by the six North West Shelf partners is illegal.

Anyone who read that article would be very concerned about the arrangements. As a consequence, I met with the Treasurer, Mr Swan, last week. At the beginning of this week I wrote him a letter where I referred to my meeting with him on 18 September. I wrote to confirm and elaborate my concerns regarding the lack of competition in the upstream gas market as represented by the North West Shelf joint venture project.

I also raised the issue that this joint venture arrangement could pose a real risk that potentially breaches section 45 of the Trade Practices Act. Of fundamental concern is that, while the downstream gas market has been deregulated in keeping with national competition principles, the upstream gas market as represented by the North West Shelf project has not been deregulated. This means that gas buyers are fragmented and individually are not able to exert any degree of countervailing power against the venture.

In contrast, the joint marketing arrangements under which the North West Shelf joint venture currently operates mean that the joint venture can exert market power such that the joint venture potentially has the power to raise prices to pass on tax increases when contracts are renegotiated. I sought the support of the federal government to require the North West Shelf joint venture partners to immediately cease their joint marketing activity and henceforth undertake separate marketing of gas and other petroleum products produced by the North West Shelf project. I received a response from the Treasurer subsequently that confirmed that the ACCC, in response to a number of complaints received, is currently examining the competitive impact of the joint marketing arrangements of the North West Shelf venture project, particularly in the domestic gas market in Western Australia. He added that the government will look to respond to any recommendations made by the ACCC in the event that it identifies significant concerns with the North West Shelf venture. The Treasurer went on to say that he can confirm that the government will examine the remedies I suggested as part of this process.

Further to that, as I understand it the ACCC was written to by the Treasurer in relation to these arrangements. I will seek to table that document, but it seems that it is not with me at this time. Hopefully my office is listening to this speech and I can be provided with a copy of that letter, because I think, in fairness to both sides of the chamber, it is important that those documents be tabled, including my letter to the Treasurer, the Treasurer’s response and the Treasurer’s letter to the ACCC.

I move the second reading amendment standing in my name:

At the end of the motion, add “and the following matter be referred to the Economics Committee for inquiry and report by 10 November 2008:

The joint marketing arrangements on the North West Shelf project and their impact on competition in the upstream gas market and on prices paid by consumers.”

I have moved this second reading amendment—that the issue of the joint marketing arrangements and their impact on competition and on consumer prices in the WA gas market be referred to the economics committee for inquiry to deal with as a matter of
some urgency—so that this matter can be properly examined by the Senate. Currently
the companies drawing gas from the North West Shelf jointly market their product to the
wholesale market. I believe this is anticom-
petitive and artificially drives up the price
paid by consumers. I believe this is unac-
ceptable and I believe there ought to be a
more competitive arrangement in place.

Everyone pays taxes in this country. Peo-
ple with jobs pay taxes, retirees pay taxes
and even the unemployed and children pay
taxes in the form of GST. I believe it is time
for Woodside, a company which has posted
very significant profits, to pay its fair share
taxes. I also want to put this in context. I
believe that those who have done well, who
have made enormous profits from the boom
in energy prices, ought to pay their fair share
in respect of that. It is for those reasons that I
support this bill. I hope honourable senators
can support my second reading amendment
so that this matter can be referred as a matter
of some urgency to the economics commit-
tee.

I think we all need to reflect on what $2½
billion would do in our country. How many
irrigators could $2½ billion bail out? How
many hospital beds could $2½ billion supply?
How many aged and disability pension-
ers would love just a tiny fraction of that
$2½ billion? How many schools could be
assisted with $2½ billion in our education
system? I seek leave to table a letter I wrote
to the Treasurer in relation to this bill and the
Treasurer’s response to my letter.

Leave granted.

I support this bill, and I look forward to
the committee stage of this bill.

**Senator FIELDING** (Victoria—Leader
of the Family First Party) (12.26 pm)—The
Excise Tariff Amendment (Condensate) Bill
2008 seeks to increase the tax on the produc-
tion of a type of light crude oil called con-
densate. Condensate is a by-product of natu-
ral gas extraction and the tax will apply to
condensate produced in the North West Shelf
venture and onshore areas. Condensate from
the North West Shelf has been exempt from
excise, but the government reckons it can
collect another $2.5 billion over five years
with this new tax. Oil production in other
areas is already taxed by the federal govern-
ment using the petroleum resource rent tax.
This seems like an issue that is far removed
from the lives of ordinary Australians. Isn’t
this just a big tax on big oil and gas compa-
nies? Don’t big oil and gas companies make
enough money already? But there are some
concerns that this tax hike will hit everyday
Australians, with the arrival of higher prices.
There are also a number of questions raised
about maintaining and encouraging invest-
ment in the North West Shelf project.

The tax exemption for condensate dates
back to 1977, when it was granted to encour-
age investment in the North West Shelf pro-
ject. Woodside manages the North West
Shelf venture on behalf of a number of mul-
tinational companies. They are: BP, Chevron,
BHP Billiton, Japan Australia LNG and
Shell. The government argues that not taxing
condensate in the North West Shelf is distort-
ing investment, because the government has
taxed it elsewhere using the petroleum re-
source rent tax. Woodside argues that the
North West Shelf venture faces heavier tax—
by paying a combination of royalties and
excise—than that under the petroleum re-
source rent tax, which applies to everyone
else. It does seem odd that the petroleum
resource rent tax is not applied consistently,
and this should be something considered by
the Henry review to make sure that taxes are
fairly applied.

Critics of the new tax have argued that it
undermines investor confidence, that the in-
dustry should have been consulted and, most
importantly, that petrol and natural gas prices
will rise. They are all important claims that should be considered. Does the new tax undermine investor confidence and is it unreasonable for the government to change its tax arrangements? Some witnesses to the Senate inquiry said that investor confidence was undermined by governments changing agreements or understandings and establishing new requirements for investors. It was argued that the perception would end up being that Australia has an uncertain policy framework for long-term investment decisions. But Family First understands that tax arrangements are never set in stone. Every year ordinary Australians face changes in tax arrangements when the budget is announced.

There are also complaints from the industry about a lack of consultation, but I take the government’s point that it is common practice not to consult with industry when there is going to be a change in excise, partly because people may try to profit from that knowledge. As part of these claims about investor confidence and consultation, there was also debate about whether it was reasonable for the industry to expect condensate tax exemptions to continue indefinitely. Did the North West Shelf project think it had a permanent exemption from the tax on condensate? The Treasurer’s office informs me that the project wrote to the federal government in 1999 to seek an indefinite exemption which suggests it did not think the exemption was indefinite.

There has also been concern over whether taxing condensate from the North West Shelf Venture will increase petrol and gas prices in Australia. Petrol prices in Australia are set from a Singapore benchmark, Singapore Mogas 95 unleaded, so there will not be a rise in petrol prices for Australia as a result of this tax. The price paid for any condensate processed for use as petrol in Australia is set by the international price, no matter what the level of Australian tax. Concerns have been raised in the media in Western Australia that taxing condensate may lead to Woodside passing on these costs by increasing the price of natural gas for domestic users. The West Australian newspaper reported on 28 August this year:

... Woodside Petroleum chief executive Don Voelte said the North-West Shelf partners would increase the price of gas for WA customers to recoup the excise imposed on light crude oil, known as condensate …

That threat was reported the same time Woodside was announcing a 67 per cent increase in annual profit. The industry is getting very high energy prices on the international market and is profitable, which greatly weakens the argument that it needs to pass on the cost of the new excise. The government argues it is unlikely Western Australia’s natural gas prices would increase. The Senate committee heard contracts for the supply of natural gas are very long contracts. Eve Howell, the Chief Executive Officer of North West Shelf Venture, told the Senate committee inquiry:

What I can say is that our current domestic contracts are in place and will be honoured. We in general have no ability to pass on this additional impost. However, this will be one of a number of factors that are currently impacting domestic gas prices, including the supply-demand balance.

The government also argues that in 2001 the top rate of excise on crude oil was reduced but natural gas prices did not drop so there is no direct relationship between the changes in that tax on oil and changes in price of natural gas. Also, natural gas prices for residential use are also capped by the Western Australian government. There are claims and counterclaims about whether industry needs to pass on the extra costs of the tax to the consumer, but international oil prices remain high and the Senate committee noted Woodside Petroleum’s 52 per cent increase in prices in the second quarter to June 2008 and
the share price that increased 47 per cent to the end of June this year.

Debate on this bill is all about getting the right balance: the right to maintain investment in the North West Shelf but also to share the benefits of those resources with the Australian community. The industry has had 30 years to establish itself. It seems reasonable to help distribute some of the financial benefits of Australia’s natural resources to the broader Australian community. Family First is inclined to support the bill.

Senator CONROY (Victoria—Minister for Broadband, Communications and the Digital Economy) (12.33 pm)—I would like to thank all senators who have taken part in the debate on the Excise Tariff Amendment (Condensate) Bill 2008 and the Excise Legislation Amendment (Condensate) Bill 2008. The bills amend the Excise Tariff Act 1921 and related legislation to apply the crude oil excise regime to condensate produced in the North West Shelf project area and onshore Australia. Condensate is a light crude oil extracted from natural gas. The measure has the effect of removing the current exemption of condensate from the crude oil excise regime and applies to condensates produced after midnight Canberra time on 13 May 2008. This measure allows the Australian community to share more fairly in the benefits from allowing the extraction of non-renewable energy resources located in the North West Shelf project area and onshore.

The exemption of condensate from the crude oil excise was introduced in 1977 to encourage the development of petroleum resources located in the North West Shelf project. Since the commencement of the North West Shelf project, stakeholders in this project have benefited very substantially from the exemption of condensate from crude oil excise. Treasury estimated this tax concession was worth almost $2.7 billion from 2001-02 to 2010-11, even before the price of crude oil rose significantly. As the development of petroleum fields in these regions are now reaching maturity, together with high world prices for non-renewable energy resources, there is no longer a need to retain this generous concession. Since 2001, the North West Shelf project has also benefited from a reduction in the rate of excise applying to crude oil. The concession exempting condensate from the crude oil excise should not remain at a time when the financial integrity of the budget needs to be maintained and at a time of high commodity prices. This measure generates a substantial annual revenue stream to the budget, estimated at $2.5 billion over the period to 2011-12. It makes a significant contribution to the government’s commitment to fiscal discipline.

I now turn to some of the key issues that have been raised in relation to this bill. One of the issues that have been raised is the impact of the measure on gas prices in Western Australia. This measure removes the tax exemption from condensate. It is not a tax on gas and will not put up gas prices. Residential and small business gas consumers in WA account for less than one per cent of Woodside’s revenue. It is not clear on what basis claims are being made to suggest that this group will bear the effects of the excise exemption removal. And to put it beyond doubt there are consumer safeguards that would prevent the costs being passed on to these consumers. In WA a cap on gas prices applies to residential and small business customers. The cap is indexed to the CPI annually. Any increase beyond that is through a review of the WA Office of Energy with the WA energy minister being the final decision maker. So we all know what will happen.

Senator Johnston—We all know his decision—he will jack it up.
Senator CONROY—Well, then, so be it. If you think that that is an appropriate response, so be it. It will hang around his neck. With the change in government I do not think the opposition would seriously suggest that they would stand by and watch their Liberal state colleagues put up gas prices. But they are not just standing by; they are barracking for it. Listen to them. The CEO of the North West Shelf Venture told the Senate: ‘Our current domestic contracts are in place and will be honoured—and that is for many, many years; they are long-term contracts,’ That is directly from the CEO. On 20 August the former Leader of the Opposition himself said: ‘I’m advised that, in part, it’s not likely to have any impact on domestic gas prices.’ Perhaps Senator Johnston gave him that advice.

In case anyone is starry-eyed about these companies, back in 2001 there was a tax cut worth $460 million that was not passed on as lower gas prices to consumers. How did that work? How did they actually manage to get a $460 million tax cut and consumers not see a cent of it? Where did it go, Senator Johnston? Where did it go? Taxing condensate will also have no impact on the price of petrol in Australia. The price of petrol for Australian consumers is determined by the international benchmark prices for crude oil and petrol.

Increasing sovereign risk has also been raised as an issue. The removal of an exemption that the government considers is no longer necessary is unlikely to have a direct impact on sovereign risk. This is because new projects in offshore areas outside the North West Shelf project area would automatically be subject to the petroleum resource rent tax regime, not the excise regime for condensate.

Some minor government amendments are required to ensure that the measure operates from the announcement date of 13 May 2008. The government will move these during the committee stage. Amendments to the Excise Legislation Amendment (Condensate) Bill 2008 will ensure that a price can be declared for condensate produced in the period following announcement of the measure and prior to the legislation receiving royal assent. Minor amendments to the Excise Act 1901 and the Petroleum Excise (Prices) Act 1987 will extend interim arrangements in the bills to ensure that condensate may be produced and entered for home consumption lawfully prior to the bills receiving royal assent.

To sum up: I would like to point out that the arguments of those opposite are hollow and fallacious. They are not backed by the facts. Removing this crude oil excise exemption from oil condensate, which provides a windfall gain to the companies involved, will not increase gas prices. Back in 2001 there was, as I have mentioned, a crude oil excise cut that was not passed on as lower prices to consumers. I love it! We will take the market going up; and we will take the market going down! The opposition cannot have it both ways, and that is what they seek to do today. They want to have it both ways.

The government believes it is fair enough to have incentives to get major resource projects up and running but once they are up and running the Australian people must get fair value from them. I again thank those who have participated. I commend the bills to the Senate. There were a number of points raised by speakers opposite. Senator Johnston raised the matter of Western Australian residents bearing the brunt of the measure. Let me make it clear again: the excise will reduce the profits of the companies involved in the North West Shelf Venture. The WA government will receive payments to offset offshore petroleum royalty payments, which will be lower as a result of this measure.
Senator Eggleston raised the concern that the measure has broken an agreement with the venture partners. There was never any agreement. The parliament ultimately passes tax laws which impact on all companies. Senator Cormann raised the point that the measures should have been considered as part of the Henry review. The Australian community deserves its fair share from natural assets. The Henry review will be examining ways in which the tax system can continue to provide incentives for new gas projects. Senator Cormann also said that the measures are unfair because no other projects pay excise on condensate. Other projects are subject to petroleum resource rent tax. This applies to oil, gas, condensate and LPG. It is applied at 40 per cent of profits once all costs of production have been deducted. The crude oil excise arrangements do not extend to gas.

I am conscious of the time and the need to move to a vote before 12.45 p.m. I indicate the government’s support for Senator Xenophon’s proposal to refer the joint marketing arrangements on the North West Shelf project and their impact on competition in the upstream gas market and on prices paid by consumers to a committee. Again, I thank all senators for their contributions.

Question put:

That the amendment (Senator Xenophon’s) be agreed to.

The Senate divided. [12.48 pm]

(The President—Senator the Hon. JJ Hogg)

Ayes…………… 34
Noes…………… 32
Majority……… 2

AYES
Arbib, M.V. Bilyk, C.L.
Bishop, T.M. Brown, B.J.
Brown, C.L. Cameron, D.N.
Carr, K.J. Collins, J.
Conroy, S.M. Crossin, P.M.
Evans, C.V. Farrell, D.E.
Faulkner, J.P. Feeney, D.
Fielding, S. Forshaw, M.G.
Furner, M.L. Hanson-Young, S.C.
Hogg, J.J. Harley, A.
Hutchins, S.P. Ludlam, S.
Ludwig, J.W. Marshall, G.
McEwen, A. * Milne, C.
Moore, C. Pratt, L.C.
Siewert, R. Stephens, U.
Sterle, G. Wong, P.
Wortley, D. Xenophon, N.

NOES
Abetz, E. Adams, J. *
Barnett, G. Bernardi, C.
Birmingham, S. Boswell, R.L.D.
Boyce, S. Brandis, G.H.
Bushby, D.C. Cash, M.C.
Colbeck, R. Coonan, H.L.
Cormann, M.H.P. Eggleston, A.
Ferguson, A.B. Fierravanti-Wells, C.
Fisher, M.J. Humphries, G.
Johnston, D. Kroger, H.
Macdonald, L. Mason, B.J.
McGauran, J.J.J. Minchin, N.H.
Nash, F. Parry, S.
Ronaldson, M. Ryan, S.M.
Scullion, N.G. Troeth, J.M.
Trood, R.B. Williams, J.R.

PAIRS
Lundy, K.A. Joyce, B.
McLucas, J.E. Heffernan, W.
O’Brien, K.W.K. Payne, M.A.
Polley, H. Ellison, C.M.
Sherry, N.J. Fifield, M.P.

* denotes teller

Question agreed to.
Question put:
That the motion (Senator Faulkner’s), as amended, be agreed to.

The Senate divided. [12.52 pm]

(The President—Senator the Hon. JJ Hogg)

Ayes………… 34
Noes………… 32
Majority…… 2

AYES
Arbib, M.V.  Bilyk, C.L.
Bishop, T.M.  Brown, B.J.
Brown, C.L.  Cameron, D.N.
Carr, K.J.  Collins, J.
Conroy, S.M.  Crossin, P.M.
Evans, C.V.  Farrell, D.E.
Faulkner, J.P.  Feeney, D.
Fielding, S.  Forshaw, M.G.
Furner, M.L.  Hansons-Young, S.C.
Hogg, J.J.  Hurley, A.
Hutchins, S.P.  Ludlam, S.
Ludwig, J.W.  Marshall, G.
McEwen, A.  Milner, C.
Moore, C.  Pratt, L.C.
Siewert, R.  Stephens, U.
Sterle, G.  Wong, P.
Wortley, D.  Xenophon, N.

NOES
Abetz, E.  Adams, J. *
Barnett, G.  Bernardi, C.
Birmingham, S.  Boswell, R.L.D.
Boyce, S.  Brandis, G.H.
Bushby, D.C.  Cash, M.C.
Colbeck, R.  Coonan, H.L.
Cormann, M.H.P.  Eggleston, A.
Ferguson, A.B.  Fierravanti-Wells, C.
Fisher, M.J.  Humphries, G.
Johnston, D.  Kroger, H.
Macdonald, I.  Mason, B.J.
McGauran, J.J.  Minchin, N.H.
Nash, F.  Parry, S.
Ronaldson, M.  Ryan, S.M.
Scullion, N.G.  Troeth, J.M.
Trood, R.B.  Williams, J.R.

PAIRS
Landy, K.A.  Heffernan, W.
McLucas, J.E.  Ellison, C.M.
O’Brien, K.W.K.  Payne, M.A.
Polley, H.  Joyce, B.
Sherry, N.J.  Fifield, M.P.
* denotes teller

Question agreed to.

 Bills read a second time.

Ordered that consideration of these bills in Committee of the Whole be made an order of the day for a later hour.

COMMITTEES
Economics Committee
Reference
Pursuant to order of the Senate agreed to on 25 September, the following matter in relation to the Excise Legislation Amendment (Condensate) Bill 2008 and the Excise Tariff Amendment (Condensate) Bill 2008 stands referred to the Senate Standing Committee on Economics for inquiry and report by 10 November 2008: the joint marketing arrangements on the North West Shelf project and their impact on competition in the upstream gas market and on prices paid by consumers.

BUSINESS
Rearrangement
Senator CONROY (Victoria—Deputy Leader of the Government in the Senate) (12.55 pm)—by leave—I move:

That we continue with government business order of the day no. 1 till not later than 1.45 pm.

Question agreed to.
Consideration resumed.

In Committee

The TEMPORARY CHAIRMAN (Senator Humphries)—I draw to the attention of the committee that both of these bills in this package are classified under section 53 of the Constitution as bills imposing taxation for the purposes of proceedings in the Senate. As a result, all amendments to both of the bills must be moved in the form of requests.

Senator CONROY (Victoria—Minister for Broadband, Communications and the Digital Economy) (12.57 pm)—I table the supplementary explanatory memoranda relating to the government requests for amendments to be moved to these bills. The memoranda were circulated in the chamber on 16 September 2008.

Excise Legislation Amendment (Condensate) Bill 2008

Bill—by leave—taken as a whole.

Senator CONROY (Victoria—Minister for Broadband, Communications and the Digital Economy) (12.57 pm)—by leave—I move:

That the House of Representatives be requested to make the following amendments:

(1) Clause 2, page 1 (lines 7 to 9), omit the clause, substitute:

Commencement

(1) Each provision of this Act specified in column 1 of the table commences, or is taken to have commenced, in accordance with column 2 of the table. Any other statement in column 2 has effect according to its terms.

Note: This table relates only to the provisions of this Act as originally passed by both Houses of the Parliament and assented to. It will not be expanded to deal with provisions inserted in this Act after assent.

(2) Column 3 of the table contains additional information that is not part of this Act. Information in this column may be added to or edited in any published version of this Act.
(2) Schedule 1, item 7, page 5 (line 3), omit “or in the regulations”.

(3) Schedule 1, item 7, page 5 (line 9), omit “or in the regulations”.

(4) Schedule 1, item 7, page 5 (line 12), after “following in”, insert “the regulations, or in”.

(5) Schedule 1, item 13, page 7 (after line 14), after subitem (2), insert:

**Determination of interim VOLWARE prices**

(2A) Subsections 7(2), (3) and (4) of the Petroleum Excise (Prices) Act 1987 apply, in relation to a prescribed condensate production area and the pre-commencement period, as if those subsections were replaced with the following:

“(2) The Minister, or a person authorised by the Minister to exercise the Minister’s powers under this section, must, not later than 2 months, or such longer period as the Minister allows, after the day on which Schedule 1 to the Excise Tariff Amendment (Condensate) Act 2008 commences, determine a price in relation to each month in the pre-commencement period and an oil producing region, to be known as the interim VOLWARE price for that month and that region, being an estimate by the Minister or authorised person, on the basis of the information available to him or her at the time (being information obtained under section 6 or otherwise), of the amount that will finally be determined to be the volume weighted average of realised prices for that month and that region.”

“(4) A determination of the final VOLWARE price for a month and an oil producing region must not be made unless:

(a) the Minister or authorised person is satisfied that accurate and complete information concerning all of the transactions relevant to determining the price has become available to the Minister or authorised person; or

(b) 5 months and 20 days have passed since the day on which an interim VOLWARE price was determined for that month and information that the Minister or authorised person is satisfied is accurate and complete concerning all of those transactions has not yet become available to the Minister or authorised person.”

(6) Schedule 1, item 13, page 7 (before line 15), before subitem (3), insert:

**Definitions**

(7) Schedule 1, item 13, page 7 (after line 16), after the definition of **month**, insert:

**pre-commencement period** means the period:

(a) beginning at midnight (by legal time in the Australian Capital Territory) on 30 April 2008; and

(b) ending at midnight on the last day of the last month that ends before the day on which Schedule 1 to the Excise Tariff Amendment (Condensate) Act 2008 commences.

(8) Schedule 1, item 14, page 8 (lines 11 and 12), omit “the definition of **first day** were 14 May 2008”; substitute “the references to “the first day” in paragraph (a) and subparagraph (b)(iii) of the definition of **transition period**, and in subparagraph 15(4)(a)(ii) and paragraph 15(4)(b) of the Excise Act 1901,
were references to “the day on which Schedule 1 to the Excise Tariff Amendment (Condensate) Act 2008 commences”:

(9) Schedule 1, page 8 (after line 12), at the end of the Schedule, add:

15 Time for compliance with Excise Act 1901

Section 15 of the Excise Act 1901 applies in relation to condensate as if the references to “the first day” in the following provisions were references to “the day on which Schedule 1 to the Excise Tariff Amendment (Condensate) Act 2008 commences”:

(a) paragraph (a) and subparagraph (b)(iii) of the definition of transition period in subsection 15(3);
(b) subparagraph 15(4)(a)(ii);
(c) paragraph 15(4)(b).

Parliamentary Counsel

Excise Legislation Amendment (Condensate) Bill 2008

PD349

Statement of reasons: why certain amendments should be moved as requests

Section 53 of the Constitution is as follows:

Powers of the Houses in respect of legislation

53. Proposed laws appropriating revenue or moneys, or imposing taxation, shall not originate in the Senate. But a proposed law shall not be taken to appropriate revenue or moneys, or to impose taxation, by reason only of its containing provisions for the imposition or appropriation of fines or other pecuniary penalties, or for the demand or payment or appropriation of fees for licences, or fees for services under the proposed law.

The Senate may not amend proposed laws imposing taxation, or proposed laws appropriating revenue or moneys for the ordinary annual services of the Government.

The Senate may not amend any proposed law so as to increase any proposed charge or burden on the people.

The Senate may at any stage return to the House of Representatives any proposed law which the Senate may not amend, requesting, by message, the omission or amendment of any items or provisions therein. And the House of Representatives may, if it thinks fit, make any of such omissions or amendments, with or without modifications.

Except as provided in this section, the Senate shall have equal power with the House of Representatives in respect of all proposed laws.

Amendment (5)

The effect of this amendment is to allow the Minister to make retrospective determinations of VOLWARE prices which are used to calculate the amount of excise to pay on condensate during the period from 15 May 2008 until Schedule 1 to the Excise Tariff Amendment (Condensate) Act 2008 commences. It is covered by section 53 because, in allowing the determinations to be made retrospectively, it “increase[s] any proposed charge or burden on the people”.

Excise Legislation Amendment (Condensate) Bill 2008

Statement pursuant to the order of the Senate of 26 June 2000

This bill is treated as a bill imposing taxation because the amendments it makes to other legislation are integral to the imposition of taxation by the Excise Tariff Amendment (Condensate) Bill 2008. As the Senate, under section 53 of the Constitution, cannot amend a bill imposing taxation, the amendments to the bill are treated as requests.

Senator CONROY—The Excise Tariff Amendment (Condensate) Bill 2008 and the Excise Legislation Amendment (Condensate) Bill 2008 amend the Excise Tariff Act 1921 to apply the crude oil excise regime to condensate produced in the North West Shelf project area and onshore Australia. Condensate is a light crude oil extracted from natural gas. The measure applies to condensate produced after midnight Canberra time on 13 May 2008 and has the effect of removing the current exemption of condensate from the crude oil excise regime. Some minor amendments are required to ensure that the
measure operates from the announcement date of 13 May 2008.

Amendments to the Excise Legislation Amendment (Condensate) Bill 2008 will ensure that a price can be declared for condensate produced in the period following announcement of the measure and prior to the legislation receiving royal assent. Minor amendments to the Excise Act 1901 and the Petroleum Excise (Prices) Act 1987 will extend interim arrangements in the bills to ensure that condensate may be produced and entered for home consumption lawfully prior to the bills receiving royal assent. These amendments are transitional changes and do not establish a precedent for future excise measures.

Two other technical amendments strengthen the operation of the legislative framework, in particular, removing any doubts as to the operation of regulations prescribing the commencement date for excise in production areas producing both stabilised crude petroleum oil and condensate. This measure makes a significant contribution to the government’s commitment to fiscal discipline, generating revenue estimated at $2.5 billion over the period 2011-12. The measure increases the return to the Australian community for allowing private interests to extract non-renewable energy resources located in the North West Shelf project area and onshore. Full details of the amendments to these bills are contained in the supplementary explanatory memoranda.

Senator JOHNSTON (Western Australia) (12.59 pm)—I must say that the term ‘allowing private interests to extract non-renewable resources’ absolutely typifies the perverse nature of this legislation and the government’s amendment. Who else is going to extract this? Certainly not the government. Only private interests are going to extract oil and gas from our oil and gas licences and petroleum titles; no-one else. As if there is some sort of sin in that. We will be opposing these amendments.

Senator CORMANN (Western Australia) (1.00 pm)—I would just like to ask a question of the minister. Could he shed any light on the Treasurer’s assessment of the letter received from Woodside this week outlining that, in their calculations, the North West Shelf Venture paid $8 billion more in secondary taxes compared to the PRRT arrangements?

Senator CONROY (Victoria—Minister for Broadband, Communications and the Digital Economy) (1.01 pm)—In relation to Woodside’s claim that they would have paid less under the resource rent tax, the key point is that the revenue estimates need to be done over the whole life of the project rather than just to this point in time in order to make a meaningful comparison of alternative secondary taxation arrangements applied to the North West Shelf. This is because the revenue profile under the two regimes is very different.

This is a hypothetical proposition, because the North West Shelf project is not subject to the PRRT. That said, under the crude oil excise and offshore petroleum royalty arrangements, the stream of payments commences from when the project begins production or shortly thereafter and ends once the project ceases production. In contrast, the stream of petroleum resource rent tax payments is nil on the commencement of the project to the point in time when all costs, including capital costs, have been deducted against project revenues. Further, undeducted costs in a particular year are carried forward and uplifted at various rates, which has the effect of delaying payments of the PRRT. In other words, it is expected that at this point in time the North West Shelf project may have paid a greater amount under the crude
oil excise and offshore petroleum royalty arrangements relative to what it would have paid under the PRRT. This is what Woodside’s figures show.

However, over the remaining life of the North West Shelf project, the project may pay more under the PRRT regime than under the crude oil excise and offshore petroleum royalty arrangements, even if it is assumed that crude oil excise is imposed on production of condensate—that is, the Woodside figures need to take into account the future stream of revenues as well as past revenues. Woodside’s analysis also ignores the value of non-tax concessions received by the project since it started up. It ignored, notably, substantial development and investment allowances, the fact that the state of Western Australia fully funded the construction of the Dampier to Bunbury gas pipeline, and that the state of Western Australia entered into a take away or pay domestic gas contract with the project that meant the state underwrote the project’s cash flow for many years.

**Senator CORMANN** (Western Australia) (1.04 pm)—The minister’s answer just now is absolutely unbelievable. The minister has just exposed the core claim of the government—that they are putting an end to an unfair taxation advantage enjoyed by the North West Shelf—as an absolute fraud. He has just exposed the core claim put forward by the North West Shelf project as part of its side of the bargain? That it would pay secondary taxation revenue to the Commonwealth and to the states on production from the word go. The reality is this: this is totally different to what happens to any other offshore resource project of this nature today. Here you have a major capital intensive project—with initially $12 billion on the table, now up to $25 billion on the table—which needs certainty in terms of the fiscal arrangements that apply to it. They have obviously got certain assumptions in terms of what the cost structure is that they are operating within. Then the government unilaterally changes their side of the bargain. They are quite happy that the North West Shelf paid significantly more tax in the early stages of the project, because then later, as soon as they might be able to benefit from some upside, we will just hit them with another $2½ billion tax whereas all the other projects are able to deduct all of the allowable expenditure—exploration expenditure, capital investment—and they pay a tax on net profits.

‘No, we have not.’—even though Mr Hartwell, head of the Resources Division in the Department of Resources, Energy and Tourism, very clearly said in evidence to a Senate estimates committee in 2005 that in his opinion the taxation liability would have been about the same. This is what happened: we had an arrangement between a project proponent, the state government and the federal government with all the parties working together to get this important resource project off the ground—the biggest resource project to this day.

**Senator Conroy**—It was 30 years ago.

**Senator CORMANN**—All right, it was 30 years ago—quite right. There was a lot of give and take to make sure it could get off the ground. And you know what the North West Shelf project agreed to as part of its side of the bargain? That it would pay secondary taxation revenue to the Commonwealth and to the states on production from the word go. The reality is this: this is totally different to what happens to any other offshore resource project of this nature today. Here you have a major capital intensive project—with initially $12 billion on the table, now up to $25 billion on the table—which needs certainty in terms of the fiscal arrangements that apply to it. They have obviously got certain assumptions in terms of what the cost structure is that they are operating within. Then the government unilaterally changes their side of the bargain. They are quite happy that the North West Shelf paid significantly more tax in the early stages of the project, because then later, as soon as they might be able to benefit from some upside, we will just hit them with another $2½ billion tax whereas all the other projects are able to deduct all of the allowable expenditure—exploration expenditure, capital investment—and they pay a tax on net profits.
This goes to the integrity of the government. Essentially, for the last three or four months they have been telling the people of Australia that the North West Shelf gas project is enjoying an unfair taxation advantage. The minister today has exposed that assertion as a fraud. Who is going to have to pay the price for it? The people of Western Australia. That is the second thing that Treasury did not do any modelling on. Did Treasury do any modelling to satisfy itself that there will not be any flow-on consequences in terms of the price of gas or electricity in Western Australia? Did it? No, it did not. This is absolutely incredible. Minister, I ask you this very specific question: what modelling has the government asked Treasury for to satisfy itself that the North West Shelf gas project enjoyed a taxation advantage compared to other similar projects was substantiated?

Senator Conroy—I substantially answered that question.

Senator CORMANN—The minister says that he has substantially answered that question. I will ask him another question: can you tell me whether there is one offshore gas producer today that is paying excise on condensate? Is there going to be any onshore gas producer who will pay excise on condensate should this bill pass through the Senate?

Senator CONROY (Victoria—Minister for Broadband, Communications and the Digital Economy) (1.06 pm)—Nobody is close to the threshold.

Senator CORMANN (Western Australia) (1.06 pm)—The answer from the minister just now was in relation to onshore gas producers. Is there any offshore gas project that is paying excise on condensate today?

Senator CONROY (Victoria—Minister for Broadband, Communications and the Digital Economy) (1.06 pm)—Only the North West Shelf; everybody else is in PRRT.

Senator CORMANN (Western Australia) (1.06 pm)—The North West Shelf actually does not yet pay excise on condensate, because at this stage we have not passed this bill. So essentially you are saying that, after this bill is passed, there will be one project in Australia that will pay excise on condensate and that is the North West Shelf gas project. How can the government get away with this assertion that somehow they are closing a loophole? It is just not accurate.

When we in the Senate inquiry met in Canberra one Treasury official said, ‘I don’t know what all the fuss is about in terms of sovereign risk, because for future projects this will not apply.’ Future projects will be subject to the PRRT. Future projects will be able to deduct all of their allowable exploration expenditure and other capital expenditure plus compounding. Some of them will not pay the PRRT for at least five to 10 years and, according to Commonwealth officials, some might never pay the PRRT.

The PRRT was introduced in recognition of the very capital intensive nature of oil and gas projects. It was introduced to ensure that marginal projects were able to get off the ground. It took some pressure off in the early stages of the project. They would pay their fair share of secondary taxation as the projects became more profitable. This is the core difference between what applies to every other offshore gas project and what applies to the North West Shelf gas project. The North West Shelf gas project waived this entitlement that exists today to have an easier tax burden in the early stages in exchange for some benefit down the track. You are hitting them twice. It is eminently unfair.

Senator Johnston interjecting—

Senator CORMANN—This is absolute double dipping, like Senator Johnston just
said. It is a drive-by shooting. Minister, I ask you a very specific question: what has the Rudd government done to satisfy itself that there will not be a flow-on impact on the price of domestic gas and electricity in Western Australia? Can the minister give an assurance here and now that the people of Western Australia will not pay the price for this additional tax?

I will not waste the time of the chamber. I place on record that I asked the minister a very specific question and that he refused to answer it. He refused to even get out of his chair. The very specific question was: did the government do anything to satisfy themselves that this would not put upward pressure on the price of domestic gas and electricity in Western Australia? Will the minister be able to here and now give a guarantee to the people of Western Australia that they will not pay more for the price of gas and the price of electricity as a result of this tax? I place on record that the minister could not even be bothered to get out of his chair to provide an answer.

Question put:
That the requests (Senator Conroy’s) be agreed to.

The committee divided. [1.18 pm]
(The Chairman—Senator the Hon. AB Ferguson)

Ayes………….. 34
Noes………….. 32
Majority……… 2

AUSLINK (NATIONAL LAND TRANSPORT) AMENDMENT BILL 2008

Second Reading

Debate resumed from 24 September, on motion by Senator McLucas:

That this bill be now read a second time.

Senator IAN MACDONALD (Queensland) (1.22 pm)—At 2.09 pm on 27 November 2000, I rose in this chamber to ad-
vise the Senate that the Howard government was putting an additional $1.6 billion into nation building towards our nation’s roads. That was the start of what has proved to be one of the most significant, one of the most useful and one of the most popular road funding programs in Australia, the Roads to Recovery program.

You might recall that the Labor Party at the time famously labelled the Roads to Recovery program as a ‘boondoggle’. They said it was a pork-barrelling exercise. For the next five, six or seven days Mr Beazley, the then leader of the Labor Party, and other members of the Labor Party—and I see from my research, noting that Senator Hutchins is in the chamber—like Senator Hutchins criticised the program, said it was a ‘boondoggle’ and really criticised the government for introducing this very popular program. Well, what a difference eight years makes because, today, the Labor Party are introducing a bill to continue what they called a ‘boondoggle’.

The coalition is delighted that the Labor Party have copied this policy of the coalition and have agreed to extend the Roads to Recovery program by another six years. This government will now continue funding under this program to 2014. This program has been one that has been most significant in improving local roads and road construction right round Australia.

You will recall, Mr Acting Deputy President, that this program sends money from the federal government direct to local government, cutting out the middleman—the state governments—who always take a cut for ‘administration’ and always hold up the payments and include their own rules and bureaucracy, which to a great degree limit the benefit of money going to local government. Indeed, local government would dearly love the financial assistance grants to go direct from the federal government to local government rather than being diverted and skimmed off by the various state governments. This program, no matter where you go in Australia, receives universal commendation from local governments and from those who appreciate what is happening with local roads.

Many years ago state governments used to assist local authorities with money for local roads. But over the years, particularly when Labor governments have been in charge of the states, that funding from the state to local governments has whittled away to practically nothing, as it is today. This program has come along and given local governments, particularly those in country areas, a really significant boost in funding that allows them to do things.

I have to say, with some humility, this program was designed in the office of the then Prime Minister, Mr Howard, and in my office as at the time I was Minister for Regional Services, Territories and Local Government. It was a program that spread this $1.6 billion fairly across Australia to go to road funding. So big councils like the Brisbane City Council received money up to something like $26 million. But, importantly, for smaller councils out in the inland areas of Australia, councils that I know well like Boulia, Carpentaria and Diamantina shires, this road funding was an absolute lifeline to them in getting road funding done.

I have been concerned over the years, though, that the funding that was given by the Commonwealth to local authorities for local roads has in instances been diverted— with permission, I might say—from local roads to what are in fact, in my own state of Queensland, labelled as state roads. These are roads that, under arrangements made years ago, the states were supposed to be funding. You would recall in the original stage—and I appreciate this has changed in
recent times—there was an arrangement
where the federal government would look
after the national highways, state govern-
ments would look after state roads and local
governments would look after local roads.
This program commenced putting the money
into local roads.

But there are instances, and I mention the
Diamantina shire based in Birdsville and
Bedourie in south-western Queensland,
where they have used their money to build
the road from Birdsville to Bedourie and
from Bedourie to Boulia. Why have they
spent that on a state road that is the responsi-
bility of the Queensland government? They
have done that because the Queensland gov-
ernment simply will not put funds into those
roads for which the Queensland government
has responsibility. I am generally concerned
about it but this program was all about doing
with the money what local communities
want to do—local communities represented
by their local authority. In Diamantina, what
the people wanted more than at anything
was a decent connecting road between
Birdsville and Bedourie. So they spent this
money on that and they did it with the then
government’s approval.

It does show how the states have abro-
gated their responsibilities when it comes to
state roads. This happens in a lot of the areas
across western and north-western Queen-
sland and it is a pity. I would urge the state
governments to accept some of their respon-
sibility and help these small local communi-
ties with road funding not only for local
roads but also, more importantly perhaps, for
roads that are for what used to be termed
under the old language, state roads.

I congratulate the current government for
changing its mind. I remember Senator
O’Brien, on 6 December 2000, talking about
this program and saying:

It could be the RTR Program, or some people
might ungenerously call it the ‘rorter’ program
just to spin that out, or it could be the road wreck
program.

This was the Labor Party’s approach to this
bill back in 2000. They used to complain that
it was a pork-barrelling exercise by the then
coalition government. Much as I tried to
point out very seriously that the funding
went across the board, I could never quite get
that through to the Labor Party in those days.
I did point out to them at the time that the
electorate of Capricornia, which was then
and still is held by the Labor Party, got $22
million out of this program but that Hinkler,
held by the National Party, only got $10 mil-
lion—though that is still a pretty good fig-
ure—and Herbert, based around Townsville a
bit further north, got $5 million, which was a
great boost to funding there. But the Labor
Party still used to say, ‘This is a program that
will help coalition electorates.’ Of course, it
went to councils in accordance with the Lo-
cal Government Grants Commission formula
of funding, which had been in place for some
time. But you could not get that through to
the Labor Party.

I pointed out to them at the time that large
amounts of this money did not go to coalit-
ion-friendly councils, although they all got
their fair share, but that it went to councils
like the Brisbane City Council, the Towns-
ville City Council and the Rockhampton City
Council, which were all then Labor councils.
I am pleased to say that all three councils are
now no longer held by Labor, and Brisbane,
for example, is well administered by the Lib-
eral Party in that state. But you could not get
it through to the Labor Party at that time. We
had speech after speech about boondog-
gles—in fact, I would say Mr Beazley
brought a new word into the lexicon. He did
not really; it was always there in the diction-
ary if you delved down. But the rest of us
mere mortals had never heard of it, and Mr
Beazley, with his penchant for that sort of thing—'boondoggle'—and this was the 'boondoggle bill'. Nowadays, of course, it is no longer a boondoggle and the Labor Party have discovered that it is a pretty good program. They are not quick learners, the Labor Party, but they do eventually get the message and have approved of and continued the program. I am grateful to them for doing that. I can say to the Labor Party government, without fear of overstating my understanding, that every council in Australia will today applaud the passage of this bill insofar as it relates to Roads to Recovery. Long may it continue.

I am pleased the Labor government have also resisted the call from their mates in the state governments for this funding to pass through the states and have continued it federally, which is one of the greatest strengths of the program. This program was introduced, as I say, by the coalition in 2000. In 2003, after a review, the government announced a further $1.2 billion would be provided up to 2009 and it became a component of the AusLink program. It was supplemented in the 2005-06 budget with a further $307.5 million to provide an extra boost for council road programs. It is very simple to administer and it goes directly to local government.

Insofar as this bill is concerned, that is the good news. We on this side will be supporting it and we certainly applaud the continuation of that program. But I just sound a word of warning. The heavy vehicle safety and productivity package, the government’s policy, is outlined in the minister’s second reading speech. It seems to me—and I want to alert the Senate to this—that the policy announced by the Labor minister is apparently one of blackmail. The minister states that funding for the safety package:

… is contingent on the passage of the enabling legislation for the 2007 Heavy Vehicle Charges Determination …

This legislation will authorise an increase in the heavy vehicle registration fees announced by the minister at the same time he trumpeted this safety package.

You will recall that we rejected these increased charges in this place earlier this year. We did that because we understand that the heavy freight sector is doing it tough, with very high interest rates under the Labor government and fuel prices rising in spite of the fact that they promised before the election they would bring fuel prices down.

Senator Sterle interjecting—

Senator IAN MACDONALD—I beg your pardon, Senator Sterle? Say that again; I did not catch it.

The ACTING DEPUTY PRESIDENT (Senator Mark Bishop)—Order! Senator Sterle, do not interrupt.

Senator IAN MACDONALD—Please do. I would like to hear the ongoing saga of Senator Sterle’s rude and irrelevant objections—but he is not going to repeat them, so I cannot respond. Let me repeat what I said, in case that encourages him: under the Labor Party’s high interest rate regime, where fuel prices continue to rise in spite of a promise by Mr Rudd before the election to bring them down, we realise that the heavy freight sector is doing it tough. I understand Senator Sterle is a former Transport Workers Union operative.

Senator Sterle—And a truck driver.

Senator IAN MACDONALD—And a proud one—good on you, Senator Sterle! Why are you supporting what the Labor government is trying to do to the heavy freight industry? Tell me that. If you are such a supporter of the industry—and I hope the union
Why are you acquiescing to this proposal to increase taxes on the heavy freight sector?

We all know all Australians are battling to meet their daily requirements in the face of higher cost-of-living pressures under the Rudd government. Why would you put an extra tax on the road freight industry which will be passed on to battling Australians? The response of the Labor government to increasing costs of living is to slap higher taxes on alcopops, on people movers, on four-wheel drives and on a range of things. Having more taxes will make it more difficult for struggling small businesses and push up costs for all Australians.

I know Senator Sterle and Senator Hutchins would not appreciate this perhaps as much as Senator Williams and I do, living in areas as remote from the capital cities as we do, but everything that comes to country Australia comes by freight, most of it by road freight. By putting increased taxes on the heavy freight industry, what you are doing is yet again slugging country people with higher taxes to meet some ideological goal of the Labor government here in Canberra. We saw evidence of this in the tax on four-wheel drive vehicles. We have seen it with the slashing of the Regional Partnerships program. You can go on and on—the slashing of the Natural Heritage Trust and the salinity programs that put money into country areas. All were slashed under this city-centric Labor government.

So we make no apology for rejecting the higher charges. They are a tax grab. They build on a road cost adjustment formula associated with road construction, and these costs, such as for steel and concrete, are skyrocketing—again due to poor financial management of the Rudd government and, importantly, of the state Labor governments. If you have a look at the report from the Senate Select Committee on State Government Financial Management, you will see how evidence to the committee showed that the mismanagement by state Labor governments of infrastructure spending, or lack of it, has meant that upward pressure has been put on inflation. This is because of the mismanagement of state governments—all controlled, until very recently, by the Australian Labor Party.

These charges penalise productivity, since they fall heavily on the highly productive multicomination vehicles such as B-doubles and B-triples. I hope that Senator Sterle, with his experience in this industry, will get up and tell me why it is that the Labor Party, supported by his union, is putting increased charges on the highly productive multicomination vehicles. I very much look forward to hearing that.

At the same time, the Rudd government wants to increase the effective rate of diesel fuel excise, or the road user charge, as well. This is true, although it seems hard to believe. But it continues on. You will recall the Rudd government sought to increase diesel excise from 19.633c per litre to 21c per litre on the same formula used for the heavy vehicle registration charge. In other words, the Rudd government sought to reintroduce the indexation of fuel excise based on a higher rate than the CPI. You will recall, Mr Acting Deputy President, that it was the Keating government who introduced indexation of fuel excise, and you will recall as well that it was the coalition government that abolished this in 2001. So I am very concerned about these tax grabs designed to raise another $168 million. Put another way, the fuel tax take to the Labor states and territories will rise by $80 million and the increase in heavy vehicle charges will lift Labor’s tax grab by another $80 million.

My time has almost finished, but there are some concerns with what the minister indi-
icated in his second reading speech—notwithstanding that, as I indicated earlier, the coalition support this bill and we do congratulate the government on continuing the coalition’s policy of Roads to Recovery. For that reason, we urge support for the bill.

Senator HUTCHINS (New South Wales) (1.42 pm)—One of the things you can use as a barometer of how well we are going in this place is how angry Senator Macdonald gets. The angrier Senator Macdonald gets, the better we are going and the better we are delivering. You just saw an example of that then, Mr Acting Deputy President Bishop, in how cranky he was because we are delivering.

I do not recall using the word ‘boondoggle’ at all. Mr Beazley may have used it. It may be a Western Australian thing, with you and Senator Sterle being Western Australians, Mr Acting Deputy President Bishop. It may be a word used by them—I do not know—but for some of my colleagues that is too big a word. We would not even be able to spell it.

I only have a few minutes to contribute today, but I do need to take issue with some of the points that Senator Macdonald raised. The Senate this year did reject the heavy vehicle charges legislation and, as Senator Macdonald outlined, it relates to increasing charges for the heavier vehicles. The thing is that the Australian Trucking Association agreed with the government on that package. In fact, with the B-doubles and B-triples, they will pay extra money because that is part of the road user charge. They do take their toll on the road and it is expected that they will have to pay compensation for it. What Senator Macdonald did not outline is the fact that a number of vehicles will have their road user charges reduced, particularly the rigid vehicles that make up the majority of transport in this country.

I want to briefly outline today—and this is part of the package which Senator Macdonald has generously supported, albeit reluctantly it sounded—is that in the AusLink (National Land Transport) Amendment Bill 2008 there is $70 million provided for the facilitation of a safer road transport system. Mostly, that is involved with the construction of a few more truck stops along the highway. That in itself is a good measure to address road safety, but it is not enough. The government announced earlier this year that the National Transport Commission would conduct an inquiry into safer payment systems for heavy vehicle drivers. This inquiry is underway at the moment. One of the things people would expect out of the inquiry is that there is some reform of driver remuneration and payment systems, and I hope not just for employee-drivers but for lorry owner-drivers as well.

This review is overdue. It relates to people pushing themselves to the limit when they really should not be put in that position. Last year 200 deaths occurred as a result of people driving heavy vehicles. The main contributor is fatigue. A recent report by the University of Queensland found that 65.5 per cent of drivers in New South Wales—that is, heavy vehicle drivers—spend over 60 hours a week at work. Nearly 20 per cent of all drivers work more than 80 hours a week. This is a concern that has been highlighted to the National Transport Commission. It puts at risk not only those men and women drivers but also people on the road. That is why the commission has conducted this inquiry.

I want to quote from two men who have given evidence before the inquiry. One is Ken Clinton, who lives in Gosford on the Central Coast of New South Wales. He made the following statement:

I have been offered work with conditions that created an unsafe driving environment. I accepted
this work because I was desperate at the time and needed to take care of my family.

I would work all day from 8 am making local deliveries and freight pick ups, my truck would need to be loaded by 7pm and I would drive 5 hours to Tarcutta for a midnight changeover. I would then turn around and drive home, arriving about 5 am, getting about 2 or 3 hours sleep a night. The faster I did this the more time I got at home to sleep.

One night while performing this work I can recall pulling off the road in the middle of nowhere because I was going to sleep and didn’t want to have an accident. I went to sleep as soon as the truck stopped. When I got back to the depot I was abused because the freight was late. I quit because of that.

In my opinion, many employee drivers are paid rates that are unsafe. Drivers who are paid low rates are forced to do more trips to earn a decent living. Those who are paid on kilometre rates are the ones pushing the hours up.

Maurice Girotto, who lives in Werrington in the seat of Lindsay in Sydney’s west and has been carting bitumen for over 20 years, said to the commission:

The rate of remuneration I currently receive is just enough to cover my fixed and variable costs. I am able to cover these costs only because I am in a financial position where I own my equipment and do not have any finance owing. I am also in a position where I am able to do a lot of my own maintenance and repairs. Compared to a driver who has additional cost I’m in a better position. They have to cut down or cut out wages and vehicle maintenance. If you’re in trouble you’ll accept lower rates to get the work.

I congratulate the government on the actions that they have put forward here today. It is long overdue, particularly the highlighting of road safety. Hopefully, when the National Transport Commission completes its inquiry we will be able to address not only hours of work but also rates of pay.

Senator STERLE (Western Australia) (1.49 pm)—Like Senator Hutchins, I could talk about the AusLink (National Land Transport) Amendment Bill 2008 and roads and trucks for the next half-hour with a mouthful of marbles underwater. Time constraints are against us. I seek leave to incorporate my speech.

Leave granted.

The speech read as follows—

I rise to speak in support of the AusLink (National Land Transport) Amendment Bill 2008. This bill amends the AusLink (National Land Transport) Act 2005.

The main Provisions of this bill are to:

- Amend the definition of ‘road’ contained in the AusLink (National Land Transport) Act 2005, and to
- Extend the Roads to Recovery program until 30 June 2014.

The legislation also makes clear that funds can be allocated under the Roads to Recovery program for use in a particular state whilst the most appropriate entity to finally receive the allocation is determined.

This will allow funds to be preserved whilst, for example, a decision is made on who should receive funds so as to provide roads in unincorporated areas where there is no local council, or to provide bridges and Aboriginal Access Roads in remote parts of a State.

The Roads to Recovery program provides much needed funding to local councils around Australia so they can make urgent repairs and upgrades to their roads. Funding is provided for both urban and rural roads.

Roads to Recovery program funds are provided in the form of grants directly to local government bodies. The focus of the program has been on the renewal of local roads to meet safety, transport connectivity, social and economic needs.

The program recognises that at any one time a significant proportion of local road infrastructure in Australia is about to reach the end of its useful life.

The level of required replacement of local road infrastructure is often beyond the capacity of local governments, particularly when you consider that local councils are responsible for more than
three-quarters of all Australian roads amounting to over 810,000 kilometres of road, 19% of which is the responsibility of local governments in my home state of WA.

In a state the size of Western Australia the task of maintaining and upgrading essential road links, often over vast distances, is a huge.

Almost universally, local governments have endorsed the targeting of improved road safety as a major focus of the Roads to Recovery program. This is also a major target of the Rudd Government.

Having spent many thousands of hours in a previous life as a truckie and heavy vehicle owner/driver traversing the roads throughout Australia, I am more than aware of the problematic road conditions that drivers and operators of heavy vehicles, too often, have to contend with.

I am also more than aware of the risks that truckies face every day in doing their job because too many roads are not up to acceptable standards for today’s heavy haulage vehicles. This applies also to other essential road transport infrastructure such as rest stops, truck parking bays and decoupling facilities.

Unsatisfactory road conditions affect heavy vehicle driver safety and other road user safety as well being a very significant drag on heavy transport haulage efficiency and productivity.

The Rudd Government learnt when it came into office that the National Road Safety Strategy target of a 40 percent reduction in road deaths by 2010 was unlikely to be achieved.

In fact the 2010 national target of 5.6 deaths per 100,000 that was agreed to by the previous government has turned out to be a figment of the previous government’s imagination. The eventual figure is likely to be much higher with the current rate sitting at 7.7.

This is an appalling situation which is made worse by the stance being taken by coalition Senators who are seemingly intent on blocking the flow of funds to enable the implementation of government initiatives specifically designed to improve heavy vehicle transport safety.

The message today in regard to heavy vehicle road crashes and fatalities is a stark one. It shows that there is substantial work to be done to turn the current situation around.

In 2007, there were over 200 road deaths in Australia involving heavy vehicles. In fact one in five road deaths involve heavy vehicles, with speed and fatigue being significant contributing factors.

In other words the heavy vehicle transport sector is a significant contributor to Australia’s road toll.

There are between 70,000 and 80,000 articulated trucks on the roads in Australia. The annual distance travelled by these vehicles is approximately 3% of total vehicle kilometres travelled. On the other hand road fatalities each year involving these vehicles make up approximately 11% of total road fatalities. This latter percentage appears to increasing over time. In 2007 road fatalities involving an articulated truck increased by 5.4%.

Trucks as whole account for approximately 6% of total vehicles kilometres travelled but are involved in approximately 15% of all road fatalities.

Over the past five years over 1000 Australians have died as a result of a road accident involving a heavy truck, three quarters of these fatal accidents involved an articulated truck.

These are sobering statistics.

No wonder that truck road safety should be a concern to us all and not only to the trucking industry itself, and to my union, the Transport Workers Union.

This bill amends the definition of a road so that it includes heavy vehicle facilities such as rest stops, parking bays, decoupling facilities and electronic monitoring systems.

This amendment to the AusLink (National Land Transport) Act 2005 will enable the government to provide funding for these facilities under its $70 million Heavy Vehicle Safety and Productivity package. This package has the support of the Australian Trucking Association but apparently it doesn’t have the support of the coalition.

This says a whole lot about the coalition and the way it operates. It is apparently more than willing to put its political objectives ahead of providing a safer driving environment for thousands of truckies and other road users.
I remind Senators that road accidents cost the lives of over 1600 Australian annually. There can be absolutely no justification for blocking funding for a $70 million program aimed largely at reducing heavy vehicle road crashes.

The government’s four year Heavy Vehicle Safety and Productivity Plan will fund:

- The construction of more heavy vehicle rest stops and parking areas along our highways and on the outskirts of our major cities;
- Upgrades to freight routes so they can carry bigger loads; and
- Trials of technologies that electronically monitor a truck driver’s work hours and vehicle speed - one using an onboard ‘black box’ or electronic log, and one which makes use of the Global Positioning System (GPS).

With speed a factor in around 30 per cent of heavy vehicles crashes and driver fatigue in up to 60 per cent, action to improve speed and fatigue enforcement is the key to achieving a substantial reduction in road deaths.

The Heavy Vehicle Safety and Productivity Package has been developed following consultations with the states and territories and stakeholders such as the Australian Trucking Association, Australian Livestock Transporters Association and NatRoads to identify the most urgently needed works.

The facilities that will be delivered under the heavy vehicle safety and productivity package will improve road safety and provide a better deal for truckies.

For example, numerous studies have shown that one of the leading factors that contribute to road crashes involving heavy trucks is driver fatigue. An important contributing factor to driver fatigue in Australia is the very long distances that many truckies have to travel to deliver their loads.

The need for appropriately spaced and adequately designed truck rest stops along Australia’s intra-state and interstate transport routes is essential. This has been recognised by local governments over a number of years in their use of Roads to Recovery Program funding. But much more still needs to done.

An audit of road side rest areas against National Guidelines conducted by Austroads and published in March this year found that sixty per cent of the audited routes had substantial deficiencies in the provision of rest opportunities. Furthermore none of the audited routes met the spacing requirements of the National Guidelines.

In my State of Western Australia, for example, the Austroad audit found that only 2 of the major rest areas on the road from Perth to the SA border are spaced closely enough to satisfy the National Guidelines and only 25% of the rest areas along the route were duplicated correctly on both sides of the road.

Overall the rest areas on the Western Australia road routes covered by the Austroads audit had an average compliance of 46% with recommended design and layout features. Obviously there is still a lot to be done along Australia’s transport routes.

As well as improving road safety, our Plan will help lift national productivity by funding upgrades to the road network such as the strengthening of bridges.

Targeted investment in the road network will open more roads to heavy vehicles, freeing up the movement of freight across the country and easing congestion.

Funding for the Heavy Vehicle Safety and Productivity Package is contingent on the passage of the enabling legislation for the 2007 Heavy Vehicle Charges Determination, which was unanimously endorsed by the Australian Transport Council of Commonwealth, state and territory transport ministers in February this year.

That legislation would ensure that the heavy vehicle industry pays its fair share of the infrastructure costs incurred by governments for building and maintaining the roads that they drive on.

This legislation has been blocked by the coalition in the Senate, even though the determination and policy was proposed by the former government.

In a speech given on 28 June 2007 entitled ‘The coalition government’s transport reform agenda’, the then federal transport minister and Leader of the Nationals said:
'The National Transport Commission will develop a new heavy vehicle charges determination to be implemented from 1 July 2008.

The new determination will aim to recover the heavy vehicles’ allocated infrastructure costs in total and will also aim to remove cross-subsidisation across heavy vehicle classes.'

There is therefore absolutely no valid reason why the coalition should not support this bill and the 2007 Heavy Vehicle Charges Determination legislation to enable upgrades to be rolled out as soon as possible after 1 January 2009.

This bill also extends the Roads to Recovery program. Under the current Act, it will end on 30 June 2009. This bill will continue the program until 30 June 2014.

The continuation of this program means that local government can confidently plan for the continued improvement of their road network.

This amendment supports the government’s commitment to increase our investment under the Roads to Recovery program over the next five years. The government will increase the allocation from $300 million per year to $350 million per year.

This means that, over the next five years, the Rudd Government will provide $1.75 billion directly to councils to fix local transport issues.

As well the Rudd Government is not standing still in respect to other factors affecting Australia’s transport industry costs and productivity.

In particular, the Rudd Government is committed to regulatory reform to ensure that overly burdensome government regulation is tackled and addressed. The Government has already identified areas in the transport sector where regulatory reform has a large potential to reduce the cost to industry of state and commonwealth government regulation and which should act to improve transport industry productivity.

Top of the list of the government’s planned regulatory reforms is finally achieving national harmonised occupational health and safety laws, a key concern to the trucking industry.

There can be no doubt that there is need for a national approach if Australia is to have a seamless transport market. Through the Australian Transport Council, the Minister for Infrastructure, Transport, Regional Development and Local Government and state transport ministers agreed in May this year to policy objectives and principles which underpin the Government’s National Transport Plan.

The National Transport Plan recognises that competitive and truly national transport markets will reduce costs for business and consumers, improve Australia’s productivity and the quality of life by better connecting Australians to their family and friends.

The National Transport Plan will encompass the existing COAG transport reform program. In addition, the Australian Transport Council has commissioned new work on a national registration scheme for trucks and a single national drivers licence for truck drivers. These reforms will cut red tape for drivers and transport businesses.

They will build on one of the major successes of past regulatory reform, the development of uniform national road rules by the National Road Transport Commission, now the National Transport Commission. The process continues, but we should acknowledge that much has been achieved.

The safety, efficiency and effectiveness of our road transport system is of concern to all Australians, to all who work in the sector and to members of the Australian Trucking Association, but it does not seem to be a matter of great concern or urgency to Coalition Senators who are apparently happy to stand in the path of better safety and improved productivity in a vital industry.

I am very proud to be a member of a Government that right from the start has given high priority to improving heavy truck road safety.

I am also proud to be a member of a trade union, the Transport Workers Union, that has been and continues to be, at the forefront of efforts to improve the working and safety conditions of road transport industry workers including owner/drivers.

I commend the bill to the Senate.
Senator STEPHENS (New South Wales—Parliamentary Secretary for Social Inclusion and the Voluntary Sector and Parliamentary Secretary Assisting the Prime Minister for Social Inclusion) (1.49 pm)—In summing up this debate on the AusLink (National Land Transport) Amendment Bill 2008, I want to thank senators for their comments and reiterate the importance of this bill in demonstrating the government’s ongoing commitment to infrastructure investment. We have heard the details of the bill from the speakers, but the extension of the Roads to Recovery program to 30 June 2014 provides much-needed funding for Australia’s local councils to maintain and construct roads. I commend the bill to the Senate.

Question agreed to.

Bill read a second time.

Third Reading

Bill passed through its remaining stages without amendment or debate.

AUSTRALIAN RESEARCH COUNCIL AMENDMENT BILL 2008

Second Reading

Debate resumed from 18 September, on motion by Senator Chris Evans:

That this bill be now read a second time.

Senator ABETZ (Tasmania) (1.51 pm)—The Australian Research Council Amendment Bill 2008 provides an administered special appropriation to the Australian Research Council. This amendment bill indexes existing special appropriations set out in the act, creates an additional out year and provides an additional $326 million over four years to establish new Future Fellowships places. The Australian Research Council’s primary purpose is to administer almost $600 million in grants annually to Australia’s science and research community and it is for this purpose that the funds appropriated in this bill will be used. The coalition has a proud record when it comes to science and research in Australia.

Under our 2001 white paper Backing Australia’s Ability, funds available to the Australian Research Council for science and research grants were doubled from roughly $300 million per annum to roughly $600 million per annum during a period—I remind the Senate—when Australia’s taxpayers’ money was still largely being diverted to repay Labor’s $96 billion debt. While Labor will claim that this bill appropriates $950 million for science and research, in reality almost $600 million of that is merely a continuation of the former coalition government’s policy.

Indeed, while Labor said a lot about their intent to support science and research prior to the election, they have done the exact opposite since—axing the $700 million Commercial Ready program and ripping $63 million out of the CSIRO and $12 million out of ANSTO. In fact, this bill represents Labor’s first real, potentially positive contribution to science and research in Australia. That is why it is supported by the coalition. It is also worth noting that it says something about Labor’s economic management that the explanatory memorandum to the bill talks about increasing spending by approximately $950 million. The actual amount is $943.1—
closer to $940 million than to $950 million. Apparently near enough is good enough for Labor, yet Labor has the hide to lecture us about economic management.

It is also interesting to see that the costings for the new Future Fellowships are not the same as Labor’s ‘fully costed and funded’ claim made before the election. For example, prior to the election, Labor claimed the measure would cost $57.7 million in 2009-10—that is, next financial year—yet this bill appropriates $68.8 million. Having said all this, the coalition supports this bill. We will closely monitor Labor’s Future Fellowships in action.

Having bequeathed Labor a debt-free Australia, together with the Future Fund, it is appropriate to further increase the funding in this very important area. In a climate of battling huge Labor government debt, the coalition found the funds to double the money allocated to the ARC. In a time of Australia being debt free with huge surpluses and future funds, Labor’s increase is easily affordable and welcomed. Our regret is that it is funded on the back of the cuts to the CSIRO, ANSTO and the Commercial Ready program. We support the bill.

Senator STEPHENS (New South Wales—Parliamentary Secretary for Social Inclusion and the Voluntary Sector and Parliamentary Secretary Assisting the Prime Minister for Social Inclusion) (1.56 pm)—I thank Senator Abetz for his contribution on behalf of the opposition. In the interests of brevity, I ask that the question be now put.

Question agreed to.

Bill read a second time.

Third Reading

Bill passed through its remaining stages without amendment or debate.

Sitting suspended from 1.57 am to 2.00 pm

QUESTIONS WITHOUT NOTICE

Age Pension

Senator BOYCE (2.00 pm)—My question is to the Minister representing the Prime Minister, Senator Evans. I refer to the comments by the Labor member for Leichhardt, Mr Jim Turnour, who said yesterday that he could survive on the single age pension as it currently stands. Isn’t it a fact that Mr Turnour’s insensitive comments are reflective of this Labor government’s disdain for pensioners? And is this the real reason why the government is refusing to support our call for a $30 increase in the single age pension?

Senator CHRIS EVANS—There has been a lot of political commentary this week on the question of pensions and a lot of debate that I think has not served this parliament or pensioners very well. What the government have made very clear, from the Prime Minister down, is that we accept that pensioners are doing it tough and we accept that the pension is increasingly proving to be not adequate to support a reasonable lifestyle for age pensioners. So we have conceded that in our view there is a problem. In conceding that on behalf of the government, we said: ‘We will make a down payment in our first budget to provide immediate relief to pensioners, to carers, to people with disabilities and to vets. We will make that immediate down payment in our first budget, within months of coming to office, and we will undertake the fundamentally serious public policy work that needs to occur.’ And that is what we have done.

We have increased the utilities allowance from $100 to $500. We have paid $500 bonuses to age pensioners. So we have increased the payments to pensioners by about $900 over the basic pension for this year. We said that was an interim measure as we set about trying to look at how we might reform
the pension structure; how we might reform the income support paid not only to pensioners but to people with a disability and to carers and to vets. We have set about that serious public policy work. The payments we made this year have been paid and are being paid. In addition, the indexation payments are being made. So there is some relief going to pensioners. But, equally, the more important task for us is to get the long-term policy right.

I welcome the fact that the opposition, after 12 years in government when they said there was no problem, have had a conversion on the road to Damascus. I am pleased about that because, budget after budget, the former Howard government ignored the plight of pensioners and did nothing for them. While they doled out largesse to international oil companies or luxury car buyers or whoever, they ignored the plight of pensioners. I welcome the fact that the opposition now actually accept that there is a problem; but, as the new government who have acknowledged that something needs to be done about the pension, we have actually tackled it. We have made the down payment. We have set up the review process which allows us to examine all the issues, to engage with stakeholders and to get expert advice, and we will have that report by February next year, which will allow us to factor that into the next budget. That is where we are at: we have an immediate down payment for pensioners and we have a longer term, fundamental review of the pension to try and tackle this problem seriously. To be criticised by the now opposition for not having solved all the issues in the pensions area in eight months is just ludicrous. They had 12 years in government and throughout those years they did nothing about the adequacy of the pensions—absolutely nothing. People generally accept that this is gross hypocrisy. They ought to help us by concentrating on the real public policy challenge, rather than just pulling political stunts.

Senator BOYCE—Mr President, I ask a supplementary question. It is pretty clear, Minister, that not all your colleagues do agree with your comments about pensioners. Mr Turnour’s comments are that pensioners should simply ‘make savings when they go shopping and look at specials and look in their bank accounts’. Is Mr Turnour therefore indicating that the government will finally now support our call for an immediate $30 per week increase in the single age pension?

Senator CHRIS EVANS—The member Mr Turnour is one of the most decent people I know and one of the people best connected to his electorate. I am sure he would not offer to throw his pearls before the poor, like the good senator did. Quite frankly, given her record on this matter, she has no credibility at all.

Economy

Senator HUTCHINS (2.06 pm)—My question is to the Minister representing the Treasurer, Senator Conroy. In light of the minister’s statements yesterday on the IMF’s endorsement of the responsible economic management by the government, is the minister aware of any other statements by independent bodies on this matter?

Senator CONROY—I thanks Senator Hutchins for that question. Yesterday I informed the chamber that the IMF article IV report on Australia, released on 23 September, strongly endorses the government’s economic policy. In its report the IMF provided support for the government’s view that, while we are not immune from global difficulties, the Australian economy is well placed to survive and to meet these challenges.

I would take this opportunity to inform the Senate that the Reserve Bank of Australia this morning released its half-year Financial
stability review. As I have said many times in this chamber, the current global economic conditions are some of the most challenging and difficult in more than a quarter of a century. The Reserve Bank, like the IMF, concurs with this view:

The operating environment facing many financial institutions around the world, particularly in the United States, is more difficult than it has been for many years.

Importantly, though, the Reserve Bank’s Financial stability review adds even further weight to a point I have consistently made in this chamber many times—that is, while we are not immune we are well placed to withstand the fallout. The RBA notes:

While the Australian financial system has not been completely insulated from developments abroad, it is weathering the current difficulties much better than many other financial systems.

The Reserve Bank also highlights the strength of our financial system, noting again:

The banking system is soundly capitalised, it has only limited exposure to sub-prime related assets, and it continues to record strong profitability and has low levels of problem loans.

Senator Bushby—Thank you, Peter Costello.

Senator Minchin—it’s a great legacy you’ve inherited from us.

Senator CONROY—I am glad you keep raising Mr Costello, because I am coming to him. While these are serious times for the global economy, we have been consistently making the point that our banking sector does not face the same problems as those at the core of the US financial market troubles.

The strengths of our banking sector and the fact that we face a much different situation to that in the US were reaffirmed yesterday by the IMF and today by the Reserve Bank of Australia when it said:

It is important to note, however, that the ratio of banks’ problem loans to total assets remains below the average since the mid 1990s, a period of unusually low credit losses.

The RBA also notes that in Australia ‘the closest equivalent to US subprime loans’, referred to as ‘non-conforming house loans’: … account for less than 1 per cent of outstanding housing loans …

That is why it is so concerning that the Leader of the Opposition told Laurie Oakes on the weekend that we need to follow the US example and bail out the bad debts of our banks. The reality is that the health of our banking sector is light-years away from the US banking sector. Even the gentleman quoted extensively from that side of the chamber, the former Treasurer Mr Peter Costello, has given Mr Turnbull a dressing down on Lateline for suggesting our banks are facing the same sorts of problems with bad debts as the US system. This is what Mr Costello, the member for Higgins, had to say:

I’m going on to make the point in my view—

(Time expired)

Workplace Relations

Senator EGGLESTON (2.10 pm)—My question is to the Minister representing the Minister for Employment and Workplace Relations, Senator Ludwig. Does the government agree with the ACTU President, Sharan Burrow, who has called for the right to strike on climate change issues?

Senator LUDWIG—Thank you for that question. In relation to the Forward with Fairness package, what this government did was to take forward the principles which would underpin the industrial relations system. Those principles that it took forward included those issues which underpinned the new workplace relations system: a Fair Work Australia institution as a one-stop shop and a strong and simple safety net for all Austra-
lian workers, including a minimum wage. In respect of the right to strike, the Forward with Fairness policy dealt with those issues in a clear way. What we do is to believe in the umpire’s decision in relation to these issues around industrial relations, unlike the Liberals, who believe in Work Choices, who will not see what happened at the last election and who will not recognise that Work Choices is no longer relevant to the Australian ‘fair go all round’ principle.

What we looked at was how we could ensure that there would be clear, tough rules for industrial action. Those clear, tough rules for industrial action would ensure that, in the Australian government’s new workplace relations system, industrial action will be governed by clear, tough rules. Those rules will ensure that protected industrial action will only be available during collective bargaining if it has been approved by a majority of employees in a mandatory secret ballot. Of course, employees and/or their bargaining representatives will be required to provide to their employer, within three working days, written notice of their intention to take—

Senator Eggleston—Mr President, I raise a point of order. The question was about climate change, and that has not yet been mentioned.

Senator Conroy—Mr President, on the point of order: Senator Ludwig is entitled to answer the question as he sees fit. He is less than halfway through his answer, and I am sure that this is no point of order whatsoever and should be ruled out again as a completely spurious point of order.

Senator Eggleston—Mr President, on the point of order: it is a rational and reasonable point of order because it is about relevance. The question was directed at the issue of striking on climate change matters.

The PRESIDENT—There is no point of order. As I have said previously, I cannot instruct the minister on how to answer the question. I can draw the minister’s attention to the question and the issue of relevance. The minister has two minutes 13 seconds left.

Senator Ludwig—It seems that those opposite have closed their minds to what I have been talking about. They are in fact not listening to the issue that I am actually going to, which is when you can take protected industrial action under our, fair system— unlike Work Choices, where the Liberals opposite subscribed to a system that ensured it would strip wages and conditions from employees. What the Rudd government is delivering is a fair industrial relations system which will ensure that the contents of agreements will be able to include matters pertaining to the relationship between (a) the employer and the employees, and (b) the employer and any union to be covered by the agreement—and the expression ‘matters pertaining to the employment relationship’ has been used for over a hundred years and brings with it established legal principles. Those established legal principles will ensure that the content that can be bargained off will then be a matter for the parties to the agreement to bargain over. It will also be a matter that that content will ensure that issues within what has been established over a hundred years—

Senator Ronaldson—Mr President, I rise on a point of order. My point of order is in relation to relevance. The minister was asked whether he agrees with Sharan Burrow—yes or no?

The PRESIDENT—As I have said before, Senator Ronaldson, I cannot instruct the minister how to answer the question. Minister, I draw your attention to the fact that you have got 46 seconds left on the primary answer and you should be relevant to the question that was asked.
Senator LUDWIG—What those opposite have failed to understand—in fact, failed to listen to—is that we are talking about an industrial relations system that ensures that people can take protected industrial action and can bargain for an enterprise agreement, and the content of that agreement, as I have been saying, allows them to deal with matters pertaining to the employee-employer relationship and the other matters that I also went to. That ensures that the parties can then determine the content of the agreement and, if they want to bargain over issues that it contains, then they can in fact bargain on those matters. What the opposition subscribed to is a system which ensures that there is not fair bargaining, that employees cannot take protected industrial action—

(Time expired)

Senator EGGLESTON—Mr President, I ask a supplementary question. Since the original question was about the ACTU president, Sharan Burrow, calling for the right to strike on climate change issues and the minister has not addressed that, I will ask him: have the government held discussions with Ms Burrow about changing their proposed policy?

Senator LUDWIG—What we are doing is taking Forward with Fairness, our policy that we delivered to the people before the election—and they agreed with it—and bringing it forward. The opposition are complaining because they do not like the idea of their Work Choices being overridden by a fair industrial relations system. That is what they do not like and that is what they are complaining about here. The Deputy Prime Minister also announced how the government will deliver on our commitment to provide clear, tough rules on industrial action. We will deliver on those promises. unprotected industrial action, like snap strikes, will not be tolerated. Those issues—

Senator Abetz—Mr President, can I relieve the minister of his excruciating embarrassment. Forward with Fairness actually has a section in it which says ‘will not allow industrial action—

Government senators interjecting—

The PRESIDENT—Order, on my right!

Senator Abetz—to be taken or instigated by unions and employees for reasons—

The PRESIDENT—Senator Abetz, do you have a point of order?

Senator Abetz—Yes, on relevance. Given that the minister did not want to answer the actual question posed to him and went everywhere through Forward with Fairness but could not stumble across what is actually in Forward with Fairness, which says that they will not allow such action; they specifically rule it out—and the blood is draining from Senator Ludwig’s face, as it should—Mr President, I would invite you to ask the minister to be relevant to the actual issue raised.

Senator Conroy—Mr President, on the point of order: perhaps because of all the interjections from those on the other side Senator Abetz has not been listening to the answer that Senator Ludwig has been—

The PRESIDENT—Your point of order?

Senator Conroy—I am speaking on the point of order of relevance. Senator Ludwig has absolutely been relevant to the question. The fact that those opposite do not like the answer and do not understand the answer means that this spurious point of order should be ruled out and those opposite should desist.

The PRESIDENT—There is no point of order. As I have said before, I cannot instruct the minister how to answer the question or what to say in answering the question. I draw the minister’s attention—

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

CHAMBER
The PRESIDENT—I am ruling on the point of order. You can take a further point of order in a moment. At this stage the minister has 17 seconds left and must remain relevant to the question. Now, Senator Faulkner.

Senator Faulkner—Mr President, my further point of order is that, on this occasion, Senator Abetz sought the call from you, did not identify the fact that he was taking a point of order and received the call and, with respect—

Senator Abetz—Oh, I’m sorry!

Senator Faulkner—with respect, it is not appropriate to interrupt any person in this chamber on their feet and just start speaking. It is perfectly within your entitlement to take a point of order; you did not do that.

Senator Abetz—I was given the call. I was given the call by the President.

Senator Faulkner—You were given the call; my point of order is you should not have been.

The PRESIDENT—There is no point of order. Senator Ludwig.

Senator LUDWIG—What I was explaining, which those opposite are too blinded by Work Choices to understand and/or follow, was that matters that do not pertain to the employment relationship, or the relationship with the employees union as their representatives, cannot be the subject of protected industrial action. If terms and agreements do not meet these criteria, they will be void and unenforceable. That is clear. (Time expired)

Food Standards

Senator SIEWERT (2.22 pm)—My question is to Senator Ludwig, the Minister representing the Minister for Health and Ageing. When did the minister first have information that the Chinese sweet, White Rabbit Creamy Candies, was contaminated and was available for sale in Australian supermarkets? What tests have been taken on this product, and when? Are these products now off all shelves in Australia? How can we be assured that there are no other similarly contaminated products in Australia at the time?

Senator LUDWIG—In respect of that, it is a matter that is, of course, of concern to this government. I do not appear to have a comprehensive brief in respect of that issue. What I can do is undertake to provide an answer to the Senate in respect of that particular issue. If there is a supplementary question in respect of this matter, likewise I can undertake to provide an early response to the Senate in respect of what the government is doing about this matter.

Senator SIEWERT—I find it strange that the minister has not been briefed, given that this is a major scandal and that it has major implications for the Australian public. In view of the lax food standards in China, what special testing of food and other ingestible products from China is in place in Australia?

Senator LUDWIG—Similarly, in terms of providing a response I can certainly undertake to bring that back. If the question is about the more broad issue of imported food products from China I can tell you that testing by the New Zealand authorities for the presence of melamine in products imported into New Zealand from China has shown contamination of unacceptably high levels in White Rabbit Creamy Candies. Australian food regulators met yesterday and are requesting wholesalers and importers to voluntarily withdraw White Rabbit Creamy Candies from shops pending further results of Australian testing for melamine. Food Standards Australia New Zealand released a media advisory yesterday advising people not to consume these milk based sweets imported from China. This product is sold in retail packs through Asian retail supermarkets and
restaurants. These candies are unlikely to cause health problems if consumed in small amounts but people who have eaten this product and who are concerned about their health should seek medical advice. Melamine contamination of infant formula—

(Time expired)

Climate Change

Senator BOSWELL (2.24 pm)—My question is to the Minister for Climate Change and Water, Senator Wong. In view of the Prime Minister’s statement overnight in the United States in relation to the proposed emissions trading scheme, ‘It is an even greater difficulty at a time when the global economy is under great global financial stress,’ my question is: does the government remain absolutely committed to the 2010 start for its emission trading scheme?

Senator WONG—Thank you to Senator Boswell for the question. This government absolutely understands the challenges that are posed by the global financial crisis, which is why we are seeking to maintain and pass our budget measures to retain a budget surplus which will be a buffer in those circumstances. On the issue of the Carbon Pollution Reduction Scheme, I note that the Prime Minister has also reiterated, whilst overseas, that the government’s intention—

‘ambition’ I think was the word used—is to have the scheme commence by 2010. That is the election commitment.

Senator Abetz—It’s an ‘ambition’ now, is it?

Senator WONG—Senator Abetz, I think you will find those words may have been used before. You may not have been paying attention—

Honourable senators interjecting—

The PRESIDENT—Senator Wong, resume your seat. When the interjections cease, I will call Senator Wong to continue her answer. I call Senator Wong.

Senator WONG—I think the opposition should perhaps listen to what has been said between July and now on this issue. As the Prime Minister has said, our ambition is as it has always been, and the government has not changed its position. I will say this, though: the government is proceeding in a methodical and careful manner on this issue. We have made that very clear.

Senator Johnston interjecting—

Senator WONG—I will take that interjection, Senator Johnston, because this is the sort of scaremongering and division we see from the opposition, who are not able to rise to the challenge of climate change—something the Australian people want.

The PRESIDENT—Senator Wong, address your comments to the chair.

Senator WONG—What the Australian people want to know is whether the climate change sceptics, who ensure that those opposite—

Honourable senators interjecting—

The PRESIDENT—Senator Wong, resume your seat. Senator Wong, continue.

Senator WONG—The question, of course, is whether the Leader of the Opposition is actually able to manage those climate change sceptics on the other side who do not want to do anything, who in 11½ or 12 years of government did nothing on climate change and now choose to run scare tactics on this issue. The question will be whether or not they are up to the responsible economic task of responding to climate change. So, in response to Senator Boswell’s question, I say—

Honourable senators interjecting—

The PRESIDENT—Senator Wong, resume your seat again. Both sides of the chamber should be quiet so that Senator
Wong can be heard. Senator Boswell obviously has an interest in this issue and needs to hear the answer.

**Senator Wong**—Thank you, Mr President. As I was saying, this government is proceeding, as we have been clear about, in a methodical and careful manner when it comes to designing the Carbon Pollution Reduction Scheme. We are consulting extensively with the community and business on the green paper propositions. We put out a comprehensive green paper in July, which sketched out in great detail the proposed design of the Carbon Pollution Reduction Scheme. And we have been clear that the Treasury is undertaking one of the largest modelling exercises in Australia’s history, designed to provide a comprehensive assessment of the impacts of introducing a carbon price. The implications of this modelling will be taken into account when setting the emissions reductions trajectory and scheme caps. Of course those opposite do not understand taking this sort of approach. They do not want to understand it because, fundamentally, they are still not up to the task of tackling climate change. They are still at the point they were before the last election, where famously one of the senior government sources was quoted as saying, ‘We had to pretend we cared when it came to the issue of climate change.’ Until you take a responsible approach to this significant economic challenge—

**The President**—Senator Wong, address your comments to the chair.

**Senator Wong**—the Australian people will know you are simply not up to it.

**Senator Ian Macdonald**—Mr President, I rise on a point of order. Not only did Senator Wong completely ignore your direction to speak through you and not directly to the chamber but I have an objection to being pointed to continuously by this minister.

**Senator Chris Evans**—On the point of order, Mr President: I would like to bring to your attention that opposition senators have consistently this week taken spurious points of order and have not even bothered to declare what their point of order is. I am not sure whether this is because they have run out of questions or are seeking to delay the process of question time, but I ask you to require senators when they rise to indicate what their point of order is rather than delay the process of question time by making speeches or accusations.

**Honourable senators interjecting**—

**The President**—It is very difficult to hear a point of order, to hear an answer or to hear a question if people constantly interject.

**Senator Minchin**—Mr President, on the point of order: Senator Macdonald was very clear about what his point of order was. It was that Senator Wong not for the first time but repeatedly, and as she has today, has directed her remarks across the chamber and not through you.

**Senator Faulkner interjecting**—

**Senator Minchin**—That is a very clear standing order, constantly breached by those opposite, including by Senator Faulkner, who directed our attention to the rules and then attacked Senator Brandis across the chamber. I would ask you to direct ministers to direct their remarks through the chair.

**The President**—There is no point of order. I draw to the attention of all senators that issues raised in question time should be directed to the chair—your comments, your remarks and your questions.

**Senator Wong**—What I will say is this: this government understands that the costs of failing to take action on climate change are greater—(Time expired)

**Senator Boswell**—Mr President. I ask a supplementary question. Ambition is
not a word I have heard in this debate, but can Senator Wong tell me the difference between ambition and an absolute commitment? Is there a difference? If you are going to go ahead with this, have you done any modelling on the ETS, with the renewed financial difficulties around the world?

Senator WONG—First, in relation to the 2010 start date, the government has been absolutely clear about our views on that. They are consistent with those taken to the Australian electorate prior to the election. I hope that those opposite, when the bill is presented to the parliament subsequent to the white paper, will recall that this in fact was very clearly something the Australian people were aware of prior to the last election.

In relation to the modelling, as I have previously indicated, the government, in addition to the economic modelling being provided through the Garnaut report, is undertaking one of the largest modelling exercises in the nation’s history in order to very carefully and methodically work our way through these issues prior to the development of the white paper. We are approaching this carefully and methodically. But we are absolutely clear that, as Professor Garnaut reminded us recently in his report, the costs for this country of failing to act on climate change are greater—(Time expired)

Budget

Senator CAROL BROWN (2.33 pm)—My question is to the Minister representing the Minister for Health and Ageing, Senator Ludwig. Can the minister inform the Senate why changes to the Medicare levy surcharge thresholds are necessary?

Senator LUDWIG—I thank Senator Carol Brown for her question. I know she has an interest in the Medicare levy surcharge more broadly. Yesterday the opposition demonstrated that they were not going to stand up for working families and that they were going to send a clear message to all those hardworking Australians that the opposition did not agree that they should have tax break. The Rudd government proposed a new Medicare levy surcharge threshold of $75,000 for singles while retaining our original proposal for couples of $150,000 to deliver immediate tax relief in the order of 330,000 Australians. The tax cut that those opposite opposed is worth up to $1,500 for each and every family. Today I am asking senators on the other side, those Liberals—

Senator Ian Macdonald—Mr President, I rise on a point of order. I bring to your attention standing order 193, which says: A senator shall not reflect on any vote of the Senate ...
This minister is reflecting upon the vote the Senate made yesterday on the Medicare levy bill. I ask you to tell him to desist or to sit him down.

Senator Chris Evans—Mr President, on the point of order: Senator Ludwig was addressing the general issue of the Medicare threshold and the issues surrounding it, and the bill is not before the Senate. That is not reflecting on the vote; it is reflecting on the issues at stake. Of course the question of votes in the parliament has been in the media and well canvassed. The senator is in order in discussing the broad issue of the Medicare levy surcharge and the issues pertaining to it.

The PRESIDENT—There is no point of order.

Senator LUDWIG—Thank you, Mr President. What those opposite have failed to understand is that they do not support working families. They do not want to ensure that there is a tax break of $1,500 for families. What they want to do is ensure that the same system continues. I find it odd really—it is either that the Liberals are hanging—

Honourable senators interjecting—
Order!

Senator LUDWIG—Thank you, Mr President. What I find odd is that those opposite, those Liberals, are hanging on to an outdated threshold without turning their minds to how they can provide relief for working families. Really, there are probably only three reasons that could descend upon them. The first option could be that those opposite, those Liberals, might have a simple justification for sticking to their outmoded position on this issue, and that could be a scientific justification. They may say that the original thresholds are there, they should not cavil with them or change them and they should leave them fixed. That is one option that those opposite could have taken. I remind senators of what former Minister Wooldridge said when he finally came clean about how those thresholds were set. I wonder whether or not that could be a real scientific justification. Because the former minister said, ‘I think the numbers in the end were negotiated with Senator Harradine over a bottle of Jameson Whiskey late at night.’ I really think that puts paid to the scientific justification for it.

Another option of course could be that the original thresholds were set in such a way that they would somehow magically become relevant in 10 years time, even though they were not relevant to begin with. Dr Wooldridge had something to say on that matter as well. What he said was: ‘We were happy to successfully get through the 12 months let alone worry about a problem in 10 years time or more’—so much for the magic trick about that. Those two options were not really there.

Option three—let us be fair about this—is that they may be so convinced that $50,000 is a high income that they think people earning $50,000 just do not deserve a tax cut. That would be a sad and sorry day if they thought that was the case. When you look at the remarks of Senator Birmingham with respect to this, Senator Birmingham conceded that $50,000 was not a high salary. And it certainly is not a high salary when you look at it. (Time expired)

Hospital Menus

Senator WILLIAMS (2.39 pm)—Mr President, my question is to the Minister representing the Minister for Health and Ageing, Senator Ludwig. Is the minister aware that some rural hospitals like Gilgandra and Coonabarabran in New South Wales can no longer serve meat to patients because the New South Wales Labor government has failed to pay its butchers’ bills? Given that these are just some of the many small businesses unable to obtain payment for goods and services supplied to rural hospitals and given that the government was elected on the promise that ‘Kevin Rudd will fix our hospitals’ will the minister intervene so suffering Australian patients are not denied proper meals by his New South Wales Labor mates?

Senator LUDWIG—I thank the senator for the question. The Rudd government is working with New South Wales rather than what the Liberals did when they were in government, which was to rip $1 billion out of the health system. The Rudd government is working through the COAG process with New South Wales to address some of the systemic issues that have been left after 11—

Opposition senators interjecting—

The PRESIDENT—Order! There is a time to debate this at the end of question time. If you do not like the answer you can debate it at the end. The minister is entitled, as I have said, just as questioners are entitled, to be heard in this chamber.

Senator LUDWIG—It seems that those Liberals on the other side need help to understand that the 11 years of neglect cannot be remedied overnight, cannot be fixed with
a silver bullet, cannot be remedied instantly. Their neglect and their position of ripping $1 billion out of the health system ensures that issues that arise in New South Wales such as the senator outlined do need both a COAG and a New South Wales solution in tandem.

Those opposite have not turned their minds to what we have been doing New South Wales wide, where the number on long elective surgery waiting lists has been almost halved in the year to June 2008 to 40 patients. What we have been doing is working with the New South Wales government in the hospital area to ensure that we can address some of the systemic issues that are reflected across the system, such as the one you have raised, Senator Williams. Those issues are important. It is important to ensure that these matters are addressed, but what those opposite fail to appreciate is that they left the problem unaddressed. They ensured, having ripped $1 billion out of the health system, that we would not be able to address it overnight.

Honourable senators interjecting—

The PRESIDENT—The answer is not finished and until senators stop debating across the chamber we will cease question time and wait till it is quiet.

Senator LUDWIG—Of course, I am disappointed to hear the news about reported menu cutbacks in some New South Wales hospitals. It is of concern. All states and territories are required, as you know, to provide public hospital services in an equitable, timely and quality manner. It is important to be able to do that. This is a condition that the Commonwealth expects states to adhere to. Adequate diet is fundamental to ensure that we have quality and safety regulations and that the states obey those. We hope in that instance that the New South Wales government will work with the Greater Western Area Health Service and resolve this matter immediately. We expect them to be able to put their shoulder to the wheel and ensure that these issues are addressed as quickly as they can be.

As I said, we have already provided $1 billion additional funding to all states and territories to assist them with addressing the rising costs associated with healthcare services. We expect the states to put this money where it is most needed—to keep their patients safe. We will be looking to ensure that occurs within the public hospital system. Of course, we have not stopped at that point. We have also turned our attention to how we can invest to reduce elective surgery waiting times, and $600 million has been put into the system to address that.

Of course, what this demonstrates is that the Rudd government takes these matters seriously. We are moving forward with the health agenda. Through the COAG process we are working to address the public hospital system. We are also addressing the smaller issues—those matters which go to menus—which are extraordinarily important to the patients concerned. (Time expired)

Senator WILLIAMS—Mr President, I ask a supplementary question. Since the minister is now refusing to help rural hospital patients, is he saying that he supports the idea that rural New South Wales hospitals should be for vegetarians only? When will the government actually act to fix our hospitals rather than simply talk about them?

Opposition senators interjecting—

The PRESIDENT—Order! When people are ready on my left, we will start question time again and I will call the minister.

Senator LUDWIG—What I have just heard is really quite a sad reflection upon the opposition to do with a very serious question which I was providing a serious answer to. It is not something that should be turned into a joke; it is a very serious matter. I have said
what we are doing to address it. I am sure if Senator Williams reflected upon that he would then agree that this is a matter that needs to be addressed. We are working through the process, as I have indicated, because it is an important matter—not only the vignette of the small matter of a menu but more broadly how we address patient concerns, waiting lists and the systemic problems that the previous Liberal government left when they ripped a billion dollars out of the health and hospital system. What is needed is for both the opposition and us to support the system so that we can address not only those systemic problems— (Time expired)

Banking: Performance

Senator FIELDING (2.47 pm)—My question is to the Minister representing the Minister for Competition Policy and Consumer Affairs, Senator Sherry. This week the Australian Prudential Regulation Authority released a report on bank performance which shows that banks are making $1 in profit for every $2 they charge customers in fees and interest. It was reported today that the profit margins for the big four banks was more than 35 per cent. That is at a time when banks are charging up to $50 a pop when customers make a single mistake like overdrawing by one dollar. Does the government think it is reasonable for banks to continue to charge such exorbitant fees?

Senator SHERRY—Thank you for the question. Given how profitable the banks remain, families have every right to expect them to pass on any fall in funding costs as quickly as they passed on the 10th consecutive rate rises we saw under the Liberal government. It is that simple. When banks’ funding costs come down, their interest rates should come down and there fees should also come down. As the RBA’s Financial stability review highlights, difficulties in global financial markets are constraining liquidity, which is impacting on competition in the banking sector.

In times of international volatility and uncertainty, everyone in the community has an interest in ensuring that we have a well-run, stable, viable banking sector. I am aware, for example, that in terms of new home loans, the big four banks have moved from approximately 80 per cent provision to approximately 90 per cent in the last six months. That is as a consequence of the decline of securitisation—its almost disappearance—and the gradual contraction and disappearance of non-bank, non-credit union, non-building lenders. So the banks’ competitive position has strengthened as a consequence of the US subprime crisis.

The government also believes the community will reward those banks that offer the best deal to their customers. There have been 10 consecutive rate rises, as I said, courtesy of the former Liberal government, plus unofficial rate rises by the banks that have put a lot of pressure on families, particularly in respect of mortgages, so it is vital we have as much competitive pressure on the banks as possible. This government, but the Treasurer in particular, in conjunction with the Assistant Treasurer, Mr Bowen, have been doing a great deal of work in respect of putting competitive pressure on banks. It is important to exert competitive pressure on the banks. Our bank-switching package is an example of this. It is important to ensure that individuals have the ability to—

Senator Coonan—What happened to that? It hasn’t started yet.

Senator Abetz interjecting—

Senator SHERRY—There is a raft of interjections but, through you, Mr President, I point out that the former Liberal government was not proactive with respect to ensuring that consumers could vote with their feet and
switch from one bank provider to another. As I pointed out, the Treasurer, Mr Swan, and the Assistant Treasurer, Mr Bowen, have been very active in pressuring to ensure that we have effective bank-switching in this country so that individuals can move from one bank to another if they are not happy with a range of issues, from the rate they are charged to the fees and charges that apply. At the present time, in respect of bank switching, although there has been—

Senator Fielding—Mr President, I rise on a point of order clearly to do with relevance. I just want to draw the minister’s attention back to the question: does the government think it is reasonable for the banks to continue to charge such exorbitant fees?

The President—There is no point of order. Senator Sherry, you have 50 seconds remaining to answer the question.

Senator Sherry—I am pointing out, in the context of bank funding costs, the changes in the market. The bank-switching package is related directly to fees. In fact, I did mention fees. Fees are used as cost recovery by banks. There are a variety of ways in which they are applied. We do know that many consumers, as Senator Fielding has reasonably pointed out, are very unhappy about the level and type of fees which apply to their particular accounts. As I was saying, the bank-switching package which, on behalf of this government, both the Treasurer and the Assistant Treasurer, I think it is fair to say, have—(Time expired)

Senator Fielding—Mr President, I do have a supplementary question, although I do not think the primary one was really answered at all. It is also clear there is not effective competition in the market to stop banks charging outrageous bank penalty fees. Banks benefit from a high degree of regulation protecting their place in the market but they do not want regulation protecting families from exorbitant bank penalty fees that can be up to 92 times the cost of processing the transaction. What is the government going to do to protect families from this market failure?

Senator Sherry—If you want to have effective, informed competition, which is necessary to force down the price of the product—in this case, the fees—you have to be able to ensure that individual consumers can switch easily from one provider to another. That is exactly the point of the switching package that the Treasurer and the Assistant Treasurer have been working on. As I understand, there has been some level of cooperation to date by the banks and through the Australian Bankers Association. There has been a relative level of cooperation in respect of bank switching to allow individuals to move. There are effective barriers at the present time in addition to consumer knowledge—(Time expired)

Broadband

Senator Minchin (2.54 pm)—My question is to the Minister for Broadband, Communications and the Digital Economy, Senator Conroy. Given Senator Evans’s commitment on behalf of the government in question time yesterday to Labor delivering on all its promises, does the minister stand by his promise that construction of the national broadband network will commence by the end of this year?

Senator Conroy—As I have repeatedly said about the timing of the national broadband network, the most critical issue is to ensure that all of the relevant information is available to the proponents who wish to make a bid. Those opposite ran a process when they were in government which included no directions about the content, no directions about the speed and no directions about the technology. They just said, ‘Will someone please build a broadband network?’
That was the extent of the expert panel process that was put in place by those opposite.

On the other hand, we have committed to ensuring that all of the information that is required for the bidders to make a full and comprehensive bid is available. That is why in February we passed legislation to ensure that all bidders had that information. As those opposite are more than aware, not all of that information was actually available despite the best efforts of all of those involved to supply the information that the government required and which the industry had said they needed in order to bid. So we then set out to get that information, unlike the process run by the former minister opposite—which was a complete farce, a complete rort and delivered nothing.

As a result of our process, all of the information required has now been received. On 3 September, I announced that the last of the network information requested from carriers had now been collected and was available to national broadband network proponents. From this date, proponents had 12 weeks to consider the network information before lodging their proposals on 26 November 2008. The steps that the government has gone through to ensure the information is available demonstrate our commitment to a genuinely competitive process. We recognise that this information is important because you cannot build a broadband network without this information.

*Honourable senators interjecting—*

**The PRESIDENT**—Order! There is time after question time to debate the issue. Senator Conroy, you are entitled to be heard in silence.

**Senator CONROY**—Let me again remind those opposite that when they were in government their broadband process did not include a mechanism to ensure that proponents had access to crucial network information. The expert taskforce guidelines published by those opposite for their charade of a process said:

... on the basis of clearly articulated assumptions and/or information that is public, commercially available or otherwise available to them.

In other words, they expected proponents to guess what was needed to build a broadband network. They actually had to guess. This just shows the lack of understanding of those opposite in their pathetic attempts on their 18th broadband plan—*(Time expired)*

**Senator MINCHIN**—Mr President, I have a supplementary question. Now that the minister has effectively admitted that he will not keep his promise to roll out the broadband network by the end of this year, I ask: is the minister aware of reports that uncertainty about the network rollout is causing a broadband investment freeze in new housing estates such as Springfield in Queensland? What is his response to this broadband investment freeze while he dithers over his network rollout?

**Senator CONROY**—Again, I congratulate the shadow minister on his appointment and thank him for his question. But the former shadow minister initially questioned why the government required network information at all. He put out a press release in which he stated that there were serious questions about what the Rudd government planned to do with the information. By 7 May, however, the former shadow minister agreed the information was now critical. So let us just go through what Mr Billson, the former shadow minister, said.

*Government senators interjecting—*

**Senator CONROY**—No, I am sorry, but this is important.

**The PRESIDENT**—Senator Conroy, address your comments to the chair.
Senator CONROY—I accept your admonishment, Mr President. This is what the former shadow minister had to say:

One likely bidder, Telstra, which holds the vast majority of this information, is clearly advantaged where the exchange of information is not facilitated—

Senator Minchin—Mr President, I rise on a point of order. The views of the minister on the remarks of the former shadow minister have nothing whatsoever to do with the question I asked. I would ask you to draw his attention to the question, which is about the broadband investment freeze caused by his dithering over his network.

The PRESIDENT—As I have said previously, there is no point of order as I cannot direct to the minister to answer the question in a particular way. I draw the minister’s attention to the issue of relevance, and he has nine seconds left to respond.

Senator CONROY—The former shadow minister stated that Telstra:

… is clearly advantaged where the exchange of information is not facilitated or delayed. This situation places other potential—

(Time expired)

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

QUESTIONS WITHOUT NOTICE:
ADDITIONAL ANSWERS

Food Standards

Senator LUDWIG (Queensland—Minister for Human Services) (3.01 pm)—In response to Senator Siewert’s question in relation to imported food products from China, I wish to provide the additional information that these candies—that is, the White Rabbit Creamy Candies—are unlikely to cause health problems if consumed in small amounts, but people who have eaten this product and who are concerned about their health should seek medical advice. Food Standards Australia New Zealand released a media advisory yesterday advising people not to consume these milk based sweets imported from China. This product is sold in retail packs throughout Asian retailers, supermarkets and restaurants.

We are aware of the melamine contamination of infant formula which resulted in the hospitalisation of more than 12,000 infants in China. Australia does not import infant formula products from China and has not imported full dairy products such as yoghurt or condensed milk from China since early 2007. Food Standards Australia New Zealand and state and territory food regulatory agencies are continuing to monitor the situation.

QUESTIONS WITHOUT NOTICE:
TAKE NOTE OF ANSWERS

Budget

Senator CORMANN (Western Australia) (3.02 pm)—I move:

That the Senate take note of the answer given by the Minister for Human Services (Senator Ludwig) to a question without notice asked by Senator Carol Brown today relating to the Medicare levy surcharge.

We oppose the Medicare levy surcharge measure because it is fundamentally flawed. It was fundamentally flawed when it was first announced in an organised leak three days before the budget. It was fundamentally flawed when it was finally introduced on budget night. It was exposed as fundamentally flawed during Senate estimates and during the Senate inquiry. And it was still fundamentally flawed when it was being debated in this chamber last night. The reason it is fundamentally flawed is that the government failed to properly assess the implications of this measure for our health system. The government thought that it could do a little bit of fiddling with the Medicare levy surcharge and tried to tell us that this was
about indexation but then doubled the threshold, without any consideration whatsoever as to the flow-on implications for our health system.

In fact, when the measure was first announced, for two hours the Treasurer was out there in the media trying to sell it as a tax relief measure, the same as the propaganda machine of the federal government is trying to do again today. But within two hours the Treasurer was pulled offline and ‘Mini-Me’ Treasurer Nicola Roxon, who somebody should remind that she is actually the Minister for Health and Ageing, was sent out there to try to salvage and explain what the government was trying to achieve.

The reality is this: an increase in the Medicare levy surcharge thresholds in the way it is proposed will put huge additional pressure on older Australians, on families and on the most vulnerable in our community. It will push up the price of health insurance premiums, it will put additional pressure on public hospitals and it will see up to one million Australians leave the private health system. Do you think that the federal government made any attempt to assess the impact of a measure like this on the health system? No, it did not. The only thing the federal government did was to cost and model the implications of this measure for its budget bottom line—‘How much will we save? How much will it cost us?’

On the day of the budget, I asked a question of Senator Ludwig: when did you advise the people about this measure before the election? He could not answer the question. If this was really a popular tax relief measure, don’t you think the then opposition would have announced it before the election? Don’t you think that they would have tried to use it to win some votes? But they did not announce it before the election and the reason was that they knew about the implications of this measure for our health system. They knew that it was going to be bad news for older Australians, for families, for the privately insured and for people who need timely access to quality hospital care. When did you last hear the minister for health explain to anyone how this measure will help people get better access to public hospital care? When did you last hear the minister for health explain how this measure will help ensure that private health insurance premiums will remain affordable for older Australians—those Australians most likely to need access to quality hospital care, those Australians who every year make the sacrifice to bring all of their money together so that they can afford private health insurance and have that peace of mind?

The government propaganda machine are working overtime out there. They are trying to tell people that this is a tax relief measure. If that is the case, why do the government discriminate against those Australians in lower income tax brackets who also take out private health insurance? If they want to provide a tax relief measure, why don’t they do it in a way that does not have the same negative consequences for our health system? If they want to provide tax relief to people on lower incomes, why don’t they do it in a way that is not going to have those disastrous consequences for our public hospitals, for our privately insured and for the overall health system here in Australia?

The reality is this is just about spin. This is an ideologically driven pursuit by the Labor Party, who have never liked private health. They are back at it. They are back at what they did between 1983 and 1996, when private health insurance membership was in free fall, when we ended up with a health system that was totally out of balance, when people could not get access to public hospital treatment and when more and more people were burdening public hospitals and joining
the queues. That is what you will see as a result of this measure.

They introduced some amendments yesterday and I hear that in the other place they have now reintroduced the measure with a threshold of $75,000. You would be amazed—you would think there was going to be a significant change. We did not get any information in this chamber on how this would play out, but there was a propaganda sheet circulated around the press gallery. Do you know what the difference in impact is going to be? After three months we were able to get Treasury to concede that 644,000 people would leave private health insurance as a result of the original measure. Now, with this new legislation, do you know how many it is going to be? It will still be 583,000.

(Time expired)

Senator CAMERON (New South Wales) (3.08 pm)—This really is a schizophrenic opposition. I looked at the questions that we were asked prior to this session now, and we had pensioners—this was the great issue for them. There was one question on pensioners. Then we went to climate change. Then we went to Medicare. Really, where are you going? We really do not know where you are going on anything. On the Medicare levy surcharge—

Senator Cormann—Mr Deputy President, I rise on a point of order on relevance. I moved a motion that the Senate take note of the answer provided by Senator Ludwig. I think that Senator Cameron is straying well beyond the specific motion that I moved earlier.

The DEPUTY PRESIDENT—Order! Senator Cormann, in taking note of answers there has always been allowed a very free-ranging debate, and Senator Cameron has only been answering for a little more than half a minute. I think he is probably entering what might be loosely called a free-ranging debate, so there is no point of order.

Senator CAMERON—Thank you, Mr Deputy President. In relation to the Medicare levy surcharge, we have an opposition who are so hypocritical in terms of their approach. They are so compassionate, they argue, but this compassion is weighed against the reality. You have to weigh this up against the reality of where they are coming from. They say that they want to look after ordinary Australians, and yet in their opposition to this change to the Medicare levy surcharge they are denying some of the neediest Australians a $1,200 tax cut—tax relief of $1,200.

Senator Cormann should actually reflect on what he is saying in this debate and weigh it up against the debate that we had this morning on Woodside Petroleum and the need to tax multinational corporations to pay for the necessities of a decent society. How could you stand up this morning and say that a company who is earning a billion dollar profit and who has had special concessions for 30 years should not pay its proper rate of taxation and then talk about Medicare and problems with the private health system? It just does not match up. You see, you cannot have compassion for people on the one hand and then say that multinational corporations should not pay their proper tax. You cannot come here and say that you want to look after the Lamborghini drivers and the Maserati drivers and then say, ‘I’ve got compassion for people who are not earning a lot of money and I want to make sure that the Medicare levy surcharge is maintained at its current level.’ What you are doing is exposing the hypocrisy, the absolute hypocrisy.

The more I see the Liberal opposition in action in this place, the more I am convinced that you have never had an economic brain in your heads, that you have never under-
stood the need to balance the market and the needs of the community. You just do not balance it.

*Opposition senators interjecting—*

**The DEPUTY PRESIDENT—** Order! I do not mind a free-ranging debate, but we are not going to have a free-for-all across the chamber. Senator Cameron will be heard in silence.

**Senator CAMERON—** The opposition really is the Australian branch of the Gordon Gekko fan club. There is no doubt about that. ‘Greed is good’—that is the position that we hear every day from the opposition. It is about looking after the big end of town and it is not about having any compassion or any care for ordinary Australians in this country. What did you do in government? You argue about looking after people, but you spent $1 billion of taxpayers’ funds promoting your own programs—promoting Work Choices, promoting getting rid of rights for ordinary working people.

Your position on Medicare has been destroyed. Your argument has been destroyed by evidence from Professor Deeble. Professor Deeble looked at it—

**Senator Cormann—** Five per cent, he said—an additional five per cent.

**Senator CAMERON—** Every time Senator Cormann stands up you hear, ‘Give us an econometric model.’ Well, what did Professor Deeble say? ‘You cannot model human nature.’ You cannot model what people will do and you certainly cannot model the greed that is being displayed on the other side. They are making sure that they look after the big end of town and that the ordinary working people get left behind. This is nothing other than wrecking the government budget. It is economic irresponsibility. *(Time expired)*

**Senator ADAMS** (Western Australia) *(3.14 pm)*—I also rise to take note of the answer given by Senator Ludwig on the Medicare levy surcharge this afternoon. Earlier today the Minister for Health and Ageing, Nicola Roxon, presented a redrawn Tax Laws Amendment (Medicare Levy Surcharge Thresholds) Bill (No. 2) 2008 into the House of Representatives. With this move, Ms Roxon has admitted once more that her legislation is full of flaws. Whilst I welcome the fact that the minister has given this legislation another thought, I believe she has still not thought it through fully. Today Ms Roxon suggested the provision of a singles threshold of $75,000 and to index the threshold to wages growth. As the couples threshold would remain unchanged at $150,000, Ms Roxon believes her new measure would be the magic trick she needed to make sure that small income earners would not be forced to pay the bill of this piecemeal legislation.

Ms Roxon has got it wrong again. Neither Ms Roxon nor Mr Swan did proper modelling on the effects of this bill. Ms Roxon clearly does not understand the impact this legislation will have on the public health system, nor does she understand the effects this legislation will have on families and older Australians, who will have to suffer from massive hikes in private health insurance premiums. Ms Roxon said today, ‘Unfortunately we will not be providing tax relief to as many people as we would have liked.’ This bill is not able to deliver tax cuts. Changes to the Medicare levy surcharge are not really a tax cut, as Labor wants us all to believe. It is a measure that will raise revenue and increase prices. It will push up private health insurance premiums, drive hundreds of thousands of people out of private health and add even more pressure to public hospital queues and waiting lists. If Labor were truly interested in delivering tax cuts,
they would put their rhetoric aside and deliver this through the tax system. The government still has not answered how it plans to prevent premiums going through the roof for low-income earners and pensioners. More than 200,000 pensioners over the age of 65 live on less than $20,000. For them it does not matter if the old or the newly drawn up bill comes into effect. Pensioners will lose out again, not being able to afford private cover.

The public hearings of the Senate Standing Committee on Economics inquiry into Tax Laws Amendment (Medicare Levy Surcharge Thresholds) Bill 2008 have shown this very clearly. Coalition senators heard clear evidence that working families, low and fixed income earners, the elderly and people living in rural and regional Australia would be hit hardest, with the Rudd government even saying that it would be primarily younger people dropping their cover in large numbers. Is this what we want? This means that good risk members will abandon private cover, leaving behind bad risk members—primarily older Australians—with the result that their premiums will have to go up. If premiums are too high, people will drop their cover, including many members with poorer health. Is this what we want? This means that their premiums will have to go up. If premiums are too high, people will drop their cover, including many members with poorer health. Is this really what the government wants: to overrun our emergency departments and our waiting lists? Does the government really want to hurt pensioners again? Was it not enough denying single pensioners an increase of $30 a week, as they did just this week? Does government really want to drive them into a situation where they will not be able to have the choice to have surgery, such as hip and knee replacements, when they need to without having to wait for extended periods? Clearly, the minister has not thought this legislation fully through.

Have a look at the example of the effects this legislation would have on the public health system. At the hearing of the economics committee in Perth, the Acting Director General of the Western Australian Department of Health, Robyn Lawrence, stated that the proposed changes to Medicare are likely to cost the state an additional $53.6 million a year, increasing demand on the public health system and affecting its ability to perform elective surgery. Dr Lawrence predicted that an extra 268 public beds would be needed by 2017 and an estimated 50,000 Western Australians may drop out of private health insurance.

However, Dr Lawrence admitted after questioning from the Liberal committee members that the Labor government would save $959.7 million through not having to pay the 30 per cent private health insurance rebate. Such savings are likely to put higher pressure on tight health budgets. As a result, the industry is already exploring ways to cut their spending on other portfolios. (Time expired)

**Senator CAROL BROWN** (Tasmania) (3.19 pm)—I would like to remind the Senate that when the Medicare levy surcharge was first introduced by the former Howard government in 1997, it was intended to apply to high-income earners, or roughly around eight per cent of single taxpayers. This measure, after 11 long years of wilful neglect by the former government, will see the levy once again applied to about the same percentage of taxpayers for whom it was intended. This means bringing an end to the pressure placed on average-income earners in Australia by the former Howard government.

I will also take the opportunity to again remind the Senate of what Senator Ludwig said earlier today in question time. It was a statement made by Senator Simon Birmingham who has conceded that $50,000 was not a high salary. I quote: ‘It’s certainly not a
high salary.’ Indeed, it is a working salary. So the thresholds which the Liberals are determined to uphold were not logical, not designed with any thought for the consequences that are now hitting people who even the Liberals admit are on working salaries.

I would also like to draw the chamber’s attention to the comments made in August 2006 by the new shadow minister for health when the then Assistant Treasurer, Mr Dutton, revealed the numbers of taxpayers who were hit by the Medicare levy surcharge and revealed that they had doubled since the introduction of the new measure in 1997. Last Wednesday, the new Leader of the Opposition also made the argument for us. In his first press conference, Mr Turnbull said: I know what it is like to be very short of money ... I know Australians are doing it tough and some Australians, even in the years of greatest prosperity, will always do it tough.

There is a simple question to be answered here today. Do the Liberals—and we know that some do not—agree that people on $50,000 deserve a tax cut? We know some members of the parliamentary Liberal Party understand that $50,000 is an average wage and they are not the people that this levy was designed to capture. Dr Wooldridge, the former federal health minister, said that when he introduced this levy. They are not the people that this levy was supposed to apply to. The whole of the opposition in the Senate know that.

The Rudd Labor government is trying to give some tax relief to those Australians who have been caught up in the system; the Liberal Party is playing politics once again. We have seen it on the pensions and we see it now with the Medicare levy surcharge.

Senator Cormann—Do you think that pensioners do not take out health insurance?

Senator CAROL BROWN—We have seen you play politics on pensions—

Senator Wong—On a point of order, Mr Deputy President: Senator Cormann seems to feel it is necessary to consistently and continually interject while Senator Brown is on her feet—

Senator Cormann—It is a very important issue.

Senator Wong—and is interjecting now even when I am on my feet on the point of order. I would ask you to call him to order to accord Senator Brown the courtesy she should be accorded.

Senator Minchin—On the point of order, Mr Deputy President: it is a reasonable proposition but it does rely on the proponents of such a proposition behaving accordingly themselves. I regret to say that is not a mark of the behaviour of the Labor Party when coalition senators are speaking. We are happy to oblige Senator Wong’s request on the understanding and observation that the same rules will apply to Labor senators when coalition senators are speaking.

The DEPUTY PRESIDENT—On the point of order, interjections are disorderly, as part of standing orders, but I do recall that earlier in this debate there were some robust interjections, particularly from this side, and there were some from my left as well. When I thought it got too unruly, I brought interjectors to order. I did call Senator Cormann to order just before Senator Wong took her point of order and I am not sure that he did ignore me. I remind senators that those who are on their feet have a right to be heard in silence.

Senator CAROL BROWN—Thank you, Mr Deputy President. What I was attempting to say is that the opposition are playing politics with not only this issue but the issue of pensions. I think senators opposite know that is exactly what I was attempting to say. They
are playing politics with the pension issue. They did not do anything in the 11½ years they were in government—actually, that is not true; they voted against it in the cabinet. I am not sure how many people raised it in their caucus but they did vote against a rise in their cabinet.

The Rudd Labor government is trying to give some relief to those Australians who are caught up in the system and the Liberal Party is playing politics. You have to ask yourself why they hate working families. Why do they not want to support a tax cut? If the Leader of the Opposition really believed in a bipartisan approach to economic responsibility, he would join us in the Senate. We have listened to what stakeholders and senators have to say and we have—(Time expired)

Senator HUMPHRIES (Australian Capital Territory) (3.26 pm)—Let me say in unambiguous language to the Senate that this debate about the Medicare levy surcharge legislation is not a debate about tax relief. Let me put it in another way. Senator Carol Brown posed the question: do people on $50,000 deserve a tax break? The answer to that question is yes but not through the device the government have introduced of raising the threshold for the Medicare levy surcharge. The reason is that, although it provides some relief to individuals who might be hit by the surcharge at the present time, it has a downstream effect on the integrity of our health system which is absolutely devastating. Whether the number of people affected by this change is 450,000—the government conceded that may well be the number affected and tempted to give their private health insurance away—or the million that the industry estimated might give up private health insurance, whichever figure is correct, you still have a massive effect on Australia’s already strained public hospitals when those people move from private health coverage into the public health system. That is the point that this opposition is making about this legislation. It is not about tax relief.

We are not opposed to the government putting forward tax relief. I put this invitation to the government: bring back your $660 million worth of ‘tax relief’ that you were providing through this Medicare levy surcharge legislation and instead give it directly to people by way of a tax cut. Transfer this same dollar amount into a tax cut and we will put our hands up to support that legislation, without any hesitation. Such a measure would have no effect on public hospital waiting lists, but to support your Medicare levy surcharge legislation in its present form would have a massive downstream effect on the quality of already strained public hospitals in this country.

Senator Cormann posed a very good question: if this legislation is so outstanding, why was it not announced before the last election? Why did you not go out and bang the drum about your relief to people who pay private health insurance? It was because you knew that it was very problematic. This issue needs to be focused on, rather than the question of tax cuts. Even Professor Deeble, who was quoted by Senator Cameron in the course of his remarks, conceded that as a result of these changes premiums would have to rise. He estimated that they would rise by five per cent.

We were talking earlier this week about older Australians and the pressures on older Australians. Older Australians take out private health insurance in very large numbers, and yet those opposite, who have been talking about how they want to relieve the pressure on older Australians—not by way of a $30 a week increase in their pensions, mind you, but they want to do something about the living standards of older Australians—are perfectly happy to sit there and support a measure that puts up pensioners’ premiums...
for private health insurance by five per cent. That is a very big cost for a person on a limited budget. Many older Australians are actually pensioners. Pensioners do, believe it or not, take out private health insurance. The government are happy, on the admission of their own champion, Professor Deeble, to push those premiums up by an additional five per cent. That is a cost that many of those old people do not feel that they can let go.

The fact is that this is a very dangerous piece of legislation with downstream effects that have a very significant impact. The downstream effect, of course, is to remove a very large amount of money out of Australia’s health system—$3.2 billion is sucked out of the system by virtue of a combination of people withdrawing their private health insurance, and the rebate disappears in that respect and so does the effect of people putting money into private health insurance. If the government are going to put that money back again into the system by way of higher taxes then fine, they should announce they are going to have to face the downstream consequences of this decision. (Time expired)

Question agreed to.

Food Standards

Senator SIEWERT (Western Australia) (3.31 pm)—I move:

That the Senate take note of the answer given by the Minister for Human Services (Senator Ludwig) to a question without notice asked by Senator Siewert today relating to food contamination.

I was very surprised that the government was not able to give us more detailed information around this issue. This issue has been ongoing for some time, and it is highly likely that we have in Australia products that are contaminated. The problem is we do not know because these products have not been tested yet. As I understand it, they have been waiting for two days—as was reported yesterday; it is now probably three days—in Western Australia for these products to be tested.

I am really deeply concerned about the role that FSANZ—Food Standards Australia New Zealand—have been playing in this. They have issued a media advisory for people not to eat this product. They have not acted like Singapore and other countries have—that is, by requiring these products to be removed from the shelves—and they are saying that a recall is not needed because no contamination has been found to date. Of course it has not been found to date because the products have not been tested! We need a comprehensive testing process of all foods that come in from China in particular because we know that the food standards over there are very lax, and because it cannot be guaranteed that the products are getting adequately tested in China then we need to make sure these products are not coming into Australia.

The National Association of Retail Grocers of Australia claimed yesterday:

… that every major supermarket in Australia potentially carried products with contaminated Chinese milk powder as a result of the poor regulation of imported food products.

That is why I am so disappointed that the minister could not answer my question about what special testing of food and other ingestible products from China is to take place. We do not know if these products are safe. The government could not answer. They obviously have no plans to start testing these foods when they come into Australia, so we still will not know. But the key point here is that these products are highly likely—we know, for a start, that White Rabbit Creamy Candies are on the shelves; we know that there is the potential for them to be contaminated. The minister did say that New Zealand
has found that these products are contaminated, but all FSANZ has done in Australia is issue a media advisory. For a start, not everybody reads media advisories. Why aren’t we just taking the precautionary principle and getting this stuff off the shelves? Why aren’t we starting to implement a process that tests these products as they come into Australia?

But it is not just these products; it also raises the spectre of other products that have been coming into Australia. For example, we know that much of Australia’s agricultural production is being undermined by cheap Chinese imports. Of course those cheap Chinese imports are being subsidised by inappropriate and unsustainable agricultural production processes that lead to environmental degradation. So they are cheap because the cost of environmental degradation is not being factored into their costs. Also, we do not know whether these products are contaminated. Unfortunately, there is a very strong potential that these products are contaminated by the overuse of pesticides and herbicides. But the most immediate problem has to be action on these products that are potentially contaminated with contaminated milk products. If the National Association of Retail Grocers is flagging the alarm, I would say that is a reason to be very strongly concerned. Why haven’t these products been tested? Why are they sitting waiting to be tested? And if we have to wait so long, we need to be putting in place the precautionary principle where we get this stuff off the shelves because we cannot be certain that it is not contaminated.

In fact, I think there is a high degree of certainty that some of these products are contaminated, judging by what is happening in New Zealand; New Zealand has found that they are contaminated. And to say, ‘Oh no, it’s okay anyway because it’s a low dose’—what a lot of nonsense! I certainly would not be taking any risks with my child and feeding my child these products if there was even a skerrick of a chance of this contamination being in that product. To say, ‘It’s okay because it’s a low dose,’ is not a satisfactory answer either. The government needs to take a very close look at the way FSANZ is handling this as well as the way it handles other contamination issues, how it handles labeling and how it handles testing safety—for example, of products that contain genetically modified organism content, because it is not adequately testing for that either. We need to be taking a very close look at the way FSANZ is carrying out its responsibilities. (Time expired)

Question agreed to.

NORTH WEST SHELF PROJECT

Senator XENOPHON (South Australia) (3.37 pm)—I seek leave to table a document. Earlier today, during my second reading contribution on the Excise Legislation Amendment (Condensate) Bill 2008, I made reference to a recent letter from the Treasurer to the chairman of the ACCC in relation to the joint venture arrangements relating to the marketing of natural gas at the North West Shelf project. As I inadvertently did not have a copy of that letter at the time, I now seek leave to table the letter referred to.

Senator Carr—Senator Xenophon, I have just come on duty. Neither I nor the acting whip has actually seen the document. Have you shown it to our whip?

Senator XENOPHON—I can indicate that the document was shown to the whips officers earlier today and I can assure you that that was the case and that there was no issue—it was my inadvertence.

Leave granted.
MINISTERIAL STATEMENTS
Caring for our Country

Senator CARR (Victoria—Minister for Innovation, Industry, Science and Research) (3.38 pm)—On behalf of the Minister for the Environment, Heritage and the Arts, Mr Garrett, I table a ministerial statement entitled Caring for our country.

Senator SIEWERT (Western Australia) (3.38 pm)—by leave—I move:

That the Senate take note of the document.

This document is quite an astounding document. It is just a rehashing of what the government has said before. I am quite perplexed as to why the minister has chosen to make a statement today, other than that he may have been lacking something to say just before we break from parliament and is trying to make Caring for our Country look like a halfway decent program. The statement adds nothing to the debate. It is quite disgraceful in the way it has a go at the hard-working Landcare groups and those people who have been working for several decades on natural resource management. The statement makes claims about chaos—it is true that there was some chaos between the Natural Heritage Trust 1 and Natural Heritage Trust 2—but that is nothing compared to what is going on out there now in the resource management community. People are leaving in droves from natural resource management groups. Their funding has been slashed. They do not know what their future holds. They are losing expertise that has been built up for years and years, yet the minister has the audacity to claim that we have had to move to this new program because it was chaotic between NHT1 and NHT2. He then claimed that all that valuable taxpayers’ money has nothing substantial to show for it. How insulting is that for all the people that have worked for so many years on Natural Heritage Trust projects and on delivering natural resource management and land care outcomes.

If I were working in an NRM group now, I would be devastated—in fact, I feel personally insulted given that I have been working for years on natural resource management, as have hundreds and hundreds of other Australians. The work of these groups has been trashed by the minister. He should be ashamed of himself for treating these groups like that. He then has the audacity to say that this is a ‘far-reaching, strategic and accountable program’. By ‘strategic’ he means: ‘I cobbled together some of the environmental promises made during the election. I had to fund them somehow, so I thought I’d make a raid on the money that was there for natural resource management and make it look like it is a program and then dream up a few other programs.’

The minister has already made the statement that the open grants program round is currently being assessed and that it will provide $25 million for a range of activities. He said that this was a strategic program before he had developed the outcomes, which are yet to be announced. I looked through this document, thinking it would announce the outcome statements that have been promised for months and months. But no, they will be another month in coming. After that, it will be another month before we get the business plan: ‘But in the meantime we will make use of a little grants program out there and vegemite the money across the landscape like we used to in the bad old days.’ Instead of learning the lessons of the past—that just releasing small grants of a couple of thousand dollars here and there does not deliver good environmental or natural management outcomes—what we see here is ‘back to the bad old days’ so they can be seen to be doing something. Some environment groups out there will get a little bit of money, from which they cannot achieve big strategic out-
That makes the government feel good, that they are doing something—they have trashed programs that were starting to work.

I, for one, know that NHT1 and NHT2 made some bad funding decisions—we should not step away from that, and I have been critical of that—but the point here is that we are not learning from the mistakes that we made under those grant programs. It feels like we have gone back to the future. We have gone back to making unstrategic, poor decisions with no overall framework for investing this money. An example is the outcomes for natural resource management in remote and northern Australia. When I asked in estimates what was meant by ‘remote’, I was told: ‘Oh, that does not really mean remote. We are still going to fund all the regional groups we are funding now.’ But we know very well that the funding to those NHRM programs has been cut. After years of developing their strategic plans and investment plans, they are then all trashed.

The regional groups do not know what their future holds. In his statement the minister pulled out a couple of quotes from a couple of regional groups that appear to support his position. He should be saying what I know the regional groups are saying, which is: ‘We do not know what our future is. We do not know whether or not we can employ staff. We are haemorrhaging our staff all over the place. We have to cut our staff by 50 per cent and if we do not cut them, the staff are leaving anyway because they do not know whether they have a future.’ This is not mentioned in his announcement. He just made a feelgood announcement in response to the criticism that he knows very well is going on out there. That is why he has made this statement today: because he knows very well that there is a lot of criticism about the program out there. The groups are not able to get on and do their work. They do not know where their funding is coming from, and the long-term investment plans that they have developed will not be implemented. Yes, there were problems with this program. Yes, the Auditor-General and the ANAO found some problems. But they did not find problems of massive maladministration and massive rorting of the system. What they did say—and don’t forget we are talking about long-term change here—is that there is little evidence as yet that the programs are achieving anticipated national outcomes or giving sufficient attention to the radically altered and degraded Australian landscape.

Yes, that is the point. That is the point of the Auditor’s report: that we cannot do that because we have not been monitoring and evaluating the programs properly. What we needed to do was to evolve these programs. Instead of evolving them, we have gone back to the drawing board to small, ad hoc programs that are not strategic. It makes me laugh to say that what they are doing at the moment is strategic, particularly when there are no outcome statements yet. We have released granting programs before we have even got outcome statements. We have gone back to the future; we have gone back decades in the way that we treat natural resource management, in the way we treat our investment in these programs. It is disgraceful that the minister is trying to put out statements as if the work that has been done by all those groups in the past is nothing, that it has been massively rorted and that there have been no outcomes. Well, there have been outcomes. They are not perfect and I would be the first to say they have not been perfect, but we should move on and learn from those programs, not go back to the past and not trash the work of hundreds of thousands of Australians over the last couple of decades who have put so much of their lives into natural resource management, so much of their lives into developing these regional
groups, so much of their lives into Landcare. We need to be learning from the past, not repeating the mistakes of the past.

Senator IAN MACDONALD (Queensland) (3.46 pm)—I thank my colleague in the Greens, Senator Siewert, for drawing my attention to this, as she says, quite disgraceful report from someone masquerading as being interested in the environment. There is not too much of what Senator Siewert said that I can disagree with, except that I have to tell you, Senator Siewert, that the Labor government and this minister are there because of the preferences the Greens continue to give to a party that has absolutely no interest in the environment.

Senator Siewert—You could have left it a nice comment.

Senator IAN MACDONALD—I feel bad about saying this, but while you are in the chamber I just want to get the point across. I do not want to get too personal here, Mr Deputy President, but Senator Siewert is a genuine environmentalist. Some of the rest of her party are more socialistlefties of the old-style communist mode than they are environmentalists. I just wish Senator Siewert were leading the Greens political party, and a number of us on this side are running a campaign for a leadership spill in the Greens political party—

Senator Carr—He cannot help himself. He is just bitter and twisted.

Senator IAN MACDONALD—The Labor Party have to enter into this because they know it is true. In every state of the Commonwealth and federally, you guys would not be there without the preferences of the Greens. I agree with Senator Siewert that your record in the environment is just atrocious. While we are talking about Mr Garrett, it takes him a flick of an eye to use the EPBC Act to stop commercial developments in my state of Queensland, but when you have got the greatest environmental disaster on the way perpetrated by the Queensland Labor government and Mr Garrett has the ability to do something for the environment, he does absolutely nothing. I am talking, of course, about the Traveston Crossing dam, which is a travesty of environmental management.

Senator Siewert—that is right.

Senator IAN MACDONALD—Thank you, Senator Siewert. We could form almost a mutual admiration society; well, not quite.

Senator Parry—LNPG.

Senator IAN MACDONALD—Senator Parry distracts me by saying LNPG. We will not go there. I do not want to make light of this, because this is a disgraceful statement by a minister who has absolutely no interest in the environment. I have to be careful, but I suggest that his passion for the environment had a little bit more to do with his former employment than it does with genuine belief in the environment and heritage. We see so many examples of what he sang about before being absolutely trashed in government by this minister, who is a disgrace to the name of minister for the environment and heritage.

I can only agree, but not quite as eloquently as Senator Siewert—

Senator Carr—Mr Deputy President, I raise a point of order. I think those remarks ought be withdrawn. They are way outside the scope of anything that would even vaguely be regarded as parliamentary.

Senator IAN MACDONALD—On the point of order, Mr Deputy President: I inquire what particular remarks Senator Carr is talking about. If he is worried about the lefty socialist tag, I do not think that is unparliamentary. If he is worried about what Mr Garrett did in his former life and suggesting that his passion for the environment was more related to his previous employment...
than his current employment, I do not see that that is unparliamentary. If that is unparliamentary and if we are going to cry about that, I should have been crying for years.

The DEPUTY PRESIDENT—On the point of order, Senator Macdonald, I think that the words that were perhaps unparliamentary were ‘disgrace of a minister’. Perhaps that section could be withdrawn.

Senator IAN MACDONALD—Mr Deputy President, if you so rule, I will withdraw the words ‘disgraceful as a minister’ and say that this minister is incompetent and without any honour as far as his management of the environment is concerned.

Senator Carr—On the point of order, Mr Deputy President: to impugn the motive of a minister is unparliamentary.

The DEPUTY PRESIDENT—I do not think that Senator Macdonald was impugning any motives.

Senator Carr—Mr Deputy President, I believe those remarks are unparliamentary. To describe the minister in those terms goes beyond the normal range of political debate. He may well cast judgement on a range of the minister’s administrative abilities, but to go to the question of the manner of his behaviour being honourable or otherwise I believe to be outside the normal convention of what is regarded as parliamentary.

The DEPUTY PRESIDENT—I cannot remember the exact words. I will check the record, but at this stage I do not think that Senator Macdonald is using unparliamentary language. Senator Macdonald.

Senator IAN MACDONALD—Thank you, Mr Deputy President. If I was using unparliamentary language, I withdraw it; I do not want to use unparliamentary language. But I do want to highlight what a disgrace as a minister—in his ministerial capacity, not as a person—
Senator IAN MACDONALD—Thank you, Mr Deputy President. The Labor Party have successfully distracted me and the chamber from what is a very, very important issue, and that is the way in which this environment minister is managing the environment. As I was saying when I was interrupted, Senator Siewert has said in much more eloquent terms than I that everything about this Caring for our Country program has been difficult, if not downright dangerous or downright useless, for the environment and for the work done by these natural resource management groups.

The statement by the Minister for the Environment, Heritage and the Arts says that rorting under the NHT program was rife because in some unfortunate cases people claimed funding but failed to do the work. Talk about taking points of order calling the minister a disgrace; here is the minister accusing many ordinary Australians, who give up their time voluntarily to look after the environment and our country, of rorting. The statement by the minister goes on to say that these communities were swimming against the tide of rorting, political manipulation and mismanagement.

I do not expect Senator Carr would ever have been out in the bush, let alone anywhere near an environment group, but Mr Garrett should go out and talk to some of these people and see the absolutely fantastic work they have done and the people that they employ. I often talk about the Northern Gulf Resource Management Group, a great group based in Georgetown, a small country community in the Gulf of Carpentaria region. These people, with the money the Howard government gave them, have built up a number of technical staff in that community that go out doing the work that the Queensland government used to do before the Labor government slashed its DPI program. They do some fantastic work. They have brought people to the community and have searched over the last three or four years to get a good team together, and then Mr Garrett comes along and slashes the funding for their group and for every other group by 40 per cent. People are worried about their jobs. Talk about working families! Mr Garrett and Senator Carr should go and talk to some of the families of these people who have been working in natural resource management groups for years but who now find themselves without a job or feeling uncertain as to where they are going. All this expertise that has been built up in NRM groups over the last three to four years has been cast asunder by this insensitive and quite stupid decision of this environment minister.

Mr Garrett talks about the ANAO. I never have a great deal of time for the ANAO. I remember their comments on Centenary House—and, of course, they were the main paying tenant—and so at times I think that others are as well able to make assessments. It is a bit like the Regional Partnerships program where, according to the ANAO, two or three programs were badly funded—and I think they were. But that does not stop the Labor Party, as they are doing here, from lumbering every honest, hardworking citizen who is involved in these groups with claims of rorting or not properly spending the money.

Senator Siewert is absolutely correct in outlining the problems that these decisions will create. The money has been cut. It has been diverted from country areas and areas that really cared for our country into city areas—and you can rest assured that that is going to continue. Across the board it is quite clear that the Labor government have no interest in the environment and will rort and remove funds from these programs to further their other philosophical focuses. This statement out of the blue certainly says little of interest to anyone, but it does highlight what
very poor management of and interest in the environment this particular minister has. I seek leave to continue my remarks.

Leave granted; debate adjourned.

COMMITTEES

Reports: Government Responses

Senator CARR (Victoria—Minister for Innovation, Industry, Science and Research) (3.59 pm)—I present three government responses to committee reports as listed on today’s Order of Business. They are as follows:

Community Affairs References Committee—Workplace exposure to toxic dust

Rural and Regional Affairs and Transport Committee:

- An appropriate level of protection? The importation of salmon products: A case study of the administration of Australian Quarantine and the impact of international trade arrangements
- Biosecurity Australia’s import risk analysis for pig meat
- Administration of Biosecurity Australia: Revised draft import risk analysis for bananas from the Philippines
- Administration of the Department of Agriculture, Fisheries and Forestry, Biosecurity Australia and Australia Quarantine and Inspection Service in relation to the final import risk analysis report for apples from New Zealand
- The administration by the Department of Agriculture, Fisheries and Forestry of the citrus canker outbreak

Joint Standing Committee on Electoral Matters—Review of certain aspects of the administration of the Australian Electoral Commission

In accordance with the usual practice, I seek leave to have the documents incorporated in Hansard.

Leave granted.

The documents read as follows—

Australian Government Response

SENATE INQUIRY INTO WORKPLACE EXPOSURE TO TOXIC DUST

BACKGROUND

On 22 June 2005, the Senate referred the matter of workplace exposure to toxic dust, to the Senate Community Affairs References Committee for inquiry and report.

The terms of reference for the inquiry covered:

a. the health impacts of workplace exposure to toxic dust including exposure to silica in sandblasting and other occupations;

b. the adequacy and timeliness of regulation governing workplace exposure, safety precautions and the effectiveness of techniques used to assess airborne dust concentrations and toxicity;

c. the extent to which employers and employees are informed of the risk of workplace dust inhalation;

d. the availability of accurate diagnoses and medical services for those affected and the financial and social burden of such conditions;

e. the availability of accurate records on the nature and extent of illness, disability and death, diagnosis, morbidity and treatment;

f. access to compensation, limitations in seeking legal redress and alternative models of financial support for affected individuals and their families; and

g. the potential of emerging technologies, including nanoparticles, to result in workplace related harm.

The inquiry identified a need to improve data available for identifying the incidence of disease. The Committee concluded that without reliable data, the true extent of dust-related disease is unknown, trends cannot be identified in a timely manner and decision-making is hampered.

The Committee’s examination of the adequacy and timeliness of regulation governing workplace exposures considered that improvements are
needed in the introduction of changes to the declared standards and codes by all jurisdictions. The Committee considers that changes must be implemented expeditiously, and that reviews of existing standards must also be finalised in a timely manner.

The Committee report was tabled on 31 May 2006. The report makes 14 recommendations in total, eight of which are directed to the Australian Safety and Compensation Council (ASCC).

The ASCC is a tripartite body established in 2005 to lead improvements in workplace safety and workers’ compensation in Australia. The ASCC comprises representatives from each state and territory government as well as the Australian Government, along with employer and employee representatives. The ASCC provides policy advice to the Workplace Relations Ministers’ Council (WRMC) on national workers’ compensation and occupational health and safety (OHS) arrangements to deliver nationally consistent regulatory frameworks. The work of the ASCC is supported by the Office of the ASCC, based in the Department of Education, Employment and Workplace Relations (DEEWR).

EXECUTIVE SUMMARY

The Australian Government supports the majority of the findings of the Senate inquiry, however, it is noted that a number of the recommendations made by the Committee have been directed to bodies outside of the Australian Government. Where recommendations have been made to bodies outside of the Australian Government, the Australian Government will liaise with these bodies seeking their consideration of the recommendations made by the committee.

The Australian Government has committed to work cooperatively with state and territory governments to harmonise OHS legislation, and to replace the ASCC with a new, independent national body. Any reference to the ASCC in this brief should be read as a reference to it or its successor.

The majority of the Committee’s recommendations were made to the ASCC. The Australian Government considers that these recommendations are broadly consistent with the role of the ASCC and to its successor in coordinating national approaches to OHS and workers’ compensation. The Australian Government will refer the recommendations to the ASCC, however, in some instances referral to, or cooperation with, other relevant groups such as Heads of Workplace Safety Authorities, is considered a more appropriate course of action.

The Australian Government’s response to the specific recommendations in the Report is set out below.

Recommendation 1

3.59 That the Australian Safety and Compensation Council review the National Data Action Plan to ensure that reliable data on disease related to exposure to toxic dust is readily available.

Response:

The Australian Government supports the recommendation to make data on disease, including those related to exposure to toxic dust, readily available.

The National Data Action Plan, which was reviewed in 2004, includes the analysis and dissemination of information about occupational disease from a variety of sources. The Office of the ASCC has data that can provide information on disease related to toxic dust. These data include workers’ compensation data, hospital separations data and the National Cancer Statistics Clearing House. Data from these sources are published in Occupational Disease Indicators.

The ASCC has developed a strategy for the surveillance of workplace hazards, currently obtaining national data on workplace exposures, including toxic dust. These data are providing the evidence base to inform future efforts to control occupational exposures and thus improve the prevention of disease related to occupational exposure to toxic dusts. The first National Hazard Exposure Worker Survey has now been completed and has collected self reported data on hazard exposures, including toxic dusts and information on the controls used in Australian workplaces. It is expected this survey will be repeated every two years. A supplementary detailed national survey specifically collecting data on hazardous substance exposures in the workplace is expected to be undertaken in 2008/2009. For hazards where the accurate self reporting of workplace expo-
sures is difficult e.g. toxic dusts, research projects collecting measurements of actual exposures to particular hazards are also being undertaken. Over time these and other data sources will provide information on the levels of exposure to workplace hazards in Australia and the adequacy of our national prevention activities. This data will be used by the ASCC and others to inform the development of national priorities, activities and related OHS guidance material.

Recommendation 2

3.60 That the Australian Safety and Compensation Council extend the Surveillance of Australian Work-Based Respiratory Events (SABRE) program Australia-wide and that the program provide for mandatory reporting of occupational lung disease to improve the collection of data on dust-related disease.

Response:
The Australian Government will ask the ASCC and the Heads of Workplace Safety Authorities (HWSA) to consider this recommendation.

SABRE is a voluntary scheme for collecting data on work-related lung disease. Physicians report to SABRE on cases of occupational respiratory disease, with the patient’s consent. SABRE is not an Australian Government funded program. The Victorian/Tasmanian SABRE program is funded by the Australian Lung Foundation and the Dust Diseases Board funds the SABRE project in New South Wales.

As mentioned in the response to Recommendation 1, the ASCC has developed a strategy for the surveillance of hazard exposures, that will obtain reliable data on those agents to which workers are exposed. These data will inform efforts to control occupational exposures and thus improve the prevention of disease related to occupational exposure to toxic dusts.

Increased awareness among the medical profession of the health effects of exposure to toxic dust could increase participation in voluntary reporting programs such as SABRE.

Recommendation 3

4.34 That the Australian Safety and Compensation Council, in conjunction with the Heads of Workplace Safety Authorities, consider mechanisms to improve health surveillance of employees, particularly those exposed to toxic dust.

Proposed Response:
The Australian Government supports this recommendation.

Increased awareness among the medical profession of the health effects of exposure to toxic dust could increase participation in voluntary reporting programs such as SABRE.
eral practitioners are the first point of contact with the health system for most Australians, it could also be appropriate for the health issues surrounding exposure to toxic dust to be included in the education and training for general practitioners offered through such accredited colleges.

These mechanisms are likely to be the most effective means of addressing this recommendation.

**Recommendation 5**

4.36 That the Australian Safety and Compensation Council examine the need for improvements in testing regimes for lung disease associated with exposure to toxic dust including the training of those conducting tests and equipment requirements.

**Response:**
The Australian Government will refer the recommendation to the ASCC for consideration.

**Recommendation 6**

5.86 That the Australian Safety and Compensation Council undertake a national campaign to raise awareness of the hazards associated with toxic dust.

**Response:**
The Australian Government considers that HWSA, rather than the ASCC, is an appropriate body for facilitating coordination of a national campaign to raise awareness of occupational hazards associated with toxic dust.

**Recommendation 7**

5.87 That the Minister for Employment and Workplace Relations raise with the Workplace Relations Ministers' Council the need to ensure enforcement of hazardous substance regulations and the need to enact nationally consistent standards in a more timely manner.

**Response:**
The Australian Government supports the recommendation and notes that the Council of Australian Governments (COAG) decision 5.6 of February 2006 requested the ASCC to develop strategies to improve the development and uptake of national standards. In April 2007 the proposed strategy (National OHS Standards Framework) and timetable, put forward by the ASCC, was endorsed by COAG as part of COAG's Regulatory Reform Plan April 2007.

Work on the development of the National OHS Standards Framework has since been overtaken by the WRMC agreement of 1 February 2008, to initiate a review to consider the development of model legislation.

WRMC supported the Australian Government's intention to initiate a review to develop model legislation, and agreed that the use of model legislation is the most effective way to achieve harmonisation of OHS laws. COAG has since agreed that this is a top priority, and that its commitment to harmonisation would be reflected in an Inter-governmental Agreement by May 2008.

Agreement by the States and Territories to adopt model legislation will address the issues related to enacting nationally consistent standards in a timely manner. The Australian Government Minister will raise the need to ensure enforcement with WRMC Members.

**Recommendation 8**

5.88 That the Australian Safety and Compensation Council, in conjunction with the Heads of Workplace Safety Authorities, consider mechanisms to increase the number of occupational hygienists being trained and employed by regulators.

**Response:**
The Australian Government considers appropriate staffing (including skills requirements) of inspectorates is a matter for the state and territory jurisdictions, and not a role of the ASCC. The Australian Government will refer this recommendation to HWSA for consideration.

**Recommendation 9**

6.31 That State and Territory Governments move as soon as possible to set up nationally consistent
identification, assessment and compensation mechanisms for persons affected by workplace related exposure to toxic dust and their families to at least the current New South Wales standard.

**Recommendation 10**

6.32 That the State and Territory Governments use the New South Wales Workers’ Compensation (Dust Diseases Act) 1942 as the model for this mechanism.

**Recommendation 11**

6.33 That the State and Territory Governments, other than New South Wales, move as soon as possible to adopt the approach of New South Wales to remove statutes of limitation that restrict legal proceedings for claims for personal injuries resulting from exposure to toxic dust.

**Response:**

The Australian Government committed in its election campaign to work cooperatively with the State and Territory governments to harmonise workers’ compensation arrangements commencing with greater alignment of administrative processes. The Australian Government also committed to replace the ASCC with a new, independent national body with representation from all Federal and State and Territory governments. Its functions will include policy development to deliver consistency across workers’ compensation schemes.

The Australian Government will ask the ASCC replacement body to consider these recommendations as part of the broader considerations of workers’ compensation issues.

**Recommendation**

12 7.84 That the National Nanotechnology Strategy be finalised as a matter of priority.

**Response:**

The National Nanotechnology Strategy is in operation to June 2009 and includes specific initiatives to:

- address the health safety and environmental (HSE) impacts of nanotechnology on regulations and standards;
- undertake a public awareness and engagement program to provide balanced advice on nanotechnology;
- establish a nano particle metrology capability at the National Measurement Institute; and
- facilitate a whole of government approach to nanotechnology through establishing the Australian Office of Nanotechnology.

The Government is conducting a wide ranging review of Australia’s national innovation system aimed at building a strong, coordinated system that will foster innovation in every area of the economy and across society. The Review will specifically look at the issues of frontier science and emerging or enabling technologies - such as nanotechnology - to determine how these technologies can be integrated into the national innovation system as a whole.

**Recommendation 13**

7.85 That a working party on nanotechnology regulation consisting of representatives of the Therapeutic Goods Administration, NICNAS and the Australian Safety and Compensation Council be established to consider the impact of the emerging field of nanotechnology on the regulatory framework including:

- whether existing regulations are appropriate;
- how gaps and uncertainties in the regulatory framework can be addressed;
- how comprehensive management of risks of exposure to nanoparticles can be incorporated into the regulatory framework; whether Australia will require materials, already classified as safe at the macroscale, to be reassessed if they are to be used at the nanoscale; and
- whether there is a need for the establishment of a permanent body to regulate nanotechnology.

The working party should consult with stakeholders including consumer groups, State and Territory governments, unions, industry, health organisations and the public and provide a public report on these issues by March 2007.

**Response**

As part of the National Nanotechnology Strategy (NNS) a Health, Safety and Environment (HSE)
Working Group, involving relevant policy, regulatory and research funding agencies (and including the Therapeutic Goods Administration, NICNAS, Food Standards Australia and New Zealand, the Department of Health and Ageing, the National Health and Medical Research Council and the Office of the Australian Safety and Compensation Council), has been formed to address HSE issues and to ensure a coordinated whole-of-government approach to nanotechnology. The HSE Working Group has met 4 times since commencement of the NNS on 1 July 2007. It meets on an as needed basis. The NNS will cease on 1 July 2009.

**Recommendation 14**

7.86 That Commonwealth agencies including the Office of the Australian Safety and Compensation Council and NICNAS actively pursue links to overseas regulatory and research bodies to ensure that they are kept fully informed of developments in the rapidly emerging field of nanotechnology.

**Response:**

The Departments of Health and Ageing, Education, Employment, and Workplace Relations and the Environment, Water, Heritage and the Arts will pursue and maintain links to overseas regulatory and research bodies. Current examples include:

- NICNAS is an active member on the Organisation of Economic, Co-operation and Development’s Working Party on Manufactured Nanomaterials;
- Food Standards Australia and New Zealand participates in food related nanotechnology events organised by the World Health Organisation/Food and Agriculture Organisation; and
- The National Measurement Institute and the Department of Employment, Education and Workplace Relations are actively involved with the International Standards Organisation Nanotechnology Committee (TC 229), which is working to develop standards in the field of nanotechnologies.

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**RESPONSE TO OUTSTANDING SENATE COMMITTEE ON RURAL AND REGIONAL AFFAIRS AND TRANSPORT REPORTS**

Between 2000 and 2007, the Senate Standing Committee on Rural and Regional Affairs and Transport undertook a number of inquiries concerning quarantine risk analyses and processes, quarantine and biosecurity measures and responses and Australia’s international obligations. The previous government did not respond to five of these reports:

- Biosecurity Australia’s Import Risk Analysis for Pig Meat (2004)
- Administration of Biosecurity Australia – Revised draft import risk analysis for bananas from the Philippines (2005)
- Administration of Biosecurity Australia – Revised draft import risk assessment for apples from New Zealand (2005) and
- Administration by the Department of Agriculture, Fisheries and Forestry of the Citrus Canker Outbreak (2006).

Given the developments since the publication of the Committee’s reports, a response to some of the recommendations would no longer be relevant. Two of the recommendations made in response to the outbreak of citrus canker – that the Australian Quarantine and Inspection Service (AQIS) improve its investigative capacity and that these investigations be reviewed more regularly by the Commonwealth Ombudsman – have been positively addressed. Other Committee recommendations were largely addressed by reforms to the import risk analysis process in September 2007. Nonetheless, the reports are important reference documents. An effective, science-based biosecurity and quarantine system will always be critical to maintaining Australia’s favourable plant and animal health status. Mindful of this, and the need for all Australians to have confidence in our quarantine systems and processes, the Rudd Government an-
nounced a major, independent review of quarantine and biosecurity on 19 February 2008. The review is focused on the appropriateness, effectiveness and efficiency of arrangements across the quarantine system, from pre- to post-border. The review panel, chaired by Mr Roger Beale AO, has been directed to have regard for the 1996 Nairn Review into quarantine, and other relevant reports. The government has brought the inquiries of the Senate Standing Committee on Rural and Regional Affairs and Transport into salmon products, pig meat, apples, bananas and the outbreak of citrus canker to the attention of the review panel.

GOVERNMENT RESPONSE TO THE REPORT OF THE JOINT STANDING COMMITTEE ON ELECTORAL MATTERS: REVIEW OF CERTAIN ASPECTS OF THE ADMINISTRATION OF THE AUSTRALIAN ELECTORAL COMMISSION

Recommendation 1
The committee recommends that the Auditor-General conduct an audit of workforce planning in the Australian Electoral Commission, with a view to determining whether the Commission’s workforce planning strategy is supporting effective practices in human resource management for divisional office staff and achieving efficient and effective outcomes.

Response
Noted. The Government notes that this is a matter for the Auditor-General who has advised that the 2007-08 performance audit work program for the Australian National Audit Office (ANAO) includes a potential audit of the management of the 2007 Federal Election by the Australian Electoral Commission (AEC). The Auditor-General has also advised that the committee’s recommendations will be taken into account when the ANAO formulates its approach for this audit.

Recommendation 2
The committee recommends that, as part of the audit on workforce planning in the Australian Electoral Commission proposed in Recommendation 1, the Auditor-General also examine the efficiency and effectiveness of working arrangements in co-located divisional offices.

Response
Noted. Please refer to the response to recommendation 1.

Recommendation 3
The committee recommends that the Australian Electoral Commission includes an evaluation of the performance of all co-located divisional offices in the upcoming federal election in its submission to the JSCEM inquiry into the conduct of the 2007 Federal Election.

Response
Supported. The AEC has advised that it will include performance information on all relevant business programs, including co-located divisional offices, as part of its submissions to the inquiry by the Joint Standing Committee on Electoral Matters into the conduct of the 2007 Federal Election and related matters.

Recommendation 4
The committee recommends that the Australian Government ensures that the National Tally Room is retained for future federal elections.

Response
Supported in principle. Prior to the next federal election, the Government will give careful consideration to the arrangements for the National Tally Room, including the possibility of sharing the cost of the facility with the media. The Government will take account of the views of the Parliament, the AEC and other interested parties, including media stakeholders.

DOCUMENTS

Odgers’ Australian Senate Practice

The DEPUTY PRESIDENT—In accordance with past practice, I present the 12th edition of Odgers’ Australian Senate Practice published this year.

AUDITOR-GENERAL’S REPORTS

Report No. 5 of 2008-09

The DEPUTY PRESIDENT—In accordance with the provisions of the Auditor-General Act 1997, I present the following

DOCUMENTS
Register of Senate Senior Executive Officers’ Interests
The DEPUTY PRESIDENT—I present the register of Senate senior executive officers’ interests, incorporating statements of registrable interests of senior executive officers lodged between 24 June and 23 September 2008.

COMMITTEES
Selection of Bills Committee
Report
Senator STERLE (Western Australia) (4.01 pm)—On behalf of Senator McEwen, I present the 12th report of 2008 of the Selection of Bills Committee.

Ordered that the report be adopted.

Senator STERLE—I seek leave to have the report incorporated in Hansard.

Leave granted.

The report read as follows—

SELECTION OF BILLS COMMITTEE
REPORT No. 12 OF 2008
(1) The committee met in private session on Thursday, 25 September 2008 at 12.36 pm.
(2) The committee resolved to recommend—
   (a) the Broadcasting Legislation Amendment (Digital Radio) Bill 2008 be referred immediately to the Environment, Communications and the Arts Committee for inquiry and report by 25 November 2008;
   (c) the Commonwealth Radioactive Waste Management (Repeal and Consequential Amendment) Bill 2008 be referred immediately to the Environment, Communications and the Arts Committee for inquiry and report by 10 November 2008 (see appendix 1 for a statement of reasons for referral);
   (d) the provisions of the National Rental Affordability Scheme Bill 2008 and the National Rental Affordability Scheme (Consequential Amendments) Bill 2008 be referred immediately to the Community Affairs Committee for inquiry and report by 20 November 2008 (see appendix 2 for a statement of reasons for referral);
   (e) the provisions of the Social Security Legislation Amendment (Employment Services Reform) Bill 2008 be referred immediately to the Education, Employment and Workplace Relations Committee for inquiry and report by 24 November 2008 (see appendix 3 for a statement of reasons for referral);
   (f) the provisions of the Tax Laws Amendment (2008 Measures No. 5) Bill 2008 be referred immediately to the Economics Committee for inquiry and report by 13 October 2008 (see appendix 4 for a statement of reasons for referral);
   (g) the provisions of the Tax Laws Amendment (Education Refund) Bill 2008 be referred immediately to the Economics Committee for inquiry and report by 13 October 2008; and
   (h) the provisions of the Temporary Residents’ Superannuation Legislation Amendment Bill 2008 and the Superannuation (Departing Australia Superannuation Payments Tax) Amendment Bill 2008 be referred immediately to the Economics Committee for inquiry and report by 20 November 2008.
(3) The committee resolved to recommend—
That the following bills not be referred to committees:
- Archives Amendment Bill 2008
- Australian Organ and Tissue Donation and Transplantation Authority Bill 2008
- Financial Transaction Reports Amendment (Transitional Arrangements) Bill 2008
- National Measurement Amendment Bill 2008
The committee recommends accordingly.

(4) The committee deferred consideration of the following bills to its next meeting:
- Dairy Adjustment Levy Termination Bill 2008
- Education Legislation Amendment Bill 2008
- Interstate Road Transport Charge Amendment Bill (No. 2) 2008
- Road Charges Legislation Repeal and Amendment Bill 2008
- Migration Legislation Amendment (Worker Protection) Bill 2008
- Schools Assistance Bill 2008
- Tax Laws Amendment (Medicare Levy Surcharge Thresholds) Bill 2008 (No. 2)
- Trade Practices Amendment (Clarity in Pricing) Bill 2008
- Transport Security Amendment (2008 Measures No. 1) Bill 2008
- Urgent Relief for Single Age Pensioners Bill 2008
- Water Amendment Bill 2008.

(Apple McEwen)
Acting Chair
25 September 2008

Appendix 1
Proposal to refer a bill to a committee
Name of bill(s):
Commonwealth Radioactive Waste Management (Repeal and Consequential Amendment) Bill 2008
Reasons for referral/principal issues for consideration
Various grounds for repeal and inconsistencies with other legislation.
Possible submissions or evidence from:
Environmental, indigenous, legal experts
Committee to which bill is referred:
Environment, Communications and the Arts
Possible hearing date:
Possible reporting date(s): 10 November 2008

Appendix 2
Proposal to refer a bill to a committee
Name of bill(s):
National Rental Affordability Scheme Bill 2008 and the National Rental Affordability Scheme (Consequential Amendments) Bill 2008
Reasons for referral/principal issues for consideration
Whether the bill is targeted to deliver affordable housing to those in greatest need
Whether the bill is an efficient and effective way to deliver increased affordable housing
Whether the bill facilitates investment in social housing by not-for-profit community housing organisations, as well as private investors
Possible submissions or evidence from:
Welfare and advocacy groups,
Community Housing Association
Planning and building associations and other industry groups
Academics with expertise in this area
Committee to which bill is referred:
Community Affairs
Appendix 3
Proposal to refer a bill to a committee
Name of bill(s):
Recesss for referral/principal issues for consideration
The Bill is providing for a new framework of compliance measures for employment related social security benefits. Concerns have been raised by social service providers that these measures would have a detrimental impact on vulnerable job seekers.
Possible submissions or evidence from:
Australian Council of Social Services
Catholic Social Services
Australia Uniting Care
Anglicare
Welfare Rights Advocacy Service
Committee to which bill is referred:
Community Affairs
Possible hearing date:
Possible reporting date(s): 24 November 2008

Appendix 4
Proposal to refer a bill to a committee
Name of bill:
Tax Laws Amendment (2008 Measures No. 5) Bill 2008
Reasons for referral/principal issues for consideration:
This bill proposes to make a number of tax technical changes to GST & FBT legislation and thus would require additional scrutiny
Possible submissions or evidence from:
CPA Australia
Institute of Chartered Accountants
Committee to which bill is to be referred:
Senate Economics Committee
Possible hearing date(s):
Possible reporting date: 13 October 2008
Broadcasting of Parliamentary Proceedings Committee
Membership
The ACTING DEPUTY PRESIDENT (Senator Forshaw)—I have received a letter from a party leader seeking a variation to the membership of a joint committee.
Senator CARR (Victoria—Minister for Innovation, Industry, Science and Research) (4.02 pm)—by leave—I move:
That Senator Cormann be discharged and Senator Parry be appointed to the Joint Committee on the Broadcasting of Parliamentary Proceedings.
Question agreed to.
FAMILIES, HOUSING, COMMUNITY SERVICES AND INDIGENOUS AFFAIRS AND OTHER LEGISLATION AMENDMENT (FURTHER 2008 BUDGET AND OTHER MEASURES) BILL 2008
First Reading
Bill received from the House of Representatives.
Senator CARR (Victoria—Minister for Innovation, Industry, Science and Research) (4.02 pm)—by leave—I move:
That this bill may proceed without formalities and be now read a first time.
Question agreed to.
Bill read a first time.
Second Reading
Senator CARR (Victoria—Minister for Innovation, Industry, Science and Research) (4.03 pm)—by leave—I move:
That this bill be now read a second time.
I seek leave to have the second reading speech incorporated in Hansard.
Leave granted.
The speech read as follows—

FAMILIES, HOUSING, COMMUNITY SERVICES AND INDIGENOUS AFFAIRS AND OTHER LEGISLATION AMENDMENT (FURTHER 2008 BUDGET AND OTHER MEASURES) BILL 2008

This bill will provide the legislation for certain further Budget and other measures affecting the portfolios of Families, Housing, Community Services and Indigenous Affairs, and Veterans’ Affairs.

The bill includes several amendments relating to maternity immunisation allowance. This lump sum payment of $243.30 (from 20 September) encourages families to protect their small children by having them immunised. The allowance is currently paid for children, aged between 18 months and two years, if they are immunised to the recommended level or have a formal exemption.

In the first maternity immunisation allowance measure in the bill, the allowance will be restructured to bring it more closely into line with the National Immunisation Program and give parents an incentive to have their four year-olds given the recommended boosters before they start school.

This will be done by paying the allowance in two payments for children who meet the 18 month and four year-old immunisation requirements. The first payment will be paid when the child is aged between 18 months and two years, and the second when the child is aged between four years and five years.

The change will apply, from January 2009, to eligible families who have not already been paid the full allowance. The new half payment rate, initially $121.65, will vary with continued indexation of the full rate of the allowance twice a year. In practice, the second payment may be higher than the first because of any intervening indexation.

Among the important immunisations currently recommended for four year-olds that will be encouraged by this measure are diphtheria, tetanus, whooping cough, measles, mumps, German measles and polio. This measure should result in many Australian children having a better overall level of immunisation, consistent with the recommendations of the National Immunisation Program.

In a second maternity immunisation allowance measure, the bill will extend eligibility for the allowance to children adopted from outside Australia who enter Australia before turning 16. Older adopted children will need to be immunised between 18 months and two years after arrival.

Currently, families must claim the allowance within two years of the child’s birth and must meet the recommended immunisation levels before the child turns two. Clearly, these age two requirements are not workable for older children adopted from overseas. This measure extends the allowance for those older children, to reinforce the message provided by this payment in support of immunisation for children in the Australian community.

This measure is an equity measure that gives effect to recommendation 10 of the 2005 House of Representatives Family and Human Services Committee Inquiry into Overseas Adoption in Australia, which recommended that ‘the Minister for Family and Community Services amend the eligibility criteria for the maternity immunisation allowance in the case of children adopted from overseas so the eligibility period is two years after the child’s entry to Australia’.

The Government is now implementing this important recommendation.

The amendments to the Veterans’ Entitlements Act included in this bill will cease eligibility for partner service pension for those partners who are separated but not divorced from their veteran spouse, and who have not reached pension age. Under this measure, eligibility for partner service pension will cease 12 months after separation or if the veteran enters into a marriage-like relationship.

A spouse who is a member of an illness separated couple remains the partner of a veteran and therefore does not lose eligibility for partner service pension. A couple who are illness separated must be unable to live together in the matrimonial home because of the illness or infirmity of either or both of them. Certain assessment criteria must be met.
The amendments will also set the eligible age at 50 years for the partner service pension for the partner of a veteran who is in receipt of the equivalent of or less than special rate but above general rate disability pension, or who has at least 80 impairment points under the Military Rehabilitation and Compensation Act. Partners of veterans affected by this measure under the Veterans’ Entitlements Act are those where the veteran is in receipt of:

- general rate disability pension that is increased by an amount specified in any of the items 1 to 6 of the table in subsection 27(1);
- extreme disablement adjustment disability pension;
- intermediate rate disability pension; and
- temporary special rate disability pension.

Lastly, the bill will make some minor amendments to the child support legislation. In particular, amendments are included to address some minor anomalies in relation to the child support formula reforms that commenced on 1 July 2008. One such anomaly that was identified relates to Child Support Agency (CSA) decisions about care. The amendments to the legislation will ensure that, in all situations where parents agree on the level of care for a child, that level of care will be reflected accurately in the assessment.

Another amendment included in this bill will ensure that the CSA can make departure prohibition orders (DPOs), which prevent parents with a child support debt from leaving the country without paying, or making arrangements to pay, those outstanding amounts. The recent amendments which moved the DPO provisions from regulations into primary legislation unintentionally removed the ability for the CSA to issue a DPO for certain registrable overseas maintenance liabilities. The proposed amendments would allow the CSA to issue a DPO for international parents on a similar basis as for domestic parents.

Ordered that further consideration of the second reading of this bill be adjourned to the first day of the next period of sittings, in accordance with standing order 111.

COMMITTEES
Legal and Constitutional Affairs Committee

Extension of Time
Senator McEWEN (South Australia) (4.03 pm)—by leave—At the request of the Chair of the Legal and Constitutional Affairs Committee, Senator Crossin, I move:


Question agreed to.

BUSINESS
Rearrangement
Senator CARR (Victoria—Minister for Innovation, Industry, Science and Research) (4.05 pm)—by leave—I move:

That the order of business for the remainder of today be as follows:

(a) general business order of the day No. 62 (Save Our Solar (Solar Rebate Protection) Bill 2008 [No. 2];
(b) consideration of a message from the House of Representatives relating to the Excise Legislation Amendment (Condensate) Bill 2008 and a related bill;
(c) not later than 6 pm, consideration of government documents under general business, and
(d) not later than 7 pm, consideration of committee reports, government responses and Auditor-General’s reports.

Question agreed to.
SAVE OUR SOLAR (SOLAR REBATE PROTECTION) BILL 2008 [No. 2]

Second Reading

Debate resumed from 24 June, on motion by Senator Johnston:

That this bill be now read a second time.

Senator BIRMINGHAM (South Australia) (4.05 pm)—It is my pleasure to speak in favour of the Save Our Solar (Solar Rebate Protection) Bill 2008. This bill seeks to right one of many wrongs of the Rudd government—one that relates to the important issues of climate change, how that is tackled effectively in Australia and how we support a growing small business sector in this country. It is very timely indeed that this is listed for debate today because tomorrow week is a meeting of COAG—the Council of Australian Governments—at which future support for the solar industry is listed as an agenda item. I hope today the Senate will pass this bill and send a very clear message to the government that the Senate throws the gauntlet down to it as it goes into the week leading up to the COAG meeting that it needs to address the mess that it has created in the solar industry.

The government’s means testing of the solar rebate program this year was an act of deception, confusion and decimation. ‘Deception’ because the government was elected on its climate change record—on signing Kyoto and making a difference. The government lured the solar industry sector and many Australians into believing that electing a Labor government would see the type of action and support for the solar industry that those Australians and small businesses wanted to see. It was an act of deception because at the first available opportunity, in this year’s budget, the government said: ‘No, we’re actually not supporting your industry. We’re out to give it a whack instead.’ It was also an act of confusion because it confused public policy objectives. You had the Treasury razor gang out to find budget savings somewhere whilst ignoring the government’s stated environmental policy objectives. It confused environmental objectives with budgetary objectives. It was a clear act of confusion.

And it has proven to be an act of decimation. We have an industry struggling under the weight of uncertainty. The industry is dealing with an uncertain future in relation to the type of support that it faces. The industry is not sure whether this rebate program will even last and is now concerned how the government is going to manage future support for the solar sector. It is, therefore, hurting and impeding investment decisions and the uptake of solar power in this country. The decision really is one that is decimating the future security of this growing and important industry.

It is important to look at the history of this. The previous government, the Howard government, began support for the solar sector with the provision of rebates in 1999. That is right—in 1999. For all we hear from Senator Wong and many opposite that nothing had been done on climate change issues, practical support to encourage the uptake of solar panel installation was actually brought in by the Howard government in 1999. It operated at various levels and by 2003-04 it was operating with a rebate of $4 per watt, up to a maximum of $4,000. That rebate remained in place until 2007, when the Howard government made the decision that would dramatically increase that rebate. It wanted to ensure strong, urgent, fast growth in the solar industry, so it doubled the rebate. In 2007 it doubled it to $8 per watt, up to a maximum rebate of $8,000. This saw significant uptake of solar cells around Australia. It was a boon to the industry, and it was one that was widely welcomed.
According to the Clean Energy Council, the solar industry employs an estimated 3,000 to 3,500 people right around Australia. Approximately half of them are working in the off-grid market and the other half in the on-grid market, which is what this bill and the solar rebate program relate to. In 2007 some 12 megawatts of solar power were installed across Australia. This was up two megawatts from 2006. Growth was tracking quite strongly. That growth was all driven by the solar rebate program. This program was delivering for the industry, for consumers concerned about the environment and for the environment overall. This program supported the installation of this renewable energy product that helped reduce greenhouse gas emissions.

When the Howard government doubled the rebate the industry had certainty. They had certainty because the then Prime Minister, when asked how far the budget allocation would stretch, told the *Sunrise* program on 9 May it:

... is a demand-driven program. So as many households as want it, can have it. If it turns out to be more popular, well, more money will be made available.

They were the words of the then Prime Minister. Going into last year’s election the solar industry had in place a government that had made a clear commitment of support to the industry, that had doubled the rebate that was in place and said that it would not let the funds run out. Then we had the then Leader of the Opposition, Mr Rudd, going down the road in Canberra and visiting solar operators. He stood there championing their cause and said that his government would be their best friend. He said that his government, because of their so-called climate change credentials, would be best mates with the solar industry. They are the claims. They are the types of things that Mr Rudd said.

It is little wonder that the solar industry thought it was in safe hands. It thought that, whatever happened in last year’s election, the rebate program was secure, the future for the industry was secure and that they could plan with confidence for the future and make investment decisions. And make investment decisions they did. They employed more people. More electricians and other tradespeople sought the qualifications to become solar installers. More people branched out and started their own businesses to install solar panels. And investment decisions were taken because they were confident that, whoever was elected, they would have a supportive government.

So it is of little surprise that the industry was, to say the least, shocked on budget night this year. It was shocked when the government came out with its means test. The industry was shocked because the bulk of their business to date had been from people who were going to be knocked out by the means test for eligibility for the rebate. The government decided to set the arbitrary figure of $100,000 in gross household income as an eligibility criterion for the rebate. This meant that two people earning $50,000 a year would be ineligible for the rebate.

I was quoted in the chamber today as saying that $50,000 a year is not a high income. That is right. I have been quoted on that. I was quoted by one of the ministers during question time and, indeed, by Senator Carol Brown during the taking note of answers debate. The government was taking great delight in saying that $50,000 a year was indeed not a high income. But, apparently, in this instance of a family in which two people are earning $50,000 it is a high income. This shows the inconsistency of the government. When it comes to a Medicare rebate, no, it is not a high income, but when it comes to the solar rebate, yes, it is a high income. We see
gross hypocrisy and inconsistency in this matter coming from those opposite.

As I said, industry, environmental groups and others believed that they were in safe hands going into this year’s budget. Was there any warning? Was there any consultation with industry or others about the imposition of this means testing? The answer quite clearly is no. During the conduct of the Senate inquiry into this bill, we asked many industry groups and many large businesses in this sector whether they were consulted. Each and every one of them said no. A number of state governments have been looking to implement their own measures, in particular feed-in tariffs of various types, to encourage the uptake of solar to complement the rebate system. Indeed, here in the ACT the government has implemented a gross feed-in tariff. In a submission to the Senate inquiry, the Labor ACT Chief Minister, Mr Jon Stanhope, said:

No consultation occurred with the ACT Government prior to the announcement to the budget decision ...

He was no orphan there because no consultation occurred with anybody. It was quite clearly and transparently a figure that was plucked out of thin air, because it had no consistency with any other type of threshold that the government was considering. Mr Stanhope went on in his submission to say:

The sudden nature of the introduction of the means test sends a poor signal to our emerging solar industry, an industry that should in fact be receiving long-term security for investment in our clean energy future.

It sent a very poor signal indeed—and it was a signal that concerned people right across the solar industry. Not one of the solar operators, consumers, or environmental groups who came in and sat before the Senate committee, which received more than 100 submissions and held hearings in most capital cities on the mainland, said that this was good public policy. They all said that this was an erroneous decision. They said it was a flawed decision made by a government that had betrayed them. That is how they felt—betrayed.

Self Sufficiency Supplies told the Senate inquiry that they spoke for many small business owners in the industry who feel that:

... whilst the signing of the Kyoto Protocol was a nice symbolic gesture, when it came to doing something that really made a difference, the Government not only failed to do something that kept the status quo, but have gutted a scheme that made a positive difference to “working families”, to our solar industry and to climate change.

It is not surprising of course that people did feel very let down by this decision. They were not the only ones. Dr Shi Zhengrong, the Australian entrepreneur dubbed the ‘solar king’, has been quoted as saying:

... we are concerned that the means test has the potential to undermine the success of the rebate program and the growth of Australia’s solar industry.

And it did undermine it, because many Australians who prior to this decision, which was implemented at the stroke of midnight on budget night with zero consultation, would otherwise have considered installing solar panels decided not to.

Mr Tony Hansen told the committee:

I was prepared to spend $15,000 to install the PV cells on my house but without the rebate this will blow out to $23,000, which when added to a mortgage with an interest rate of nearly 10% (who would ever had thought that was possible again) it is now not feasible.

Mr Hansen is an Australian who was prepared to dip into his pocket and spend $15,000 to put solar panels on his house. He was prepared to do his bit for the environment, for climate change and for the reduction of carbon emissions in Australia, and he was prepared to do so to the tune of $15,000. But because he has a gross household in-
come of $100,000 the government said ‘No, zero help for you buddy,’ and they said the same thing to thousands of other households around Australia. So for people like that to do their bit for the environment the cost blew out by another $8,000 to $23,000. Not surprisingly he decided that that was too much to bear and that he could not afford to contribute that much. That is the concern surrounding the decision made by this government. That is the effect that it is having on the solar industry.

This bill seeks to turn that around. This bill seeks to give certainty to the industry, and that is the important thing. This program is at present administered purely by executive order, so the decision was announced in the budget and undertaken by executive order. With the snap of a finger, that was it. The government had introduced a means test and turned the tap off for thousands of Australian households and told them that if they wanted solar panels there would be no more help for them from the Australian government. The industry is crying out for certainty.

Beyond Building Energy told the Senate inquiry into this bill:

... for an industry to grow it needs certainty and the current rebate scheme provides anything but certainty.

... ... ...

however we do not know – from one month to the next – whether the rebates are still going to be there ...

And they do not know because the government has shown that it will make policy on the run and policy without any consultation.

This bill requires that, rather than the decision being a matter of an executive order, the minister will have to produce some guidelines that would be disallowable instruments. There would be something that actually had to come before this parliament so that the parliament could exercise its will on it and say ‘Well, that is not good enough because it provides no certainty to the long-term future of the solar industry. It is not good enough because it does not actually assist the growth of this important sector.’

We look to the future; clearly the government has outlined no plans. I know that other speakers are going to stand up here this afternoon and quote figures about the growth in applications for the solar rebate.

Senator Pratt—Absolutely.

Senator BIRMINGHAM—‘Absolutely’, Senator Pratt said. I guess that is where you might go when it comes your turn to speak.

Senator McEwen—It’s true.

Senator BIRMINGHAM—Senator McEwen said that it is true and, from the data presented by the department, it is true that application numbers have gone up. We will see how many of them translate into installations, but what is most concerning is that we are getting much less bang for our government buck now. Application numbers have gone up but, because they are applications from a small group of households on smaller incomes, they are applications for smaller size systems. So every system that is getting installed today is 20 per cent smaller than those over the life of the program leading up to the budget. The government is still doling out $8,000 a pop to install a solar system, but we are getting 20 per cent less energy back. How is that good public policy, you might ask. How on earth is that good public policy?

Senator Bernardi—It is not.

Senator BIRMINGHAM—Senator Bernardi and Senator Williams are right to say that it is not. It is far from good public policy if your goal is to actually increase the supply of renewable energy, to decrease the output of carbon emissions and to have a system where the government is spending the same
amount of money to get less renewable energy and more carbon emissions. Conergy were right when they told the inquiry of the Senate Standing Committee on Environment, Communications and the Arts into the Renewable Energy (Electricity) Amendment (Feed-in-Tariff) Bill 2008 that the reduction in PV panels distributed around the country means that the emissions reductions occur at a greatly reduced rate. They asked:

Isn’t the idea to have as many solar panels on roofs in order to reduce our emissions? Emissions are not means tested so why should the rebate be means tested?

That is the position of the coalition. The position of the coalition is that there is no logical or sustainable reason for the government to create incentives for the uptake of solar panels for a small and narrow group of the community.

This is meant to be an environmental policy. An environmental policy should be available to the whole community. It should be focused on environmental outcomes not budgetary outcomes. That is what we seek and that is why this bill is so important for the Senate to support today—because it will throw down the gauntlet; it will send a message to the Rudd government and the other governments at COAG next week that they need to reconsider this decision and provide some long-term certainty to the solar industry. They need to deliver for an industry that can deliver for Australia economic benefits, small business growth, environmental outcomes and reduced carbon emissions. There is much to be had from supporting this industry and there is much to be had in supporting this bill. I commend the bill to the Senate.

Senator PRATT (Western Australia) (4.25 pm)—I have to say that being lectured by those on the other side of the Senate about climate change is about as convincing as being lectured by them about pensions. Just as those on the opposite side were not prepared to do the serious public policy work required to solve the problems faced by pensioners, they are not prepared to even take the first step required to face up to the challenge of climate change and ratify the Kyoto protocol.

But, as with pensions, it seems that the opposition’s electoral defeat last year has precipitated a sudden conversion. They have seen the light. Apparently they just cannot do enough on these issues now—except, as with pensions, their conversion is not a conversion of the heart; it is just skin deep. It is a conversion based on political expediency. We can see that by the fact that there is no evidence that the opposition have done, or are even willing to engage in, the serious public policy work that is necessary to deliver real outcomes in this area. They do not want to debate the hard questions about how limited resources can best be directed to achieve the most gains while protecting the most vulnerable as we work towards the transition to a truly environmentally sustainable economy. No, they are just after some cheap, quick and dirty political points.

Unlike those opposite, we on this side of the Senate are committed to assisting Australian households to take practical action on climate change. The solar panel rebate is one initiative among many in a comprehensive suite of Rudd government programs aimed at assisting households and communities to increase their use of renewable energy and to improve their water and energy efficiency.

Self-interest would dictate that I should be on the other side of the chamber for this debate. I was indeed in the process of applying for a grant to install solar panels at my home. My partner and I were a fair way down the path. I even had a solar company come around and have a look at the house and the...
roof. However, such was the level of interest in this rebate in about March last year that, as I was taking an interest, so too were many thousands of other Australians. And, yes, that is a great thing—you would be mad not to; it was too good to be true, as the cost of systems was coming down to such an extent that the $8,000 rebate covered anywhere between 50 and 90 per cent of the household’s costs.

Since its introduction, the demand for household solar rebates has continued to increase to record levels. In the six weeks leading up to the introduction of the means test, the department was receiving an average of 365 rebate applications a week.

Senator Birmingham—Have you had one installed since the means test?

Senator PRATT—No, I am in the process of looking at the loans. Through you, Mr Acting Deputy President, I do need to look at my finances, but so I should—this is not free for all. Senator Birmingham quoted the former Prime Minister regarding there being an unlimited number of rebates.

Senator Bernardi—What is wrong with that?

Senator PRATT—What is wrong with that?

The ACTING DEPUTY PRESIDENT (Senator Forshaw)—Order, Senator Bernardi! It is disorderly to inject and it is disorderly to talk while I am speaking. I draw senators’ attention to the fact that the debate has been reasonably free of interjections and certainly we should not be having questions and answers across the chamber.

Senator PRATT—I apologise, Mr Acting Deputy President; although, in taking that interjection, I would like to highlight that we have had considerable debate about the need to maintain our surplus in the current economic climate and to be prudent in our budget measures. We have had some debate already in the last couple of weeks in this place about the Senate taking actions which blow out budgets across the board in ways that the government has no control of and how unconscionable those acts are. The idea that we could just lift the means test is a pretty ridiculous notion, particularly in the context that there is a limited pot of money for this program. It is a very substantial pot of money, but expenditure does need to be limited.

I would like to highlight to the Senate that in the six weeks leading up to the introduction of the means test the department was receiving an average of 365 rebate applications per week and that this increased to an average of 522 applications weekly since the budget, with 794 in one week alone. To put this in perspective, the current weekly average is higher than in any single week prior to the program’s history, 150 applications per week higher than the average in the four weeks prior to the budget and far beyond the average of 30 weekly applications at the time of the last coalition budget. In other words, despite the scare-mongering of those opposite, we have seen continued high demand for this program since the budget. There can be no doubt about the high level of our commitment to this program and our willingness to direct substantial resources toward it. This continued growth in the program has been supported by the Labor government’s budget, with the bringing forward of further funds to enable the program to continue to meet growing demand. Demand is growing and growing, and it is clear from these figures that an un-means-tested rebate was just not going to be sustainable.

As a consumer and as someone interested in lowering my own household emissions, I can understand that. I support the introduction of a means test of $100,000 for household rebates under the Solar Homes and
Communities Plan. This ensures that funding is targeted towards those Australian families who need assistance with the high upfront costs of photovoltaic systems. With the ongoing strong demand since the means test was introduced, the government has further increased funding to continue providing rebates to those households that most need assistance with the upfront costs of photovoltaic systems. Frankly, with such a strong level of interest in the program, how would you propose that we fund an unlimited level of demand? With units now available for little more than the cost of the rebate, it makes no sense at all.

The Labor government is committed to assisting Australian households take practical action on climate change in the transition to the Carbon Pollution Reduction Scheme. I would hope that in the future the Carbon Pollution Reduction Scheme will start to have a meaningful impact on price and also contribute to making photovoltaic systems more affordable for householders. This is clearly an intention of the Carbon Pollution Reduction Scheme to assist in lowering our emissions. The Labor government has conducted a series of roundtables with key stakeholders to discuss practical action householders can take to save on energy bills and reduce their impact on the environment. Under Labor, the Australian solar industry is growing in a very healthy way. It can continue to grow and we are planning for this growth. In this year alone there is more federal funding for solar power and there have been more installations of solar power systems than in any year in Australia’s history.

I feel the coalition are irresponsibly pursuing this issue for narrow political ends, not because their position has any integrity. They have arrived very late to the climate change debate. Removing the rebate will see the number of places in the program oversubscribed to a ridiculous extent. Solar businesses have been growing at a great rate. This is all fantastic, but the coalition did not factor into their policies the fact that the number of rebates available just did not allow for this rate of growth. None of these issues were addressed by the former government, other than this whimsical notion that we will just lift the limit on the number of places in the program. It is not good public policy.

The introduction of a means test of $100,000 for household rebates under the Solar Homes and Communities Plan was aimed at ensuring that funding is targeted towards those Australian families who most need assistance with the high upfront costs of photovoltaic systems. The Labor government has committed $160 million towards the program and in the 2008-09 budget brought forward an additional $25.6 million because it foresaw the high level of demand for this program. More than $56 million in funding is available for an estimated 6,000 rebates this financial year.

Those rebates are very quickly being fully subscribed. With the ongoing demand since the means test was introduced, the government has increased funding to continue providing the rebate to those households who most need assistance. The Rudd government is committed to ensuring a strong and sure pathway for the solar industry. We recognise the importance of renewable energy in Australia’s future energy mix, particularly for households. Through the Carbon Pollution Reduction Scheme green paper, we have undertaken to provide additional support for Australian households to reduce energy use and save on energy bills. It is not just about providing subsidies and investments for photovoltaic systems and solar energy; there are a very wide range of subsidies that the government needs to provide and actions it needs to take in partnership with householders to ensure that they can adjust their con-
sumer behaviour at home and adjust their houses to reduce energy use and save on energy bills.

Solar systems are great for getting the solar industry up and running, and that is very important, but there are a wide range of new frontiers here in relation to reducing our carbon footprint that we can engage in and assist householders to invest in. To that end, Minister Garrett has recently undertaken a series of roundtables with key stakeholders about practical action they can take to save on energy bills and reduce their impact on the environment. I am pleased to say that these roundtables have included participants from the community, NGOs, business groups, industry and indeed the solar industry. These discussions are helping inform the Rudd Labor government’s decisions as we bring forward a framework to really help households adjust to the Carbon Pollution Reduction Scheme and to ensure that a strong and sustainable solar industry is able to play its part in our response to the challenge of climate change.

There is no doubt we need to continue to grow solar energy industries and generation in Australia. They represent a great opportunity to lower emissions and to create new jobs. Doing it at a household level I think also has a strong educative effect so that we can all work in our own homes to reduce our emissions. It is my view—and it is a view reinforced by the work of the Senate Standing Committee on Environment, Communications and the Arts—that rebates are not the key to the long-term public policy commitments promoting solar energy. There are ongoing complexities with this style of scheme. For example, it is clear that communities are now bulk-buying systems for little more than the cost of the systems.

Senator Bernardi—You were preaching that as a virtue just a moment ago.

The ACTING DEPUTY PRESIDENT—Order! Just proceed, Senator Pratt.

Senator PRATT—This seems to indicate that the rebates may if anything be too generous, in my view, especially for a one-kilowatt system. I think we need to have some real policy debates about these issues in the future. I note that COAG is currently examining feed-in tariff schemes, and it is my hope that these will provide an important part of the way forward.

There is no doubt as we move into a time of carbon constraint, as we make efforts to reduce climate change impacts, that these issues will remain at the forefront of public policy debates. They need to remain at the forefront of public policy debates because we have real issues before us in terms of coming to grips with the need to constrain the carbon that Australia generates and puts out into the atmosphere. It is going to mean big changes for industry, households and communities, but if we do not take serious and meaningful action we will really be betraying our environment.

Australia is highly vulnerable to climate change. I know in the south-west of my own state of Western Australia we have already experienced significant declines in rainfall as a result of climate change. The impact of climate change is already being felt on biodiversity in the south-west of WA. In the south-west, the lowered rainfall has meant much less water for the environment, let alone for farmers and community use. We have seen changing weather patterns already having a substantial impact, and climate change scientists tell us that this is just going to get worse. It is going to escalate in ways that we cannot yet imagine. So we need to take real action in this time of carbon constraint, as we make efforts to reduce climate change impacts, and we are going to need to make some really hard decisions in the fu-
ture—but we need real policies to do this and not cheap political shots like those before us. As a matter of public policy, it is clear that Labor has made the right decision to means-test this rebate, and therefore Labor opposes this bill.

Senator WILLIAMS (New South Wales) (4.44 pm)—My first job as a senator, in early July, was to be appointed to the Senate Standing Committee on Environment, Communications and the Arts. I went off to my first meeting, in Sydney, where I was privileged to meet senators such as Anne McIntosh, the chair of the committee, Senator Pratt, Senator Birmingham and others. It was a great learning experience. They told us in our orientation that one good thing about being on these committees is that you learn about issues that you are not familiar with, and that was certainly the case with me.

I am a big fan of solar and have been for years. It is interesting to note that in Australia we receive more energy from the sun than any other country in the world. I believe that is why there is such a good future for this country in solar. We have targets that have been put out there now—MRET, the mandatory renewable energy target—that must be met by the year 2020; 20 per cent of the electricity we produce in this country must be from renewables. I believe we have a great future in solar energy. It comes free from the sun. It is interesting that just a couple of weeks ago the little town of Bingara—up near Inverell in northern New South Wales, where I live—had a two-day forum on the future of solar and what the potential is for country communities to get into this industry and look at the manufacture, distribution and establishment of photovoltaic systems throughout country areas of New South Wales and, of course, Australia, where we can produce this clean renewable energy to provide our electricity—and likewise, of course, with solar hot water systems, which have been successful for many years now; as technology improves they are becoming more and more efficient and successful.

As I said, it was a learning experience to be involved in this committee and to hear the many submissions on this bill. As Senator Birmingham said, it was the coalition, back in 1999, that first introduced the subsidy of $4 a watt up to a maximum of $4,000 as an incentive for people to enter this industry, to put the PV systems on their houses, their businesses or whatever and to start in Australia the process of doing our bit to reduce the greenhouse gases. I support it so much because it is renewable, ongoing and obviously a good way to save on electricity bills. It was, of course, the coalition that in 2007 raised that subsidy to $8 a watt, up to a maximum of $8,000. The industry had certainty; it was keen to get on with the job and to develop the businesses around Australia who were installing these PV systems. As you would be aware, Mr Acting Deputy President, I am a staunch campaigner for small business. The businesses had certainty, and that is what they needed—certainty and some security to invest wisely to go out and grow their businesses, to employ and train more people and to get on with the job. The increase to a maximum of $8,000 was introduced by the previous government, and it was there because the previous government had the money to do it. They were the ones who paid off the $96 billion debt that they inherited and they brought the surpluses, and so they could put taxpayers’ money out there as an incentive to increase the PV systems throughout our nation.

A friend of mine in Inverell did exactly this, and I went out to his place only a couple of months ago to inspect his PV system. He invested $32,000 in 16 panels and a larger inverter so that he can put more panels on at a later date, and he received the $8,000 rebate, so his actual cost was $24,000. When I
said to him, ‘How much are you actually saving on your electricity bill?’ he said, ‘I saved about $400 a year.’ I said, ‘$24,000 invested to save $400, if you are in business, is not a very good return; it’s less than two per cent.’ He said: ‘Yes, it is; however, as the price of electricity goes up’—and there is no doubt that that is going to happen, because of the trebling of the price of coal and the doubling of the price of oil and gas—‘I’ll be in a secure position where I can provide most of my household’s electricity and it will not cost me anything. I’m prepared to spend the extra money to get that low return now, knowing that it’ll be a good investment as time goes by.’ He was very grateful for the $8,000 rebate, which took a large slice of the cost off his $32,000. As I said, the incentive and the stability were there for the industry. This PV system is there to grow. There is demand, and I am sure that Australians are keen to get on with the installation of such systems on their houses and businesses to do their bit and to say that they are contributing their bit to clean the air.

It was amazing prior to the election when we saw Phil May, who has a business by the name of Solartec Renewables. The cameras went down to Philip May’s business with one Kevin Rudd, the then Leader of the Opposition, who stood there and said: ‘I will support your industry to the fullest. I am a great supporter. I will do this and I will do that.’ It was great publicity. People probably believed what they were seeing. It is a different Phillip May whom I talked to today. What happened? We know what happened at election time and, come budget time in May, we saw Minister Garrett pulling the plug on support for those with more than $100,000 in income. I find this $100,000 quite amazing. That is obviously the rich! If you earn $100,000 in a family, you are extremely wealthy—that is obviously the impression of the government, until it comes to Medicare rebates, when, of course, the definition of ‘wealthy’ alters by about 50 per cent, up to $150,000. So I fail to see where the consistency is when the government comes to a conclusion about who is wealthy and who is not.

What have we seen with Phillip May’s business, Solartec Renewables, now? There were five people employed; now there are two—just him and his wife, Sophia. He has had to lay three people off. Let me quote from his submission to the ECA committee:

(a) the impact of the means test threshold of $100,000 on the $8,000 solar rebate per household on the solar industry;

As a renewable energy designer, supplier, distributor and installer of primarily Photovoltaic systems we have experienced a large drop in orders for photovoltaic system installations. We have also noted a drop in system sizing resulting in a reduction in carbon offset that otherwise would have occurred. I estimate that our average customer was earning in the range of $100,000 to $150,000. So what was the effect on his business? The number of deposits taken had dropped from an average of five per week to just two per week. Solartec Renewables were installing 14 kilowatts of PV panels each week. In the months leading up to the rebate changes, that is what they were installing—14 kilowatts per week. In the previous 12 months, the average installation per week was 10 kilowatts of photovoltaic modules. So he had grown his business to average weekly installations from 10 kilowatts to 14 kilowatts. He says:

Our average installation, since the introduction of the means test, is 2.8 kilowatts per week. So his business has reduced from 14 kilowatts per week to 2.8 kilowatts per week. Where are we going with this? The committee heard many submissions about the instability which has been introduced to their industry as a direct result of the government’s
introduction of the means test in their May budget.

What happened at budget time? As I said, the means test was brought in and those who could most afford to install PV systems were the ones who simply pulled the plug on the industry. Susan Grant said in her submission: ‘We’re not wealthy people. Yes, we both work hard, my husband and I, and we have an income slightly over $100,000.’ She had entered into a contract with BBE to install solar panels as part of Samford solar neighbourhood initiative. She said she wanted ‘to do our bit for the environment and to save on our longer term electricity costs’. So what did they do? They withdrew their order. This has been the effect of the rebate change. We have heard in parliament in the last couple of weeks about incomes of $50,000 not being excessive but when it comes to installing PV systems a combined income of $100,000 is far too much according to the government.

I want to make a point about taxpayer value in all this. Senator Pratt was referring to some 790 applications a week—with some weeks averaging at 500—and she is correct. What has happened is that people with a combined income of under $100,000 have said, ‘We can apply for a one-kilowatt system.’ A one-kilowatt system is about $8,500 to install. So they make an application to the government for the $8,000 subsidy and they are getting it virtually for free. People are not installing the big 2½- or three-kilowatt system because the people who wanted to do that earn over $100,000 and they said: ‘No, there’s no incentive for us. We’ll walk away from it. We’ll cancel our order. We’re not going to be part of this.’ People who earn under $100,000 are ordering a one-kilowatt system and getting it virtually for free. As I said to my children, it does not come any cheaper than free. This is why there is so much demand on the government purse—up to 790 applications a week—for the $8,000.

The budget was to provide $56.8 billion for the 12 months in PV systems subsidies. Without a calculator and without using the intelligent brain of Senator Bernardi in front of me, I will work it out myself: 700 per week at $8,000 is $5.6 million a week. Multiply that by 50 and we have $280 million, with a budget of just $56.8 million for the year. So where are we going? I will tell you. People are jumping on the bandwagon to get free installation of PV systems. That is why the budget has blown to bits. That is why it is looking like going from a $56.8 million budget to somewhere between $250 million and $300 million—that is, if the government continues to support this system. At the same time, we have seen the average size of installations reducing. In other words, the taxpayer dollar, where we want the best value for each dollar invested, is simply not working. The size of the system is reducing but the cost to the government—that is, the taxpayer—is blown totally out of proportion. Here is the serious problem: what are we going to do about it? I hope it will not be long before Minister Garrett confirms that he is going to continue the up to $8,000 subsidy but we get some level-headedness put back into the debate where if people earn more than $100,000 they do have access to that $8,000.

If you want people to do things such as plant trees on prime farming land, you offer an MIS, an incentive—and what do we do? We see prime agricultural land being planted with trees. I do not know what we are going to do in the future. I hope we can get used to digesting trees as human beings because the supply of food will certainly be reduced. Here the dangling of the carrot to people who can most afford to install a large PV system is being removed. It is wrong. We are now seeing a waste of taxpayers’ dollars and, with the $250 million or $300 million that
will be spent this year, how much volume in total kilowatts are we going to get? What will be the return on taxpayers’ dollars? It is going to be markedly reduced and we have seen that everywhere.

People working in the industry who wish to grow their businesses want stability. They want to buy in bulk because a lot of these PV systems are imported from Germany. Having been involved in international trade myself and having purchased things from overseas I know well that the bigger the order the cheaper the price. So if people in the industry who want to compete want to get the best value for those installing the PV systems, what are they doing? LCL, less than container load, orders? They are not getting the bulk purchases. They do not know whether they are going to get more orders next week. Certainly there will be plenty of small one-kilowatt systems, but not the large ones and that is what it is all about. It is about the best return for the taxpayers’ dollar.

In summary, the means test introduced in May has been a disaster as far as a return on taxpayers’ dollars goes. It has been a disaster for those involved in the industry—those in the business of installing PV systems. They want stability and security and they want to know what their future holds before they invest any more. It has been a disaster for people who work in the industry, as we have heard from Phillip May and Solar Tec Renewables. They had five people employed and now there are two. So the whole thing has been one big mess. I encourage the government to see that the means test is removed, at least until we get to something like a feed-in tariff—which will bring stability as well to the industry. Fairness should be reinstalled and people who earn over $100,000 should have the right to get a subsidy as well.

Senator McEWEN (South Australia) (5.00 pm)—It is always good to have an opportunity to compare the environmental credentials of the government and the opposition. However, I am disappointed that we are here once again discussing the Save Our Solar (Solar Rebate Protection) Bill 2008 [No. 2]. This bill has been debated many times in the chamber before. The fact that it is back here again during general business time indicates the paucity of the opposition’s environmental credentials. You would think that, having had this opportunity to put forward what they wanted to discuss in the chamber, they might have for once addressed some significant environmental issues. Perhaps they could articulate their position on an emissions trading scheme instead of continually saying, ‘That is going to be an apocalyptic event and undermine the Australian economy.’ Instead of sensibly addressing the government’s proposals for a Carbon Pollution Reduction Scheme, they just throw their hands up in the air. You would think that, if they wanted to talk about environmental issues, instead of rehashing the old debate about the solar rebate they might actually use this time to talk about what they would do to address the issue of water security in my state of South Australia. Instead they continually lambast whatever measures the government puts in place to try and address that terrible situation for communities along the Murray-Darling Basin system. You would think that they might even use the opportunity that they have here this afternoon to confront once and for all the climate change sceptics in their party and silence them so that they can move on with some constructive ideas about how to deal with the environment in Australia.

Before I go to some more comments about the bill that is, lamentably, still before us today, I have to say, Senator Williams, that I acknowledge your comments about managed investment schemes and I do share your concerns about the explosion of those schemes
and the damage that they potentially have done to the environment. But I would remind you that the tax legislation that enabled those schemes to develop and to get out of control was introduced by your party when the coalition was in government.

Returning to the bill that is the subject of debate this afternoon, I was, as Senator Williams kindly acknowledged, the Chair of the Senate Standing Committee on Environment, Communications and the Arts that conducted the inquiry into this bill. So I do have some knowledge of its contents and implications. The government oppose this bill because we see it as, I would have to say, a stunt by the coalition after the budget announcement with respect to the means test for the solar rebate. The bill was in response to that. The actual detail of the bill is not often discussed by the opposition, because they just like to use it as a tool to terrorise the solar industry and to make false promises to that industry. The actual bill requires new rebate guidelines to be determined by a legislative instrument subject to parliamentary scrutiny and potential disallowance by either house of parliament. So it is a kind of technical bill. It actually does nothing to address the means test or the level of the rebate, but you would be hard-pressed to detect that in the contributions from opposition senators on this bill.

In fact the mechanism that the bill uses introduces no certainty at all for the industry that the opposition claims it is trying to protect. It introduces no certainty because in fact if it were agreed to by the parliament then it would put in place a mechanism whereby every amendment to the scheme would be at the behest of a minister and therefore at the behest of the Senate chamber. What would happen is that the industry would still be hostage to the vagaries of the Senate. So the rebate could change or the means-test level could change and there would be no certainty given to the industry. One thing that the industry talked to us about during the Senate inquiry into this bill—and this was always mentioned by the many submitters who took the time to contribute to this inquiry—was that they wanted certainty. Of course, as we heard throughout the inquiry, as Senator Williams well knows, the one thing that the industry said they really wanted to get away from was a rebate system. They would prefer feed-in tariff legislation that gave long-term certainty to the industry, and that is what the Council of Australian Governments will be discussing next month.

The same committee that inquired into this bill is inquiring into the feed-in tariff legislation, another private member’s bill in the Senate. A number of the same submitters presented to both inquiries. There was a strong recommendation that the feed-in tariff legislation should be something that the government looks at in terms of working with the states to ensure nationally consistent feed-in tariff legislation. That is precisely what the solar rebate industry wanted from the government and is a strong recommendation in the report of our inquiry.

While the bill is subtitled the ‘solar rebate protection’ bill, it does nothing to protect the rebates; it merely says that the scheme for administering the Solar Homes and Communities Plan should be subject to parliamentary disallowance. Passing the bill will do nothing to ‘protect’ rebates in any form. It is mischievous language from the opposition and it caused considerable confusion during the committee process because people believe that if this bill were passed it would automatically get rid of the rebate. I wish that opposition senators would address themselves to the actual terms of the bill instead of pretending that if it were passed all would be hunky-dory in the solar industry. The manipulative way in which the opposition behaved during the inquiry was very disappointing. I think they led a number of sub-
mitters up the garden path as they painted themselves as some kind of environmental warriors. That was pretty laughable, as we know the only kind of fighting they have done has usually been against the environment. The exception was perhaps in the infamous orange bellied parrot case, when the opposition, then in government, decided they had better act to protect a bird, but in fact what they were trying to protect was a Liberal Party candidate in the Victorian state election who was under some pressure over the establishment of a wind farm in his electorate. However, that environment minister has moved on and the parrot has survived.

The opposition’s bill is also financially irresponsible. Senator Pratt went to some trouble in her contribution in this debate to demonstrate that, so I will not go over that. But it would be good if the opposition came clean on whether they think that all rebates offered by government should be unlimited, uncapped and infinite. I could not think of a more irresponsible way for government to manage the economy than to propose that there should be unlimited rebates of any kind. That is irresponsible economic management—but then this is a two-week sitting period when we have had the opposition attempt to blow a hole in the government’s budget. They clearly demonstrated their fiscal irresponsibility by attempting to vote down the government’s condensate tax legislation, they did vote down the luxury car tax legislation so that they could protect people who drive luxury cars and they also voted down the Medicare levy legislation which would have returned money to the pockets of Australians who deserve it. So I guess this bill could be seen in that context of economic irresponsibility.

As I pointed out during my speech on the committee’s inquiry report, the government’s changes to the Solar Homes and Communities Plan that came about in the budget earlier this year brought it into line with the Solar Hot Water Rebate Program. Senator Williams might be interested to know, because he made some points about the rebate level of $100,000, that it was actually the then environment minister and now Leader of the Opposition, Mr Malcolm Turnbull, who implemented a $100,000 means test on the solar panel rebate program, just in July last year. In a press release on 17 July 2007, Mr Turnbull stated:

The rebate is available to eligible applicants who are replacing existing electric storage hot water systems with eligible solar or heat pump systems purchased and installed after today and verified by a registered agent. The home must be a principal place of residence and the applicant’s taxable family income must be less than $100,000.

Well, there you go—$100,000. The Rudd government’s means test for the solar panel rebate is a reflection of the previous government’s policy, yet the opposition stand here today, accuse us of arbitrarily setting a figure and reject that figure. Of course, they reject everything we say. The opposition seem to think it is their role in opposition to simply oppose every measure introduced by the government, without any consideration for what is best for our nation, for the economy and for its citizens. We are getting used to that. Maybe one day in the not too distant future they will grow up and realise that unfortunately, yes, they are in opposition and that being in opposition carries with it some responsibility because they are the alternative government. You cannot carry on by just knocking back our bills and saying no, no, no. Just accept that you are in opposition, and work with the government to do what is in the best interests of Australia.

Let me shift those opposite back to some kind of reality with regard to this rebate scheme. The plan of the opposition when it was in government was to give $150 million over five years for 15,000 rebates. Now, of
course, they are not in government, they do not have to be economically responsible and can say whatever they like—so they say they would lift that cap on the number of rebates. Labor, on the other hand, have dedicated $150 million over three years for 15,000 rebates. We brought forward $45 million from the last two years of the program into the first three years of this budget. We also doubled the number of rebates available, from 3,000 to 6,000, for the current financial year, 2008-09. That doubled our election commitment, in fact, and doubled what the previous government had budgeted for this year.

Another thing that came out during the inquiry, and in the subsequent discussions about this bill that we have had ad nauseam in this chamber, was that the opposition tried to put fear into the solar panel industry by saying that the rebate is going to run out and the sun will stop shining on the industry. In fact, the government has continued to meet demand for rebates while bringing forward other measures to help households take practical action to reduce their energy usage, noting that some programs, including solar rebates, may change in the transition to the Carbon Pollution Reduction Scheme.

I would have liked to have spent some time on the CPRS, because of course it is the cornerstone of the government’s environmental agenda. It is a very exciting and daring initiative on the part of the government. It is something that the opposition could not possibly contemplate, and because they are frightened of it they are very negative about it and will not engage properly with the community about why it is important to have an emissions trading scheme.

I go back to the domestic initiatives that the government has put in place to assist Australians to be more environmentally responsible—and the inquiry into this bill left no doubt that Australians want to be environmentally responsible. The government has invested—and this is a government that has been in office less than a year—almost $1 billion to help Australians overcome barriers to making their homes more environmentally sustainable. That is far more than the opposition could even contemplate when they were in government.

One of the measures that we have implemented is green loans. Senator Pratt mentioned green loans in her speech. The government has allocated $300 million over five years for low-interest green loans of up to $10,000 to assist families to install solar water and energy efficient products. The green loan will provide participating households with a green renovation pack, a sustainability assessment for identifying potential energy and water efficient actions and a system to estimate savings for electricity and water bills and environmental benefits.

This measure will deliver cost-effective greenhouse gas emissions reductions in up to 200,000 existing households. That is a lot more households than we are ever going to be able to address under the solar panel rebate scheme. It is an immediate benefit to Australian families who want to and who are striving to do the right thing. They are taking advantage of the numerous initiatives that the Labor government has put in place to assist them.

There are other environmental initiatives as well. We have the National Rainwater and Greywater Initiative, which provides $250 million over six years for rebates of up to $500 to help Australian householders install rainwater tanks and greywater facilities. We are providing $10,000 to 300 lifesaving clubs, for example, to assist them to install rainwater tanks. We are working closely with community organisations such as those to enable them to implement measures to assist
them to be more environmentally responsible.

Our Solar Homes and Communities Plan is just another one of the many initiatives that the government is continuing to fund, to promote and to support. That plan ensures that rebates get to the households that need them most. We did that through the introduction of a means test, and we are shameless about saying that we did that to ensure that those households who most needed assistance to do something would get that assistance. We maintained the maximum rebate at $8,000 and, let us not forget, it was the previous government that introduced the $8,000 rebate program. The comment was made in the inquiry into this bill that the government should look—and I agree—at the size of the systems that are being installed at the moment. But let us be clear about that: that change started to happen when the previous government increased the rebate to $8,000.

Included in the other initiatives that the government is implementing is the National Solar Schools Program, which offers grants of up to $50,000 to schools to install solar and other renewable power systems. I can tell you from my travels around schools in my constituency that it is an extremely welcome and well-regarded program. It has the benefit of not just assisting schools to reduce their energy bills but also providing an educative input at the school level so children can see clearly how important solar energy is going to be to the future of Australia.

It has annoyed me immensely during this debate that the opposition has continued to claim, ad nauseam, that somehow the Rudd Labor government is anti the solar industry. We have in fact invested more money in the solar industry and supported the solar industry through our many initiatives, not just with the Solar Homes and Communities Plan but also with other initiatives, much more than the previous government ever did, and we will continue to do so.

The Minister for the Environment, Heritage and the Arts, Mr Garrett, continues to work with the industry to ensure that what government does with the industry is in the best interests of the industry and the people of Australia, who are desperate to do whatever they can to improve their environmental responsibility, particularly at the domestic level. We are very proud of what we have done in this regard and we will continue to work with the industry to ensure that it is viable, secure and growing into the future.

Senator IAN MACDONALD (Queensland) (5.20 pm)—In speaking on the Save Our Solar (Solar Rebate Protection) Bill 2008 [No. 2], like Senator McEwen, I welcome the opportunity of comparing the Liberal Party’s approach to the environment with that of the Labor Party. We only have to go back to the days of the saving of Fraser Island by a Liberal government or the saving of the Great Barrier Reef all those decades ago by a Liberal government. When the last Labor government was in power, they had not even heard of the word ‘greenhouse’. Mr Keating’s government had no program addressing greenhouse gas emissions. It took a Liberal government to set up the world’s very first Greenhouse Office. That was an initiative of a Liberal-National Party government, particularly of Senator Hill, the then environment minister. The Labor Party, for all their bleating now about climate change and greenhouse gas emissions, in their last term of government did absolutely nothing about it. It took a Liberal government to start us on the path to negotiating for a Kyoto outcome, as the Liberal-National government did.

You only have to look at the Natural Heritage Trust payments to the environment: the largest environmental program ever in the
history of this nation. Already, after 10 short months, we see the new Labor government slashing up to 40 per cent off the funds available to community groups and natural resource management agencies that are doing the work on the ground of protecting our environment.

We have the saga of the Murray-Darling Basin. I hear a lot about this from Senator Wong and others these days, but what did they do in the 13 years that they were in government? Nothing. They also obstructed the Liberal-National government at every turn and encouraged their Victorian Labor colleagues in the state government to wilfully go against what the Howard government had proposed for saving the Murray-Darling Basin.

And just as recently as this last week, Mr Garrett has given approval for a pipeline which will steal water out of the Murray system and take it over the range to feed the toilets and water tanks of the good citizens of Melbourne. They are stealing water from the Murray-Darling to put it into Melbourne because the state Victorian government has been too incompetent and inefficient to consider other means of providing the water that that city needs. I would love one of the Labor speakers to explain to me how they can be so concerned about the Murray-Darling system when they are allowing their state counterparts in Victoria to steal water from the Murray River and take it over the range into Melbourne. It is an initiative of the Victorian Labor government, but it is Mr Garrett in this parliament who had the ability to stop that with his powers under the Environment Protection and Biodiversity Conservation Act, but he failed to do it. He acted quickly to give permission.

He did not act so quickly in addressing the issue of the greatest environmental disaster that Queensland is likely to see in the future, and that is the Traveston Crossing Dam proposed by the Queensland state Labor government. While Mr Garrett has been so quick to make decisions to allow his Labor mates in Victoria to take water out of the Murray and while he is so quick to stop a lot of developments along the Queensland coast—it did not take him long to make decisions then—when it comes to an action by his Labor mates in the Queensland government to perpetrate the greatest environmental disaster we are likely to see on the Mary River, he is finding it very difficult to make a decision.

I will tell you why he cannot make a decision: it is because he is under pressure from his Labor mates in Queensland. Mr Rudd and Mr Swan come from Queensland. They used to run the Queensland Labor government. Mr Rudd did. They have all the tentacles out there. The Queensland Labor government do not want Mr Garrett to knock this off, because what are they going to do for water for Brisbane in dry times? Because they have been so incompetent in recent years in managing the water supply in South-East Queensland, they are having to embark upon this quite stupid and quite ridiculous proposal of damming the Mary River at Traveston Crossing. It is great for us to compare the Liberal government's approach to the environment with that of Labor.

The Liberal government had some programs for assisting country people to have solar power out in the stations. What happened? The Labor government slashed them. We had a good program to help Indonesia save its forests as a real contribution to reducing greenhouse gas emissions. What happened? The first initiative of the Labor government was to slash that program. How dare they feign any interest in global warming and climate change when they slashed these programs.
It is similar with the issues surrounding the bill that we are discussing today. The Labor government, without any warning, took away the solar rebate from those mums and dads—a teacher, perhaps, and a plumber; two partners—with a combined income of over $100,000; $52,000 each. They were the people who were interested in doing their bit in reducing greenhouse gas emissions. They were looking for the subsidy. What did the Labor government do? Without any warning, it brought in this means test, which effectively meant that many Australians are financially precluded from getting solar panels.

I am very surprised at the figures that the department produced to the committee hearing after first of all refusing to even attend the committee hearings on the instructions of the Labor minister. But they eventually turned up, because they were threatened with a summons if they did not turn up.

Senator Wortley—They were always going to turn up.

Senator IAN MACDONALD—Isn’t that right? Why didn’t they turn up? It was only after they were threatened with a summons from the Senate that they turned up. I do not blame the department; they received their instructions from the minister. But they eventually turned up and had these statistics. I cannot wait for estimates. Let me now put them on notice that I cannot wait for estimates just to see how these figures are running. That was a good program, and again the Labor Party has slashed it.

We hear all this talk about an emissions trading scheme—the one that Senator Wong is in charge of. She obviously has no idea how to manage it. She has let the genie out of the bottle on that. They have put out this green paper, and I have not heard a person yet—except some in these radical environment groups—who has any confidence in the green paper and any confidence that the Minister for Climate Change and Water, Senator Wong, or the government can handle this. It is becoming increasingly obvious that this is a dog of a proposal.

I heard the other day about a zinc refinery up my way in Northern Australia. If this emissions trading comes through in the way that Senator Wong and Mr Rudd are proposing, they will become unprofitable. What will they do? They will move to China, where they will be able to employ people at a much cheaper rate. All of those people at the refinery in Townsville will be without a job. This is at the behest of a party that claims to be interested in working families. Not only will the jobs be exported offshore but, more importantly, they will go to a country that is about half as efficient as Australia, which means, in other words, that they will pump out twice the amount of greenhouse gas to get the same end product. I have not yet heard China indicating when it is going to bring in an ETS.

The whole stupidity about the Labor government’s approach is that they will tax Australia out of existence, tax workers’ jobs, for the thought that they—Mr Rudd and Senator Wong—can be world heroes by leading the world. Australia produces less than 1.4 per cent of the world’s greenhouse gas emissions; and it does not matter what we do in Australia, we will not make one iota of difference to the changing climate of the world. Yet the Labor government for political reasons are determined to carry on at full strength.

If they were really serious about greenhouse gas emissions, what about clean nuclear power? There are no greenhouse gas emissions at all there. That would mean of course that we could do something for the changing climate of the world. Let us ask the Labor Party what their view is on that sort of energy. I know that they think it is okay to
have uranium from three mines being mined and exported but to have uranium from the fourth mine does not seem to be equally acceptable. The Labor Party are all over shop on this but, if they are serious about carbon emissions, there is an answer. Why won’t they even have a look at it? I am not advocating it particularly but I am advocating looking at it. It should be in the mix, but the Labor Party seem incapable of doing that.

I do not want to say too much more. I know that many other people want to have a say on this and I have spoken a couple of times on the report. It is a very good bill. I congratulate those in the coalition who have promoted this bill. It will bring some transparency, some parliamentary control, to the solar rebates. I think that it is a good way to deal with it. I think that it will address all of the problems that have been identified by Senator Birmingham and Senator Williams, who spoke before me, and it is a piece of legislation that I would urge support for.

Senator WORTLEY (South Australia) (5.33 pm)—I welcome the opportunity to speak on the matter of the solar rebate. As a member of the Standing Committee on Environment, Communications and the Arts, I sat on the recent inquiry into the Save Our Solar (Solar Rebate Protection) Bill 2008 [No. 2]. The terms of reference within which the committee operated were focused, among other related matters, on the impact on the solar industry of the means-test threshold on the solar rebate per household, the effect on the uptake of solar panels on households and the impact on the number of applications for the rebate since the current budget measure was announced.

It is interesting to note that the committee found that, in addition to the government’s extensive range of policies targeting the development of renewable energy industries and, by extension, addressing the climate change imperative, some states and territories are moving towards implementing a feed-in tariff for renewable energy—indeed, the renewable energy bill 2008 is under examination by the standing committee. I mention this today because of the interplay between the issues of the rebate and the feed-in tariff, a term which will become very familiar to those in this place and to the community as the year moves on. To return to the issue at hand, however, I can advise that certain familiar themes emerged from the evidence given. As a result, government senators recommended in the report that the government continue to provide support to households to take up renewable energy and energy efficient initiatives, including through schemes such as the SHCP.

Climate change is one of the greatest social, economic and environmental challenges of our time and the Rudd government is committed to ensuring Australia meets its responsibilities in facing this global challenge. This government remains strongly committed to helping Australians take practical action to tackle climate change, building a strong solar industry and harnessing our abundant solar resources.

So what have we done to advance down this path? In this year alone, the year of the government’s first budget, there will be more Commonwealth funding for solar power and, in fact, more installations of solar power systems than in any other year in Australia’s history. The $100,000 means test for household solar power rebates was introduced to ensure that funding is targeted towards those Australian families who most need assistance with the high upfront costs of photovoltaic systems, and that is exactly what is happening.

Interestingly, the means test has been set at the same level as the existing means test for solar hot water rebates, which was intro-
duced by the previous government under the then environment minister and now Leader of the Opposition. It is significant that since its introduction the demand for household solar power rebates has increased to record levels. This government is committed to assisting Australian households to take practical action on climate change in the transition to the Carbon Pollution Reduction Scheme.

Debate (on motion by Senator McLucas) adjourned.

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

EXCISE LEGISLATION AMENDMENT (CONDENSATE) BILL 2008
EXCISE TARIFF AMENDMENT (CONDENSATE) BILL 2008

Consideration of House of Representatives Message

Messages received from the House of Representatives acquainting the Senate that it had agreed to the amendments requested by the Senate to the bills.

Third Reading

Senator McLucas (Queensland—Parliamentary Secretary to the Minister for Health and Ageing) (5.37 pm)—I move:

That these bills be now read a third time.

Question put.

The Senate divided. [5.41 pm]
(The President—Senator the Hon. J.J. Hogg)

Ayes…………….. 28
Noes…………….. 27
Majority.......... 1

AYES

Arbib, M.V. Bilyk, C.L.
Bishop, T.M. Brown, C.L.
Cameron, D.N. Collins, J.
Crossin, P.M. Farrell, D.E.
Feeney, D. Fielding, S.
Forshaw, M.G. Hanson-Young, S.C.
Hogg, J.J. Hurley, A.
Hutchins, S.P. Ludlam, S.
Lundy, K.A. Marshall, G.
McEwen, A. * McLucas, J.E.
Milne, C. Moore, C.
Polley, H. Pratt, L.C.
Siewert, R. Sterle, G.
Wortley, D. Xenophon, N.

NOES

Abetz, E. Adams, J. *
Barnett, G. Bernardi, C.
Birmingham, S. Boswell, R.L.D.
Boyce, S. Cash, M.C.
Colbeck, R. Cormann, M.H.P.
Ferguson, A.B. Fierravanti-Wells, C.
Fisher, M.J. Humphries, G.
Johnston, D. Kroger, H.
Macdonald, I. Mason, B.J.
McGauran, J.J.J. Minchin, N.H.
Nash, F. Parry, S.
Ronaldson, M. Ryan, S.M.
Scullion, N.G. Troeth, J.M.
Williams, J.R. * denotes teller

Question agreed to.

Bills read a third time.

SAVE OUR SOLAR (SOLAR REBATE PROTECTION) BILL 2008 [No. 2]

Second Reading

Debate resumed.

Senator McLucas (Queensland—Parliamentary Secretary to the Minister for Health and Ageing) (5.47 pm)—I seek leave for Senator Wortley to continue her speech.

Leave granted.

Senator Wortley (South Australia) (5.47 pm)—As I was saying before this debate was interrupted, in this year alone—the year of the government’s first budget—there will be more Commonwealth funding for solar power and, in fact, more installations of solar power systems than in any year in Australia’s history. The $100,000 means test for household solar power rebates was introduced to ensure that funding is targeted towards those Australian families who most
need assistance with the high upfront costs of photovoltaic systems—and that is exactly what has been happening. Interestingly, the means test has been set at the same level as the existing means test for solar hot water rebates, which was introduced by the previous government under the then environment minister and now Leader of the Opposition.

It is significant that since its introduction, the demand for household solar power rebates has increased to record levels. In the six weeks leading up to the introduction of the means test, there was an average of 365 rebate applications per week. Contrary to suggestions that the means test would be the death of the industry, there has been continuing strong demand for the rebate—currently at around 750 applications per week. This is the highest level ever seen and it vindicates the government’s decision to move carefully to target the rebate. The government commitment of $160 million towards the program in the 2008-09 budget brought forward an additional $25.6 million so that more than $56 million in funding was available for an estimated 6,000 rebates this financial year. In light of the continuing strong demand for the rebate since the means test was introduced, the government has decided to further increase funding this year to continue meeting demand. The level of the rebate for a residential photovoltaic system is unchanged at $8 per watt, capped at one kilowatt, with a maximum rebate of $8,000 per installed system. In addition, renewable energy certificates generated by solar power systems will also continue to reduce the upfront cost of installing solar photovoltaic panels for all households.

Critically, the government has committed to a target to have 20 per cent of our electricity supply powered by renewable energy by 2020 through an almost fivefold increase in the legislated national renewable energy target. This increase in the renewable energy target will create significant opportunities for the solar power industry. But there is more. The government has launched the National Solar Schools Program, a program which aims to put a solar powered system on every primary and secondary school roof in Australia. It has already received around 2,200 registrations since 1 July this year, so more than 2,200 schools across the nation have signed up for this $480 million program. The program is designed to help schools improve their energy and water efficiency and reduce their costs, as well as to demonstrate to students in a hands-on way the simple steps everyone can take to reduce carbon pollution and to tackle climate change. As the Minister for the Environment, Heritage and the Arts, Mr Garrett, said:

…[the program] presents schools with an opportunity during the holidays or weekends, to become mini renewable power stations of their own by selling unused electricity generated by their solar systems back into the power network. The program gives schools the chance to hold a sustainability assessment, look at their own circumstances, identify measures that will best suit them and then apply for grants of up to $50,000 to make such measures a reality.

The Rudd Labor government is committed to helping Australians take practical action on climate change as we transition to the Carbon Pollution Reduction Scheme. It is also bringing forward subsidised low-interest green loans to help households invest in solar power and benefit from savings in their energy bills as a result. Given the totality of the government’s support for the solar power industry, together with increasing public willingness to invest, we believe the outlook for solar in Australia remains very positive. It is in a much improved position than it was under the previous government. If solar power, in all its forms, is to take its proper role in our future energy mix, it must become
a mainstream solution. That is why the government is examining, and proceeding to implement—with care and thought for the future, not political expediency, as its primary motivators—a range of policies to address the now acute climate change challenge of which we are all well aware.

As I have said, this government is committed to assisting Australian households take practical action on climate change in the transition to the Carbon Pollution Reduction Scheme. Our Solar Homes and Communities Plan is one element in a comprehensive suite of programs for household and community renewable energy, and energy and water efficiency. This suite of programs includes: $250 million to support the installation of solar hot water systems in 225,000 Australian households under the Solar Hot Water Rebate Program; $300 million for subsidised low-interest green loans of up to $10,000 to help up to 200,000 existing households take practical action, from early 2009, by installing a range of renewable energy, energy efficient and water saving products in their homes, including solar power; $480 million for the National Schools Plan in which every school, as I have already said, can install at least a two-kilowatt solar system and a range of energy and water efficient measures; and the Renewable Remote Power Generation program, which provides up to 50 per cent of the cost of installing renewable energy systems, including solar power, for people who are not connected to a mains electricity supply.

The government is committed to assisting Australian households take practical action on climate change in the transition to the Carbon Pollution Reduction Scheme. We remain strongly committed to helping Australians take this action, and to building a stronger solar industry and harnessing our abundant solar resources. In this year alone, I reiterate, there is more federal funding for solar power and more installations of solar power systems than in any year in Australia’s history.

Senator PARRY (Tasmania) (5.55 pm)—I thank Senator Wortley for giving me an opportunity to speak in the last remaining four minutes of this debate on the Save Our Solar (Solar Rebate Protection) Bill 2008 [No. 2]. I too was a member of the inquiry of the Senate Standing Committee on Environment, Communications, Information Technology into this matter. I want to say from the outset that I was disappointed at the announcement by Prime Minister Rudd and Mr Garrett that the rebate threshold was to be placed on this particular great rebate initiated by the Howard government. What that did, instantly, was remove confidence from the industry. It removed confidence from households that would possibly purchase solar panels for their roofs in order to save money, to assist with the environment and to potentially, as time moved on, be able to actually supply additional power back into grids in their locations.

We were very disappointed that, prior to the election in 2007, the then Leader of the Opposition, Mr Rudd, gave no indication whatsoever that a means-tested threshold would be applying. We gave great indications that we would be continuing our scheme if we retained government. Mr Rudd led the population of Australia to believe that this rebate would continue and that there would be no means testing to the rebate. Then, out of the blue on budget eve, we found that a rebate was to be placed on it. It made it basically unaffordable for anyone who was eligible under the $100,000 family income threshold. It sent out a message to the solar panel industry, and to people within alternative energy areas, not to trust the Rudd government, because the Rudd government were not going to stand by any energy production that was not mainstream. Solar pan-
els and the rebate were moving in such a
direction that people were going to take up
this challenge. We opposed that.

One of the other groups that surprised
me—and I would have thought that they
would have been very supportive of the
Rudd Labor government—was none other
than the Electrical Trades Union. This is a
union that is heavily entrenched within the
Labor movement. Under questioning at a
Melbourne hearing, they indicated that they
did not support this threshold. They indicated
that it was ruining the livelihoods of their
members. If that is not an indictment of a
Labor government policy, I do not know
what is. Further, when I heard about the par-
ticular union’s not wishing to support the
Rudd Labor government’s position, I asked
them if they had approached the minister or
the Prime Minister on this particular issue.
Their response was: ‘Yes, we have. We have
written to the Prime Minister and the minis-
ter.’ I asked what the response had been, and
a very embarrassed executive member from
the Electrical Trades Union in Victoria said,
‘We have not received one.’ They had not
received a response in about three months. I
thought that was a very poor way to treat a
union that would have had viable and valu-
able input into the Prime Minister’s and min-
ister’s decision.

I think Australians have now started to in-
dicate that they are very disappointed with
this by their not taking up the challenge of
solar panels. Those people that are taking up
solar panels are taking up ones with a low
kilowatt input. They cannot afford to take up
higher kilowatt units because of the rebate,
and the rebate just will not cover the higher
units. They are buying smaller units, which
is not as cost-effective. The installation costs
are the same for a small unit, which has less
ability to assist a family home and a family
budget. I know my time to speak in this de-
bate is coming to a close. I just wish that the
Prime Minister would change his mind.

Debate interrupted.

The ACTING DEPUTY PRESIDENT
(Senator Mark Bishop)—Order! It being
6 pm, the Senate will proceed to the consid-
eration of government documents.

DOCUMENTS
Consideration
The following orders of the day relating to
government documents were considered:

Great Barrier Reef Marine Park Author-
ity—Report for 2006-07. Motion of Sena-
tor Nash to take note of document called
on. Debate adjourned till Thursday at gen-
eral business, Senator Macdonald in con-
tinuation.

NetAlert Limited—Report for 2006-07—
Statement relating to exemption from re-
porting requirements. Motion of Senator
Barnett to take note of document agreed to.

Regional Forest Agreement between the
Commonwealth and Tasmania—Report—
Inquiry on the progress with implementa-
tion of the Tasmanian Regional Forest
Agreement (1997)—Second five yearly re-
view, dated February 2008. Motion of
Senator Barnett to take note of document
called on. Debate adjourned till Thursday
at general business, Senator Macdonald in
continuation.

Treaties—Bilateral—Australia-Chile Free
Trade Agreement—Text, together with the
national interest analysis, regulation impact
statement and annexures. Motion of Sena-
tor McEwen to take note of document
agreed to.

AusLink—Report for 2006-07. Motion of
Senator Macdonald to take note of docu-
m ent called on. Debate adjourned till
Thursday at general business, Senator
Macdonald in continuation.

Australian Institute of Health and Wel-
fare—Report—Australia’s health 2008—
Eleventh biennial report. Motion of Sena-
tor Boyce to take note of document agreed to.

Indigenous Business Australia—Corporate plan 2008-2013. Motion of Senator MacDonald to take note of document called on. Debate adjourned till Thursday at general business, Senator MacDonald in continuation.

COMMITTEES
State Government Financial Management Committee
Report
Debate resumed from 18 September, on motion by Senator Ian Macdonald:
That the Senate take note of the report.

Senator IAN MACDONALD (Queensland) (6.02 pm)—I want to highlight some of the recommendations and findings of the select committee report into state government financial management. In a broad, general way I say you do not have to go much further than the media conference of the former New South Wales Treasurer, Mr Costa, in understanding just how poorly the New South Wales government manages its financial affairs. I have to say that across all of the states the committee came to the conclusion that the states left a lot to be desired in the way they manage their financial affairs.

I want to refer to a couple of issues and particularly relate them to my home state of Queensland. At table 4.4 on page 44 of the report we see that public sector wages in Queensland increased by 49.7 per cent in the period from September 1997 to March 2008. At the same time the private sector increase in wages as a percentage was 43.6 per cent. So the public sector growth in wages was something like 6.4 per cent more than the private sector growth in wages at the same time. As the report highlights in quoting from a witness:

The difficulty also is that, in the private sector, there has been a closer link between the increases in labour costs—or, rather, increases in remuneration—and increases in productivity.

The witness went on to say that if you look at outputs in the public sector, you would see that outputs and outcomes are not increasing particularly rapidly.

It would seem that in the same time in the states there were substantially increased hospital waiting lists and worse school performances, and it is quite clear that the increased wages costs have not increased public productivity. The Ministerial Council on Education, Employment, Training and Youth Affairs indicated that between the years 2002 and 2005 the percentage of year 5 children who received benchmark results in reading and writing had declined overall and had declined in the majority of states and territories. That is in spite of the fact that there has been an increase in public sector wages. Also, in the year 2006-07 the Australian government increased funding to the states and territories for schools by 11 per cent but the actual money spent by states and territories on schools increased by just five per cent—less than half of what was provided by the federal government for wages and facilities for schools. Again there is clear evidence that the state governments were not managing their finances terribly well.

Further, our attention was drawn to ABS data which showed that between 1996 and 2007 the number of public servant employees in the Australian government decreased by 121,700 people and over the same period public sector employees at the state level had not decreased but had increased by 210,700. What is the difference? In that period there was a Liberal government in Canberra, an efficient government; in the states there were basically Labor governments, inefficient governments, putting on more people. But no-one can say that our hospitals and our
schools are better off for the increase in the number of workers. In the same period, between 1996 and 2007, the amount spent by the Commonwealth government on wages increased by 12 per cent but at the same time the state government wages bill increased by some 95 per cent.

There are a lot of issues I want to raise here, so I will quickly move on. During the course of the inquiry, there was a lot of discussion about vertical fiscal imbalance, and the prospect of states levying their own income tax was raised. Realistically, this would require the Commonwealth to make room for the states, if they were going to allow the states to collect their own income tax, and you could do that by the Commonwealth reducing personal income tax rates. In 1978 the Fraser government tried that, but it did not really work because the Commonwealth did not cut its taxes to make room for surcharges by the states. But, if the states were required to collect their own income tax, it would end the blame game.

We have all heard the states saying during the years of the Howard government, ‘The reason that our schools are bad and the reason that our hospitals are bad, even though they are state responsibilities, is that the John Howard government is not giving us enough money.’ There is one way to fix that, and that is by the Commonwealth retiring from the collection of income tax—or most of it—and leaving it to the states to add a surcharge which would then make the states responsible and accountable for their own financial mismanagement. There was interesting evidence from the Institute of Public Affairs in relation to that.

What it is all about is that the states have been able to blame a Liberal government for their own inefficiencies. If they were forced to collect their own income tax, it would not only make them accountable but encourage some competition. So, if Queensland had to increase its rate of income tax to pay for the mess our hospitals are in and at the same time Western Australia was reducing its income tax because of good financial management, there would be an impetus for people to say, ‘Let’s move to a well-run government society in Western Australia and leave a high-taxing Queensland Labor government.’ So there is some merit in that.

The committee did not recommend that that happen, but what it did recommend was that the Commonwealth government should have a very serious look at retiring from some of its own income tax collections and allowing the states to add their own, with, of course, correspondingly the Commonwealth not continuing with payments to the states for various items. We need a lot longer to talk to this, but it is a worthwhile suggestion and I urge senators to have a look at the recommendations.

I also wanted to raise the disgraceful situation of government business enterprises run by the state governments. The impact that payment of dividends to governments might have on the ability to reinvest in infrastructure was noted because it potentially affects the ability of the utilities to provide essential services to customers. In 2008 the Productivity Commission did a study into the performance of GBEs and it found that there is a real underperformance. The report examined 86 GBEs and found that just over half of those monitored failed to achieve a return on assets above the risk-free rate of return in 2006-07. This implies that even a greater proportion did not earn a commercial rate of return. Twelve GBEs failed to achieve a positive return on their assets at all. In total, GBEs made dividend payments to owner governments of almost $4.4 billion in 2006-07.
The report found that nine GBEs in 2006-07 reported dividend payout ratios of over 100 per cent, mainly in the water and ports sector. We all know the problems with ports in Queensland, but, of those nine entities identified across Australia, four of them are from Queensland—Enerex, Ergon Energy, the Mackay Port Authority and the Port of Brisbane Corporation. So they are paying out more in dividends than they are earning in profit, which means that they have to either use retained earnings or borrow to pay inefficient state governments a dividend so that they can make their budgets balance.

This is what is wrong with state governments and their financial management: they cannot manage themselves so they rip these dividends out of GBEs that are not in fact making a profit. You only have to fly up the coast of Queensland to see what a mess the ports are in. Why is that? Because any profits they make, anything they should be reinvesting into those ports, is ripped off by the state Labor government to try to prop up its current account budget. *(Time expired)*

**Senator POLLEY** (Tasmania) (6.12 pm)—From the comments this evening by my colleague across the chamber and former chair of the Senate Select Committee on State Government Financial Management, I think he has reinforced once again my view and the view of my colleagues on that committee that this was a shameless political exercise. This committee was established to have a go at all the state Labor governments at that time. If the opposition had been serious about the undertaking of this committee, they would have referred it to the appropriate standing committee rather than setting up a select committee, which was purely a very political exercise. The comments by the senator opposite demonstrate that very clearly again tonight.

If the select committee was not politically motivated and driven as a ‘let’s bash the Labor states’ then why was there no acknowledgment given in the report or at any of the hearings of where there was very clear, good financial management by the Labor state governments? In particular, I refer to my own experience with the Tasmanian Labor state government. They managed to turn the budget around from what was a very, very shameful exercise by the previous Liberal government in the way that they ran the Tasmanian state government into enormous debt. If this was not a political exercise then that state government, at the very least, would have been acknowledged. What disappoints me was that Liberal senators from Tasmania were in fact members of that politically established select committee. Shame on Senator Bushby in particular.

It never ceases to amaze me that, even though the senators on the other side are now in opposition, they still do not learn. They are totally out of touch with the community. Once again the former chair of that committee was talking state income tax changes. What they want to do is, yet again, further complicate the taxation system for the Australian community. It just demonstrates how out of touch they still are.

I do hope people read this report, in particular the minority report submitted by government senators. In our minority report we pointed out that the previous Howard government spent very little on new infrastructure. We heard the diatribe of the senator opposite in relation to what is happening with the ports in Queensland, but at no time did he enlighten us as to what he was doing as part of the former Howard government. This is in stark contrast, might I say, to the Rudd Labor government and the creation of the new body, Infrastructure Australia. With this body a proper mechanism has been created to deal with infrastructure requirements
in a measured and planned manner rather than for electoral and political gain. It is another forward-thinking initiative of the Rudd Labor government.

Australia’s infrastructure needs were neglected for 11½ years under the previous Howard government. It is now time to fix that. Of course, given that Infrastructure Australia and the new Building Australia Fund will have a program of infrastructure projects to work on, the fifth recommendation of the majority report regarding state infrastructure spending is redundant. All in all this politically motivated report shows that the Liberals are still blaming everyone else but not taking any responsibility themselves. They are in the blame-shifting mode. They cannot get with the program and acknowledge their own shortcomings when they were in government.

The opposition need to understand that it is time to accept responsibility for the neglect of the Howard government over the previous 11½ years. Senator Macdonald also touched on the public health system. How can anyone stand on the opposition side and talk about health? If we want to talk about health, I could be here for the next three hours talking about the neglect of the Howard government and how they pulled all the money out of the public health system. That is why we have so many long waiting lists around the country. It took a Labor government to inject funds to relieve those waiting lists. Money torn out of public hospitals, the lack of investment in infrastructure—all this occurred under the previous Howard government.

Senator Abetz interjecting—

Senator POLLEY—I accept the interjections of Senator Abetz because he, of all people, ought to know the grief that his government caused to the Tasmanian community by ripping that money out of the health system.

In the minority report government senators clearly set out the problems with this report and the inconsistencies of a number of the recommendations.

Debate (on motion by Senator Parry) adjourned.

Consideration

The following orders of the day relating to committee reports and government responses were considered:

Economics—Standing Committee—

Rural and Regional Affairs and Transport—Standing Committee—Report—Implementation, operation and administration of the legislation underpinning Carbon Sink Forests. Motion of the chair of the committee (Senator Sterle) to take note of report called on. On the motion of Senator Macdonald the debate was adjourned till the next day of sitting.

Foreign Affairs, Defence and Trade—
Standing Committee—Fourth progress report—Reforms to Australia’s military justice system. Motion of the chair of the committee (Senator Bishop) to take note of report called on. On the motion of Senator Parry the debate was adjourned till the next day of sitting.

Rural and Regional Affairs and Transport—Standing Committee—Report—Administration of the Civil Aviation Safety Authority (CASA) and related matters. Motion of the chair of the committee (Senator Sterle) to take note of report called on. On the motion of Senator Parry
the debate was adjourned till the next day of sitting.

Procedure—Standing Committee—First report of 2008—Restructuring question time; Reference of bills to committees; Questions to chairs of committees; Deputy chairs of committees; Leave to make statements. Motion of the chair of the committee (Senator Ferguson) to take note of report called on—and on the amendment moved by the Leader of the Family First Party (Senator Fielding)—At the end of the motion, add “, but the Senate is of the opinion that, instead of restructing question time in a manner that could reduce the accountability of ministers to the Senate, the rules relating to questions and answers, contained in past presidential rulings, which require, amongst other things, that questions actually be questions relating to ministerial responsibilities, and that answers be responsive and relevant to the questions, be written into the standing orders, and that the Procedure Committee, with the assistance of external expert advisers, review the effectiveness of question time and the application of those rules at the end of each period of sittings”. Debate adjourned till the next day of sitting, the Parliamentary Secretary to the Minister for Health and Ageing (Senator McLucas) in continuation.

Environment, Communications and the Arts—Standing Committee—Report—Great Barrier Reef Marine Park and Other Legislation Amendment Bill 2008. Motion of Senator Collins to take note of report called on. On the motion of Senator Parry the debate was adjourned till the next day of sitting.

Environment, Communications and the Arts—Standing Committee—Report—Save Our Solar (Solar Rebate Protection) Bill 2008 [No. 2]. Motion of the chair of the committee (Senator McEwen) to take note of report called on. On the motion of Senator Parry the debate was adjourned till the next day of sitting.

AUSTRALIAN GENERAL’S REPORTS

Consideration

The following orders of the day relating to reports of the Auditor-General were considered:

Auditor-General—Audit report no. 4 of 2008-09—Performance audit—The Business Partnership Agreement between the Department of Education, Employment and Workplace Relations (DEEWR) and Centrelink. Motion to take note of document moved by Senator Parry. Debate adjourned till the next day of sitting. Senator Parry in continuation.

Order of the day no. 1 relating to reports of the Auditor-General was called on but no motion was moved.

ADJOURNMENT

The ACTING DEPUTY PRESIDENT (Senator Mark Bishop)—Order! There being no further consideration of committee reports, government responses and Auditor-General’s reports, I propose the question:

That the Senate do now adjourn.

Cronulla Beaches National Surfing Reserve

Cronulla-Sutherland Sharks

Senator FORSHAW (New South Wales) (6.20 pm)—Tonight I rise to talk about ‘the shire’. As everyone knows, that is the Sutherland Shire. You Google it—God’s own country—and it comes up ‘Sutherland Shire’. Tonight I want to make two acknowledgements. Firstly, I want to acknowledge the decision recently of the New South Wales Department of Lands to declare the Cronulla
beaches a national surfing reserve. This is the first national surfing reserve to be given such dedication in Sydney. There are other surfing reserves in New South Wales at Lennox Head and at Crescent Head, but this is the first in the Sydney region. This is a great honour and, as anyone who has followed surfing history in this country—maybe saw the movie _Puberty Blues_ back in 1981—would know, the beaches from the Cronulla Peninsula through to Kurnell have some of the greatest surfing spots in this country.

Of course, they have their particular names: Sandshoes, Shark Island, The Point, The Alley, Greenhills, Merries Reef and Voodoo. These are places with international recognition for surfing, and some of the greatest surfers of the world have surfed there over many years, including the great Duke Kahanamoku, when he visited Australia in 1914. The Cronulla surfing beaches—I use that as their short title, but it is a long strip of beaches—have produced some great champions. Probably the first one was the late Bobby Brown. He made the finals of the world titles in 1964 and, from memory, came third to the great Midget Farrelly. He turned the tables on Midge in the New South Wales titles shortly thereafter. Bobby Brown’s career was cut short when he lost his life in a rather tragic episode.

The greatest of all surfing champions produced by the Cronulla region is Mark Occhilupo. Mark Occhilupo hit the world surfing scene like a tornado. He was one of the most aggressive riders of the big waves in Hawaii, a goofy-footer—not the normal stance for most surfers. After some years out of the sport due to personal issues, which have been well documented, he came back to win a world title in 1999 at the ripe old age of 33. He beat some of the greatest surfers this world has seen, including the greatest ever, Kelly Slater.

I think it is terrific that the Cronulla beaches have been given this specific acknowledgement. If you look on the website Surf Zone, which is a recognised website for commentary on Australia’s surfing spots, no other area of beaches is recorded as many times as the Cronulla area. The Cronulla surf-lifesaving clubs—and I have spoken about them previously—have been the most successful clubs in Australia, winning world championships.

Why do I raise this? Firstly, to give this acknowledgement, which is well deserved. Secondly, I was very, very disappointed—I could be more irate but parliamentary standards prohibit me—to read recently that the state member for Manly, Mike Baird, had criticised this decision. In comments on his website and in the newspaper he said:

To see Cronulla declared a National Surfing Reserve before Manly is quite frankly a joke! I like Cronulla but saying that Cronulla is more significant in surfing terms than Manly is ridiculous.

Well, I am sorry for Mike Baird—whom I have met on a couple of occasions and who is a very decent fellow, like his father, Bruce—but he is wrong. To take this cheap shot at what is a very significant honour for these beaches and for the surfing fraternity in the Cronulla region is a pretty low act. Mike Baird should probably focus more on his impending challenge to Barry O’Farrell for the leadership of the New South Wales Liberal Party, when he gets around to it.

As I mentioned earlier, Mike Baird is the son of Bruce Baird, which is an interesting fact. Bruce Baird used to be a state member on the north side of Sydney, the member for Northcott. He retired from the state parliament but some years later was persuaded to come down and live in Cronulla and to challenge the then Liberal federal MP for Cook, Stephen Mutch. Bruce Baird won the prese-
lection and came into the parliament, and he served here with distinction for many years.

Senator Abetz—Is that ‘surfed’ or ‘served’?

Senator FORSHAW—‘Served’. He is also, I acknowledge, a very keen ocean swimmer and participates both in Australia and internationally in ocean-swimming events. I regard Bruce Baird as a good friend—and a great Sharks supporter, which I am going to come to in a minute. It was okay for Bruce to come to Cronulla to get a seat in the federal parliament but Mike Baird, his son, back in Manly is getting stuck into us. Frankly, I think it is a disgrace.

That leads me to my second acknowledgement tonight, and that is the fact that tomorrow night the Sharks rugby league club play the Storm in the semifinal of the National Rugby League. I have my fingers crossed that we are going to win and get to the grand final. Who we will play I do not know, but it could well be that we are up against our old nemeses, the Manly Sea Eagles, the team that beat us—we believe we were robbed—on the two previous occasions we made the rugby league grand finals. We have never won a championship in 42 years. Since joining in 1967, Cronulla have not won a rugby league title, and that is a tragedy. But we have one of our best chances this year.

It is a team that is, as they say, not a team of champions but a champion team. Ricky Stuart, the coach, has welded them together as a very forceful and cohesive unit and they have had great success this year in sharing the minor premiership with Manly and with Melbourne, who ultimately won it on points for and against. I do want to single out one player for special recognition tonight, and that is Brett Kimmorley. Brett Kimmorley came to play for Cronulla in 2002, after having played for the Hunter Mariners; the Melbourne Storm, where he was involved in their historic grand final win in 1999; and the Northern Eagles, at a rather difficult time, as we know, for rugby league and for the Northern Eagles club.

It is fair to say, because it is well documented in the media, that Brett Kimmorley has never been the most popular player. He has often—in my view, very unfairly—borne the brunt of the criticism when the Cronulla Sharks team has not been playing very well. In fact, a couple of seasons ago we had a pretty poor season and Brett, because he was the star player and captain, copped all the unfair criticism. Nobody should ever have doubted Brett Kimmorley’s passion for the game and for the Sharks. He always gave 100 per cent or more and, I believe, carried the team through those difficult years. It is no coincidence that today he is playing some of the best football of his career, at a time when the Sharks are going well.

He has been a fantastic role model off the field, doing a lot of charity work and providing support—as was recently reported, to a family that is very close to him who tragically suffered the loss of a child’s life in a fire in Nelson Bay. Brett Kimmorley is a fantastic advertisement for what is good about rugby league. We are going to miss him. He is leaving the Sharks at the end of this year to go and play for the Bulldogs—a team that is not doing terribly well, as we know. They have had a lot of off-field dramas and have not performed very well this year, but I think Brett Kimmorley is going to be a part of the resurgence of the Bulldogs club. I just want to thank Noddy for his great service. Go the Sharks!

Plantation Forestry

Senator ABETZ (Tasmania) (6.30 pm)—Plantation forestry is a vital component of the makeup of the social and economic fabric of many of our regional communities right...
around Australia. There is a debate within the community about the plantation sector, with varying views expressed. Those views, when expressed, should be put with integrity and honesty. People of integrity and honesty can, and do, disagree. They can even feel strongly about their disagreements. I, for one, hold to what now seems to be that very old-fashioned view that farmers ought to be allowed to determine which crops they grow on the land that they own. But one thing that should not be condoned is the deliberate placing into the public domain of information that is objectively wrong and false.

Those that support the farm forestry sector continually have to put up with fiction writers such as Richard Flanagan and Bryce Courtenay peddling their fiction about forestry. Their expertise and knowledge is about as relevant as a forester’s literary critique of their novels. People like the ill-informed Messrs Flanagans and Courtenays of this world are unfortunately encouraged in their campaigns of misinformation by elements in the media and some Green MPs. Just yesterday, Senator Milne, on the Tasmanian Country Hour, attacked the so-called ‘tax breaks’ that have encouraged plantations to take over thousands of hectares of prime farm land. Then she told the Country Hour listeners:

I’ve just done a case study of Preolenna ... in Tasmania, which shows that a whole farming district has been destroyed in terms of its social fabric because of what is an invasion of plantations. Not only have all houses been bulldozed, but the infrastructure is gone, the last of the dairy farmers were driven out because there weren’t enough of them left for the milk trucks to continue coming. People lost the school bus run. And all that is left of that community is a plaque.

The listeners were told, ‘all that’s left is a plaque’. It would be pretty devastating and powerful—if it were true. You see, the Greens just assert, then they reassert, repeat it ad nauseam and then expect people to believe them regardless of the facts. Well, what are the facts? Preolenna, allegedly with only a plaque to its name, is still actually in the phonebook, with a postcode. It has a community hall.

Opposition senator interjecting—

Senator ABETZ—I think I heard something about Gormanston—is that right? Gormanston does not even have its postcode in the phone book anymore—to make the distinction. Preolenna has a community hall. It recently won its local council’s Australia Day award for community event of the year. So a non-existent community with no people has a non-existent community centre and wins an award. The Preolenna festival is in fact run by the non-existent—one would assume—local mothers club. These non-existent mothers from this non-existent community use the funds earned to purchase equipment at their non-existent community centre, for use by the non-existent community. The residents of Preolenna are rightly offended by Senator Milne’s false claims about their community. Preolenna was a community in decline, with non-viable dairy herds of 40 cows per farm. In short, they were going broke, out the door backwards, until the land use was changed to tree growing.

This change of land use has the Greens crying crocodile tears. But the Greens have a long history of changing the goalposts—on any issue, but especially in relation to forestry. I wonder who said:

... a plantation-based forest industry in Tasmania would also entail, in terms of the present institutional arrangements and the farmers who benefit from those, a shift from the major benefit going to a handful of midlands silvertails to, I guess, what are commonly called the dirt farmers of the north west and the dairy farmers ...

I am saying that it is good to move plantation forestry into those areas and to give the dirt farm-

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ers, as they are popularly known, more crops, greater diversification and robustness through the establishment of those plantation resources.

It has been demonstrated in studies - and I quoted this on a previous bill - that planting — wait for this — up to 15 per cent of those farms in trees is very beneficial ...

And then I wonder who said:

But the direction for forestry in this State is quite clearly that of forestry on a secure plantation base, and of course those plantations should be established on — you’ve guessed it — cleared agricultural land. Trees are a crop, just like any other crop, and they should be grown where crops are grown and the farmers should be given the opportunity to benefit from that … The dirt farmers should be given a chance … … forestry establishment should be taking place … in plantations on cleared agricultural land … I would be very pleased if we could move to that.

Then there is another quote: ‘You can’t force farmers to plant trees, but you can change the policy settings so the economic incentives are there.’

Yes, all those quotes were from a former leader of the Greens in Tasmania over a period from 1993 to 1996. But now this same party is saying:

… tax breaks have encouraged plantations to take over thousands of hectares of prime farmland.

That is what Senator Milne told the Country Hour yesterday. Is that the same party that in 1996 was asking for tax breaks and economic incentives for tree growing? Yes, it is. And the concern for the dairy farmers expressed yesterday by Senator Milne—is that from the same party that advocated in 1993 a move to plantation forestry in the cropping and dairy sectors? Yes, it is. And the pretend concern over too much farming land being converted to tree cropping, which stands at below five per cent in my home state of Tasmania, is coming from a party that asked for 15 per cent—that is, three times the current area—to be put into plantations. Where? On the north-west and the dairy farms.

The gross inconsistency of the Greens simply needs to be exposed. Their exaggeration—no, it is not exaggeration, in fact; it is simply false to assert that, for example, Preolenna is only a plaque. These falsehoods need to be exposed as false. No longer can we allow it to be said that some literary licence has to be given—as some media people allow Richard Flanagan and Bryce Courtenay—in relation to the forestry debate. The truth should be spoken and must be spoken. Even if you are against growing trees on farmland, surely you must condemn this type of false assertion being injected into the public arena. Once again, the Greens and Senator Milne have just gone too far. They have overstretched in a desperate bid to try to make out their arguments.

I hope that this in some way corrects the record in relation to what Senator Milne said on the Country Hour in my home state yesterday. This debate will undoubtedly continue, but I do make this plea to the Richard Flanagan’s, the Bryce Courtenays, Senator Milne and the Greens: just say the truth, tell the truth and have a debate on the facts—not on the fiction that they make up.

Mr Andrew Chin

The PRESIDENT (6.40 pm)—This week a highly valued and very well respected member of the staff of the Parliamentary Library, Mr Andrew Chin, retires. Many senators will have benefited from Mr Chin’s advice on a wide range of issues and will recall the outstanding service he has provided. Andrew Chin has worked in the Parliamentary Library since 1973, starting as the foreign affairs and defence subject librarian in 1974. He has worked in the field of foreign affairs ever since.
In 1984, Andrew visited the South Pacific to examine how Australia could assist parliaments of the region to develop libraries of their own. The visit included Western Samoa, the Cook Islands, Tonga and Niue. The result was the establishment of measures to assist parliaments in the South Pacific, including a training program for staff providing library services to parliaments in the region. The Australian Parliamentary Library continues to assist libraries of parliaments in the South Pacific to this day.

In 1995, Andrew’s professionalism, knowledge and skill were recognised by the Embassy of the United States with an invitation to participate in a month-long visitors program. This included visits to the Library of Congress, the Brookings Institution and universities which were involved in the early internet and the world’s first virtual libraries.

In his long and successful career, Andrew has always been regarded as highly professional, courteous and charming. His colleagues in the library will miss him enormously, and I know senators will also miss his skills. I am sure all senators will join with me in wishing Andrew all the best in his retirement.

Senate adjourned at 6.43 pm

DOCUMENTS

Tabling

The following documents were tabled by the Clerk:

[Legislative instruments are identified by a Federal Register of Legislative Instruments (FRLI) number]

AusLink (National Land Transport) Act—National Land Transport Network Determination (No. 1) 2005 Variation 2 [F2008L03488]*.


* Explanatory statement tabled with legislative instrument.
QUESTIONS ON NOTICE

The following answers to questions were circulated:

**Rudd Government: Printer Cartridges**

*(Question No. 518)*

**Senator Milne** asked the Minister representing the Minister for the Environment, Heritage and the Arts, upon notice, on 10 July 2008:

1. What environmental standard has the Government put in place in regard to the disposal of printer cartridges.
2. What education program is in place by the Government to promote their re-use and recycling.
3. Is the Minister aware that military-standard encryption microchips are used in some cartridges to prevent them from being re-useable.
4. Is the Minister aware that printer cartridge remanufacturing businesses are denied access to the Planet Ark recycling program.
5. Is the Minister aware that Planet Ark is crushing usable printer cartridges that could be recycled.

**Senator Wong**—The Minister for the Environment, Heritage and the Arts has provided the following answer to the honourable senator’s question:

1. There are no specific Australian standards for the disposal of printer cartridges. While waste management is primarily the responsibility of state, territory and local governments, the Australian Government works in collaboration with the states and territories through the Environment Protection and Heritage Council (EPHC) to address national priority wastes.
2. The Australian Government has no specific education program on printer cartridges in place, rather it has broader environmental education programs such as the Australian Sustainable Schools Initiative (AuSSI) and encourages recycling and re-use of products more generally, including in the government’s own purchasing practices.
   
   The Australian Government’s Environmental Purchasing Guide (2003) provides guidance for Australian Government departments and agencies on incorporating environmental factors when making procurement decisions. The Environmental Purchasing Checklist suggests environmental purchasing criteria for printers, photocopiers and multi-function devices which include giving consideration to those products that are able to use remanufactured or recycled consumables.
3. No, the Minister is not aware whether or not military-standard encryption microchips are being used to prevent some cartridges from being re-useable.
4. No, the Minister is not aware whether or not printer cartridge remanufacturing businesses are denied access to the Planet Ark recycling program. Remanufacturing is different to recycling, as it is aimed at re-use of the cartridge. The Planet Ark scheme aims for 100 per cent recycling of printer cartridges with zero waste to landfill.
5. The Minister is not aware of whether or not Planet Ark is crushing re-useable printer cartridges.