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RADIO BROADCASTS

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- **NEWCASTLE** 1458 AM
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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

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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

iii
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

Minister for Home Affairs
Hon. Bob Debus MP

Assistant Treasurer and Minister for Competition Policy and Consumer Affairs
Hon. Chris Bowen MP

Minister for Veterans’ Affairs
Hon. Alan Griffin MP

Minister for Housing and Minister for the Status of Women
Hon. Tanya Plibersek MP

Minister for Employment Participation
Hon. Brendan O’Connor MP

Minister for Defence Science and Personnel
Hon. Warren Snowdon MP

Minister for Small Business, Independent Contractors and the Service Economy and Minister Assisting the Finance Minister on Deregulation
Hon. Dr Craig Emerson MP

Minister for Superannuation and Corporate Law
Senator Hon. Nick Sherry

Minister for Ageing
Hon. Justine Elliot MP

Minister for Youth and Minister for Sport
Hon. Kate Ellis MP

Parliamentary Secretary for Early Childhood Education and Childcare
Hon. Maxine McKew MP

Parliamentary Secretary for Defence Procurement
Hon. Greg Combet AM, MP

Parliamentary Secretary for Defence Support
Hon. Dr Mike Kelly AM, MP

Parliamentary Secretary for Regional Development and Northern Australia
Hon. Gary Gray AO, MP

Parliamentary Secretary for Disabilities and Children’s Services
Hon. Bill Shorten MP

Parliamentary Secretary for International Development Assistance
Hon. Bob McMullan MP

Parliamentary Secretary for Pacific Island Affairs
Hon. Duncan Kerr MP

Parliamentary Secretary to the Prime Minister
Hon. Anthony Byrne MP

Parliamentary Secretary for Social Inclusion and the Voluntary Sector and Parliamentary Secretary Assisting the Prime Minister for Social Inclusion
Senator Hon. Ursula Stephens

Parliamentary Secretary to the Minister for Trade
Hon. John Murphy MP

Parliamentary Secretary to the Minister for Health and Ageing
Senator Hon. Jan McLucas

Parliamentary Secretary for Multicultural Affairs and Settlement Services
Hon. Laurie Ferguson MP
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
Research and Deputy Leader of the Opposition in the
Senate
Shadow Minister for Infrastructure and COAG and Shadow
Minister Assisting the Leader on Emissions Trading
Design
Shadow Minister for Foreign Affairs and Manager of
Opposition Business in the Senate
Shadow Minister for Finance, Competition Policy and
Deregulation and Manager of Opposition Business in the
House
Shadow Minister for Energy and Resources
Shadow Minister for Families, Housing, Community
Services and Indigenous Affairs
Shadow Special Minister of State and Shadow Cabinet
Secretary
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
Training
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
Contractors, 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]
SHADOW MINISTRY—continued

Shadow Minister for Financial Services, Superannuation and Corporate Law
Hon. Chris Pearce MP

Shadow Assistant Treasurer
Hon. Tony Smith MP

Shadow Minister for Sustainable Development and Cities
Hon. Bruce Billson MP

Shadow Minister for Competition Policy and Consumer Affairs and Deputy Manager of Opposition Business in the House
Mr Luke Hartsuyker MP

Shadow Minister for Housing and Local Government
Mr Scott Morrison MP

Shadow Minister for Ageing
Mrs Margaret May MP

Shadow Minister for Defence Science and Personnel
Hon. Bob Baldwin MP

Shadow Minister for Veterans’ Affairs
Mrs Louise Markus MP

Shadow Minister for Early Childhood Education, Childcare, Women and Youth
Mrs Sophie Mirabella MP

Shadow Minister for Justice and Customs
Hon. Sussan Ley MP

Shadow Minister for Employment Participation, Training and Sport
Dr Andrew Southcott MP

Shadow Parliamentary Secretary for Northern Australia
Senator Hon. Ian Macdonald

Shadow Parliamentary Secretary for Roads and Transport
Mr Barry Haase MP

Shadow Parliamentary Secretary for Regional Development
Mr John Forrest MP

Shadow Parliamentary Secretary for International Development Assistance
Senator Marise Payne

Shadow Parliamentary Secretary for Energy and Resources
Mr Don Randall MP

Shadow Parliamentary Secretary for Indigenous Affairs
Senator Marise Payne

Shadow Parliamentary Secretary for Disabilities, Carers and the Voluntary Sector
Senator Cory Bernardi

Shadow Parliamentary Secretary for Water Resources and Conservation
Senator Fiona Nash

Shadow Parliamentary Secretary for Health Administration
Senator Mathias Cormann

Shadow Parliamentary Secretary for Defence
Hon. Peter Lindsay MP

Shadow Parliamentary Secretary for Education
Senator Hon. Brett Mason

Shadow Parliamentary Secretary for Justice and Public Security
Mr Jason Wood MP

Shadow Parliamentary Secretary for Agriculture, Fisheries and Forestry
Senator Hon. Richard Colbeck

Shadow Parliamentary Secretary Assisting the Leader in the Senate
Senator Concetta Fierravanti-Wells
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The President (Senator the Hon. John Hogg) took the chair at 9.30 am and read prayers.

FAMILY LAW AMENDMENT (DE FACTO FINANCIAL MATTERS AND OTHER MEASURES) BILL 2008
Second Reading

Debate resumed from 14 October, on motion by Senator Conroy:

That this bill be now read a second time.

Senator Ludwig (Queensland—Minister for Human Services) (9.31 am)—I would like to thank honourable senators for their contributions to this debate on the Family Law Amendment (De Facto Financial Matters and Other Measures) Bill 2008. This bill is another example of the Rudd government delivering on its election commitments. The government has long had a platform commitment to ensure that family law is applied in a consistent and uniform way to de facto relationships across Australia. Once this bill is passed there will be, for the first time, a uniform federal system applying to de facto couples when the relationship breaks down. De facto couples will be able to use specialist family law procedures and dispute mechanisms. Property matters will be decided on the basis of what contributions couples have made and, just as importantly, on what their future needs will be. Spouse maintenance orders will be available, where a court determines this to be appropriate, on the same basis as for married couples.

One of the biggest benefits of the new regime will be that de facto couples can split their superannuation interests. This benefit, of course, has been available to married couples since 2002. Under existing state and territory law in this area, there are considerable differences in the rights of de facto couples depending on where they live. By bringing de facto property matters under the Family Law Act, de facto couples will no longer have the added financial burden of having to run matters relating to children federally and matters relating to property through state courts.

One of the very clear differences between this government and the previous one is our commitment to remove discrimination against same-sex couples. The government that most of the opposition were part of failed to act on the references of power from states generally. But, worse than that, they refused to act on the reference of power from states in relation to same-sex couples. This bill in no way diminishes the commitment of this side of politics to the fundamental institution of marriage and its central place in our community.

I should address some remarks in respect of the Senate Standing Committee on Legal and Constitutional Affairs report. On 26 June 2008 the bill was referred to the Senate Standing Committee on Legal and Constitutional Affairs and the committee reported on 28 August 2008. The committee recommended in its report that, subject to several recommendations, the bill be passed. The government thanks the committee for its work on the bill and agrees to the bipartisan recommendations that particular provisions of the bill be amended.

Senators will be aware that, on 18 September 2008, the government circulated proposed amendments to the bill to amend the definition of ‘child of a de facto relationship’ in proposed new section 90RB and the percentage presumption in section 60H of the Family Law Act. I can foreshadow that, in the committee stage of consideration of the bill, the government will move a revised set of amendments to the bill to achieve this purpose. The government will also move
amendments to the transitional provisions of the bill to enable de facto couples to opt in to the new Commonwealth regime if their relationship has already broken down. I would particularly like to thank the Women’s Legal Service of Australia for their contribution to the Senate committee inquiry.

In terms of the other recommendations from the committee, the government does note the committee’s view about the definition of de facto relationships. The government takes the view that the definition is different between various pieces of legislation because they deal with quite different areas of the law. The government is aware of the difficulty of the numbering of the various provisions in the Family Law Act 1975. I would, however, point out that the opposition had 11 years to deal with that issue and chose not to do so. Further consideration will be given to the committee’s concern when the Family Law Act is next amended.

I will now turn to specific matters that were raised by individual senators during the second reading debate. Some senators had remarked that, without an amendment to one of the provisions of this bill’s definition of de facto relationship, the bill would endorse de facto polygamy. Quite frankly, that is a ridiculous statement. As the senators opposite would be well aware, the bill does not provide recognition of polygamous relationships. Under provisions in this bill it is possible for a de facto relationship to exist when one party is still in a marriage or a de facto relationship with another person. This is currently the situation under state and territory law. In fact, this bill simply picks up the referrals given by the states and territories in recent years—referrals which, I might add, were pursued and received by the former government, sitting opposite here today. Those referrals by the states and territories over their de facto regimes were explicitly given on the basis that de facto relationships can exist when a person is legally married or in a de facto relationship with someone else. This was a specific provision of the model reference legislation agreed to by the former government at the Standing Committee of Attorneys-General in 2002. So those opposite actually agreed to it when in government. It seems to me to be quite bizarre that they now have difficulty with it in opposition.

There is no endorsement of de facto polygamy but just a recognition that two marriage-like relationships involving the one person might very occasionally arise. There does not appear to be any state or territory de facto property settlement case where a person has been held to have concurrently been in two or more de facto relationships. Cases of this kind are likely to be quite rare. The more usual case would be where a husband and wife have been separated for some time but have not divorced and one of them enters into a de facto relationship. This of course is no recognition of polygamous marriage. Under the Marriage Act 1961, a person who attempts to marry a second time without his or her previous marriage having been dissolved commits the criminal offence of bigamy, which is punishable by a term of imprisonment of five years.

The opposition senators’ remarks in the Senate committee’s report failed to take into account the fact that the bill provides the Family Court, which has vast experience in relationship matters, with the power to make determinations about whether a de facto relationship exists. To be able to make a claim for a property settlement under the regime there must be a de facto relationship. Any extramarital relationship would have to satisfy the strict threshold test for being consid-
ered a de facto relationship, including being of a sufficient length, displaying a mutual commitment to a shared life and having a public reputation as a de facto relationship.

The bill is about providing greater protection for separating de facto couples and simplifying the laws that apply. In that vein the bill gives the courts the powers to determine, taking into account all circumstances, the fair distribution of the rights of all parties. If the bill did not give the courts the power to determine just and equitable distribution of property between couples in a range of relationships, then grave injustices could potentially be done to the de facto spouse whose claim is not recognised.

I note the comments from some senators that the definition of ‘de facto relationship’ is different in the de facto bill, the evidence bill and the same-sex bills. The differences in the definition of ‘de facto relationship’ between the bills reflect the differing policy requirements behind each bill. The Evidence Amendment Bill’s definition implements the model uniform evidence bill definition of ‘de facto partner’, which is defined in terms of a person in a de facto relationship. This definition was developed in consultation with the Standing Committee of Attorneys-General working group of state and territory officials, based on recommendations in a report on uniform evidence law by the Australian, New South Wales and Victorian Law Reform Commissions.

There are strong reasons why the Evidence Amendment Bill test should conform to the recommendations of the report on uniform evidence law. However, these considerations do not apply to other Commonwealth laws. The definition in the de facto bill and the same-sex bills will therefore differ from the Evidence Amendment Bill test in a number of respects. The de facto bill’s definition limits the application of the Commonwealth’s new property settlement and spouse maintenance regime to relationships over which New South Wales, Queensland, Victoria and Tasmania have referred powers to the Commonwealth—that is, relationships covered by each relevant state reference act. Each of the four states has referred powers limited to particular matters arising on the breakdown of a marriage-like relationship between two persons.

I note that nothing in the legislation will alter the marriage laws. Marriage is defined under Commonwealth legislation as being between a man and a woman. The government is committed to that principle. At the same time, this bill will provide equal treatment for opposite-sex and same-sex de facto couples in determining their property disputes. The bill honours a commitment in the government’s national platform to ensure that family law applies in a consistent and uniform way to de facto relationships. Family law has long recognised that men and women can contribute in a number of ways to a relationship, whether it be by acquiring property, raising children or making other important family contributions.

This bill, for the first time under federal law, recognises that de facto partners can also contribute in a number of ways to their de facto relationships. The bill introduces a separate scheme for financial disputes between de facto couples on the breakdown of their de facto relationship. Married couples will continue to have their property matters determined under the existing provisions of the Family Law Act. We do not support remarks that, far from providing greater rights for de facto couples, we should be discriminating in favour of married couples. It has long been recognised that such discrimination would not be consistent with a fair and egalitarian society.
In conclusion, the government has taken a landmark step in implementing a consistent and uniform de facto property and spouse maintenance scheme. This bill is long overdue and gives effect to an agreement reached by the Standing Committee of Attorneys-General way back in 2002. While those opposite were happy to sit on the references and do nothing for over five years, the government has moved quickly to provide a simpler, less costly and fairer regime for de facto couples across Australia. I commend the bill to the Senate.

Question agreed to.

Bill read a second time.

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

SAME-SEX RELATIONSHIPS (EQUAL TREATMENT IN COMMONWEALTH LAWS—SUPERANNUATION) BILL 2008

Second Reading

Debate resumed from 14 October, on motion by Senator Faulkner:

That this bill be now read a second time.

Senator HANSON-YOUNG (South Australia) (9.45 am)—by leave—I move the Australian Greens second reading amendment standing in my name:

At the end of the motion, add “but the Senate:

(a) calls on the Government to introduce amendments to the Superannuation Industry (Supervision) Act 1993 to remove discrimination in the administration of private superannuation funds by mandating that where such funds recognises opposite-sex de facto couples they must also recognise same-sex de facto couples;

(b) recommends that the umbrella term ‘couple relationship’ be retained in this bill and also be extended to registered relationships in this bill and in similar legislation to ensure:

(i) equal treatment of same-sex and opposite-sex relationships for the payment of death benefits, and

(ii) that the courts do not treat married, registered or de facto couples differently, in that each would have unique criteria but be provided with equal ‘couple relationship’ entitlements; and

(c) recommends that the terms used to define parents and their children be simplified wherever possible in this and similar legislation to ‘parent’ and ‘child’, and applied consistently to ensure children across Australia are equitably included and the distinction between parents, co-parents and step-parents not be inappropriately or unnecessarily blurred”.

This second reading amendment was circulated in the chamber this morning as sheet 5618.

The ACTING DEPUTY PRESIDENT (Senator Hutchins)—Would you like to speak to it?

Senator HANSON-YOUNG—I do not need to speak to it. I would just like it put.

The ACTING DEPUTY PRESIDENT—The question is that the amendment be agreed to.

Senator LUDWIG (Queensland—Minister for Human Services) (9.46 am)—In summing up I will also speak to the second reading amendment, unless the opposition want to speak to it prior to that. In any case, I would like to thank the honourable senators for their contributions to the debate. The Same-Sex Relationships (Equal Treatment in Commonwealth Laws—Superannuation) Bill 2008 introduces the first part of the Rudd government’s historic reform to amend Commonwealth laws that discriminate on the basis of sexuality. It honours the Rudd gov-
ernment’s election commitment to implement the recommendations of the Human Rights and Equal Opportunity Commission’s *Same-sex: same entitlements* report. This bill will amend the acts that govern the Commonwealth government defined benefits civilian and military superannuation schemes, the judicial pension scheme and the pension scheme for the Governor-General. It will also amend related taxation legislation affecting superannuation death benefits and other acts that regulate the superannuation industry. The bill will enable superannuation death benefits to be paid to same-sex partners and the children of same-sex couples. This cannot happen under the current law, which is arbitrary and discriminatory. Currently, under the Commonwealth superannuation scheme, only a surviving spouse or child of a scheme member may receive a death benefit upon the death of the scheme member. The definitions of ‘spouse’ and ‘child’ currently exclude same-sex partners and children of scheme members who are in same-sex relationships where a scheme member does not have a biological link to the child.

The government will move parliamentary amendments to the *Same-Sex Relationships (Equal Treatment in Commonwealth Laws—Superannuation)* Bill, but let me allay the concerns of senators about the substance of the government’s amendments. They simply make changes consistent with the major recommendations of the Senate committee’s report and reflect community input into the Senate Legal and Constitutional Affairs Committee inquiry—and I thank the committee for its work in consideration of the bill.

There is nothing unusual about a government circulating amendments to a bill after a Senate committee has reported in response to matters raised before the Senate committee. That is what the government has done. And, no doubt, senators would welcome the fact that the government has acted on those matters and has done so immediately upon the Senate committee delivering its report. These amendments give effect to the majority recommendations of the committee.

The government recognises that there were concerns that the removal of references to ‘marital’ and ‘husband’ or ‘wife’ undermine the institution of marriage. That was never the intention of the bill. These references will be reinstated. There were also concerns that the use of the term ‘product of the relationship’ in relation to the expanded definition of ‘child’ would create interpretational difficulties. As a result, the amendments will build on the bipartisan support for amendments to the Family Law Act and adopt the new definition of ‘child’ in that act. Indeed, this was one of the recommendations of the Senate committee.

Another aspect of the reform is the removal of remnant marital status discrimination by amending the definition of ‘step-child’. This will mean that, for the first time, stepchildren of opposite- and same-sex de facto couples will be legally recognised for the purposes of the Commonwealth Superannuation Scheme. Recognition of same-sex family relationships will be improved by inserting a definition of ‘relative’ and a tracing rule.

A standard definition of ‘de-facto partner’ will be inserted into the Acts Interpretation Act 1901, and will only be used when referred to by another Commonwealth act. This definition is currently contained in the *Same-Sex Relationships (Equal Treatment in Commonwealth Laws—General Law Reform)* Bill 2008. However, as registered relationships are referred to in this bill, it is necessary to ensure that the reform is included in the superannuation bill. Previously, of course, it had been intended to make regulations for this purpose under the Judges’ Pen-
The definition of ‘de facto partner’ will be widely used in Commonwealth law and will apply to same-sex and opposite-sex relationships. Under this standard definition, when it is triggered, a couple who are in a prescribed relationship and who are registered under a prescribed state or territory relationship law will be taken to be in a de facto partnership. Of course, regulations will need to be developed to prescribe the kinds of relationships and which state registers are to be recognised.

The bill will also amend the Superannuation Industry (Supervision) Act 1993, which establishes the superannuation regulatory framework for regulated superannuation funds. This will mean that superannuation funds, should they wish to do so, will be able to make allowance for same-sex couples and their children in the same way that the Commonwealth defined benefit superannuation schemes will be able to do so. Should this bill be passed, I encourage all superannuation funds across Australia to make provision for same-sex couples and their children so that this discrimination is completely removed from the superannuation industry.

A range of issues were raised in the debate. I want to turn to some of the specific comments raised by senators opposite. I welcome the contribution in the debate by Senator Brandis and his acknowledgement of bipartisan support for marriage laws. Senator Humphries also made the very important point that strengthening the recognition of same-sex relationships in no way undermines the very important institution of marriage nor is marriage strengthened by discriminating against other types of relationships.

Criticisms have been raised that there are different tests for de facto relationships—or de facto partnerships, as they are to be known in Commonwealth law. There are various definitions used throughout the Commonwealth statute book. Other acts, such as the Social Security Act 1991, the Migration Act 1958 and the Veterans’ Entitlements Act 1986, currently have their own approach to defining who is a member of a couple or a de facto partner or a child of a person. As I explained in my summing-up speech on the Family Law Amendment Bill, given the specific issues that are dealt with by these acts, a slightly different approach to the definition of ‘de facto partnership’ or ‘child’ is adopted. However, the insertion of a standard definition of ‘de facto partner’ into the Acts Interpretation Act 1901 will help to address the problem of the unnecessary proliferation of divergent definitions.

I note the comments from some opposition senators that this bill should recognise interdependent relationships. This option was explicitly rejected by the Human Rights and Equal Opportunity Commission in its Same-sex: same entitlements report because it does not give full equality to same-sex couples. The Rudd government recognises the important and tireless contribution of carers to the community. However, the issue of whether to recognise interdependent relationships such as caring relationships is quite a complex issue. For example, if interdependent couples were to be included as part of wider reforms there is a danger that people who could least afford it could be worse off. It would be inappropriate to recognise interdependency only in terms of beneficial Commonwealth programs.

It has been suggested by Senator Hanson-Young that the bill should oblige private trustees to recognise same-sex relationships. The amendments are aimed at ensuring equivalent treatment of same-sex couples and opposite-sex relationships under the Superannuation Industry (Supervision) Act 1993.

The amendments do not force private superannuation funds to recognise same-sex
relationships. Indeed, this would be, quite frankly, outside the scope of superannuation regulation. Forcing funds to recognise same-sex relationships or other relationships would have major policy implications for what is commonly referred to as the SI(S) Act legislative framework. There would be a particular problem in relation to defined benefit funds with this proposal. Requiring a private defined benefit fund to expand the class of potential beneficiaries may have financial implications for the funds as there may not be sufficient money in the fund to meet the new expected liability for the benefit. Additional cost would include increased employer contributions, insurance costs and increased administration costs. Typically employer-sponsored contributions to the fund vary periodically depending on actuarial advice to ensure that there will be sufficient money in the fund to meet expected liabilities before benefits.

The changes in the bill are designed to facilitate the recognition of same-sex relationships by superannuation funds. The approach is consistent with recent changes in respect of dependents, which permit but do not require funds to pay superannuation death benefits to a person in an interdependency relationship with a member. However, where a superannuation fund does not recognise same-sex relationships or provide binding death benefit nominations, individuals are able to move their accumulation benefits from one fund to another one that does, under portability arrangements. A recent survey of superannuation funds found there were a considerable number of funds that did recognise same-sex relationships. Results suggest that most, if not all, not-for-profit super funds are able to pay death benefits to same-sex partners and about half the funds have done this.

In conclusion, this bill marks the first step in removing discrimination against same-sex couples and their children in acts governing Commonwealth defined benefit superannuation schemes and related acts that have not moved with the times. The reforms in this bill will make a practical difference to the lives of a group of Australians who for too long have suffered discrimination in superannuation at a Commonwealth level. It is fair and equitable and it is, in fact, the right thing to do. I welcome the strong support that is now being expressed for the bill by the shadow Attorney-General. It is time now for the opposition to demonstrate that support and pass this bill without further delay. I thank the Senate.

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

The Senate divided. [10.03 am]

(The Acting Deputy President—Senator SP Hutchins)

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<th>Ayes</th>
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AYES
Brown, B.J.
Ludlam, S.
Xenophon, N.

NOES
Abetz, E.
Arbib, M.V.
Bilyk, C.L.
Boyce, S.
Brown, C.L.
Cameron, D.N.
Cash, M.C.
Cormann, M.H.P.
Eggleston, A.
Feehery, D.
Fielding, S.
Fifield, M.P.
Forsyth, M.G.
Humphries, G.
Hutchins, S.P.
Ludwig, J.W.

Senator Hanson-Young, S.C.
Siewert, R. *

Adams, J. *
Barnett, G.
Birmingham, S.
Brandis, G.H.
Bushby, D.C.
Carr, K.J.
Colbeck, R.
Crossin, P.M.
Farrell, D.E.
Ferguson, A.B.
Fierravanti-Wells, C.
Fisher, M.J.
Furner, M.L.
Hurley, A.
Kroger, H.
Lundy, K.A.
Question negatived.

Original question agreed to.

Bill read a second time.

Debate (on motion by Senator Ludwig) adjourned.

BUSINESS

Rearrangement

Senator LUDWIG (Queensland—Manager of Government Business in the Senate) (10.09 am)—I move:

That intervening business be postponed till after consideration of government business order of the day no. 6 (Tax Laws Amendment (Medicare Levy Surcharge Thresholds) Bill (No. 2) 2008).

Question agreed to.

TAX LAWS AMENDMENT (MEDICARE LEVY SURCHARGE THRESHOLDS) BILL (No. 2) 2008

Second Reading

Debate resumed from 14 October, on motion by Senator Carr:

That this bill be now read a second time.

Senator CORMANN (Western Australia) (10.10 am)—I rise to speak on the Tax Laws Amendment (Medicare Levy Surcharge Thresholds) Bill (No. 2) 2008. Less than three weeks ago the Senate voted down the Tax Laws Amendment (Medicare Levy Surcharge Thresholds) Bill 2008 because it was a fundamentally flawed piece of legislation. It would have put pressure on private health insurance premiums. It would have put additional pressure on public hospitals. It would have seen hundreds of thousands of Australians drop their private health insurance. It would have taken billions of dollars out of our health system. The measure would have remained fundamentally flawed even if the amendments circulated by the government at the time to reduce the proposed threshold for singles only to $75,000 had been successful.

The government introduced this measure without any attempt to assess its impact on our health system. For us to properly consider the merits of this measure, we have to assess it in the health policy context in which it was introduced. The overall health policy objective of a government is to ensure that all Australians can have timely and affordable access to quality hospital care. That is a challenge. In Australia we seek to achieve that through a mixed health system. For our unique health system to be successful, it needs a strong and well-funded public system and a strong and well-supported private health system.

Our private health system is also underpinned by the principle of community rating, which means that health funds across Australia are not allowed to charge more because a person is sicker, older or more likely to need access to hospital care. They are not allowed to charge more for an old, sick person than for a young and healthy person. That makes it harder to keep young people in private health insurance, making sure that private health insurance premiums remain affordable. To maintain the balance in our health system, to ensure that private health insurance premiums remain affordable, we need to ensure that as many Australians as possible participate. We need to make sure that as many young and healthy people as possible choose to take up private health insurance.

In 1996, when the coalition came into government, the system was totally out of balance. Private health insurance member-
ship was in freefall. Membership was at 63 per cent in 1983. By the time we came into government it was in the low 30 per cent range. It went down to 30 per cent before we were able to turn the ship around through a range of policy measures, one of which was the Medicare levy surcharge as it exists today.

Lifetime Health Cover, the 30 per cent rebate and the Medicare levy surcharge were the three policies that worked together to turn around private health insurance membership, which had been in freefall before that. What has been the experience? Membership went up by 13 per cent and, in recent years, it has started to go up again with 400,000 additional Australians choosing to take out private health insurance in the 12 months to June 2008. I put it to the Senate that in the last two or three years it has been the Medicare levy surcharge thresholds in particular that have been driving the increase in private health insurance membership.

When I say that in 1996 the system was out of balance, do not take my word for it. We were not the first to realise the problem at hand. After 10 years of failed Labor Party policy on health, the then federal Minister for Health, Senator Graham Richardson—and I am sure that Senator Carr would remember him well—actually realised that things could not continue the way they were going. You would remember Senator Graham Richardson, Mr Acting Deputy President Hutchins, I am sure. I will read out a few quotes of what then federal health minister Graham Richardson said in 1993:

We cannot continue to have private health insurance bleed in the way that it has in the past years, because this does increase the strains on the public system. That being the case, one of the things that I will probably be suggesting—listen to this—in a package that I shall put to my party later on in the year will include a levy for those on higher incomes in lieu of private health insurance.

Sound familiar? I will read a couple of other quotes from that period 1993-94:

One of the ways we will have to explore in making sure that some of the pressure is taken off waiting lists is at least to put a floor under private health insurance and try to get the numbers back up.

When he said that, private health insurance membership levels had just fallen below 40 per cent. They were at 39.4 per cent. He essentially warned what would happen if the government were not to go along with his proposals:

There ought to be a commitment by sensible thinking people to looking at the numbers in private health insurance and understanding that you cannot have those numbers in free-fall. If it is two per cent a year, that means by the end of this decade only 25 per cent of Australians are covered by private health insurance. You are starting to get below a critical mass point for private medicine. You will see the closures of many private hospitals or many beds in private hospitals.

Thank God there was a change of government two years after he said this so that there was a government that actually was able to make some decisions to restore the balance in the health system. Former Senator Richardson went on to say:

As everyone drops out, you are seeing healthier, younger people drop out, and that feeds into higher premiums. So as the two per cent go out each year they will push premiums up much higher. By the end of the decade, those premiums will be so high that the increase in the numbers leaving will not be two per cent; it will be more like three or four or even more than that. That is what I fear, the free-fall in the numbers in private health insurance.

Former Senator Richardson had a solution:

Single people earning $50,000 a year or families on $74,000 a year who did not have private health cover would pay about double the Medicare levy.
under plans drawn up by the then federal health minister Graham Richardson.

He took that proposal to cabinet. Do you know what cabinet said to him? ‘Take it to an ACTU-caucus working party so that they can tell us what they think.’ The ACTU-caucus working party of course sank that proposal because, on ideological lines, they have never liked private health and there was no way that an ACTU-caucus working party on the reform of private health insurance would support a proposal like that, however sensible it was in terms of restoring the balance.

Senator Richardson released a discussion paper called Reform of private health insurance. I really urge the now Minister for Health and Ageing to have a very close read of the things that were said then, because those who cannot learn from history are doomed to repeat it. This minister for health would do very well to have a read of the very sensible comments that were made by Senator Richardson at the time and to remember that she is not some sort of Assistant Treasurer running a Treasury line without any regard for the impact on our health system.

This is what Senator Richardson said in his discussion paper:

_We have now reached a point where private coverage has fallen below 40 per cent. This is not an immediate problem, as those who have dropped out are mostly young and healthy. However, as time goes on, an increasing number of older, higher users of health services will give up their insurance._

That is a no-brainer, yet these days Treasury officials, health officials, the government—everybody—are trying to tell us that what happened last time will not happen again, that there will not be a new downward spiral. Of course there will be. If you push up the price of premiums, it becomes less affordable for the most vulnerable in our community—those older Australians who are most likely to need access to quality hospital care. To introduce a measure like this without even attempting to consider the impact on them is, quite frankly, incredible. I quote again from Senator Richardson’s discussion paper:

_There are also a great many low-income families who maintain private health insurance. As premiums continue to rise, these people will come under increasing pressure to drop their cover._

I would like to think that the minister for health is listening to or reading this. I quote further:

_This gives rise to the real possibility that a flashpoint will be reached where the gradual decline of the last couple of years becomes an avalanche._

And further:

_As discussed in the introduction, declining rates of private health insurance membership have significant implications for the public system. As more people drop out of private insurance, the demands on the public system grow._

That is a no-brainer. I am quoting from the 1993 discussion paper called Reform of private health insurance released by the then federal Labor health minister, Graham Richardson:

_Already there are problems, the most obvious being waiting lists. There are too many people waiting too long, in pain, for vital operations._

I conclude my quotations from the discussion paper with this:

_Despite a perception that private health insurance is solely the province of the rich, this is not the case. Nearly one million families with incomes of $40,000 or less have private cover, as do 800,000 single people earning $25,000 or less. Many of those who maintain private insurance are pensioners or self-funded retirees with relatively small fixed incomes. Older Australians are particularly high users of health insurance._

Senator Fielding in the past said that he could not support this legislation because of the particularly harsh impact it would have on low-income earners and he said that he
would be insisting on compensation from the government. I will be very interested to hear what sort of compensation the government has offered Senator Fielding for the impact on low-income earners of this very bad public policy measure.

In concluding on former senator Graham Richardson’s comments, here is a little bit of a history lesson. In 1983 the government introduced Medicare and said, ‘Yes, some people will leave private health insurance.’ Sound familiar? This is the experience of what happened, and I quote from an opinion piece in the Canberra Times, written by then Senator Richardson, who was then the Minister for Health. He said:

Medicare was never intended to totally replace the private system. Medicare’s architects, including John Deeble, always assumed that a healthy private system would exist alongside the public sector. Certainly it was anticipated that there would be a decline in numbers with private health insurance. This occurred most dramatically between 1983 and 1984, with a decline from 63.7 per cent of the population to 50 per cent. Since then the numbers have continued to drop steadily and are now doing so at about 2.2 per cent a year. That 2.2 per cent drop means that every year $85 million worth of private insurance contributions are being lost to the national health budget.

How much private insurance income will be lost as a result of this measure? I have asked the government. Have the government provided an answer? No, they have not, but we can come to our own conclusions.

The general point that I would make on the comments that I have just read is that at least Senator Graham Richardson was focused on what was best for the health system. He was focused on what was best for patients across Australia, who needed timely and affordable access to quality hospital care. That is in stark contrast to the current minister for health, who is out there selling Treasury propaganda without even trying to attempt to explain how this fits in with the government’s policy on health.

Let us reflect on the process. Did the government announce this policy before the election? If it is really a tax relief measure, surely it would be popular—surely it would help them win some votes. They were quiet about it. Do you know why they were quiet about it? Because before the election they actually wanted to make people in private health insurance and in the broader private health sector believe that they now liked private health and that they were no longer driven by their ideological dislike of the private health sector—they were now committed to the sound policies of the Howard government. The then Leader of the Opposition, Kevin Rudd, wrote a letter to anybody who was interested in the private health sector telling them about how he was committed to maintaining the 30 per cent rebate to Lifetime Health Cover and to the Medicare levy surcharge.

Earlier this year in estimates I asked the senator representing the minister at the table, ‘Is the government considering any changes to the Medicare levy surcharge?’ No, they were not. Did any of the health officials at the table correct the minister? No, they did not. They knew the implications of this for the private health sector and they kept their plans secret. They announced it in a pre-budget leak and they were desperate to downplay the impact. I asked the question of the minister in question time on the day of the budget: ‘What about this pre-organised budget leak announcement? This is going to be bad for the health system.’ He said, ‘Oh well, some people will leave private health insurance.’ Two days later that had become, ‘485,000 people will leave.’ Then, during the Senate inquiry, which the government said was a waste of time and was tantamount to economic vandalism, all of a sudden—oops!—’We forgot to take children into ac-
It is actually 644,000 people who will be leaving the health system. Even with this slightly watered-down measure which was introduced in the Senate yesterday, a staggering 583,000 people are expected to leave private health, according to the government. These are the government’s own estimates. So that is a reduction of less than 10 per cent compared to the measure that the Senate voted down three weeks ago.

In terms of process, there was no consultation with the states and territories, even though the Rudd Labor government was elected on a promise to end the blame game and to start a new era of cooperative federalism in health. They pursued a policy measure at the federal level which clearly is going to have some negative flow-on consequences at the state and territory level in terms of the states’ and territories’ capacity to provide adequate levels of hospital services to their constituents. Despite those flow-on consequences, the government did not consult; the government did not provide access to their modelling to ensure that the states and territories could properly assess the flow-on implications and prepare for them and ensure that they could provide timely services.

The government did not do any modelling, costing or assessment of the impact on public hospitals themselves at all either. The only thing that the Commonwealth costed was the impact on the Commonwealth budget bottom line. How much money is this going to save us because we do not have to pay the private health insurance rebate to those who will be leaving? How much is it going to cost us because we lose the revenue from those who will no longer be caught by the Medicare levy surcharge? That was the only thing that the Commonwealth was interested in. Initially, the original measure was expected to save $959.7 million from not having to pay the private health insurance rebate. What is the change now in this revised measure? You would think that reducing the $100,000 threshold for singles to $75,000 would maybe create a bit of an impact. It is less than 10 per cent—in fact, it is 8.3 per cent. Now, the government still expects to save $879.3 million from not having to pay the private health insurance rebate to people it expects to leave private health.

That was a very difficult figure to get hold of, by the way, because if you look at the government’s explanatory memorandum there is hardly any information in it at all. You have to sort of go across to the press gallery and get the government’s propaganda sheet to get any information, even though a lot of the stuff in there is pretty misleading. But here we go. The government says, ‘We expect to save $879 million from not having to pay the private insurance rebate.’ Let us just reflect on that for a second. What does that actually mean for the health system, because that $879.3 million only represents the 30 per cent rebate? The government tells us that it is the young and healthy who leave; the young and healthy attract 30 per cent of the rebate, so this only represents the 30 per cent rebate. There is also the 70 per cent currently being contributed or that otherwise would be contributed by those people with private health insurance. That is another $2 billion. We have a measure here that is going to lose the health system nationally nearly $3 billion. It was to be $3.2 billion; it has now gone down to $2.9 billion. This is $2.9 billion that, as a result of this measure, is no longer going to be available to fund hospital treatment. Where is that money going to come from? There are only two ways: either it will have to be the states and territories who cop it sweet, without any commitment so far for any compensation by the Commonwealth, or it is going to be the pensioners and the older Australians, the sicker Australians, who will not dare to leave private
health insurance who will have to make up the difference through increased premiums.

It is an absolute disgrace that in introducing a measure like this the government would not seek to properly assess the impact on older Australians, on people needing access to public hospitals and on those who might choose to keep private health insurance. The government then says, ‘We have an overall saving of $354 million—because $960 million becomes $879 million and we now expect to lose $525 million worth of revenue.’ Well, that is actually totally misleading and it is a furphy because the government did not cost the impact of this measure on future premium increases. Premiums only need to increase by 2.43 per cent for that $354 million to be totally wiped out. You make the calculations. The government has allocated $14.5 billion over the forward estimates for the private health insurance rebate, 2.43 per cent of that without any compounding or anything, and that alleged saving is wiped out. I hope that Senator Fielding has a very close look at this because he has told us that he thinks that he needs to support this measure because it is going to help build a surplus. It will not do anything of the sort.

Professor John Deeble and Access Economics told us that under the original measure premiums would have gone up by about by at least an additional five per cent. Industry experts said possibly up to 10 per cent. A five per cent increase would equal $728 million in additional expenditure on the rebate. And where is that? It is not in the budget; it is hidden in the contingency reserve—very convenient. So we can make this measure look like a win-win situation—people have tax relief, we are going to save some money, it is going to be good for the economy. Never mind all these pensioners who will have to pay five to 10 per cent more for their health insurance premiums, because there is a saving. And the true cost of the measure is hidden in the contingency reserve. I am close to running out of time so I will just sum up. (Time expired)

Senator SIEWERT (Western Australia) (10.30 am)—Mr Acting Deputy President Ellison, I think this is the first time you have been in the chair while I have being speaking, so welcome!

The ACTING DEPUTY PRESIDENT (Senator Ellison)—Thank you.

Senator SIEWERT—As I pointed out in my speech on the earlier version of the Tax Laws Amendment (Medicare Levy Surcharge Thresholds) Bill (No. 2) 2008, the Greens believe this is an important bill that introduces measures that directly and indirectly go to the heart of health policy in this country. The Greens support the intention of this bill, in the same way we indicated our support for the previous bill, but note that the debates on its impact have raised critical issues about healthcare provisions in Australia.

The bill itself will address some of the inequities of policies brought about by the Howard government in its ideological efforts to promote and build a private health sector. The stick of the Medicare levy surcharge, introduced by the previous government in 1997 to encourage middle-income earners into purchasing private health insurance, was without indexation and has continued without indexation and is now capturing people on much lower incomes in relative terms. We agree that in the interests of fairness this should be addressed; however, we note that this bill does not go to the extent of reform that the Greens would like to see.

Raising the threshold has resulted in an outcry, largely from the private health insurance sector. They are claiming that the sky will fall in, public hospital waiting lists will grow, private health insurance premiums will rise and the Australian health sector will be
in chaos. This bill has focused our attention on the question of private health insurance and the notion of a balanced health system—and, importantly, the need for a strong, viable, properly resourced public health system as the best means to provide health care, which is a key policy concern for the Greens.

Written submissions and presentations to the committee inquiring into the previous bill have restored this debate once again to centre stage and raised important issues that we believe the parliament needs to consider. Firstly, I would like to look at the thresholds. Yes, we agree that the levy surcharge threshold should reflect the increases in average income over the previous 11 years. Individuals and families on lower incomes should be given a choice about whether to purchase private health insurance or opt for the public health system. They should be able to make the choice based on their own budget and life priorities, not forced to make a choice between expensive health insurance and a punitive one per cent levy on their limited income. I note that, generally, where these people on low incomes do choose private health insurance, they do go for the lower end of the private health insurance, which I have been told by many people they do not believe gives them an adequate product. It is fair and equitable to restore the intention of the policy by lifting the threshold on income levels. Of course, the Greens argue that the fairest outcome would be to remove the Medicare levy surcharge altogether so that all Australians had the same choices about private health insurance; however, given the current context, lifting the threshold removes an unfair burden on lower income Australians.

I will make the point here that the Greens were supporting the previous threshold of $100,000 but we indicate our reluctant support for the compromise position that has remained at $150,000 for couples. This measure will ensure that 330,000 Australians will have immediate tax relief, and that will have a significant benefit for those individuals and families. Obviously, this does not go as far as we would like, but we have been prepared to reach this compromise position in the interests of seeing these important benefits delivered to many Australians, albeit fewer than the original threshold would have delivered benefits to.

The Greens were concerned that the original bill did not include provisions for indexation of the threshold into the future. People may recall that the Greens tabled amendments to address that lack in the bill. We are pleased that, through negotiations with the government, the government is now including indexation in this version of the bill. We welcome the measures in this bill to index the threshold to the full-time adult average weekly ordinary-time earnings. The arguments against these measures have come predominantly from the private health insurance industry.

Senator Cormann—And National Seniors Australia.

Senator SIEWERT—I said ‘predominantly’ from the private health insurance industry. Their argument is that this will force people onto the already struggling public health sector and that the only way to balance the illness burden between public and private health is to continue the carrot and stick policies to force people into private health insurance. The Greens reject this position on a number of grounds. I would also like to point out that it is no wonder that the private health insurance industry is complaining. The privileged position given to them under the previous government’s position is being challenged. As the committee inquiry found, there is no conclusive modelling to gauge the impact of these measures
on the public health sector—in fact, the department admitted during the inquiry that they had done no modelling of the impacts on public hospitals. We simply do not know how many people will choose to exit private health insurance. However, given that many low-income people feel they are on substandard products and that quality service is not there, I think this will also encourage people to not necessarily want to continue with those lower quality products. There are Treasury estimates and there are estimates based on modelling commissioned by the private health insurance sector. The figures differ dramatically. As I said earlier, we almost have duelling models here.

In evidence to the Senate Standing Committee on Economics, Professor John Deeble, emeritus fellow at the Australian National University and the father of Medibank, calculates that the overall impact on the public health system is likely to be an increase of approximately two per cent per annum. Others point out that those most likely to be affected by this measure are the young and the healthy, and those least likely to require hospitalisation. The fact is that it is not possible to accurately estimate the impact. As Dr Woodruff, President of the Doctors Reform Society, pointed out in his presentation to the committee, the purchase of private health insurance is not an objective, rational or measurable act; it is highly subjective. Research shows that the cost as a premium or as a tax incentive or disincentive is rated lower than perceptions of security or safety. This simply means that the removal of the surcharge will have less of an impact on people’s choices about public health insurance than their age, their general health and their perception of risk and security in general and in relation to their health and wellbeing.

We believe this debate also exposes the myth of a balanced health system, and it brings me to the principal concern of the Greens around this debate—that is, the simple fact that the 30 per cent private health insurance rebate is a direct subsidy to the industry. The Greens have long argued for an end to the Howard government’s massive subsidy to the private health insurance industry. Approximately $3.2 billion are effectively poured straight into health insurance industry pockets through this massive subsidy—$3.2 billion over 12 years could have been funding our public health sector for hospitals, nurses, better facilities and health technologies and better preventative and health promotion measures. The substantial changes introduced by the Howard government since 1966 have seen the erosion of funding to the public health sector, with a consequent massive injection of funds into the promotion of private health insurance membership. I must question in particular whether low-income people are getting better health outcomes. I would suggest that, no, they are not. We still have long waiting lists in public hospitals.

It is important to note that it was the Howard government’s policy narrative which linked the decline of private health insurance membership with the burden on the public health system and then made this the central problem for the financial sustainability of the Australian healthcare system. This concept of a balanced healthcare system has been accepted as an inarguable given, yet the evidence suggests that there is in fact no causal link. Dr Amanda Elliott, health policy analyst at the University of New South Wales, in her analysis of the changes to the health system under the coalition government, points out:

By claiming the health care system was, first, in disrepair, and secondly, in disrepair because of the weakening of Medicare through a decline in private health insurance; the Coalition constituted both the problem and the range of possible solutions.
And the solutions were, as we know, to build the private health insurance membership through a range of measures directly funding the private health sector. This has diverted resources out of the public health system and worked very effectively to create a powerful and wealthy private health insurance industry and lobby, to which we have all been subjected very strongly over the last couple of months. It has not taken the pressure off the public health sector. As extensive research illustrates, the consequences of this have been dire for the public health sector. Rather than taking pressure off the public health sector, the opposite has occurred with serious consequences for staff and patients in public hospitals. We know that the national hospital data shows that the pressure on public hospitals has not been reduced and that international research shows that there is no link between increased private health activity and reduced waiting lists in public hospitals. Indeed, Dr Stephen Duckett actually found that the more hospital care provided by the public sector the longer the waiting lists for public patients. Let me remind the Senate that Stephen Duckett is no slouch when it comes to health policy. He is an economist, who now heads the Queensland health reform team. He was secretary of the Australian health department from 1994 to 1996 and has held leadership positions in the Victorian health department and the La Trobe University, and is a chair of the boards governing The Alfred and the Brotherhood of St Laurence.

Public hospitals desperately need increased resources to provide the best care possible to attract and retain skilled staff, and to improve care and treatment options. In her evidence to the committee, Professor Leonie Segal had this to say about the impact of the private health insurance rebate:

If we were not supporting private health insurance and those dollars were available to go into health in other ways, they could be used to increase the Commonwealth contribution to public hospitals by one third.

The Greens could not agree more with Professor Segal’s analysis. The private health insurance industry makes a further argument that this measure will force them to increase their premiums because low-claiming members will drop their insurance, leaving a greater proportion of higher claiming members. They argued in response to the original bill that private hospitals will be adversely affected by a reduction in business of between six and eight per cent, and may have to close or reduce the services offered.

We do acknowledge the concerns raised by National Seniors in their submission to the committee that older Australians who are able to retain their private health insurance could bear the brunt of rising insurance premiums. If they are forced to drop their insurance, they will join the public hospital waiting lists. However, anecdotal evidence suggests that they are far more likely to maintain their private health insurance at the expense of the basic essentials of life—a great cost to their mental health and physical wellbeing. The issue here is about ensuring that there are no unnecessary or unfair increases in the health insurance premiums, that the profits of the private health insurance industry do not increase at a time when Australians are facing an economic downturn and increasingly difficult economic times.

The Greens find Choice’s response to the industry claims compelling. The consumer advocacy organisation Choice argues that the removal of government imposed incentives on people to take up private health insurance membership will shift the onus on to the industry to make their product more attractive to the consumer. This means the industry will operate in a market. The industry will have to come up with its own incentives to attract consumers rather than operating on govern-
ment subsidisation, as it has for the past 11 years. And no doubt the market will help the industry to keep their premiums as low as possible.

Despite a lack of certainty about the actual impacts of these measures, there is no doubt that there is likely to be some increase in public hospital usage, and this is of course a matter of great concern to the Greens. The Greens believe that the public health sector should not carry the financial burden of measures which are intended to bring a tax measure into line with the current economic context. As I stated earlier, and my Green colleagues have argued in this place for years, the Greens believe that the public health system should be properly funded and that the billions of dollars which have been diverted from it over the past decade or more should be restored.

Notwithstanding that we will not achieve that goal here today, we do believe that if there is any impact on the public hospital system this should be compensated for by the federal government—and I made that point with the previous bill. The government have given us as a strong commitment that there will be no adverse impacts on the public hospital system as a result of this measure. We therefore seek from government an undertaking that they will in fact act to enforce this commitment that there will be no adverse impact on the public hospital system. We welcomed the previous commitment from Senator McLucas—which she gave when she was representing the minister—that no public hospital service will be financially worse off in that event.

We will be moving amendments in the Committee of the Whole to ensure that any impact on public hospitals will be assessed by requiring for three years an independent annual review of any impact. This will give the government the necessary quantifiable data so that, if there is any adverse impact, the government will know what needs to be made up to the public hospital system. We believe it is incumbent on the government to undertake a review of the impact of this bill on the health sector generally and on the public and private sectors and the not-for-profit privately run hospitals, which will also potentially be affected by this measure. The government should ensure that an evaluation is undertaken as part of this legislation. That is why I have already circulated an amendment that calls for a review of the operation of this act. We believe that it is essential that the government are absolutely clear in their undertaking that the public hospital system will not be worse off because, if they do not, lower income Australians will be the ones in particular who suffer.

We believe that it is up to the government now to demonstrate their commitment to a strong public health system and to guarantee to the Australian community that this measure will have positive benefits for our public health system. We Greens believe that this is a small step in addressing the issues that need to be addressed in terms of a strong, viable public health system in Australia. As I said earlier, the Greens reluctantly support the new bill’s threshold of $75,000. But we are very pleased to see that the government has included indexation in this new bill, so we will be supporting it and we urge the government to support our amendment, which requires a review of the operation of the act annually for the next three years to look at any first, second and third impacts that are created by the implementation of these measures.

Senator CAROL BROWN (Tasmania) (10.47 am)—I rise to also contribute to the debate on the Tax Laws Amendment (Medicare Levy Surcharge Thresholds) Bill (No. 2) 2008. In his contribution, Senator Cormann
told about the initiatives that were put in place by the Howard government and he de-
scribed a system totally out of balance. When he talked about the Medicare levy sur-
charge, he said that it was introduced then ‘as it ex-
ists today’. Well, that is the point: it was as it exists today. When the Medicare levy sur-
charge was implemented the stated aim was that it was intended for high-income earners.
I do not agree with Senator Cormann on many issues but I do agree that it was exactly as it exists today. I am glad he has pointed that out because he is right; it is completely out of balance. It was implemented for high-income earners; that was the stated aim, whether it was true or not. But as it exists today it is completely out of whack.

This is the second time this initiative has been put before us in this place, and it has come here again in an amended form. However, the primary purpose of the bill remains the same: to deliver some long overdue yet ever so timely tax relief to average Australian families, who are currently feeling the pinch. Indeed, as we saw yesterday with the announcement of the government’s $10.4 billion Economic Security Strategy to strengthen the Australian economy and support families during the global financial cri-
sis, times are tough and any measures, such as those contained in this bill, that are de-
signed to put money in the back pockets of Australian families should be supported.

When announcing the original measure as part of the May budget, the government said its aim was to restore the application of the levy to the levels at which they were first intended, and to remove the tax trap that had been created by the Liberals, who failed to raise the threshold since its inception. This bill remains true to those aims. It does so by raising the Medicare levy thresholds from $50,000 to $75,000 for individuals and from $100,000 to $150,000 for couples and fami-
lies. However, while the aim of this measure was and remains relatively simple, it seems to have been somewhat buried under the weight of the debate that has arisen since the measure was first announced by the Treas-
urer in May. The aim of this measure, as pointed out, was quite simply to provide av-
erage income earners in Australia with some long overdue relief by returning the thresh-
old levels to the approximate position that was intended when the levy was first intro-
duced in 1997. As I have said before, what appears to have been a relatively straight-
forward proposition has been severely com-
promised by the opposition, who have made it their job to vandalise this year’s budget by blocking the passage of this and several other key budget measures.

Senator Cormann—That is because the measure is fundamentally flawed. Ask Sena-
tor Richardson.

Senator CAROL BROWN—I think I sat here and listened to Senator Cormann in si-
ence. I did not agree with much of what he had to say but I did listen to him in silence. I am not sure if Senator Cormann has been brought up with the same set of manners as were instilled in me by my parents, but per-
haps he needs to have a look at how he be-
haves.

The ACTING DEPUTY PRESIDENT (Senator Ellison)—Order, Senator Cor-
mann!

Senator CAROL BROWN—As I was saying, by initially blocking this bill and con-
tinuing to refuse to support it, those op-
posite have denied and continue to deny thousands of Australians the obvious finan-
cial relief that will result from its passage. The Liberal Party should be ashamed. They took advantage of hardworking Australians by effectively allowing the Medicare levy surcharge to become a tax trap and a means of draining more money out of the back
pockets of average earners. They should be ashamed that by doing so they forced many working families to take up private health insurance cover that they could little afford, which was mostly packages at the lower end, and took away their ability to choose whether to purchase private health insurance. And they should be ashamed that they did all of this while chronically underfunding the public health system.

Indeed, it would seem that the Liberal Party are still in a state of denial over the corrosive effect that they have had on the health system while in power. The shadow minister for health and ageing in his contribution to this debate proceeded to blame state Labor governments for the demise of the public health system over the past 11 years. He also took the populist line, as those opposite increasingly attempt to do these days, and claimed that the changes contained in this bill are bad for older Australians. We know that the state of the public health system in Australia was a direct result of the Liberal government’s failure to properly fund it.

As I have pointed out in this place before, the reality of the former government’s underfunding of the public health system is no better reflected than in my home state of Tasmania, where the impact of chronic underfunding continues to plague our public health system. According to the health expenditure report produced last year by the Australian Institute of Health and Welfare, the former government’s share of the public hospital bill decreased by more than five per cent in the four years to June 2006. This effectively meant that the former Liberal government was short-changing the Tasmanian public hospital system by $70 million each year. That is $70 million less to spend on extra nurses, on extra beds and on cutting waiting lists. And, in contrast to the shadow minister’s claims, that is $70 million dollars less spent on providing quality health services for older Australians.

For the Liberal Party and those opposite to claim that they oppose the measures contained in this bill on the grounds that they may or may not put further pressure on the public health system borders on the hypocritical. Indeed, one would be inclined to ask whether in fact it reflects just another populist tactic rather than a genuine concern for the future of the public health system. In light of the global economic crisis, such populist tactics are wearing thin and it is about time those opposite reviewed their true function in this place, which is to represent the best interests of the Australian people. If passed, the measures contained in this bill will provide immediate tax relief to around 330,000 Australians. For two average-income earners each earning around $60,000 this will deliver a saving of up to $1,200 in its first year. For many Australian couples and families that $1,200 is the difference between being able to scrape together a deposit for their first home and being able to pay for childcare and education costs. Indeed, in the current economic circumstances such a saving offers significant relief.

However, despite its obvious benefits it appears that those opposite, up until this point, have been ideologically opposed to raising the thresholds from the initial levels they originally set way back in the late nineties. As has been pointed out time and time again—but I will once again reiterate it—when it was first introduced, the stated aim of the Medicare levy was to apply to high-income earners, the people that could afford to purchase private health insurance. Indeed, at the time it was introduced the then Treasurer said that he hoped it was a tax that nobody would ever have to pay. However, despite this, since 1997, the threshold has come to represent a tax on the sly forcing an increasing number of working families—some,
I might add, earning below the average full-time wage—to either pay the levy or stretch their budgets to take out private health insurance.

As the Minister for Health and Ageing, Ms Roxon, pointed out in her second reading contribution, in 1997, 167,000 Australians were liable for the surcharge. Then under the inaction of the former government, by 2005-06, this had risen to 465,000 Australians. That is 298,000 more average working Australians and mums and dads that have been forced to pay a levy, which the former Treasurer at the time of its inception claimed he hoped no-one would ever have to pay. The current government, right from the beginning, has labelled itself as economically conservative and, when delivering its first budget in May, focused on measures aimed at making savings where it could build a strong surplus for our nation’s future. Therefore the savings for Australian families contained in this bill, unlike those offered by the previous government, do not simply represent a handout or a cheap political stunt. On the contrary—they represent the actions of a government that genuinely believes in the concept of fairness and giving the Australian people, where possible, their due.

It is about restoring the balance, it is about doing what is right and it is about sticking to the original aim of the levy and not taking advantage of the Australian people by failing to act. As we saw yesterday with the Economic Security Strategy announcement, that is not this government’s way and that is certainly not the Labor way. There is no logical justification for those opposite to not support this bill. Indeed, many of those opposite have in fact previously seemed to support the amended thresholds in this bill. My fellow Tasmanian Senate colleague Senator Richard Colbeck, stated:

If they are talking about indexation, and that is the intent of the government, then indexation of this measure would have put the threshold at about $75,000 or $76,000.

Further, Senator Cormann said:

… would it be more appropriate, instead of doubling it and probably overshooting the mark, to look at what the figure would be if it had been indexed? I am talking about approximately $75,000 per annum.

Senator Cormann—Mr Acting Deputy President, I rise on a point of order. Senator Brown was perpetuating the same misleading statements that the Minister for Health and Ageing has perpetrated over the last three or four weeks by reading a question and presenting it as a statement. I ask you to advise her not to mislead the Senate.

Senator Conroy—Mr Acting Deputy President, on the point of order: if the good senator feels that he has been misrepresented, there is an appropriate time and place for dealing with that instead of taking the time of the chamber with spurious points of order. I ask you to rule that there is no point of order at all.

The ACTING DEPUTY PRESIDENT—Senator Cormann, there is no point of order. It is a debating point.

Senator CAROL BROWN—I was going on to say that that was a line of discussion that was held in the Senate hearing, but Senator Cormann has beaten me to the punch. Anyway, I will repeat it and I will put the question mark in for you, Senator Cormann. I quote:

… would it be more appropriate, instead of doubling it and probably overshooting the mark, to look at what the figure would be if it had been indexed? I am talking about approximately $75,000 per annum.

The proposals contained in this bill represent the amended figures previously suggested by those opposite. By not supporting this bill their real reasons are exposed. If those opposite had previously suggested the measures
contained in this bill, what is the purpose of them opposing it? How can the Australian people be expected to trust those opposite if they go back on their word? If Senators Colbeck and Cormann were serious, they would support this bill.

The proposals contained in this bill, resulting from much consultation with the private health sector, stakeholders and others in this place, represent a solid, sensible and reasonable approach—a middle way—which those opposite should get behind. Access Economics, in its report to the AMA, stated that thresholds of $70,000 and $140,000 would have ‘restored the system to the previous real levels, if this was the goal’. After the original bill was blocked, we have taken our original proposal away and listened carefully to what key stakeholders have had to say about appropriate threshold levels and we have adjusted them.

Further, an important part of the amended legislation is the introduction of annual indexation for the single threshold. This indexation will see the threshold indexed against the wages growth each year to ensure it keeps pace with growth. This will ensure that the application of the threshold will remain relevant and fair now and, importantly, into the future. This reflects the genuine commitment of the government to prevent the levy becoming a tax grab—as it exists today. It reflects a fair and balanced approach to the application of the levy.

This increase was one of a range of measures announced as part of the government’s economically responsible budget, and it is aimed squarely at helping to reduce the cost-of-living pressures faced by average income earners in Australia. Indeed, initiatives such as those contained in this bill reflect an acknowledgement by the government that many Australian workers and their families are under financial strain and the government, where it can, should be trying to ease that strain. In light of the global economic crisis and the government’s $10.4 billion Economic Security Strategy announced yesterday, any such measures that put money in the back pockets of Australian families are welcome and should be supported. Lifting the thresholds to $75,000 for singles and $150,000 for couples will provide savings to around 330,000 average earners in Australia—a significant number who, it appears, will be disappointed again by those opposing this bill. Those opposite appear to be content to continue their program of budget vandalism by once again not supporting this bill. I urge those opposite to support this bill. This bill will operate to bring the threshold levels back to roughly where they were first intended to be. The indexation measure will further ensure that the threshold levels remain relevant and fair now and, importantly, into the future. I commend the bill to the chamber and once again urge those opposite to stop politicking and stop blocking this much needed measure. Australian families need this measure, and those opposite should support the bill.

Senator McGAURAN (Victoria) (11.04 am)—Dear, oh dear! Was that the government’s effort to defend the Tax Laws Amendment (Medicare Levy Surcharge Thresholds) Bill (No. 2) 2008 for the umpteenth time? It was very sad. You did not put much into that, Senator Brown, to be quite frank. I know the government put you up to it—to being the lone speaker in the dying days of this bill. You must know defeat is before you. There was no passion in that. You said that we were resisting on ideological grounds. I am pleased to be able to follow the contribution on this bill made by my Western Australian colleague Senator Cormann. He is someone who has spent a lot of time on this issue—from the beginning through to now, its closing point.
Senator Cormann was party to the Senate inquiry and had much to do with the writing of the dissenting report—a very comprehensive report and one that was not full of cliches like the contribution by the previous speaker. I wrote a couple of the remarks down. They were so esoteric. Her argument for the government’s position was that the difference between private health insurance and public health is ‘out of whack’. That was it—‘out of whack’. So we are just supposed to take that on face value—‘out of whack’!

We do not know how out of whack or what is particularly out of whack. In contrast, the previous speaker from the opposition side, Senator Cormann, backed his statements up with facts, figures, modelling and experience. Read the dissenting report, for heaven’s sake! That is the difference. We take this issue of health seriously. We know it is a No. 1 political issue for any political party. Heaven knows, the last time we were in opposition, health was a problem for the then Liberal opposition, and we had to come to grips with the issue of health and Medicare.

Senator Cormann laid down the principles for a good, healthy health system. We have probably one of the best in the world. I would defy anyone in any country to compare their health system to Australia’s. I think Australia has the best health system in the world. It is yet another legacy left by the previous government for the current government, and in the first nine months they are already starting to dismantle it. The principles laid down by the previous speaker on the opposition side are not esoteric. They are real; they are concrete.

We turned those principles into policy and action when in government. We had an affordable system, an accessible system, a modern system with the best of care. We had a health system that had a balance. To abide by those principles you need a health system that has a balance between private and public. That is what our side believe in. If you want to accuse us of ideology, our ideology is that the best system for the Australian public is a mixed system, with a balance between public health and private health, because it offers freedom of choice for the individual and for the family.

Senator Conroy, if you want to talk about ideology, we know the other side’s ideology on this. Because we have the facts and figures to prove that our ideology produced the best health system, you have to ask yourself: why would the new government take to the system as it stands now? Because of ideology. I will refer again to Senator Cormann’s speech—and I will refer to it even more when I address myself to the dissenting report, which is so comprehensive that it ought to be read into Hansard. There is enough material there to make a good speech about and mount a good case for why this bill ought to be defeated.

But I was talking on the point of Labor Party ideology. We saw it when they were last in government and we are seeing it now that they are in government again. In fact, we saw it when they were in opposition. Let us go through the history, which Senator Cormann rightly raised. He mentioned Senator Richardson. Talk about a blast from the past. Ironically, in the chair at the time we had Senator Hutchins, one of the modern day New South Wales number crunchers. He is pretty good at it, but no-one is like Senator Richardson.

Senator Cormann—Senator Conroy knows all about that.

Senator McGauran—Senator Conroy has attempted on many occasions, Senator Cormann, to model himself on Senator Richardson. But can I just use these infamous words: he is no Senator Richardson. Senator Richardson spent most of his politi-
cal career just playing politics, playing the numbers game. He wrote a book about it, if anyone cares to read it. It is called *Whatever it Takes*. I am sure you have read it, Mr Acting Deputy President Ellison. The point is that he was not a man who took to good management of a ministry very well. But on one occasion, to give him absolute credit, he decided to knuckle down and focus on his portfolio. I would say that the public servants burst through his door and said, ‘You’ve got to do something now about the health system. It’s starting to collapse.’ Then, as was properly mentioned by Senator Cormann, he did. He created a discussion paper on health called *Reform of private health insurance*.

Such was the seriousness of the situation, the degree to which the health system had run down. When Labor first came into government, membership of the private health system was around the 70 per cent mark and was collapsing by the year. It was down towards 32 per cent when we gained office. Senator Richardson tried to alarm his government by saying that this could not possibly go on, that the system had to be addressed and that there were many people such as pensioners and people on low incomes who took up private health insurance. He said that there needed to be a mixture of public and private health—not solely private health but a mixture. A collapsing private health system quite obviously puts pressure on public hospitals and state and federal budgets and increases premiums for the disadvantaged, the pensioners.

That was Senator Richardson’s cry. It was a cry in the wilderness because, from the Prime Minister down, ideology set in. Also, no less than the ACTU stepped in to stop the plan by Senator Richardson to save private health. Ideology set in. Mr Keating, the then Prime Minister, called private health insurance a system for the rich. He believed, as did most of those from the left wing of the Labor Party at the time, in universal health care—one system, a public system.

Anyone who has any practical experience in the real world outside politics and outside public life knows that governments are not very good at running things, let alone the health system. Why would you rely solely on a public health system? Why would you rely solely on state government whims, state government budgets and federal government budgets and management? It is impractical. It is dangerous, quite frankly. We on this side of the house also say that we would not rely solely on a private health system. It has its flaws too, quite obviously. A private health system driven by returns will end up with many gaps in it, where companies will not take up certain procedures and where they probably will out-price many of those who cannot afford private health. So what you need is the mix.

But if anyone is driven by ideology it is those on the other side. When they were last in government they utterly collapsed the private health system. When they were in opposition they resisted, on each occasion, our attempts to reform the health system to get a better balance between private and public health and to lift the number of people who would go into private health insurance. They resisted when we introduced the surcharge, lifetime health insurance and the 30 per cent rebate. They held the dismantling of the 30 per cent rebate—as successful as it was shown to be—as a policy right up until 2007. They were against it for one reason when they were in opposition: ideological grounds. Now that they are in government they are attacking the private health system with all the ideological zest they can find.

Do not dress this up as some sort of tax relief when it is not tax relief. It is bad legislation. More people will be hurt by this than will ever get tax relief. It is a dangerous cha-
rade you are carrying on. I think you must have run up the white flag since you put Senator Carol Brown up as your last speaker on this issue. She barely made her 20 minutes; she petered out towards the end and just used a whole lot of cliches. So I accept now that you have probably run up the white flag on this issue. Not that you have seen sense—we have had to knock it into you, in regard to the numbers. But the truth is that this attempt to dismantle and damage the private health insurance system is dangerous. It is dangerous to the many pensioners who take out private health insurance—hundreds of thousands of them. A figure was quoted that in 2006 there were some one million people on low-incomes of around the $20,000 mark who had some mix of private health insurance. People such as those are even below the surcharge threshold, so it is no advantage to them and they will suffer higher premiums. You have not looked into this. You have allowed some ideological bent to take hold. But, thanks to the numbers here in the Senate, this will be defeated.

One thing Australia can be proud of is its health system. There is only one reason: we have got the mix. It is not ‘out of whack’, as you would say, Senator Carol Brown. It is not ‘out of whack’ at all, whatever that is supposed to mean. Here is another one of your great cliches: you are not ‘putting money into the back pockets of families’—you are ripping it out! Does it make any sense? I see you shaking your head, Senator Carol Brown. What sense can we make of this? I know it is impossible to get through to you, even when all the facts and figures are there in the dissenting report. That report is an absolute credit to the senators who sat on that committee—

Senator Conroy—Have you read it? Have you read all of it?

Senator McGauran—I have read it all. Have you? Of course you have not! You have not even read your own brief—we get that from question time. We know you have not even read your own brief in your own portfolio. I will quote from this dissenting report, Senator Conroy, to save you having to go back and read it. Let me just put on the record elements of this dissenting report which sum up our case and the facts. We ought to deal with the facts when it comes to health. You can have side debates—ideological debates, philosophical debates—on other issues but not on health. It is no place to be running your left-wing ideology. And that ideology has been proven to have failed; it is not even good ideology. I see Senator Cameron has just come into the chamber. Talk about ideology! He is a man riddled with the politics of envy. He would have loved what Paul Keating said: that private health is for the rich; that we ought to have a universal health system. And he sits as one of the prominent members in the new government. This has been proven to be a failure—then, when they were in government; then, when we were in government; now, when you are in government. Yet you are still thick-headed about the whole issue.

Senator Carol Brown—Excuse me?

Senator McGauran—‘Thick’—‘thick-headed’. Let me read some things into the record:

Even on the most conservative estimates, health fund membership would plummet and premiums would rise well over the trends of recent years …

… particularly private hospitals. Fewer privately-insured people mean fewer private hospital episodes …

I am quoting selectively, I admit, and from page to page.

The savings suggested by the Government appear to be illusory at best …
Certainly, there will be a massive cost shift from the Commonwealth and the privately insured to the States through additional demand on public hospitals.

And the states have already had something to say about that.

**Senator Cormann**—All of them.

**Senator McGauran**—All of them.

Typically, they are not going to wear it. Did you ever think they would? I think this Tax Laws Amendment (Medicare Levy Surcharge Thresholds) Bill (No. 2) 2008 came down in budget time. I would have to say that, of what was a bad budget, this would have to be the worst policy announced on budget night. I know that in your first budget you are under pressure; you want to get things out. But this would have to have been the worst, most costly and most incompetent announcement on budget night—and there were a few of them. But you are playing in the area of health. I cannot see that the health minister, who put this up, who is responsible for this, has a very long future, with the embarrassment of it being defeated in this Senate—I assume—but also the mere fact—

**Senator Conroy**—She will be a minister longer than you will be.

**Senator McGauran**—Okay; good point. But that is not the point. I will tell you one thing: I would never dream of putting up such absurd, dangerous, incompetent legislation as this. So I would say to the government: when it comes to matters of health, be a little less ideological and a bit more pragmatic; look at the history. Go back and look at your own history when in government and look at the achievements of the previous government, and do not wreck what was left for you.

I should add, and it was properly pointed out by the previous speakers, that private health insurance, as was shown in the report, is not a matter for the rich—far from it. People from all levels ought to have access to private health. The inquiry heard from National Seniors Australia—to name just one body—that this legislation, should it go through, will seriously hurt older Australians and pensioners. Time does not quite permit me to read out the quote, but again I refer you to the dissenting report.

The Chief Executive Officer of Catholic Health Australia gave evidence before the inquiry, pointing out how this will hurt their hospital system—which is one-third of the hospital system. He went on to say that the Catholic hospital system itself has a mixture of private hospitals and public hospitals. The private hospitals help to fund and subsidise the public hospitals. Should this legislation go through, they will be sorely affected. The Catholic public hospital system will not be able to be subsidised as greatly. The case will be exactly the same for the state hospital system. The same thing will happen.

I hope this legislation is heading for defeat and will not be seen again. I hope the government goes back to the drawing board and takes health a little more seriously. It should when the next reshuffle comes have a look at the minister that it has put up, because this is a disgrace. This is a disgraceful piece of legislation. Of all the policy announcements in its very first budget, this ranks as the worst. And that is saying something, when you think of the luxury car tax and what a shemozzle that ended in and the alcopops tax and what a farce and a fraud that is. This will hurt more—up to one million—low income people. We reject this legislation, and we support its rejection in the Senate.
been clear from the first days after the previous version of this bill was introduced. I am not happy when what is, by the government’s own admission, a tax bill is spun as health policy. This bill should be the responsibility of the Treasurer. Having said that, I acknowledge the cooperation and the professionalism of both the health minister and her office. In my dealings with them over the last few weeks they have been very helpful in providing the information that I have requested. They were always cordial. It was always useful to meet with the minister and her advisers. I put on the record my acknowledgment of the professionalism of the minister and her office.

I am also uncomfortable about a bill being sold to Australians as putting tax money back in their pockets, when in fact it is putting more money back into the government’s coffers. Let us be honest: in its original form, this bill was to make the government a net gain of $300 million. Initially, it was claimed that Australians would get tax cuts to the value of $660 million, while savings on health insurance rebates to those who dropped out would be $959.7 million—a net gain of $299.7 million to the government over the forward estimates. This type of tax cut is equivalent to giving someone a $5 note and being certain that you will get $10 back later. This principle has not changed even though the threshold levels have.

That said, I agree that it makes sense to increase the Medicare levy surcharge threshold on annual taxable income from $50,000, when the average Australian income is now $58,000. I believe it was a mistake of the coalition when the threshold first came into effect, back on 1 July 1997, to not have indexed it for inflation. I would urge the coalition to reconsider their position on this. This levy should not be placing many average Australians on the so-called rich list. However, we must be responsible in how we do this, particularly in these times. Any indexed change must be made according to CPI—that is, the cost of living—and not according to obscure measures favoured by Treasury officials. The government’s thresholds in this bill are based on average weekly ordinary time earnings and are to be indexed accordingly. However, in this time of financial insecurity, the purchasing power of many older Australians—that is, the main users of health services—is declining due to their not having weekly earnings and their share portfolios plummeting either directly or through their super funds.

An approach that focuses on fair health outcomes, not tax takes, is to index the thresholds against the real cost increases of CPI. This would set the threshold figure at some $69,000 for individuals and $138,000 for couples. This is a fairer benchmark for all Australians and this has been my consistent position from when this bill was first introduced. I flag now that I will be introducing an amendment. I have circulated an amendment to this effect, and I will be urging honourable senators to support that amendment and what I believe is a fair and sensible compromise. In this bill the government has rounded down the average weekly earnings index to the thresholds of $75,000 for individuals and $150,000 for couples. Why would this be, given that CPI is the index that all Australians understand? It is a fairer measure. Why would the government go for the obscure economic index it seeks in this bill? The answer is not to provide more tax cuts; rather, it is the old $5 for $10 trick of keeping a bigger surplus. With thresholds of $75,000 and $150,000, the government expects—on its own figures—583,000 people to cease to be covered by private health insurance. With thresholds of $69,000 and $138,000, government predictions are that that number will be closer to 488,000.
So a shift of $6,000 will mean 100,000 fewer people will be exempt from the levy. Why would I not support tax relief for 100,000 Australians? The first answer is that this so-called tax cut for a few will actually result in private health insurance increases for another 10.4 million Australians. Health insurance industry figures indicate that over one million Australians with private health insurance earn less than $26,000 per year and over 30 per cent of private health insurance holders earn less than $48,000 per year. These people are paying for health insurance to meet their real health needs, not to avoid a levy. These people cannot afford and do not deserve a premium hike to pay for tax relief for a few. There is frustration in the community that private health insurance costs seem to be constantly on the up, so why provide an excuse for another rise?

I am concerned that there will be a tipping point if you have too many people dropping out of private health insurance, even on the government’s own figures at the $75,000 figure. We have seen from the private health insurance industry estimates that this figure could be much higher. I am concerned about that tipping point, I am concerned about maintaining equilibrium—a balance between the private and public hospital systems in this country—and that is why it is important, I believe, to take a cautious approach. I think this cautious approach is justified in the context of what has happened to all financial markets when you consider that private health insurers in this country rely to a significant degree—up to half, as I understand it—on their income from their investments and these investments have taken a battering in recent times. These are the matters that must be considered.

My second answer to the question I posed in relation to the whole issue of a tax cut and its implications is because these 100,000 extra people on the public system will put extra demand on public hospitals and waiting lists. That is a real risk. That will be a cost pressure on the system. Using industry estimates of the impact of the public health system in my home state of South Australia, this difference of $6,000 will require an additional 11 public hospital beds, or one ward, per day to a total of 4,000 places a year. How would these be funded? Will this not result in longer waiting lists? The government openly admits that this is a tax bill and the extra revenue is earmarked for the surplus. But I am concerned that what 300,000 Australians will get by way of a tax cut will be more than offset by 10.4 million Australians paying more in private health insurance premiums unnecessarily as a direct consequence of this particular measure.

As I said in my previous second reading contribution, I need to be convinced that this bill is not just a tax grab spun as health policy: I have not been convinced. I appreciate the need to address the inconsistency of the current threshold below average weekly earnings and support some change. But I believe the fairest, clearest and most balanced approach is to use the CPI, which reflects actual living costs for current and future indexing of the Medicare surcharge levy threshold. As a consequence, I foreshadow amendments to this effect in the committee stage which if unsuccessful will mean that I have no choice but to oppose this bill at the third reading stage.

Senator CAMERON (New South Wales) (11.32 am)—I raise to support the Tax Laws Amendment (Medicare Levy Surcharge Thresholds) Bill (No. 2) 2008 and I do note that Senator McGauran in his usual quite dramatic way has raised a number of concerns from the opposition. But what should be understood is that the Medicare levy surcharge is simply a tax on income. This bill will provide tax relief for low- and middle-income individuals earning between $50,000
and $75,000 a year and for families earning up to $150,000. This bill will restore equity to the incidence of the Medicare levy surcharge and will remove a tax trap that increases each and every marginal tax rate by one per cent on each and every dollar earned by anyone earning between $50,000 and $100,000.

The government intends to redress the lack of fairness in this Medicare levy surcharge and it is a lack of fairness that the coalition did nothing about in their 11½ years of government. It has been left again to a Labor government to bring about some fairness and equity to the ordinary taxpayers of this country. We will do that by having a proper administration of the Medicare levy surcharge.

The coalition oppose this bill; it is hardly surprising that they oppose the bill. In the past few months they have caved in to just about every rent seeker that has knocked on their door. They oppose tax relief for low- and middle-income earners paying the Medicare levy surcharge while they oppose taxes on luxury cars for the rich. On private health, they have made no mention about some of the costs imposed on the community through private health insurance.

It was very interesting that during the Senate inquiry we heard from the chief executive of one of the private health funds that had gone through a process of demutualisation and, in that process of demutualisation, this chief executive was awarded $1.2 million to demutualise the health fund and turn it into a private entity. I do not see this as a good spend of public money. Why should we be supporting a 30 per cent subsidy for these health funds if this is the type of conduct that they are going to embark on? We should be saying loud and clear that if you want a private health industry in association with the public health system then we should get value for money, and $1.2 million bonuses to chief executives in private health funds is not good value for those that are paying into the private health industry or for the public, who are subsidising the private health industry.

We have seen the opposition defend an unjustifiable and unconscionable subsidy from every taxpayer in the country to the North West Shelf joint venture partners, who include some of the biggest, most powerful and most profitable corporations in Australia. The public need to know what the opposition have been about in this house. They have been supporting the big oil companies and they are supporting the private health industry and their executives with their $1.2 million-a-year bonuses. They have been supporting the Maserati drivers and the Lamborghini drivers and, at the same time, they are saying that ordinary Australians should not get a tax cut when they are being forced into paying for private health insurance at a level that was never envisioned by this policy when it was set up by the coalition when they were in government.

The bill increases the Medicare levy surcharge thresholds from an annual tax income of $50,000 to $75,000 for individuals and from $100,000 to $150,000 for families and couples. The increased thresholds will apply from the 2008-09 year of income. For 2008-09 tax returns, individual taxpayers earning $75,000 and under will not be liable to pay the Medicare levy surcharge. Currently, the surcharge is an additional one per cent of taxable income imposed on those who do not have private health insurance and who earn over $50,000 a year—or $100,000 a year for couples and families. It is not just a levy on income over and above the income threshold; for those whose income exceeds the threshold, it is levied on all of their taxable income.
If this bill is passed, a single person without health insurance on the average annual salary of $58,600 would receive a tax cut of $586 a year. This is an important tax cut when ordinary families are under pressure from the global economic crisis that we are facing. At a time when the government is taking substantive steps to reduce the burden on ordinary workers in this country, we cannot have the opposition continue to try and impose a $586 a year tax penalty on workers who do not want to be in the private health industry area.

This is a unique tax in Australia and it is not in the least bit progressive. In fact, it acts in reverse. It taxes income downward after a person’s income exceeds the threshold. In this sense, it does really carry the coalition brand of unfairness, the coalition brand of not caring about ordinary Australians, the coalition brand of looking after the big end of town when they are screwing ordinary working Australians. Only the coalition would introduce such a tax. Labor is moving to fix this by raising the threshold.

If the Medicare levy surcharge had been indexed to the CPI since it was introduced on 1 July 1997, the threshold would now be $67,000 per annum. If it had been indexed to average weekly earnings it would now be set at $76,000 per annum. Labor has accepted the amendments from the minor parties, which go to the level at which the Medicare surcharge levy should be set. We have listened to those concerns and we have made proper amendments to the first bill. The Australian Taxation Office figures show that, in 2005-06, 465,325 taxpayers incurred the surcharge—up from 436,490 in 2004-05 and only 167,330 in 1997-98.

On the government’s private health website, the policy intent of the Medicare levy surcharge is described as follows:

The surcharge aims to encourage individuals to take up private hospital cover and, where possible, to use the private health system to reduce the demand on the public system.

When the Medicare surcharge levy was introduced in 1997, it was targeted at high-income earners. The then Treasurer, the Hon. Peter Costello, told the House in August 1996:

… higher income earners who can afford to take out private health insurance will also be encouraged to do so.

This is the levy which the Government hopes no-one will pay. It is entirely optional. Those who take out health insurance (with the benefits attached) will be exempt.

The coalition have moved from that principle. It is a bit like the way Senator McGauran has slipped from his principles with the National Party into new principles with the Liberal Party—you have no standing in terms of your values for the long term. Senator McGauran has the cheek and the hide to stand up and talk about principles when he has demonstrated absolutely none in his political conduct and his political career. It is an absolute joke for him to come in here and talk about principles. I am glad to say that I have some principles that I stick to. I want a strong national health system that is available to everyone in this country. There is no problem with me sticking to that principle.

But Senator McGauran, in my view, will not be sticking to too many of his principles—if he can climb up that slippery pole of leadership, which he seems destined never to climb up. Never have I seen such hypocrisy in the house as I have seen from Senator McGauran.

I will now turn to Professor John Deeble, the principal architect of the Medicare system in the 1980s, who was not challenged in any way, shape or form by opposition senators when he gave evidence to the Senate
The surcharge is an income-related tax. However, unlike almost any other income-based tax, it operates in a reversionary way—that is, it applies to all of the taxable income of people earning above the thresholds, not just to the excess. I know of no other tax that works in this way and it is extraordinary that an Australian parliament should have approved it. The result is a very high marginal tax rate for people with incomes at or close to the thresholds.

Professor Deeble, as I said, was unchallenged in his submissions to the inquiry. In his summary he said:

The economic effect of the proposed changes will be to reduce the cost of public hospital care by 40% for single people with incomes between $50,000 and $100,000 per annum, and for families with combined incomes of between $100,000 and $150,000 a year.

Professor Deeble understands these issues. He is a compassionate man and he is a competent public administrator with a long record. He has targeted the issues here, not only in terms of the health system but in terms of the fairness that is required for ordinary Australians to go about looking after themselves and their families in a fair and equitable manner. He went on to say:

That will have some effect on the membership of private health insurance and on the private hospitals and doctors that private insurance supports. The shift in membership is most likely to occur amongst younger people whose use of hospital services is lower than the average.

However, the effects will be quite small.

We have heard all of this doom and gloom. The doom and gloom merchants of the coalition have been at it loud and strong again on this issue. Professor Deeble said:

Based on hospital usage in the relevant age groups, the number of people covered by private insurance is expected to fall by about 8% but benefits paid would fall by only 3%. Premiums for the remaining members would rise by just over 5%. That would not threaten the viability of private insurance.

Senator Cormann interjecting—

Senator CAMERON—Professor Deeble has nailed your arguments. It will not threaten the viability of the health insurance system. It will not threaten it at all. All of your Chicken Little ‘sky is falling in’ arguments mean nothing when the experts come before you and destroy the arguments that you put in the committee and that you have put here. Professor Deeble went on to say:

Ultimately, public hospital admissions may rise by about 2% and expenditures may increase by a slightly lower figure. However because the Commonwealth now pays significant amounts for medical services and drugs for private patients outside the private health insurance system, and gives at least a 30% rebate on premiums, the net cost to governments will hardly rise at all.

Again, Professor Deeble shoots down the hysterical arguments that we have heard in this debate from those sitting opposite. Professor Deeble is the acknowledged expert on these issues. So what do the coalition and the industry do to try and support this unfair tax on ordinary Australians? They wheel in their guns for hire, their economists, who come in and run these crazy econometric models that just do not provide any real semblance of what can happen and what will happen in relation to the health system.

Professor Deeble again destroyed this myth that the models that were being used to try and justify this rip-off of the public funding system by some in the private health system should be continued. He argued clearly that you cannot develop a model that will model what people will do. He argued that some people will stay in a private health fund because they want to, others will stay because there is a benefit for them and others will make a choice that they will leave. He said that you cannot model what these people
It is quite clear that, when the modelling was put forward in the Senate Standing Committee on Economics, it was a very feeble argument that was put up to justify these models.

I think we have to be very careful about what this is about. It is about reducing the unnecessary tax burden on hundreds of thousands of Australians. It is about making sure that we have got public and private health systems that complement each other. I think it is about time those opposite stopped arguing that everything is perfect in the health system in this country. There is no doubt that the Labor government will continue to look at both the public and private health systems and assess what is required to make our system un challengably the best health system in the world.

It is not the best health system when chief executives are ripping $1.2 million out of the health system for their private gain. I do not believe that is what should be happening. I believe that we will need to address in the future the proper balance between the public and private health systems and we will need to take up some of the arguments that were put forward in the evidence that came before the economics committee. We must demand accountability. We must demand openness. We must demand a proper approach from the private health industry in this country so that, when they are being subsidised by 30 per cent by the public of this country, we get openness and we get accountability.

I believe that what the government is doing is the best approach to deal with fairness and equity in the public and private health systems in this country. We have had the opposition argue that there was no consultation. I have got to say I do not remember being consulted about Work Choices. I do not remember being consulted about what the opposition were about to do to rip away the basic fairness for workers in this country in the industrial relations system—absolutely no consultation there.

What we have to do is to make sure that our health system does become a beacon of fairness, equity and reasonableness for the rest of the world. We are facing tough economic circumstances because of the failures of the Liberal Party in government.

Opposition senators interjecting—

Senator CAMERON—We are facing tough economic circumstances because of your incompetence in government on health, on education, on employment and across a whole range of issues. You have got nothing to crow about about economic capacity, because you were failures and we are paying the price. We will not continue to pay the price on health. (Time expired)

Senator BILYK (Tasmania) (11.52 am)—I rise today in support of the Tax Laws Amendment (Medicare Levy Surcharge Thresholds) Bill (No. 2) 2008. The Medicare levy surcharge imposes an additional one per cent Medicare levy on single people with taxable incomes greater than $50,000 and families whose combined taxable income is greater than $100,000 and who do not have private patient hospital cover. The threshold for paying the surcharge increases by $1,500 for every child after the first child. When the Medicare levy surcharge was introduced, the policy was targeted at high-income earners and the threshold has not been increased since the surcharge was introduced on 1 July 1997. When the surcharge was introduced by the previous government, the then health minister, Michael Wooldridge, said:

High income earners will be asked to pay a Medicare levy surcharge if they do not have private health insurance. These are the people who can afford to purchase health insurance. When it was announced on budget night in 1996, Treasurer Peter Costello said:
Higher income earners who can afford to take out private health insurance will also be encouraged to do so.

When the surcharge was introduced in 1997, 8½ per cent of single taxpayers were captured by the surcharge levy. At that time it was estimated that 110,000 individuals and 100,000 families would be affected by the levy. It was clear from the then government’s pronouncements about the surcharge and the number of individuals and families affected that this was a measure aimed at high-income earners. It was part of a carrot and stick approach to encourage those who could afford private health insurance to purchase it and relieve pressure on the public system. The other part of this approach was the 30 per cent private health insurance rebate, which Labor has retained.

I reiterate that it was not expected that ordinary Australians would be subject to the Medicare levy surcharge. The bulk of income earners were expected to be able to have the choice of using the public system without being penalised for that choice. The passage of time and the inevitable changes in earnings and inflation have resulted in a perverse outcome for working families. As wages increased, more and more people became trapped into having to pay this tax in circumstances where they had not previously anticipated that they would. The tax trap set by the previous Howard government caught more and more working families in its net, so much so that many people earning below what a lot of people would call an average wage were forced to choose between taking out private health insurance, which many could not afford, and paying a tax that was really meant to apply to high-income earners. That is what happened—a tax originally meant for the wealthy trapped nearly half a million Australians.

What used to be regarded as the threshold for a high income is now below the average. Average weekly earnings have increased by nearly 50 per cent since the Medicare levy surcharge was introduced. An average annual income today is about $58,000 to $60,000 per year. In evidence to a recent Senate inquiry, Treasury officials estimated that in the 2008-09 financial year 36 per cent of single taxpayers would exceed the threshold. By the 2011-12 financial year, current estimates are that that figure will jump to 45 per cent of taxpayers. So what started back in 1997-98 as general policy by the then government of having almost universal coverage—that is, only eight per cent of single taxpayers were captured—has increased in the current financial year to 36 per cent and within two or three years will grow to 45 per cent of taxpayers. That is almost half of Australia’s taxpayers being slugged with a one per cent levy if they do not take out private health insurance. Without this budget measure, by 2011-12 some 2.2 million singles and 1.3 million families would have been caught by the levy.

The initial measure proposed by the government would increase the Medicare levy surcharge threshold for singles from $50,000 to $100,000. It was further proposed to increase the Medicare levy surcharge threshold for couples from $100,000 to $150,000. These increases would apply to the 2008-09 and later income years. The new thresholds would restore the percentage of people captured by the surcharge to about 8½ per cent of taxpayers or nine per cent by 2011-12. This measure was to cost $660 million over the next four years. However, a decrease in government expenditure on the private insurance rebate would have resulted in a net saving of about $300 million over the forward estimates. After further consultations we have reduced the proposed threshold for singles to $75,000. Instead of the 400,000 Australian taxpayers who would have received tax relief under our initial proposal, this new...
measure will now provide relief for 330,000 Australians.

I do not think that the opposition have been listening. They certainly do not appear to have listened to working Australian families, but they may well have been listening to the big private health insurance companies. We in the government have been listening and we want to give tax relief to about 330,000 Australians. If you are a family on $60,000 a year, these changes will deliver about $1,200 into your pocket. I know that for very many people in Tasmania this is a lot of money. They would be very happy to have that extra cash. It is money that they could have in their pocket that would make a difference to their day-to-day living or that they could spend on items such as a holiday or something else that they have not been able to have recently.

If indexation had applied to this previously, as it should have, we would not now be looking at $76,000 for individuals and $152,000 for families. Access Economics, in a report for the AMA, said that we would be looking at a $70,000 threshold for an individual and a $140,000 threshold for a couple. As also stated by Access Economics, this would restore the system to its previous real levels if this were the goal. I question the goal of the previous government. They would not allow tax relief to the Australian public, so we have amended the threshold to $75,000 and hope that they will help the working families of Australia. They certainly did not want to help Australian working families prior to the last election, as you can tell when you take into account their Work Choices legislation in the last parliament.

The amendments do not exempt as many people as we initially hoped to help, but we have taken this pragmatic measure for the sake of gaining the support of the Senate. Senator Xenophon has suggested that the threshold should be lower than we originally proposed, while the Greens have asked for indexation. The lower threshold for singles also has the support of various stakeholders. Let me say again: $50,000 or even $60,000 is not a high income. I think most senators would agree with that—in fact, I believe Senator Birmingham has actually stated previously that it is a working salary, not a high salary. If you earn $50,000 and you have a family to support, you struggle, you find it hard to meet the costs of living. Those opposite made a hue and cry on behalf of pensioners, a cause they only seem to have worried about recently, so I say to them that it is of critical importance to provide relief for the Australian public in this regard.

An Access Economics report for the AMA said thresholds of $70,000 and $140,000 would reflect the real levels of the original thresholds. What the government is showing through making this change is that we are willing to listen carefully and work with the senators on the cross benches. We have demonstrated through the passage of the luxury car tax changes that, through negotiation and good working relationships, we can get legislation through the Senate without the support of the opposition. It would be in the opposition’s interests, however, to support this legislation. I fail to understand what their complaints are about with regard to this legislation. I have sat here through four or five speakers and watched other speakers on the screen. What confuses me is why they did not put more money into the public health system when they were in government. Why didn’t they put in more money for elective surgery, like we have? Why didn’t they put in the extra billion dollars that we did? I can tell you the answer to those questions: because they have no commitment to the public sector. Whether it is Medicare, public health or public education, they do not have any commitment to it. They allege to support
these things but they do not. They de-fund whenever they can, and will do so again if they are returned to government.

What the opposition have demonstrated instead—as they did with the luxury car tax—is that they are not standing up for the interests of working families. They have shown that when it comes to the Medicare levy surcharge they support higher taxes for average-income earners but, when it comes to the luxury car tax, they support lower taxes for high-income earners. They are like the Sheriff of Nottingham—robbing from ordinary workers and giving to Porsche drivers. They do not support a saving of $750 for average-income-earning individuals, nor do they support a saving of $1,500 for average-income-earning families.

The opposition’s spurious argument against this measure is that it will put unmanageable pressure on the public health system—which, I repeat, they did not worry about when they were in government. This argument is flawed, and I can give at least four reasons why it is flawed. First of all, a number of people with private health insurance are young, healthy people who do not draw on the private health system. It can be similarly expected that the same people will not have to draw on the public system—or does the opposition believe that these people’s health will suddenly decline as a result of this measure? Do they think that after coming to rely on the public health system they will fall ill in droves despite not having had to draw on their private insurance?

The second reason is the current reliance on the public health system by people who already have private health insurance cover. There are many people who hold private health insurance but still have no option but to occupy a bed in a public hospital because they cannot afford gap payments. Usually they are liable to gap payments because they have purchased cheap health insurance policies to avoid paying the Medicare levy surcharge. In fact, the private health insurance industry sells products explicitly designed to avoid the levy while offering very few other benefits.

The third reason is that, unlike those who purchase these sham policies, there are many people who purchase private health insurance because they genuinely want private cover regardless of how this affects their liability to the Medicare levy surcharge. In evidence given to the recent Senate inquiry, the Australian Health Insurance Association said that one-third of those with private health insurance live in households with an income of less than $48,000 per year.

The fourth and final reason is that the Rudd government is already injecting significant resources into our public hospitals, after 12 years of neglect by the former government. Under the Australian healthcare agreements public hospitals used to be funded on a fifty-fifty basis by the Commonwealth and the states and territories. When negotiating the last five-year agreement the Howard government basically offered a ‘take it or leave it’ agreement that the states had no choice but to accept. The Health expenditure Australia 2005-06 report released by the Australian Institute of Health and Welfare showed how the funding load had shifted to the states. In my home state of Tasmania, annual Commonwealth payments to Tasmania for public hospital funding rose by just $35 million, from $168 million in 2003-04 to $203 million in 2005-06. Over the same period the Tasmanian government’s annual spending on hospitals rose by $180 million, from $299 million to $479 million. The Commonwealth’s share of the bill declined from 37 per cent to less than 31 per cent, with the state government’s share rising to more than 69 per cent. This was the equivalent of the Howard government short-
changing Tasmania’s hospital system by $70 million a year.

The Rudd government’s budget presented in May this year invests $1.6 billion in the public hospital system, including $1 billion for hospitals this financial year and $600 million to cut elective surgery waiting lists. This is what Tasmanian health minister Lara Giddings said in a statement in response to the opposition’s suggestion that our proposal would put undue pressure on the public health system:

Compared with major factors such as growing chronic disease and the ageing population, the changes to the income threshold for the Medicare levy surcharge are not material.

This is just scaremongering from the opposition to try and justify their position. Let’s not forget that the Medicare levy surcharge was introduced in 1997 as a measure to target high-income earners. Once again I ask: who do the opposition now really regard as high-income earners? Do they believe that an individual with an income of $50,000 is a high-income earner, as they seem to indicate in their opposition to this bill? If so, why do they believe that an individual who can afford a $100,000 luxury car is in need of a little tax relief, as they indicated in their opposition to the luxury car tax increase?

We on this side of the chamber know precisely the real reason the opposition will not support our changes to the Medicare levy surcharge. With their opposition to this measure and to the luxury car tax increase a theme is starting to emerge. This pattern of behaviour in the Senate reveals that the opposition believe in looking after the wealthy and they do not believe in looking after ordinary Australians. They do not believe in an average-income earner accessing the public healthcare system without being penalised, yet they believe in making sports cars more affordable. It really says a lot about their philosophy on income equity.

When the Reserve Bank decided to lower interest rates by 25 basis points on 2 September this year, mortgagees saved an average of $600 per year. For a couple on incomes of $60,000 each per year, the coalition are basically saying, ‘Here, you can pay an extra $1,200 in tax.’ In other words, they are proposing to slug them with the equivalent of two interest rate rises. I do not think there is any doubt in the minds of the Australian public where those on this side of the chamber stand when it comes to protecting middle-income earners. We support a mixed healthcare system, with services being provided by both public and private healthcare providers. We also respect the choices of low- and middle-income earners when it comes to choosing between public and private health care. What we do not support is average-income earners being slugged with an unfair tax—a tax which, once again, was designed for high-income earners. I look forward to the support of all senators for this bill. I commend the bill to the Senate.

**Senator FIELDING** (Victoria—Leader of the Family First Party) (12.09 pm)—Family First have expressed concern about the **Tax Laws Amendment (Medicare Levy Surcharge Thresholds) Bill (No. 2) 2008** and the extra costs it will transfer to lower income families and earners because it will mean that health insurance premiums will increase. But, at this time of economic uncertainty and the massive global downturn, it is paramount that Australia’s economic security is the focus of any decision making by parliament. Family First believe this is the time for shoring up the economy and for the parliament to work to ensure a strong and stable economy. Family First will be supporting this bill.
Around 330,000 people will get a tax cut from the Medicare levy surcharge threshold changes, which is good, but Family First remain concerned that millions of ordinary Australians will end up paying more for their health insurance. Last month, I voted against this bill because it would slug lower income earners. We know that health premiums will rise if this bill is passed, due to the increased thresholds. That means lower income families, who are already struggling to pay health insurance and who will not get a tax cut, will be unfairly hit with higher health premiums.

That is why Family First wanted the government to provide compensation for lower income families. More than 1.5 million households earning less than $50,000 a year pay for health insurance, which is as many as 2.3 million. These people bought health insurance because they need it. They make sacrifices to keep that insurance. Many pensioners have had health insurance all their lives but now when they really need it they will struggle to afford it. The changes could see some families paying an extra $200 a year for health insurance, which is money many would have difficulty finding. Professor Deeble told the Senate Standing Committee on Economics inquiry the average increase will be around $70 a year. This will mean a significant increase in costs for many people in the community.

Over the past couple of weeks we have seen the world financial crisis worsen. Overseas we have seen banks collapse and governments in the United States and Europe move quickly to spend billions of US dollars and euros to save failing financial institutions. The potential losses for families and lower income earners from difficulties in the financial system are much higher than those they face from increased health insurance costs. That is why Family First announced earlier this week that we would support this bill. Family First believe that confidence is very important to the Australian people and to the financial markets in times of crisis and that uncertainty over the government’s budget could be destabilising. Therefore, Family First believe that at this time of economic uncertainty and global economic turmoil the government should be able to pass the remaining two budget bills to provide the government’s budget with certainty. This week, one day after Family First decided to support the remaining two budget bills, the government announced the $10.4 billion Economic Security Strategy to strengthen the economy, to try to avoid some of the financial problems we have seen overseas.

Supporting this bill was not an easy decision. It is a decision that has to balance the increased health insurance costs facing many people against providing security for the government’s budget package to help shore up the economy during this financial crisis. Family First believe the financial crisis has the potential to cost Australians much more than the increase in health insurance premiums. Family First believe it has got the right balance. Family First have not forgotten those people who face high health insurance premiums, but believe they would be worse off if the government did not have the support for its budget package to help shore up the economy.

Senator CARR (Victoria—Minister for Innovation, Industry, Science and Research) (12.13 pm)—I would like to thank all those senators who have participated in this debate on the Tax Laws Amendment (Medicare Levy Surcharge Thresholds) Bill (No. 2) 2008. This is a bill which will increase the Medicare levy surcharge thresholds for individuals and families. It is aimed at delivering immediate relief for many thousands of Australians on modest incomes. The surcharge imposes a one per cent increase in the Medicare levy liability on individuals whose incomes are above the threshold and who do
not have private health insurance or hospital cover. This bill increases the thresholds from $50,000 to $75,000 for singles and from $100,000 to $150,000 for couples and families.

The amendments will apply to the 2008-09 year of income and to later income years. In addition, the singles threshold will be annually indexed for movements to average weekly ordinary-time earnings and it will increase in $1,000 increments. I note for the chamber that, in order to ensure that taxpayers are not disadvantaged by the change in the singles threshold to that proposed in the budget announcement, the law will be amended so that, as long as taxpayers obtain appropriate private health insurance cover before 1 January 2009, they will avoid the Medicare levy surcharge for the period 1 July to 31 December 2008.

The Medicare levy surcharge was introduced in 1997 by the then government, which stated that the goal was to target high-income earners. Wages have increased by more than 55 per cent since then and that is pushing many people on modest incomes, who cannot necessarily afford private health insurance, into the net. Hundreds of thousands of Australians on modest incomes have been paying this tax—more each year as the threshold lost its relevance to wages growth. Families with two income earners on $60,000 each have been paying this tax; they will get relief via this bill of $1,200, an amount not to be sneezed at even by those on the other side who seek so earnestly to defend those who obviously can afford luxury cars. The Liberals have been very dismissive of this amount of money and they are demonstrating just how out of touch they are when it comes to people in this country who are trying to make ends meet.

We need to remember that these thresholds were not developed through some scientific or empirical methodology. Former health minister Dr Wooldridge has admitted that, when negotiating this with former Senator Harradine, he did so over a bottle of Jameson whiskey.

Senator Cormann—It is exactly the figure introduced by Senator Richardson; it was defeated by caucus.

Senator CARR—I do not know whether Senator Richardson enjoyed Jameson whiskey but I do know that Dr Wooldridge did.

I can say to you that the increase in the threshold, if passed, will deliver tax relief, which will help reduce financial pressures on many working families who have previously been subject to the Medicare levy surcharge. This bill provides an opportunity to actually relieve the pressure on ordinary Australians. It highlights the measure’s significance in the context of the new and dangerous phase of the global financial crisis. Two days ago the Rudd government took critical decisive action by releasing our Economic Security Strategy of some $10.4 billion to support Australians in these difficult times and to provide a boost to the economy—a boost that is essential to sustaining economic prosperity for this nation. This is an important measure and I commend this bill to the chamber.

Question agreed to.

Bill read a second time.

In Committee

Bill—by leave—taken as a whole.

Senator XENOPHON (South Australia) (12.19 pm)—by leave—I move amendments (1) to (6) standing in my name on sheet 5616 together.

(1) Schedule 1, item 2, page 3 (line 13) to page 4 (line 6), omit proposed section 5A, substitute:

5A What is the singles surcharge threshold?
(1) The **singles surcharge threshold** for a person for the 2008-09 year of income is $69,000.

(2) This threshold is indexed for each year of income after 2008-09 by multiplying the threshold by the indexation factor in subsection (3) and rounding the result down to the nearest multiple of $1,000.

(3) The **indexation factor** is:

   Sum of the index numbers for the CPI quarters for the 12 months ending on 31 March of the current year

   Sum of the index numbers for the CPI quarters for the 12 months ending on 31 March of the previous year

where:

   - **CPI quarter** means a period of 3 months ending 31 March, 30 June, 30 September or 31 December.
   - **index number** means the All Groups Consumer Price Index number (being the weighted average of the 8 capital cities) published by the Australian Statistician.

The indexation factor is to be calculated to 3 decimal places, but increased by .001 if the 4th decimal place is more than 4.

Calculations:

   (a) are to be made using only the index numbers published in terms of the most recently published reference base for the Consumer Price Index; and
   
   (b) are to disregard index numbers that are published in substitution for previously published index numbers (except where the substituted numbers are published to take account of changes in the reference base).

(2) Schedule 1, item 4, page 4 (line 21), omit $150,000, substitute $138,000.

(3) Schedule 1, item 4, page 4 (line 21), omit $153,000, substitute $141,000.

(4) Schedule 1, item 7, page 5 (lines 5 to 24), omit proposed section 3AA, substitute:

**3AA Meaning of singles surcharge threshold**

(1) The **singles surcharge threshold** for a person for the 2008-09 year of income is $69,000.

(2) This threshold is indexed for each year of income after 2008-09 by multiplying the threshold by the indexation factor in subsection (3) and rounding the result down to the nearest multiple of $1,000.

(3) The **indexation factor** is:

   Sum of the index numbers for the CPI quarters for the 12 months ending on 31 March of the current year

   Sum of the index numbers for the CPI quarters for the 12 months ending on 31 March of the previous year

where:

   - **CPI quarter** means a period of 3 months ending 31 March, 30 June, 30 September or 31 December.
   - **index number** means the All Groups Consumer Price Index number (being the weighted average of the 8 capital cities) published by the Australian Statistician.

The indexation factor is to be calculated to 3 decimal places, but increased by .001 if the 4th decimal place is more than 4.

Calculations:

   (a) are to be made using only the index numbers published in terms of the most recently published reference base for the Consumer Price Index; and
   
   (b) are to disregard index numbers that are published in substitution for previously published index numbers (except where the substituted numbers are published to take account of changes in the reference base).
These amendments, as I foreshowed in my second reading contribution, seek to increase the current threshold of $50,000 to the sum of $69,000 for the 2008-09 year, based on CPI increases—that is my reading of the research I have obtained on CPI increases—and to continue to increase the threshold according to the CPI. Similarly the figure for the couples threshold is to be substituted with $138,000, which is again based on the CPI and will be indexed thereafter. I urge honourable senators to accept this compromise on the basis that I set out in my second reading contribution.

Senator CORMANN (Western Australia) (12.20 pm)—The opposition, Senator Xenophon, acknowledges your intent to improve slightly what is a very bad public policy measure which, if successful, would have a terrible impact on our health system. The serious issue with this legislation is that the government never even tried to properly assess the impact of this measure on our health system. They are trying to sell it as a tax relief measure without any regard for the impact it is going to have on our health system.

If they were really interested in providing tax relief to people in the income brackets between $50,000 and $100,000 they would be doing it another way. They would be doing it in a way that does not have the same bad impact on our health system. They would be doing it the way that Peter Costello did it year in and year out when we were in government. Senator Xenophon’s amendments expose the fraud of the government’s rhetoric. The government have been trying to hide their real purpose behind this piece of legislation, which is an ideologically based attack on private health, and trying to dress it up as a tax relief measure.

They have made the point that this is about indexing a measure that has never been indexed before, but what they proceeded to do in their first piece of legislation on this measure was not to index the threshold for single income earners but to double it. Their rhetoric stated that it was a tax relief measure. They said: ‘This is what the previous government did wrong—they did not index it. Therefore we are now proposing to do what the previous government did not do.’ But, instead of indexing it, they doubled it.

Of course, Senator Xenophon is quite right to say that what the government has done in its original legislation and what it is still doing in this legislation is not indexing the measure. During the Senate inquiry I actually asked a whole series of questions of every single witness that came before us. I asked them what they thought about the proposition to index the Medicare levy surcharge thresholds rather than to double them. I asked the question—what, indeed, the witness answered, ‘No, it would not be appropriate to increase the Medicare levy surcharge thresholds to $75,000’—and she is using and presenting it very misleadingly and dishonestly as a statement of position. It is typical Hollowmen stuff and the people in her office should...
hang their heads in shame. No doubt they got their inspiration from there.

The reason the opposition cannot support Senator Xenophon’s well-intentioned amendment is that he is proposing to index thresholds for singles, couples and families based on thresholds introduced in 1997 which were introduced at a level that was too high to be immediately effective. It was introduced as a new measure as part of a package of three policy measures that was aimed at turning the ship around and at fixing the problems that Labor had left us. It was aimed at fixing the problems that Senator Graham Richardson had very eloquently identified two or three years earlier before he was shot down by the ACTU-caucus working party at the instigation of then Prime Minister Paul Keating.

You only have to look at the Senate inquiry evidence. Mr Kalisch, the Deputy Secretary of the Department of Health and Ageing, said, ‘When this measure was first introduced in 1997 it was not immediately effective.’ What Senator Conroy does not understand is that we are actually dealing here with a package of three policy measures that work together. We have Lifetime Health Cover, the 30 per cent private health insurance rebate and of course the Medicare levy surcharge thresholds. All of those measures together have been able to turn around the significant declines in private health insurance membership, which were having a disastrous impact on our health system, as was very eloquently identified by Senator Graham Richardson before he was shot down by the ACTU-caucus working party in 1994. We had to do the job and turn it around. But, as Mr Kalisch, deputy secretary of the health department, identified, the $50,000 singles threshold, the Medicare levy surcharge threshold, was not immediately effective.

You have to really look at what happened. After Lifetime Health Cover and the 30 per cent rebate were introduced, health insurance membership went up by about 13 per cent from the low of 30 per cent, which was the disgraceful state of affairs we inherited. Then it started to plateau. It went down a bit and then went up a bit, but it sort of plateaued around 43 per cent. Over the last three or four years health insurance membership has started to increase again. In fact if you look at the 12 months to June 2008, health insurance membership has increased by another 400,000 Australians who have made the decision to take additional responsibility for their healthcare needs. By doing so they are making a significant contribution to help keep private health insurance affordable for all Australians choosing to take it up and keep pressure off public hospitals.

This is what is being missed in this argument. With our unique system of community rating as it applies in private health, the more good risks, the more younger and healthier people agree to take additional responsibility for their healthcare needs, the less pressure there is on premiums for those who are more likely to need access to quality hospital care. We need to keep private health insurance affordable for as many people as possible, in particular for low-income families, for pensioners and for the one million Australians earning less than $50,000—irrespective of the Medicare levy surcharge thresholds because they do not apply to them—who make a decision to take up private health insurance. This measure would actually force up the price of their premiums, whereas what the government is proposing to do is provide a tax cut in a very bad way to a very small cohort of people. The government would be well aware that we in opposition are always in favour of lower taxes. We had a record when in government of providing lower taxes. There is a way to provide tax relief,
and this is not it. There is a way to provide tax relief without having the same disastrous consequences for our health system that this measure would create.

On that basis, the opposition will not be supporting Senator Xenophon’s amendment. I also make the point that previous speakers have said that people earning $50,000 to $60,000 are not high-income earners. I do not suggest they are, but the government should listen to the evidence. For example, the evidence is that members of Queensland Teachers Union Health—whose membership is made up of an overwhelming number of people earning about $50,000 to $60,000 a year—are frightened about this particular measure. They gave evidence about how their members are extremely concerned about how this measure is going to push up the price of premiums for their members. Why do you think that is? Senator Cameron was there in Brisbane on 17 July. I remember it like it was yesterday. We had the CEO of the Queensland Teachers Union Health fund essentially telling us that their membership was made up of average Australians on about $60,000 a year and they did not support this measure because of the bad consequences it would have on their health insurance premiums moving forward, because it would force their members to reconsider their health insurance membership and it would quite potentially force them into those long public hospital queues.

Senator Bilyk used an argument that I had not heard for a while—in the early days, the health minister used to say: ‘I don’t know what all the fuss is about, because it’ll be the young and healthy people that will be leaving first. The young and healthy people won’t need access to public hospitals. How can you suggest there is going to be additional pressure on public hospitals when it is the young and healthy that are leaving?’ That really demonstrates a fundamental misunderstanding of how our health system operates, it demonstrates a fundamental misunderstanding of our private health system and it demonstrates a fundamental misunderstanding of the principles of community rating. Every single person who is young and healthy and leaves private health might well be a person who would not have accessed public hospital care but they would have definitely contributed, out of their own private funding, helping to fund treatment for those that do need access to public hospitals. This is really what this is all about. The government put in a bad public policy measure, they never assessed the flow-on consequences of this measure on our health system and they tried to dress it up as a tax relief measure when all it is is an ideologically driven attack on private health and, quite frankly, this legislation should be defeated. I place on record that, for the reasons that I have outlined, the opposition will not be supporting Senator Xenophon’s amendments.

Senator CONROY (Victoria—Minister for Broadband, Communications and the Digital Economy) (12.30 pm)—It is no surprise to see Senator Cormann could not last the distance on this. Clearly, Senator, your heart is not in this. You know that ultimately this is an important measure. This is about security. This is about the economic security of this country and the economic vandalism of those opposite, who think, like they did when they were in government, that they can just spend and spend and spend and it does not matter. We used to refer to the Democrats as the fairies at the bottom of the garden. Well, the new economic fairies at the bottom of the garden are sitting on the opposite side of the chamber, because they think it all does not matter. They can spend the budget money and they can block all these measures and that does not matter. The budget surplus—

Senator Williams—That you inherited!
Senator CONROY—is what has allowed us to put forward yesterday’s response. The budget surplus has allowed us to put forward yesterday the economic security package that will protect us and make sure that this country continues—

Opposition senators interjecting—

Senator CONROY—I keep hearing these calls from those opposite about what a great job the former Treasurer did. They are hankering after the former Treasurer. Well, Senators, you might hanker after him but he ain’t hankering after you. You offered him the job and he did not want it.

He did not want to lead the rabble over there. He did not want to be responsible for the economic vandalism that you lot over there are perpetrating on this country at the moment. That is why he did not want the job. He knew that he could not possibly sign up to the vandalism that you guys are demonstrating at the moment, given the economically irresponsible positions adopted by the previous leader and now by the current leader. That is why he did not want to be the leader of your party. You are a rabble! You have lost the plot! The economic security of this country is being challenged by economic circumstances, and you just continue to play cheap politics.

Senator Cormann—It is about sound public policy.

Senator CONROY—That is why your heart is not in this, Senator Cormann. That is why you could not manage 15 minutes in the committee stage on this bill.

Senator Cormann interjecting—

Senator Cameron interjecting—

Senator CONROY—Yes, when it came to the crunch and Senator Cormann had to actually stand up in here and put his case without written notes in front of him, he could not sustain the distance.

I will deal with Senator Xenophon’s amendments and then I will come back to the economic vandalism being perpetrated. Firstly, the threshold that is proposed would prevent 100,000 Australians from receiving the tax cut they need and deserve. Those opposite have been demanding that we bring forward tax cuts. Here is one in front of them and they are denying it to Australians. Secondly, this threshold is based on the consumer price index. Labor is proposing indexing the threshold in line with wages growth. This makes sense. It is after all an income threshold. As such it should rise with income, not prices. Allowing it to rise with the CPI will soon land us back in exactly the same position we are in now, where the threshold may rise more slowly than people’s wages and become a tax trap. Is that what you over there support? So you actually want to create tax traps.

Senator Williams—Give them tax cuts.

Senator CONROY—This is a tax cut.

Senator Williams—This is why Reba Meagher went. She was worried about this bill.

Senator CONROY—There have been some long bows drawn in this chamber but that is one of the longest. Thirdly, the Rudd government has listened. We listened to a variety of stakeholders and we listened to senators, and on the basis of those consultations we have offered a new proposal. But Senator Xenophon is remaining stubbornly fixed to his own proposal, refusing to budge an inch, refusing to acknowledge the government’s willingness to engage and he is determined to deny 100,000 Australians their due tax cut. Senator Fielding has now made a clear show of economic responsibility. He has declared he will support this measure. So now it is time for you opposite to demonstrate whether you are interested in economic vandalism or in waking up and smelling the
roses, like Senator Fielding has, and recognising that it is too important right now to play this sort of politics and it is too important to the economic security of this country to be irresponsibly blocking measures that deliver that security. That is what is important. We want to make sure that 330,000 Australians get the tax cut that they have been waiting for. Senator Williams, 330,000 Australians get a tax cut today if you vote for this legislation. You should understand that otherwise it is vandalism. You should understand that it is not good enough to sit over there and play politics—

Senator Williams interjecting—

Senator CONROY—Former Senator Macdonald would have to disagree on that one, I am afraid, Senator Williams. But I am not going to be critical of people who engage in preselection contests—

Senator Cameron interjecting—

Opposition senators interjecting—

Senator CONROY—How do you support Senator McGauran on this one? The bloke rattled on you. Fair dinkum! He actually rattled on you. He used to sit in the same party room as you, he used to attend your national conferences like you did—and he is sitting over there and you want to barrack for his position! It is time the National Party actually woke up and realised what that lot are about. They are about destruction. We are your opponents; they are your enemies. We are your political opponents; they are your political enemies—they want to eat you alive. We just contest with you.

So it is time to wake up and smell the roses. Senator Barnaby Joyce has shown some very wise judgements over the last few years. He called them out for what they were.

Senator Williams—Who was that?

Senator CONROY—Senator Joyce. He went to school with them, he said. I remember it was a very good speech. He said, ‘I went to school with these people. I know what these Riverside boys are really like. They’re not interested in anything other than the leafy green suburbs. They are not interested in the bush; they are not interested in regions.’

Senator Williams—What has this got to do with the Medicare levy?

Senator CONROY—This is about why you are blocking the legislation, why you are being led up the garden path to deny 330,000 Australians a tax cut. You are being led astray by people who are leading you to your destruction. They systematically set out to destroy the National Party when they were in government, and Senator Joyce worked it out and called them on it. The press around you, Senator Williams, said that you were a smart bloke and that you recognised what they were doing to you. Well, they are doing it to you again. They did it to you in government—they took you down the garden path; they sneaked up and stole your seats. They are your political enemies. And you have even got rats in the ranks. There are those who have criticised Senator McGauran but there are those who have described him as a visionary for bailing out on the National Party. I have to say to you: I go with the second category. Senator McGauran saw the trap that the Liberals were leading the Nationals into and he bailed out. He did a deal for himself, he secured his preselections and he went out the door.

That is what this is about. Those are the choices that are faced by National Party senators today, Senator Williams. You do not have to be led up the garden path like you have been for the last 11½ or 12½ years. You should be standing up for the 330,000 Australians who should get a tax cut—and you
can deliver it for them today, not follow like a lemming as has happened over the last 11½ years. What did that 11½ years in government deliver for the National Party? Fewer seats, fewer opportunities, fewer jobs, fewer voters. That is a pretty impressive performance!

I thought you had come here to change that, but you are being led down the garden path once again and ultimately you will end up doing what Senator McGauran did if this keeps up—ratting on the party and jumping. So you have to decide whether the National Party is going to continue to be led up the garden path by the Liberals, who want nothing more than your destruction—nothing less, nothing more. They want to obliterate you. They want every single one of your seats, and you are agreeing to it again. You are walking down the garden path. The economic fairies at the bottom of the garden in this chamber are sitting over there at the moment.

Senator Cormann—Senator Cameron is going to vote National, isn’t he?

Senator CONROY—Senator Cameron will be voting in support of sound public policy and economic responsibility. Senator Cameron has a long and proud tradition of campaigning on behalf of working families in this country and he is keeping it up today. Because when it comes to a choice between giving or not giving a tax cut to 330,000 Australians, he will be voting for it, unlike those opposite. They are leading you down the garden path, Senator Williams. They are leading you to your ultimate destruction. They intend to continue to take your seats. They intend to continue to try and lock you in to mindless economic vandalism that threatens the economic security of this country. And I thought you were smarter than that, because I know you want to try and represent working Australian families. You have raised questions recently in this place representing the interests of working families in this country, and yet today you have a chance to stand up and be counted—and 330,000 Australians will benefit immediately if this legislation is passed—

Senator Cameron—Don’t wimp it, Wacka!

Senator CONROY—Exactly. ‘Don’t wimp it, Wacka!’ is the call. So let us be clear about this. You have an opportunity today to stand up and be counted, and to say, ‘I’m not going to be led to my ultimate political destruction by those whom I sit next to’—because that is their objective, and in your heart you know it. You actually understand they want every one of your seats. You guys need to have an age rule which will ensure that your sitting members can go till they are 120, because if you do not they will come and try to take your seats. You should actually double the age rule, not reduce the age rule.

Senator Cormann—Your heart is obviously not in the health system.

Senator CONROY—My heart is in sound public policy and in delivering 330,000 Australians a tax cut today. They will get a tax cut today if you stop being economically irresponsible. You can relieve the pressure on working families. You can relieve the pressure on all those working families who have suffered from 12 interest rate rises caused by your government.

Senator Williams interjecting—

Senator CONROY—You have delivered pressure equivalent to and higher than the interest rates that you are talking about, because with the volume of debt that Australians have now the impact, Senator Williams, is greater than in the period you are discussing.

Senator Williams—No, it’s not.
Senator CONROY—It is. The statistics from the ABS do not lie on this. You have perpetrated a greater economic pressure on Australian families because the proportion of their income that is spent on interest rate payments is greater than in the time that you complain about and shout about. You talk about a nominal rate, but what we are talking about is the actual impact on the proportion of their weekly budget. Something you could not refute under the previous government, and one of the reasons you are sitting where you are today, is that Australian families got it. You might want to pretend about the nominal rate debate and try to run up the flag—and you did. To be fair, you put this test to the Australian people. You said, ‘Hey, look! They have 17 per cent or 23 per cent or 25 per cent’—whatever the rate was—and you put that test to the Australian people. They said, ‘Well, actually we don’t agree, because we’re under pressure right now from the interest rate increases caused by your government, which take a greater proportion of our income than they did in the period you’re talking about.’ It is a statistical fact.

Senator Williams—Rubbish!

Senator CONROY—The Australian Bureau of Statistics proved it. And it is not rubbish, because the Australian public actually made the judgement. They said—

Senator Williams interjecting—

Senator CONROY—You are taking your advice, I am pleased to see, from at least a sensible source, as opposed—(Time expired)

Progress reported.

MATTERS OF PUBLIC INTEREST

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

Workplace Relations

Senator CAMERON (New South Wales) (12.45 pm)—I rise today to inform the Senate of a matter of public interest that graphically exposes the deficiencies of the collective bargaining regime that arose under the former government’s Work Choices laws. This matter confirms the need for a legislative scheme that promotes genuine collective bargaining and fosters good faith industrial negotiations and mutual trust. Since 2005, employees of Cochlear Ltd have been trying to negotiate a collective industrial agreement with their employer. The workers have expressed their overwhelming desire to be represented by their union in those negotiations and to have their union included as party to the agreement. Cochlear Ltd refuses to respect the wishes of its employees. Cochlear Ltd is a global business that holds about 70 per cent of the world market in implant hearing devices. Cochlear is a large exporter. About 40 per cent of its production is exported to the United States.

In 2007, Cochlear was awarded the New South Wales government’s Exporter of the Year Award. As a result of the efforts of its employees, Cochlear is enjoying growth in sales and profits. Cochlear stands to grow even further if its plan to tap the potential of the Chinese market is successful. Cochlear employs about 300 people at its manufacturing plant at Lane Cove in Sydney’s northern suburbs. Ninety per cent of its employees are women from non-English-speaking backgrounds—mainly Chinese, Vietnamese, Cambodian and Filipino. To date, Cochlear’s employees have voted five times to have their employment conditions regulated by a union collective agreement. Two of the ballots on the question of their preferred type of agreement were conducted by Cochlear management, two of the ballots were conducted by the employees’ union—the Australian Manufacturing Workers Union—and the fifth ballot was conducted under the supervision of the Australian Industrial Relations Commission.
On each occasion, by resounding majorities, the employees made their preference clear—they wanted a collective union agreement. On each occasion, the company has ignored the wishes of its employees and offered a range of variations on its policy of absolute managerial prerogative. The irony should not be lost on senators. A company whose products have improved the lives of countless hearing impaired people around the world is deaf to its own employees. Attempts by the employees of Cochlear and their union to hold meaningful negotiations with the company have been dashed on the company’s blind ideological opposition to the workers’ desire to be represented by their union. To this end, the company has tried to have its workforce agree to individual common-law contracts incorporating a so-called company policy manual that could be unilaterally varied by the company in this non-union collective agreement. The company unsuccessfully applied to the Australian Industrial Relations Commission to have its 2005 collective agreement made under the New South Wales Industrial Relations Act terminated, in order to pressure its workforce into acceding to the company’s demands.

Had the company’s application been successful, the employees’ employment would have been regulated by individual contracts underpinned by the inadequacies of the Work Choices regime’s Australian Fair Pay and Conditions Standard. In a survey conducted by the AIRC, employees of Cochlear, by a margin of 178 to 11, opposed the company’s application to terminate the agreement. Support for Work Choices at Cochlear is at about the same level as it is in the general community. Cochlear’s employees, apart from voting repeatedly against the company’s attempts to deny them a union collective agreement, have also been highly proactive in trying to persuade the company to accept their wishes and their union as their legitimate representative. They have signed petitions, contacted their members of parliament and even taken their case to the media.

For its part, Cochlear has employed a range of tactics designed to discourage its employees from exercising their democratic rights. These have included the usual array of intimidation: threats of dismissal, disciplinary action and disturbing one-on-one interviews that we all know are designed to do nothing other than intimidate. In refusing the company’s application to terminate the 2005 agreement, Commissioner Helen Cargill of the AIRC found that while the workforce at Cochlear are well educated and have relatively good English language skills, ‘It is another thing entirely to be able to bargain effectively with your employer in the circumstances. Cultural differences as well as language difficulties would impact on the ability of the employees to bargain.’ Commissioner Cargill also accepted the evidence before her that the employees’ bargaining power is extremely limited in relative terms and significantly weaker than if the employees were collectively represented. Commissioner Cargill found that termination of the agreement in the absence of agreement among the workforce would be contrary to the public interest.

I now turn to the most disgraceful behaviour of the company so far in this whole saga. It appears to be drawn from the playbook of that most disgusting of American industries—the union-busting industry. On 23 September 2008, an employee of Cochlear, who is also an AMWU delegate, Mr Cuong Nguyen, along with a number of his colleagues visited Parliament House for the purpose of speaking with senators and members about the situation at Cochlear. They simply wanted to advise politicians of the need for industrial relations legislation that provides for an effective collective bargaining scheme that allows for the desire of
workers to bargain collectively, for them to be represented by their union and for that union to be given full recognition.

There are senators present in the chamber who may have met Mr Cuong Nguyen. He is an electronics assembler and a gentle and courteous man who stands up for what he believes in. As well as speaking with members and senators, Mr Nguyen spoke with journalists who reported on Mr Nguyen’s statements and the bargaining dispute at Cochlear. Mr Nguyen was on paid leave on the day in question. By the following day, Cochlear management had advised Mr Nguyen that he had been suspended from his job for allegedly breaching company policy by talking to the media. Mr Nguyen had told reporters:

From the last election, we hoped the Labor Government can have some proper laws to give us a democratic right for a union collective agreement.

I think Mr Cuong Nguyen’s employer needs to understand that in Australia we have a democratic right to freedom of speech and to have access to members and senators in this place. Mr Nguyen has been issued with a final warning by Cochlear for exercising his democratic right. This is a disgraceful situation. If it were not so serious, it would be laughable. A written warning was given to Mr Nguyen, which said that Mr Nguyen had undermined the trust that Cochlear had in him as an employee. The truth is that Cochlear trusts none of its employees. It shows them no respect, and it is deaf to their wishes for union representation and the fulfilment of their desire to collectively bargain.

On 24 September 2008, Mr Cuong Nguyen and his union applied to the Federal Court for an injunction that would prevent Cochlear from dismissing Mr Nguyen. This application was made pursuant to sections 807, 793(1) and 791(1) of the Workplace Relations Act. On Thursday, 25 September, Cochlear management representatives interviewed Mr Nguyen at its Lane Cove plant in the presence of two representatives of his union. Mr Nguyen and his union representatives clearly stated at this meeting that, in speaking with members and senators and with journalists, Mr Nguyen was acting in his capacity as an elected union delegate, not as a representative of Cochlear. Mr Nguyen and his union requested that the company immediately reinstate him to his employment and that no further action detrimental to his employment be taken. Later that day, a meeting of Cochlear employees resolved unanimously to call on the company to immediately reinstate Mr Nguyen and to apologise for standing him down.

On Tuesday, 30 September, Cochlear management conducted a further interview with Mr Nguyen. At this interview, Mr Nguyen told the company that he had migrated to Australia from Vietnam because he believed Australia was a democracy that granted its citizens freedom of speech. He stated that he had not criticised the company; he had merely told journalists that Cochlear’s employees wanted a collective agreement negotiated with their union.

On Wednesday, 1 October, the company issued Mr Nguyen with a final warning. The warning stated:

Any further breaches of your terms and conditions of employment is likely to result in the termination of your employment by Cochlear.

On 8 October, as a result of Cochlear’s failure to rescind its final warning to Mr Nguyen, the application for injunctive relief in the Federal Court was amended to include an application for further orders of the court that the company’s policies and actions contravene the prohibitions in the Workplace Relations Act against injuring a person in their employment because of their membership of an industrial organisation and
because of their desire to improve their industrial conditions. The application states that Cochlear’s policies and actions are unlawful insofar as they deprive Cochlear employees and Mr Nguyen in particular of their freedom of speech relating to industrial matters of importance to them and deprive Mr Nguyen, his fellow employees and their union of the opportunity to legitimately advance their industrial interests.

The application is due to be heard in the Federal Court on 3 November. I would urge senators who are the least bit interested in seeing that democratic rights are preserved in this country to monitor these proceedings very carefully.

Genuine collective bargaining requires both sides to have equivalent bargaining power and capacity. Australia is a signatory to the International Labour Organisation convention on the right to bargain collectively. Australia has always upheld its obligations under the convention, until the former government, and former Minister Reith, began tinkering with our workplace laws. That is no longer the case. The right to bargain collectively is a fundamental component of the universal human rights that we in the government treasure. But if we confuse these rights with hollow notions about choice, where one party or another is able to treat their obligations under collective bargaining laws as entirely voluntary, then the system is completely undermined.

The right of workers to collectively bargain needs to be matched with an obligation on all parties to negotiate in good faith. This would not be an obligation to agree—merely an obligation to respect the universal right conferred on workers. This obligation is not some arcane technical issue. It is central to the development of respect, cooperation and, ultimately, the productive performance of firms that is necessary to secure the future prosperity of this country.

The situation at Cochlear illustrates clearly the deficiencies of the bargaining regime that applies under the current industrial system. The situation at Cochlear illustrates clearly the workplace culture promoted by the former government—a culture of disrespect, unilateral decision making and victimisation. It is a culture drawn directly from the playbook of the far right of politics. It is now time to break this culture with a fresh start to the laws regulating collective bargaining. It is time to break the culture that legitimises the indecent treatment of working people like Cuong Nguyen. (Time expired)

Murray-Darling Basin

Senator FISHER (South Australia) (1.00 pm)—Unfortunately, I feel compelled to rise on this occasion to explore the matter of very much public interest in the crisis facing the Murray-Darling Basin and in particular the concerns in that regard of my home state of South Australia and indeed all Australians.

South Australians and the rest of Australia want to know from where they will get their water, how they will get water and on what terms and conditions they get their water. Like most Australians, South Australians want to see Prime Minister Rudd’s evidence based plan to resolve the crisis facing the Murray-Darling Basin. They want to see an evidence based plan to bring water back into the system. They want to see the government’s transparent and evidence based plan to better collect, store and reuse water. And they want to see the Rudd government’s transparent and evidence based plan to distribute water in the short, medium and longer term.

There has been a fair bit of debate about bringing water back into the system and much public interest in the mechanisms being utilised thus far by the Rudd government
to bring water back into the system. We have been talking about buybacks, we have been talking about investment in infrastructure to more efficiently use and reuse water, and we have been talking about mechanisms to better collect, store and use water. However, there has been much public interest but far less public debate about distributing water, be it distributing the water that is currently available, noting that the government says there is not enough, or the government’s evidence based plan to distribute water in the medium and longer term. There has been far less public debate about that.

In terms of parliamentary and government context, we are part way through a Senate committee inquiry, initially focusing on the Lower Lakes and Coorong in my state of South Australia, and in the second place to report in early December focusing on the Murray-Darling Basin in the broad. In the context of that inquiry we have a government concluding that there is not enough water in the system. We have government members opposite referring to evidence given by witnesses before that committee to the effect that all users of the river are equal. In times of plenty, users are indeed able to be equal, at least hypothetically. But the government has failed to publicly acknowledge that, when times are not of plenty, priority needs to be given. Hard choices and hard decisions need to be made, which of necessity means that priority needs to be given to some users over others.

In another place the parliament is part way through considering a bill, proposed by the government, to amend the Water Act. That bill refers to the uses to which water can be put and attempts to assist the public debate on the term ‘critical human needs’. Thus far, to the extent that we have been able to look at the legislation, it potentially raises far more questions than it answers, and as currently drafted it potentially reinforces the current inconsistencies and inadequacies in the approach to who gets to use the water and on what terms and conditions.

Leading Adelaide ecologist Professor David Paton has long argued that the Murray-Darling Basin states have been unable to agree—in fact, they have disagreed long and hard—on an equitable distribution of water in the basin between the users and the environment. Professor Paton has recently publicly recognised that not only is there lack of equitable agreement in respect of the users versus the environment but also there is lack of agreement on equitable distribution between users of water. He expressed this on Adelaide radio recently by expressing his concern about the amount of River Murray water being secured for critical human use. In saying essentially that he thought less water needed to be taken out of the system, he said:

I still think the situation is dire. If you are serious about having a functional river that can support communities through the long term then clearly we are going to have to reduce the quantity of water that is currently being taken out for human use, et cetera.

Unfortunately, he must be right. State and federal governments have essentially been resorting to the use of the term ‘critical human needs’ to hand out water to those to whom they want to hand out water. In short, it has been able to be exploited for political expediency and for political purport. That must stop. The proposed amendments to the Water Act in this bill are the opportunity to bring that to an end—to provide the Australian and South Australian public with clear terms and conditions on who is entitled to water, when they are entitled to it and on what terms and conditions.

Why does it matter? In respect of so-called ‘critical human needs’, which one might think is obviously a term capable of definition, water so tagged by a government
is effectively excised from the system. Those to whom water is notionally given for critical human needs get priority use of that water above all other users and uses. It is therefore imperative that the basis upon which such water is distributed and the terms and conditions upon which governments expect it to be used are clear. Thus far, that clarity and transparency unfortunately have been splendidly lacking.

It further matters because, once users have been given water for critical human needs, it is difficult to see how they would ever have that allocation discontinued. I illustrate this with some recent, more controversial examples of water allocated for critical human needs. The people of Australia have been told that about 200-plus gigalitres of water are being stored in Menindee Lakes in reserve for Adelaide’s critical human needs. Thus far the basis upon which the people of Adelaide should have resort to the water from Menindee Lakes for their critical human needs has not been satisfactorily demonstrated, particularly when it is arguable that, by the time Adelaide decides it may need access to that water, the water may well have evaporated.

Critical human needs has been used to justify the proposed construction of a weir at Wellington in South Australia. The Senate Standing Committee on Rural and Regional Affairs and Transport has not heard with any clarity from the South Australian government the purpose for which it is proposing to build the weir at Wellington, but one of the purposes expressed thus far is to provide water for Adelaide. I would have thought the people of the Lower Lakes and Coorong would be entitled to have a reasonably dim view of a weir to provide water for so-called critical human needs for Adelaide, when, were it to be constructed, the weir arguably would prevent, at least in the short term, the lifeline of water—30 to 50 gigalitres—which the Senate committee found would be sufficient to enable the Lower Lakes and Coorong to carry on for the next 10 to 12 months. The people of the Lower Lakes and Coorong would be entitled to the view, I would have thought, that they have critical human needs which are not being met. How have those so-called critical human needs been assessed and prioritised? Indeed, have they been?

Another controversial example is the proposed construction, approved by Minister Garrett, of the north-south pipeline to provide water to Melbourne—to provide water to a city for so-called critical human needs, to provide water to a city that currently does not rely on that source of water, to provide new water to a city under a COAG agreement. The COAG agreement was supposedly all about reducing the take of water from the Murray-Darling Basin system and bringing more water back in, yet we have a politically expedient agreement to dole out water for so-called critical human needs.

Yes, it does matter, because not only are users of water for critical human needs given top priority and not only is the water so tagged effectively excised from the system—not only is there that absoluteness—but, once a user is on, it is difficult to see that a government, particularly a state government, would want to preside over taking the user off. Indeed, when the Senate committee asked South Australian Minister Karlene Maywald her view as to whether Adelaide could be weaned off the Murray, she gave a very vague and unconvincing answer. Part of her answer seemed to be that there are pipelines and infrastructure to supply the city of Adelaide and we need to continue to provide for a one-in-100-year situation. She seems to be suggesting: we have already got the pipes there; we basically have to keep them wet in case we need them once every hundred years. Let us not fool ourselves into thinking
that the city of Melbourne and the state government of Victoria would run a different answer once the city of Melbourne is plugged into the Murray-Darling Basin and has water running through the pipes.

The amendments to the Water Act unfortunately raise more questions than answers, but at least they attempt to address the issue. We look forward to the government providing answers to questions such as: why should it be that the bill provides highest priority water, for critical human needs, for communities dependent on Murray-Darling Basin water and conveyance water thereof? Why should communities already dependent upon the Murray-Darling Basin get higher priority just because they are already on the Murray-Darling Basin? Should not part of the assessment be whether or not they should be on there in the first place, or whether, as in the view of experts providing evidence, cities like Adelaide and Melbourne have choices that other users do not? They have choices in their water use that rural and regional users do not have. Should there not be an examination of why they are there in the first place and whether they are able to be taken off?

The bill talks about core human needs revolving around rural and urban centres. It talks about non-human needs and the prospect that not supplying water for those non-human needs could lead to social, economic and national security costs. We look forward to hearing from the government about what those terms mean and how they might be applied consistently and transparently across the nation. We must see clarity and transparency. We must not allow the sentiment to continue to build about who is doing what and who is getting what—which is understandably building not only between states but also between users within states, cities and towns and among irrigators, farmers, communities and Ramsar wetlands. We must not continue to encourage, through a lack of transparency and a lack of consistency, that resentment. (Time expired)

Paid Parental Leave

Senator HANSON-YOUNG (South Australia) (1.15 pm)—I rise today to discuss the Productivity Commission’s draft report entitled Paid parental leave: support for parents with newborn children, which was released a week ago. From the outset I must say that, while many of us who have been talking for years about greater support for working families were sceptical at the government’s referral of the issue of parental support to yet another inquiry, the initial recommendations and proposed model put forward by the Productivity Commission proved to be quite promising.

Support for working families is a platform of the Rudd Labor government. They went to the 2007 election with it at the forefront of their campaign. While it is all very well and good for this term to be used as a mantra day in and day out, few will be convinced it means anything unless the government commit to a paid parental leave scheme as a budget priority, to prove that support for Australian families is at the top of their policy agenda. The fact that, in 2008, Australia is still one of only two OECD countries without a national paid parental leave scheme is an indictment on both the government and the opposition. While I acknowledge that the issue is at least now on the political agenda, we must not forget the tireless efforts of others in this chamber, such as former Senator Natasha Stott Despoja, who had been calling for action on this issue for years.

Despite the government pledging its support for the introduction of a paid parental leave scheme, the fact that the Treasurer deflected speculation on whether or not this will be part of the government’s second budget in 2009 has raised serious concerns
over whether Australian families will have to wait until 2010 for any real proposal to become a reality in government policy—or perhaps we will be waiting even longer. With a $10.4 billion injection of funds into the pockets of families, announced yesterday by the Prime Minister, I can only assume that the government would see the benefit in investing in Australian families through a paid parental leave scheme. What better way to ensure healthy families, healthy children and a healthy economy?

Currently, almost two-thirds of Australian working women have no access to this basic workplace entitlement. And while the Minister for Families, Housing, Community Services and Indigenous Affairs, Jenny Macklin, has assured the public that the introduction of a parental scheme is no longer a maybe but a definite, we are yet to see the facts, we are yet to see the proposals and we are yet to see the commitment. Despite Minister Macklin’s assurance that a paid parental leave scheme will actually become a reality, when questioned about whether the scheme would be a key budgetary measure the Prime Minister and the Treasurer argued, as recently as last month, that the global financial turmoil may force the introduction of any such scheme to be deferred—again.

Let us have a think about what a paid parental leave scheme would offer. It would offer support and investment for our Aussie families, the best start for our kids and happy little vegemites. Using the financial crisis as an excuse for inaction is simply not acceptable. Surely with the current state of global financial markets and the rising cost of living, support for families would be a given—and it should be a priority for a government who believe that they own the ‘working family’ mantra. It is time for government to stop dancing around this issue and to bite the bullet, providing Australian working families with the support they so desperately deserve.

Support for parents in their efforts to care for newborn children is an essential component of any government policy that aims to promote the health and wellbeing of infants.

The Productivity Commission’s recommendation for a taxpayer funded 18-week parental leave scheme, with a quarantined two weeks for the father or the partner at an estimated cost of $530 million per annum, puts to rest the debate that any parental leave scheme is economically unfeasible. With the federal government currently sitting on a budget surplus—which the Prime Minister has acknowledged as recently as yesterday should be put back into the community—a government funded paid parental leave scheme is something we can afford and we must prioritise.

While the Greens welcomed the draft proposal announced by the Productivity Commission, we believe that 26 weeks of paid parental leave shared between both parents is what we should be aiming for. This figure is backed by a broad range of stakeholder organisations—from unions to women’s groups and health organisations. The World Health Organisation, the Australian Breastfeeding Association and the Public Health Association all advocate six months paid leave for mothers to be supported through childbirth, recovery from birth and a healthy period of breastfeeding and essential bonding. A number of unions, including Unions NSW, the Community and Public Sector Union, the National Tertiary Education Union and the Liquor, Hospitality and Miscellaneous Union are also calling for six months paid parental leave at a minimum.

Every nation in the developed world bar Australia and the United States has some form of paid parental leave for its workers—with Japan offering 26 weeks, Canada offering 28 weeks, Greece offering 34 weeks, the United Kingdom offering 39 weeks and
Sweden offering a very generous 47 weeks; yet families in Australia have been left to pay for their maternity and parental leave through the use of their personal holidays, long-service and sick leave—or, in the case of casualised workers, numbers of which I note are on the increase, they have nothing to fall back on. It is vital that Australia has a paid parental leave scheme that meets international standards and guidelines. Legislating for 26 weeks of paid parental leave would go some way to increasing our standing in the OECD in the areas of social and economic development. We need to challenge other countries with comparable economies that have left Australia years and years behind in the recognition of paid parental leave as a basic workplace entitlement.

We need to address the appalling workforce participation rate of Australian women in the child-bearing age group. Australia is ranked eighth lowest in the OECD, with 72.4 per cent, well behind Sweden, which boasts the highest workforce participation rate of females, with 86.4 per cent. I will remind you that it is Sweden that offers 47 weeks of paid parental leave. We need policies that will encourage and embrace women’s workforce participation. Legislating for parental leave as a workplace entitlement, not a welfare measure, will go some way to protecting working parents from economic hardship as a result of the birth or adoption of a child.

While the Greens will be pushing for a more generous scheme than that proposed by the Productivity Commission, we must also take note of problems that other nations have encountered when incorporating paid parental leave into legislation. A recent report released by Britain’s Equality and Human Rights Commission suggests that the current legislation and regulations in Britain have had the unintended consequence of making women a less attractive prospect to employers, which has led to calls for better government protection of pregnant workers through the introduction of a parental leave scheme that supports both parents taking time off to care for their children. The Rudd government must ensure that any paid parental leave scheme that is introduced adequately addresses the systemic discrimination and disadvantage women in the workforce are faced with when having children. We do not want to see the unintended consequence of making women a less attractive prospect to employers occur here in Australia.

Paid parental leave is long overdue in this country. While I am encouraged by the Productivity Commission’s initial recommendations, I hope that the government will listen closely to the next round of consultations on the report and act immediately on what is an essential workplace entitlement for Australian families. Paid parental leave should not be viewed as a cost burden by any government that wishes to see itself as a leader in social and economic development. It is an investment that we should embrace and prioritise, as raising healthy children and helping families and parents to provide the very best care for their kids is a responsibility for a government that is serious about building a better future for our country. It should be a priority and a responsibility for a government that is serious about strengthening the opportunities for future generations.

Australian Defence Force: Mental Health Care

Senator MARK BISHOP (Western Australia) (1.25 pm)—I rise today to speak on a topic that has been floating around in my mind for some years and which I have not had the opportunity to do the hard thinking on and bring to a conclusion. I have taken the opportunity in the last few weeks to give this particular topic some thought. I refer to the review of mental health care in the Aus-
Australian Defence Force and the consequent transition as servicepeople move out of the forces and into civilian life.

At the outset I have to acknowledge that the Minister for Veterans’ Affairs, Mr Griffin, has announced that the review is to be conducted by Associate Professor David Dunt. That review, in my view, is very, very welcome and a very useful initiative by the new government. The review will provide, for the first time, a comprehensive look at just one issue of defence personnel policy both during and after service. While the terms of reference for the review are quite wide-ranging, I would like to focus on two particular issues. The first goes to the governance arrangements between the Department of Defence and the Department of Veterans’ Affairs. The second concerns the current paradigm that applies to the application of military compensation assessments.

By way of background, since World War I we have seen the development of two separate but interlinked agencies. These agencies are the Department of Defence and the Department of Veterans’ Affairs. They are responsible for the care and delivery of services to the same group, the same cohort. The reasons for this, following two major world wars, are really quite obvious. The arrangements that exist today were dictated by the need after those wars to respond to the massive task of repatriation, compensation and health care.

Until 1999 there was a strict division between the services delivered to veterans by the DVA and the services delivered by Defence to serving and ex-serving personnel. However, today there are three major pieces of legislation that govern the healthcare entitlements of ADF personnel. They are the Veterans’ Entitlements Act, the VEA, administered previously by Defence and since 2004 by the DVA; and, from 2004, the Military Rehabilitation and Compensation Scheme, the MRCS.

The VEA is a scheme with its origins in World War I, and it changed little through World War II. It was eventually overtaken by more modern workers compensation legislation which had little, if any, regard for the unique conditions of warlike service. A decision to extend the VEA to peacetime service was made after the Vietnam War. This meant that at that time both the VEA and the MCRS operated in tandem. While a decision was made in 1984 to remove this duality, the legislation grandfathering the VEA and the MCRS and introducing a new single scheme for the future, the MRCS, was not passed until 2004. The DVA now administers claims under the MCRS as well as the VEA, bringing some consistency and simplification to service delivery. They were and remain quite valid aims.

The view seems to be that veterans’ matters should be separate from Defence and that this should be reflected institutionally. However, there are very critical linkages. The existence of two separate and longstanding agencies covering the same client group in and after service has been a problem. They draw from common services as well as separate programs. The model therefore has a number of inefficiencies in terms of service delivery. The key difficulty remains that health and welfare problems addressed by DVA have their causation during ADF employment but the costs of compensation programs are not attributable to Defence. The shift in responsibility for MCRS and associated rehabilitation and treatment now accentuates that gap. The outsourcing of military compensation and rehabilitation to DVA in effect allowed, and continues to allow, Defence to shed its responsibilities. The issues surrounding mental health care should be
seen in this light of the ongoing division of responsibility. There is a legitimate concern about lack of continuity and the need for consistency in the application of medical science. It should also be mentioned that Defence, as the employer, has an obligation for occupational health and safety—a responsibility to be accountable for the outcomes and cost attribution—which is not possible under the current model.

Mental health care is an area where there have been consistently unsatisfactory outcomes. The disconnect between DVA and Defence can be very clearly seen in the area of mental health care. The transfer of serious problems which emanate from ADF service were also a feature of the inquiry into military justice by the Senate Standing Committee on Foreign Affairs, Defence and Trade. In submissions, some discharges from service could be linked to bullying and harassment that resulted over time in mental health outcomes. In more extreme cases, treatment of individuals resulted in suicide. Whilst not everyone is suited to defence service, some find themselves in circumstances that are very stressful. It must be said that in the past there is evidence such problems have not been well managed. Individuals or family members of those discharged in this way spoke of a lack of support and care beyond that provided by ex-service organisations and community care. The point I wish to make is that this current system has had an adverse impact on the continuity of care. The preference should always be, in my view, for a holistic model regardless of the boundaries in institutional arrangements. It is unfortunate this approach has not been taken to date.

In a recent report by Mr McLeod into the suicide of Signaller Gregg it was noted that a third agency, ComSuper, is also now involved. His recommendation was that ComSuper’s responsibility for assessing incapacity be passed to DVA, and it is a very valid recommendation as it might remove one player from the game. In this context, it is worth noting a recommendation of the review into military superannuation: that death and disability payments cease being paid as a superannuation payment. This will eliminate the need for ComSuper to be part of the process. It is a significant change and one quite worthy of very thorough investigation into the future. It may be more appropriate that disability assessment be included in the MRCS Act regardless of the administrative body charged with delivery of programs. However, the relative suitability of the current ComSuper in the MRCS regimes would need to be carefully assessed. We need to ensure that the assessment of permanent or temporary disability—physical or mental—be consistent, rigorous and independent. It should be based on best practice and current medical science if available. Ultimately the aim should be for rehabilitation but the compensation framework has changed little since World War I, particularly in the area of mental health.

While the debate on changes in respect of shell shock, battle fatigue and now PTSD reflects a growing sophistication and understanding of mental health issues in the services, it has been suggested that the compensation scheme has been counterproductive and may well exacerbate the problem in a whole range of areas. In short, the compensation scheme as it is currently designed is only suitable for measurable loss after physical rehabilitation. For mental health disabilities this may not be the most appropriate model. By their nature they may have a late onset, they may fluctuate according to intervening and extraneous circumstances and they may be attributable to service more because of the application of the relevant act than any because of any other single factor.

The other difficulty is that compensation should be available only after a condition has
been realised. This presupposes early onset, early diagnosis, treatment and rehabilitation to a stage where permanence can be assessed. With psychological disorders this may not be possible. Many service personnel experience a delay in diagnosis and treatment to a stage when intervention is not always successful. People are discharged with an undiagnosed psychological disorder and effectively bypass the DVA system. They remain undetected and untreated because the compensation system has not been triggered. Early self-awareness prompting presentation, diagnosis and early intervention cannot be relied upon.

The early response to mental health issues for returned servicemen from World War I was the creation of the ‘burnt-out diggers’ pension. It was effectively the age pension made available to those so affected by their war service that they were unable to work. These were the men who could not settle down, who humped their bluey or who became reclusives living on the fringe—and these still apply in all states to veterans of the Vietnam conflict. There was no treatment except institutionalisation, and that benefit is still available. It is provided to those deemed unable to work but who are under the service pension age of 60 years and who have been accepted as qualifying for payment of a particular benefit. It is unclear whether those accepted as being permanently of this condition seek further treatment. The statistics on that critical matter are simply not available, and I believe this is a critical failure within the system itself.

The predominant policy and legal requirement is that of the benefit of the doubt. It was first given after the horrors of World War I in an era of inferior medical science. It continued through World War II, and is confirmed now in the statements of principle that apply in this area. As we know, with physical injuries there is a health record that everyone can rely on. But, with mental disorders, cause and effect is much more doubtful, much more problematic. The question therefore is whether the current regime is appropriate and whether an alternative model might be considered, where the mental illness is treated before compensation becomes the predominant issue. This approach would provide temporary income support until such time as rehabilitation has been attempted. It would provide a longer assessment period for stabilisation. Currently, there is a period of 45 weeks on full pay in the ADF pending rehabilitation, redeployment and discharge. This may be far too short for non-physical disabilities. The importance of redeployment and retraining in lieu of medical discharge is, of course, consistent with modern compensation policy. However, the rules governing compensation in this area have prevailed far too long. There is also, of course, the stigma attached to mental health problems in the ADF. As a result, there is little incentive for personnel to seek treatment. If compensation were removed as an early option, there might be a requirement for a more rigorous treatment and rehabilitation regime.

The stresses of serving in our defence forces are a very real issue, and they are often overlooked, given the necessary focus on physical injury and combat death. The transition from service to civilian employment and family life should be as smooth as possible. Service men and women requiring special postdeployment support and care should receive it. The issue of governance has led to confusion in policy responsibilities for military compensation between the two lead agencies of Defence and the Department of Veterans’ Affairs. Program delivery can be delegated to DVA, but occupational health and safety should and will remain the moral responsibility of the employer—the Department of Defence. (Time expired)
Senator IAN MACDONALD (Queensland) (1.40 pm)—I want to use today’s debate on matters of public interest to again highlight the opportunities that abound in Northern Australia and to remind the Senate that, even now, Northern Australia, with about six per cent of Australia’s population, produces more than 30 per cent of Australia’s export earnings. Before I get onto that, I will reflect on nation building. Earlier this morning, I had the opportunity of attending a briefing from the Australian Antarctic Division on their future plans for science way down at the opposite end of our continent and our nation from Northern Australia. I was reminded, when listening to the AAD officials and Dr Tony Press, how important it is to have a vision in Australia.

Back in 1996, the new coalition government had a vision for getting access to Antarctica so we could get more scientists down there. We could do better work and we could understand world climate changes so much more easily if we could fly scientists down and back by aeroplane. Against a lot of objection and difficulties over a long period of time, that airline is now operational. Just talking to the scientists, one can understand how delighted they are that the Howard government had that vision way back in those days. That led me to look with some pride at other visionary projects constructed or started by the Howard government. Look at the Darwin to Alice Springs Railway—a nation-building, visionary project of the Liberal and National parties. Look at things like the work done to save the Great Barrier Reef, that iconic natural feature. Again, this work was started off, going back further, by the Fraser Liberal government.

Think of the current financial crisis and understand that the government yesterday spent $10 billion on assisting disadvantaged Australians but also on helping the economy. One wonders what Australia would have been like today if the current government had inherited, 10 months ago when it took office, a $96 billion debt rather than a $22 billion surplus, which it did inherit. Again, that shows the visionary outlook of consecutive Liberal-National Party governments. We can only be thankful today that we did have a government who prepared Australia for these sorts of economic global activities that are now happening—

Senator Fierravanti-Wells interjecting—

Senator IAN MACDONALD—and, as Senator Fierravanti-Wells says, provided the current government with the money to do what it has been necessary to do. I look back to another visionary project, that of the Ord River scheme, introduced many years ago by the Menzies government. Look at what that visionary scheme has done. Not always has it been successful, not always has it got plaudits, but it has been a visionary activity that will, in time to come, provide the food for not only Australia but Asia as well. As we look ahead to 15 to 20 years time and realise that the plains of northern China will run out of water, we then realise that there are an enormous number of people in the world that will need food. That Ord River scheme will then, if it has not already, come into its own.

I could speak for hours on the activities, the enthusiasm and the potential of the Ord River; suffice it to say, perhaps, that it does need further visionary activity. It has not occurred in recent years with the Labor government in Western Australia, but I believe now that, with the new government in Western Australia and encouragement from the Commonwealth government, the Ord River Irrigation Scheme stage 2 can be extended because—again, we do not have time to go into this—it is quite clear that as climate change makes the south of the country drier...
and as the Murray-Darling basin continues to have difficult times, we have to look where the water is.

So stage 2 of the Ord River Dam scheme is essential. It does require some activity from the Western Australian government and I am confident Mr Barnett and his team will be doing that. I just wish, I hope, I urge, that the Northern Territory government would end its malaise and its disinterest in stage 2, which comes across into the Northern Territory and would provide wonderful opportunities for development and production of food. How sad I am that, by 74 votes, the people of the Northern Territory missed out on having a new and energetic government that might extend the development and extend operations for the good of its people up that way. But the Douglas-Daly area is another area that has huge potential for providing food for Australia and food for the world. Again, it needs activity, some visionary approach by the Northern Territory government—sadly lacking now but we can continue to hope and urge the Northern Territory government to get on board and help to develop, in a sustainable way, those areas. There is a huge potential there.

The potential of Northern Australia is not just in food production. Mining and minerals processing already carries the rest of Australia. Up in the north there is the tourism activity and the universities. James Cook University is one of the—if not the—premium tropical universities in the world. It is a university with great expertise in tropical sciences that are in high demand around that one-third of the world that comprises the tropical areas of our planet, and the potential continues.

Today I want to develop and have a closer look at some of the irrigation potential of Northern Australia. I am indebted to an analysis put out by the CRC for Irrigation Futures and the CSIRO Land and Water Science report No. 13/08, which was published in February of this year. It builds upon work that was committed entitled the Northern Australia irrigation futures: building a basis for developing sustainable irrigation across northern Australia in 2003 by the Howard government as a collaboration between Australian, Queensland, Northern Territory and Western Australian governments, CRCs, Land and Water Australia and the CSIRO to develop new knowledge tools and processes to support debate and decision making regarding irrigation in Northern Australia. That very learned document does compare the lower Burdekin catchment area based on the Burdekin River. Of course, that is my home town of Ayr and Home Hill astride the Burdekin River, an irrigation area that has been going for over 100 years now and provides some 80,000 hectares of land currently under cultivation. They compare that with the Ord River irrigation area, some 13,000 hectares of surface water irrigation scheme established, as I have mentioned, in the mid-1960s and producing real wealth. They also compare the Katherine and Douglas-Daly areas of the Northern Territory, with its 2,200 hectares of irrigated areas which really develop agriculture across Australia.

In each of those three irrigation areas, there is potential: in the lower Burdekin area 142,000 hectares of potential, in the Ord River irrigation area another 70,000 hectares of potential and further potential in the Katherine and Douglas-Daly area. Already, the net incomes from those three irrigation areas are respectively $450 million, $60 million and $92 million. So these irrigation areas are currently not only making a magnificent contribution to Australia’s economy but also helping to feed Australia and the world. But the potential is what is important.

With some extension of the wall of the Burdekin Dam there would be huge in-
creases in activity. Already, 53 per cent of the water from the Burdekin Dam is used for agriculture. There is 17 per cent currently unallocated and it can be extended down the Elliott main channel towards Bowen to provide a considerable additional area of irrigated agriculture land and, as well, could provide substantial hydroelectricity. There is potential to generate 60 megawatts by raising the Burdekin Falls Dam by only a small amount. So there is huge potential there.

In addition to these three places in northern Australia already producing but with potential to increase further, there are new areas which can be developed. I want to just briefly mention the O'Connell Creek proposal on the Flinders River at Richmond, a small town in the gulf area of North Queensland. O'Connell Creek is a tributary of the Flinders, flowing into the Flinders River about 25 kilometres west of the Richmond township. The proposal for this diversion would require a weir on the Flinders River to divert high flows into the O'Connell Creek water storage facility in times of high flow in the Flinders River. It would have a wall and a spillway, with water returning to the Flinders River when the facility is full. There could be a yield of some 55,500 megalitres at 85 per cent reliability, and the facility could be capable of irrigating some 5,000 to 12,500 hectares of irrigable agricultural land. The soils are self-cracking black soils, good for any sort of cropping. The facility will draw some 100,000 megalitres annually, which is only 2½ per cent of the total river flow or 18 per cent of what flows past Richmond.

The Gulf of Carpentaria, which is where the Flinders River runs, has some 23.3 per cent of Australia’s water run-off. I will mention that again: the Gulf of Carpentaria has 23.3 per cent of Australia’s surface water run-off. The mean flow of the Flinders River at Richmond is some 846,000 megalitres; the median flow is some 271,000 megalitres. The proponents of this proposal, the Richmond shire, believe that a 20 per cent allocation from the Flinders River in times of flood is environmentally, socially and economically feasible. They have done a huge amount of work, as has the Flinders Shire Council in relation to its Mount Beckford proposal.

I return to where I started in this speech—that is, to highlight that Australia can only be developed if governments have the vision. I have demonstrated that it has been Liberal governments over the last 50 years that have had the vision for things like protecting the Great Barrier Reef, for things like the Alice to Darwin railway and for things like the Ord River scheme. We need that vision again from Commonwealth and state governments and from enterprising people to ensure that we can develop that part of Australia which holds the future for food supply and for energy supply in our country. After years of neglect by the Queensland, Western Australian and Northern Territory governments, we need a new focus. It is happening in the west. I hope it can happen in the other place, and I certainly hope that the current federal government will borrow some of the enthusiasm and energy of previous Liberal governments and get working on the things needed to develop Australia’s future, which is Northern Australia.
competition in Tasmania with respect to our broadband services is the Tasmanian government’s dilatory, negligent and potentially reckless behaviour.

The Labor Premier, David Bartlett, says that he wants to be ‘clever, kind and connected’. One thing we know for sure is that he is not connected. He has done little to nothing, together with his Treasurer, Michael Aird, to get Tasmania connected. As I say, $2 million of taxpayers’ money in Tasmania is going down the tube into a big black hole. They have failed to negotiate an arrangement with City Spring Infrastructure, the current owners of the optic-fibre cable across the Bass Strait.

I ask the Premier why his government have sat on their hands on that Basslink fibre-optic cable since the issue arose in 2004. I hope that Senator Conroy, as the relevant minister at the federal level, can lean on and educate his Tasmanian colleagues so that we get a solution to this very, very important issue and we get competition in Tasmania with respect to broadband services. The Basslink energy cable was completed in 2004 and contained a fibre-optic link capable of increasing Tasmania’s broadband capacity, and it has lain dormant since that time. The Tasmanian government have been unable to come to an agreement with Basslink’s owners. That is the bottom line. It is $2 million a year of taxpayers’ money in Tasmania. Just last week, I talked to Will Hodgman, the Leader of the Opposition in Tasmania.

Senator Ian Macdonald—A very good man.

Senator BARNETT—‘A very good man,’ Senator Macdonald says. He is, and he is fighting for Tasmania. I also met with Peter Gutwein, the shadow Treasurer, and likewise have previously talked to the Hon. Jeremy Rockliff, the shadow minister for infrastructure. They all want a solution to this dilatory and negligent, potentially reckless behaviour.

This would deliver benefits for small business throughout Tasmania. It is not just for those in Hobart and those in Launceston; the benefits would flow throughout the community to the rural and regional communities, not just to small business. This will benefit those who are involved in education and those who are involved in health in those rural and regional committees in Tassie. Remember that we are the most decentralised state in Australia.

Senator Polley interjecting—

Senator BARNETT—Thank you, Senator Polley; that is absolutely right. Together with the Leader of the Opposition in Tasmania, Peter Gutwein, Jeremy Rockliff and the Liberal opposition in Tasmania want to make a difference. We have had discussions with Digital Tasmania. I held a forum on this topic some months ago, and Andrew Connor spoke then. His views are the same now as they were then—that is, we need a solution and we need it fast. There is $2 million of taxpayers’ money going down the tube for no benefit, all because the Treasurer, Michael Aird, and Premier Bartlett cannot do a deal with the current owners. It is not good enough. We need to send an unequivocal, very firm message to the Labor government in Tasmania that we deserve better. The people of Tasmania want us to stand up and say, ‘We want to make a difference for people in small business and those in rural and regional parts of Tasmania that we know will benefit so significantly from this link with the optic-fibre cable.’ So let us stand up and make a difference.

QUESTIONS WITHOUT NOTICE

Economy

Senator MINCHIN (2.00 pm)—My question is to the Minister representing the Prime Minister, Senator Evans. I refer to the
Prime Minister’s address last night where he said that he would ‘level’ with the Australian people about the economic threats that we face. Will the government ‘level’ with the Australian people and immediately release the Treasury economic forecasts underpinning yesterday’s announcement of a $10.4 billion spending package?

Senator CHRIS EVANS—I thank the senator for his question. The economic security package announced yesterday was part of a comprehensive and decisive response by the Rudd Labor government to the worsening economic and financial crisis. We thought it was important that we take decisive action, that we take early action, to best protect the Australian economy and Australian households from the impact of what is a very difficult financial position.

What we all know is that the global financial crisis has taken a turn in recent times for the worse and that the impacts of that crisis are not yet known. We are in uncertain times, difficult times, and the full extent of it is yet to be clear. But what we do know is that all the forecasts for economic growth among the major economies of the world, like America and Europe, are for reduced growth, for rising unemployment and for significant financial difficulties.

What this government did was take advice from Treasury and from Finance and look at the Reserve Bank’s advice and look at what was needed in the Australian economy. We took measures to stabilise confidence in the banking sector, and they were announced last week. We believe the banking sector is strong, but we thought it was important that we reinforced that message by announcing the guarantees that we did to reassure investors and to ensure that our banks were competitive in the international environment.

What we did in the announcement yesterday was announce an economic security package that provides a stimulus to the Australian economy. It provides relief for pensioners and families but provides an economic stimulus to assist the Australian economy to resist the pressures for a reduction in growth in the economy. Those measures have been welcomed throughout the Australian community—by economic commentators, by pensioner and disability groups, by representatives of family groups. People understand that this is a decisive measure that will assist the economy and will allow us to provide security for our economy and our households when dealing with the very difficult international economic times.

What we made clear also yesterday was that the Mid-Year Economic and Fiscal Outlook, MYEFO, will be released by mid-November. That will contain the revised forecasts for the national economy. That will be publicly available, as Senator Minchin well knows. That will provide the best advice available to the Australian government at the time on the impact of the international global financial crisis on the Australian economy. That will contain revised estimates for growth, for unemployment—for all the major macro indicators of the state of the Australian economy. That will be made available.

We clearly acted, in framing this package, on the advice of our financial experts within the Public Service and we took that advice very seriously, but the forecasts for our broader economic conditions and the impact that this will have on our budget position will be released in MYEFO. That will be released within a month and that will provide all the information about the impact on the Australian economy. (Time expired)

Senator MINCHIN—Mr President, I ask a supplementary question. Given that the government is obviously refusing to provide Treasury’s latest economic forecasts, how
can the Prime Minister claim, as he did at the Press Club today, that ‘the government believes in absolute maximum transparency’? Why won’t the government provide the Senate with these revised forecasts now, given the government’s expectation that the Senate will pass the legislation required to give effect to its new spending package?

Senator CHRIS EVANS—I am not sure whether Senator Minchin failed to listen to the answer, but what I made clear to him is that the authoritative information on the macroeconomic conditions is contained in the MYEFO. As he knows, the midyear economic report is provided by the government in the normal course of events. That will be provided. I understood that the opposition were supporting the package.

Honourable senators interjecting—

The PRESIDENT—Order! Shouting across the chamber is disorderly. I am entitled to hear Senator Evans’s answer to the question.

Senator CHRIS EVANS—I am concerned if the opposition are now indicating that they will not be supporting the package of measures, because I understood from their leader that they would be. I urge them to support these measures that assist pensioners, assist families and attempt to protect us against the impact of the global financial crisis. The MYEFO will be released in the ordinary course of events and that will be made available publicly.

Economy

Senator FARRELL (2.06 pm)—My question is to the Minister representing the Prime Minister, Senator Evans. Can the minister provide further details to the Senate on the government’s Economic Security Strategy, in particular the measures for Australian pensioners?

Senator CHRIS EVANS—I thank the senator for a very important question. Yesterday’s announcement of the economic security package was a $10.4 billion investment in strengthening the Australian economy in the face of the global financial crisis. It will strengthen the economy and support households. Given the risks of a global economic slowdown, we thought that early and decisive action was important, and, judging by the reaction of commentators and the Australian public, they accept that we have acted in the best interest of Australia.

Yesterday we acted to support pensioners, carers, people with disabilities, veterans and families—those most in need of support; those most vulnerable to any downturn in economic conditions. We know that for 12 years the former government failed to act on pension reform, and the recent opposition cries ignored the needs of millions of pensioners. In 12 months this government has done more for pensioners than the current opposition did in 12 years in office. As part of the Prime Minister’s announcement, $1,400 will be paid to single pensioners and $2,100 to couples as part of that package. These payments recognise the additional costs single pensioners face relative to couples. But we will not pitch pensioner groups against each other and we will not exclude two million carers, people with a disability and married pensioner couples from this payment ahead of longer term reform. This is a comprehensive and serious policy response. For the first time, lump sum payments have been extended to include disability support pensioners, and that is a fantastic development. I had calls last night in my office from people surviving on the disability support pension acknowledging and expressing their gratitude to us for including them in these measures. In May this year the budget delivered $900 in total for single pensioners and $1,400 for couples. So, in total, this year
single pensioners have received an additional $2,300 and couples have received an additional $3,500. That is in the first year of the Rudd Labor government—an enormous contribution to meeting the needs of those people.

What we are also committed to is long-term reform. That is what was missing in any of the opposition’s positions. They failed to acknowledge that long-term reform of pensions is needed. While we received enormously positive feedback from the pensioner and carer groups, one of the things that were interesting was that they all acknowledged the need for that long-term reform. They welcomed the payments; they were highly congratulatory of the government, but they recognised that our commitment to long-term reform was vital and that we ought to move into a situation where we fundamentally address the needs of pensioners with a reformed pension payments system. We think that these measures will assist pensioners in dealing with difficult financial times. We know that they are under economic pressure, and a total payment of $2,300 for singles and $3,500 for couples will be provided by this government through the initial budget down payment and through the economic security package we announced yesterday. (Time expired)

Economy

Senator FIFIELD (2.10 pm)—My question is to the Minister representing the Treasurer, Senator Conroy. I refer again to the Prime Minister’s commitment to level with the Australian people. Given that Labor left this country with a $96 billion debt when they left office in 1996, will the minister level with the Senate and guarantee that the budget will not be in deficit at the time of the next election?

Honourable senators interjecting—

The SPEAKER—Order! I remind senators that this is not a time for debate across the chamber; it is time for questions and answers. I call the Minister representing the Treasurer, Senator Conroy.

Senator CONROY—I thank the senator for his question. This weekend the Treasurer met with his international colleagues at the IMF and the World Bank annual meetings, as well as an emergency meeting of the G20 finance ministers and central bank governors. What arose from those meetings and discussions underscored that the global financial crisis has entered a new and dangerous phase, with real consequences for growth, for jobs and therefore for the future. So let us be clear about this: the financial crisis that started in the US and spread to Europe is now impacting on the financial markets and economies of every single country. As a result, the IMF’s World economic outlook report, which was released last week, forecasts little or no growth in 2009 for the world’s major developed economies—the US, Europe and Japan—and slower growth in the world’s emerging markets. In this dangerous new phase of the global financial crisis, ministers were determined that only decisive action would do, and the earlier governments act the better. That is the lesson from the Treasurer’s program of global engagements with key global policymakers over the weekend.

We are better placed than other nations, but the need for decisive action is no less urgent. Our hard-won prosperity, both nationally and globally, is at stake. On Sunday the Prime Minister announced three measures to ensure the ongoing strength of our banking sector. The government is introducing an interim guarantee on the deposits and term funding of Australian banking institutions, plus an additional $4 billion investment in residential mortgage-backed securities from non-ADI lenders. Just yesterday—
Senator Fifield—Mr President, I rise on a point of order that goes to relevance. The question was very specific: will the minister guarantee that the budget will not be in deficit at the time of the next election? The minister has not even begun to address that question.

Senator Ludwig—On the point of order, Mr President: Senator Conroy has been answering the question. He has been providing the advice which is critical for the opposition—and the public, quite frankly—to hear with respect to this matter. There are still some minutes left for Senator Conroy to deal in toto with the answer. He is answering in such a way as to ensure that he can provide a complete answer to the question that has been asked.

Senator Abetz—Mr President, I rise on a point of order. Unwittingly, Senator Ludwig has in fact confirmed Senator Fifield’s point of order. Senator Ludwig is saying that there is some critical information that Senator Conroy should be disseminating to the Australian people about this economic situation. I thought that was what the Prime Minister’s address to the nation was about last night. We have asked a specific question in relation to whether or not the government can guarantee that the budget would be in deficit by the time of the next election. Whether Senator Conroy wants to address other issues is beside the point. As you have quite rightly pointed out, Mr President, this is question time and we expect answers to those questions, not to the sorts of questions that Labor were hoping may have been asked.

The President—There is no point of order. As you know, I cannot instruct a minister how to answer a question. I can draw the minister’s attention to the question. The minister has one minute, 36 seconds to answer and should remain relevant.

Senator Conroy—That attempt at a point of order just demonstrates how far the opposition have fallen. We used to call the Democrats, supported by those opposite, the fairies at the bottom of the garden. Well, let me tell you, you have earned that mantle. You are economically illiterate if you do not believe—

The President—Order! Senator Conroy, address your comments through the chair and not across the chamber.

Senator Conroy—Let me be clear. For those opposite, who do not seem to understand that the state of the budget is dependent on the state of the economy, both international and domestic, which impacts on the fiscal and budget position, and who need a lecture on this, I am more than willing to offer some information on this. Back to the specifics of the question, yesterday the Prime Minister and the Treasurer announced the $10.4 billion Economic Security Strategy to strengthen the Australian economy.

Senator Ian Macdonald—Thank you, Peter Costello!

Senator Conroy—Those opposite may continue to hanker for Mr Costello, but he is not hankering for you—give it up! He didn’t want you either! This package specifically bolsters recent weaker growth in household consumption and housing and provides much needed assistance to Australian pensioners and families. The value of this package—

(Time expired)

Senator Fifield—Mr President, I ask a supplementary question. The minister might be kind enough to level with the Australian people as to whether the budget will be in deficit at the time of the next election. But my supplementary question is: how can Prime Minister Rudd claim that he is leveling with us when the government refuses to provide basic and critical information? Why won’t the government provide the Senate
with revised budget forecasts now, given the
government’s expectation that the Senate
will pass the legislation required to give ef-
flect to its new spending package?

Senator CONROY—Perhaps Senator
Fifield, because he had a pre-prepared sup-
lementary question, did not listen to the five
minutes of answer that Senator Evans actu-
ally provided. Senator Evans made it abso-
lutely clear that we will be publishing the
MYEFO in November and all of this infor-
mation will be publicly available. You cannot
be more transparent than that; all of the re-
vised forecasts will be made publicly avail-
able. All you will have to do is read that
document. It will not be hard; it will not be
complex, but that information will be pro-
vided. The fact that the supplementary ques-
tion completely ignored five minutes of an-
swer from Senator Evans is just a reflection
of the fact that they continue to leave Senator
Abetz in charge of their tactics.

Western Sahara

Senator HANSON-YOUNG (2.19 pm)—
My question is to the Minister representing
the Minister for Foreign Affairs, Senator
Faulkner. Would the minister outline the gov-
ernment’s position on the question of West-
ern Sahara, specifically on the right of the
people of Western Sahara to self-
determination, given that back in 2002 as
shadow foreign minister the Prime Minister
stated that the people of Western Sahara must
have a fair opportunity to determine their
own future? Just to remind the minister, I
will read from a press release from Mr Rudd
dated 30 July 2002: ‘It is time the UN acted
and gave the Saharawis a fair opportunity to
determine their own future.’

Senator FAULKNER—I am afraid that,
beyond listening with interest to the com-
ments that Mr Rudd made when he was
shadow foreign minister, I am unable at this
stage to update the Senate in relation to this
matter because I have not been briefed by the
Minister for Foreign Affairs to be able to do
so. I do take the view on these things that
any information I provide to the Senate
needs to be accurate and it needs to be con-
temporary. I would hope that other senators
would agree that that is the appropriate
course of action. As a result of what I believe
is an appropriate approach—

Opposition senators interjecting—

Senator FAULKNER—I would be sur-
prised if senators on the other side of this
chamber who are interjecting would disagree
with that—I certainly undertake to Senator
Hanson-Young that I will provide that infor-
mation. Obviously, I will need to receive the
information from the Minister for Foreign
Affairs. I do give the senator an undertaking
that I will seek that information from the
minister for her at the earliest available op-
portunity. I will also indicate whether there
has been any change since the earlier state-
ments that the senator refers to were made.

Senator HANSON-YOUNG—Mr Presi-
dent, I ask a supplementary question. It was
my understanding that this position was ac-
tually Labor Party policy. Could I have it
clarified whether the Labor Party have
changed their policy position on Western
Sahara? In asking the minister for details in
terms of what the government are doing in
relation to Western Sahara, could we have an
explanation as to whether the government
have made representations to the Moroccan
government regarding the systematic viola-
tions of human rights in the occupied areas
of Western Sahara, as well as asking for the
cooperation with the United Nations in its
efforts to organise a referendum of self-
determination for the Saharawi people in
accordance with UN resolutions on the ver-
dict of the International Court of Justice?

Senator FAULKNER—Again, I have to
indicate to Senator Hanson-Young that I do
not have any information on any representations that may have been made by the Minister for Foreign Affairs to the Moroccan government. But, I will also—

**Senator Ian Macdonald**—She asked if it was Labor Party policy.

**Senator Faulkner**—You know it is disorderly to interject, Senator Macdonald, and I am surprised that you of all people would breach the standing orders of the Senate! I indicate to Senator Hanson-Young that I will seek that advice from the minister. If there is information that can be made available in relation to any such government-to-government contact, I will certainly provide it to her.

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**Economy**

**Senator Nash** (2.23 pm)—My question is to the Minister representing the Treasurer, Senator Conroy. I also refer to the Prime Minister’s commitment to level with the Austrian people. Will the minister level with the Senate and tell it whether the government received any advice about the inflationary impacts of its package and, if so, what was that advice?

**Senator Conroy**—I thank Senator Nash for that question. The world economy is facing one of the most significant upheavals in financial markets in recent history. The global financial crisis is impacting on confidence and stock markets around the world and is causing a significant slowdown in global growth. It is impacting on confidence and stock markets across the world. The IMF has said that the major advanced economies are either in or close to recession and has revised down its global growth forecasts. It expects advanced economies to grow by only half a percentage point in 2009.

**Senator Abetz interjecting**—

**Senator CONROY**—The fact that you continue to not understand that inflation is impacted on by world growth and by domestic growth just demonstrates you continue to be completely illiterate on these issues. As I said, Australia is not immune from these global difficulties and it will inevitably impact on growth in Australia, and it will impact on government revenues. I am not going to speculate on those outcomes today. We will be providing a full update on the fiscal position in the Mid-Year Economic and Fiscal Outlook.

The budget recognised the impacts of the global difficulties and that is why we took tough decisions in the budget to build a strong surplus to act as a buffer against global turmoil, to give us the flexibility to respond. If you want to know what is going to impact on inflation, if you want to know what is going to impact on interest rates, it is the budget surplus. Your refusal to pass the budget measures in this chamber is more of a danger for inflation and interest rates than many other things. What you have to do is decide whether you are going to stick with the fairies at the bottom of the garden, in an economic sense, and continue to play politics or whether you are going to get behind the package—

**Opposition senators interjecting**—

**The President**—Order! If everyone is ready, we will continue with question time. Your answers should be referred to the chair and not across the chamber, Senator Conroy. Those on my left should not interrupt the answer that is being given, even if you do not like the answer.

**Senator CONROY**—As I was saying, the impact of the decision of those opposite to vote against the budget measures puts upward pressure on inflation. This buffer was needed. This is the buffer that allowed us to produce yesterday’s package—the $10 billion package that will protect and guide us through these troubled times, these challeng-
ing times. This is a fiscal stimulus package and it is supportive of monetary policy. We are not in a situation like those opposite were in where they were running a fiscal policy in one direction and the Reserve Bank was running monetary policy in the other direction. This is supportive. The risk to inflation is now abated. There has been a substantial easing of monetary policy around the world. The government’s revised forecasts, as I have said, will be contained in MYEFO for all to see.

Let me just quote one or two individuals on this, starting with the Reserve Bank Governor on 7 October 2008 where he says:

… the bank remains of the view that inflation will start to decline in 2009.

… Board judged that a material change to the balance of risks surrounding the outlook had occurred—

(Time expired)

Senator NASH—Mr President, I ask a supplementary question. How can Prime Minister Rudd claim that he is levelling with us when the government refuses to provide this basic and critical information now? Can the minister inform the Senate whether the inflation genie is in the bottle or out of the bottle?

Senator CONROY—The government is committed to delivering responsible economic management. To give you an indication of the support out there in the broader community, let me quote from Westpac chief economist, Bill Evans, when he noted on 14 October:

… we do not believe that this fiscal initiative will change the Reserve Bank’s policy approach.

…

We are in extraordinary times and we struggle to expect that a one-off boost to consumer spending in the December quarter will divert the RBA from moving monetary policy out of the contractionary zone as soon as possible.

So let me be clear: we have the Reserve Bank and we have independent forecasters all making it clear— (Time expired)

Economy

Senator MARSHALL (2.30 pm)—My question is to Minister representing the Minister for Education, Senator Carr. Can the minister inform the Senate what the government is doing to give workers the skills they need to steer through the global economic crisis?

Senator CARR—I thank Senator Marshall for his question. The more skills workers have, the more flexible and resilient they are and the better equipped they are to weather the storms, like the one the world is now going through. The previous government left Australia with a skills crisis. Every business survey and every major employer organisation kept saying that skills shortages were hurting growth and productivity, but those opposite did nothing.

This government came into office ready to deliver 450,000 new training places over four years through the new Productivity Places Program. In the budget we extended the program to provide 630,000 new training places over five years, including 85,000 apprenticeship places. Yesterday, the Prime Minister announced a further boost to the program. The government will invest $187 million to create an additional 56,000 new training places this financial year to help keep the economy strong during the global financial crisis. In a slowing global economy it is actually essential that every job seeker who wants to benefit from extra training has access to a place. It is also essential that industry can get the skilled labour it needs. That is why yesterday’s announcement has been so welcomed by Australian employers.
There has been a huge demand for training since the Productivity Places Program began in April. More than 50,000 job seekers have enrolled and over 11,000 have already completed their training. The government is especially pleased with the success that former Mitsubishi workers have had in retraining for new jobs. Seventy per cent of the workers who left Mitsubishi have registered with a job network and have found alternative work. Many of them have been retrained through the Productivity Places Program. This is a much better result than the previous government achieved when Mitsubishi laid off workers in 2004. Half of those workers were still unemployed after six months and half of those who had found work were in casual or short-term jobs at lower rates of pay. The higher success rate achieved under the more difficult conditions this year shows what we can accomplish when governments, employers, unions and service providers actually work together on skills to ensure that industry assistance challenges are met. It is a point that has been lost by those opposite.

Ten thousand of the new places announced yesterday will be set aside as structural adjustment places to provide specific retraining opportunities for and targeted support to displaced workers. These new places will take the government’s total commitment to the Productivity Places Program to more than $2 billion, with over 700,000 new training places being created over five years.

Housing Affordability

Senator HUMPHRIES (2.34 pm)—My question is the Minister representing the Treasurer, Senator Conroy. Can the minister tell the Senate whether any modelling has been undertaken on the impact on house prices of the increase in the first home owners grant?

Senator CONROY—The government is taking decisive action to manage the global financial crisis and the inevitable impact that it will have on the domestic economy. Yesterday, the Prime Minister and the Treasurer announced the $10.4 billion Economic Security Strategy to strengthen the Australian economy.

Senator Abetz—It is either yes or no!

Senator CONROY—We are going to keep talking about it and keep talking about it and keep talking about it. So if you keep asking question about this you—

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

Senator CONROY—From yesterday we introduced a residential housing sector boost through the first home owners scheme. From yesterday until 30 June 2009 first home buyers who purchase a new home will receive a grant of $21,000, or $14,000 if they purchase an existing home. Housing investment accounts for about six per cent of the Australian economy. It is important that we support this sector in these uncertain economic times.

Expanding support for first home buyers through the first home owners boost is right for the conditions we currently face. It will help shore up housing activity in a sector that may otherwise slow. That is why this is a time limited measure that comes into effect immediately. Over the longer term, the government has put in place a strategy to increase the supply of affordable homes and to help young Australians save for a first home. The importance of these measures for ensuring that Australians are protected from the global financial crisis is such that these measures will be introduced immediately.

We have had extensive discussions with the sector and with public officials in the Reserve Bank and Treasury and with international organisations like the IMF. We have had extensive conversations right through all the impacts of this and we continue to say this is a necessary and important measure to
protect Australians. The first home saver accounts will help young Australians save for their first home. If you are not going to support it, come out and say it—stop nitpicking and come out and say it.

Senator Humphries—Mr President, I rise on a point of order. I am not sure that the minister heard my question. I asked whether modelling had been done on the impact on house prices. Is all the work that he is talking about inclusive of modelling? Could I please have an answer to that question?

The President—There is no point of order. I cannot instruct the minister on how to answer the question. I draw the minister’s attention to the question and note that there are some 45 seconds left to go.

Senator Conroy—Thank you, Mr President. Those opposite have to make a very important decision. We thought their leader had said that they were going to support the package, but the indications we continue to get from those opposite today is that they are not going to support it. It is time to flush them out. Either you are going to support this package—

Opposition senators interjecting—

The President—Order! Senator Conroy, address your comments to the chair, not to those opposite.

Senator Conroy—Either those opposite are going to support the package, Mr President, and get behind these measures, which will protect Australians and will deliver young Australians—

Senator Carr interjecting—

The President—Order! Senator Carr, Senator Abetz is on his feet wanting to take a point of order and you are being disorderly. Senator Abetz.

Senator Abetz—I raise a point of order, Mr President, on relevance. If the minister wants bipartisan support on these measures he might actually address the questions we are seriously asking. On this occasion we asked whether or not any modelling has been done. Surely, Mr President, the answer is either yes or no and not this four minutes of obfuscation that we have had to suffer.

Senator Chris Evans—Mr President, on the point of order, Senator Abetz may like to grandstand with points of order but clearly the minister was indicating the advice and the consultations that had taken place in the formation of the package. He was right on the question in terms of his reply. He is not required to say yes or no to a proposition put by the opposition. He is allowed to explain the work that went into the design of the package. He is doing that and I think he ought to be allowed to finish his answer. If the questioner is genuinely interested, the opposition ought to allow the minister to complete his answer.

The President—There is no point of order and I say, repeatedly, that I cannot instruct a minister on how to answer a question. I also draw the chamber’s attention to the fact that time has expired for the answering of the question, and I will be interested to see if there is a supplementary.

Senator Humphries—Mr President, I ask a supplementary question. The minister does not appear to be aware of any modelling. I wonder, instead, if he might be aware of measures that have been proposed at the state and territory level in Australia to abolish stamp duty as another way of stimulating housing affordability, such as that put forward by the Canberra Liberals for this coming Saturday’s election.

Government senators interjecting—

The President—Order! Senator Humphries, resume your seat. Those on my right, Senator Humphries is entitled to be heard.
Senator HUMPHRIES—Does the minister agree that the abolition of stamp duty for first home buyers would be an effective double incentive to first home buyers in places such as the Australian Capital Territory?

Senator CONROY—I spent many years in opposition, as you would know, and on the odd occasion there have been attempts to draw state politics into this chamber. I have never yet seen it successfully win a single vote, but you are welcome to keep trying to enhance the ACT Liberals in the chamber. It is not going to make one zack of difference to the ACT election. Let us be clear. Those opposite, Mr President, have to decide: are you going to back young first home buyers or not? It is that simple. Are you going to put your hands up to vote for this measure or not? It is time to come clean. Your leader has said you are going to—

Honourable senators interjecting—

Senator CONROY—Those opposite really do have to decide. Are they going to continue to be economic vandals or are they going to get behind Labor’s economic security package so that it can protect those who need it in these difficult times? It can deliver to young first home owners who are being—(Time expired)

Ms Britt Lapthorne

Senator FIELDING (2.42 pm)—My question is to the Minister representing Minister for Foreign Affairs. I draw the Senate’s attention to the Lapthorne family and the distressing circumstances surrounding the investigation into the disappearance of their daughter, Britt, a Melbourne student, and the subsequent discovery of a body believed to be hers off the coast of Dubrovnik, Croatia. The Australian government has faced criticism from this family over its failure in not notifying the family until five days after Ms Lapthorne went missing. The family is also critical of the lack of legal and consular support provided to the family and the role of the Australian Federal Police officer assigned to the case, who did not meet with the family until five days after their arrival in Croatia. A Croatian translator was withdrawn from the family a day after the Prime Minister promised that no stone would be left unturned in providing support to the Lapthorne family. Is the government satisfied that it left no stone unturned and helped the Lapthorne family in every way possible at this difficult time?

Senator FAULKNER—I thank Senator Fielding for his question. I can inform Senator Fielding that the Minister for Foreign Affairs, Mr Smith, called Mrs Lapthorne on Saturday, 11 October 2008 to offer his deepest condolences and sympathies to the Lapthorne family following the news that the Croatian police had identified the body found in Dubrovnik waters as that of Britt Lapthorne. I am sure all in this parliament would understand and sympathise that the Lapthorne family is going through an extremely difficult period at this time.

I can confirm that consular officers obtained a copy of the final pathology report from Croatian authorities, which was conveyed to the Lapthorne family. DFAT, consular and AFP officers assisted the family with understanding the contents of that report, which I can confirm was in Croatian. I can also say that consular officers will continue to provide consular assistance to the Lapthorne family in both Croatia and Australia, including with arrangements to repatriate the remains back to Australia and, of course, arrangements for family members to return to Australia. The Australian Federal Police have offered to facilitate contact between a pathologist in Australia and the Lapthorne family to help them understand this autopsy report. The Croatian police have advised that the official investigation on this case continues to be responded to as a criminal investigation.
On receipt of information from an acquaintance of Ms Lapthorne that she was missing—that was on 19 September 2008—the Australian embassy in Zagreb immediately notified the Dubrovnik police. The Dubrovnik police advised that a search would be conducted but, because Ms Lapthorne was an adult and she had not been gone long, there was little it could do. The embassy sought updates from the Dubrovnik police on 22 September and 23 September 2008. The Dubrovnik police advised that Ms Lapthorne’s disappearance had been registered through Interpol in Croatia to ascertain whether she had come to the attention of other authorities. On 24 September—Australian eastern standard time—DFAT waived privacy considerations and contacted the family on their behalf. In missing persons cases, we rely on local police investigations and advice on whether a person is in fact missing before we can advise the next of kin. As is the case with missing persons investigations in this country, privacy constraints prevent us from advising the next of kin immediately.

I am asked specifically about the Australian Federal Police. The AFP officer in Dubrovnik was a detective with a distinguished career—with, in fact, in excess of 25 years of policing experience. I am informed that he has done a professional job in assisting Croatian police with their investigations. (Time expired)

Senator FIELDING—Mr President, I ask a supplementary question. More than 70,000 Australians visit Croatia and millions more Australians—many of them young backpackers—head overseas every year to experience new cultures. When things go wrong, they rely on the Australian government and its resources to be there for them. Given the Lapthorne family believe they were not given adequate support by their government during an extremely difficult time, will the federal government mount an inquiry into the processes undertaken in the case of Britt Lapthorne with a view to how they can be improved in the future, and will the government table the report of its inquiry in the parliament?

Senator FAULKNER—Again, I thank Senator Fielding for the supplementary question. I indicate to Senator Fielding that that is something that I will obviously need to take up with Mr Smith, the Minister for Foreign Affairs. I am not aware of what the minister’s intentions are here or what actions the Department of Foreign Affairs and Trade may be taking on that particular aspect. I will undertake, Senator, to establish that from the minister and inform you accordingly.

Broadband

Senator MINCHIN (2.49 pm)—My question is to the Minister for Broadband, Communications and the Digital Economy, Senator Conroy. I refer the minister to recent comments by Telstra CFO John Stanhope that building the government’s proposed national broadband network could take 13 years, nearly three times as long as the government’s promise. I ask the minister: why did the government mislead the Australian people by claiming its broadband network would be built within five years?

Senator Abetz—And don’t tell us about the global economy, please!

Senator CONROY—I was actually hoping that the question would be about the costs and the impact of the global financial crisis on the costs, but maybe that will come tomorrow. The situation with the national broadband network tender is that we are currently involved in a live tender process. We have a deadline of 26 November. That is when we will receive the tenders. In the interim, what we are seeing is lots of interest and competition taking place between pro-
spective bidders. This is a healthy sign. On the one hand, we have some bidders making claims about the cost, about the length of time and about how hard or otherwise it will be to raise capital and, on the other hand, we have bidders who are saying we must have this regulatory system or that regulatory system. So what we are seeing with the national broadband network—notwithstanding the opposition from those opposite us in the chamber—is that there is enormous interest and enormous competitive interest in bidding for the government’s tender.

We are offering $4.7 billion towards the cost of building this network. We have seen estimates that it will be up to $25 billion. It has now come down $10 billion to $15 billion. We are seeing wild claims in all directions from potential proponents. Part of this is simply positioning. Part of this is nothing more than the competitive processes which we put in place and which we welcome. So we do not have any difficulty whatsoever with the public commentary. We welcome it, because it shows the robust process that Labor put in place—as opposed to the process put in place by those opposite.

Senator Minchin—Mr President, I rise on a point of order. We have listened for three minutes in an endeavour to get an answer from Senator Conroy. The question was really very simple: does he stand by the five-year time frame he promised or doesn’t he?

The PRESIDENT—There is no point of order. I cannot instruct the minister on how to answer the question, as you know. I draw the minister’s attention to the question and the fact that there is one minute and 51 seconds left to answer it.

Senator CONROY—Thank you. Those opposite fully understand that this is a live process. They choose to buy into the debate in this way, where they seek to try and make cheap political points to cover for the fact that they do not have a policy in this area. The national broadband network tender document is very simple; it is very clear. It is available on the website if those opposite would like to have a look. It makes it clear that that is the government’s timetable.

This is a bidding process. When proponents are campaigning to win the government’s tender process, which is what is happening at the moment, they are going to make a whole variety of claims. If those opposite want to buy into the debate and try and push one line or another, they are being the broadband vandals that they were when they had 18 failed broadband plans. In 11½ years those opposite had 18 failed broadband plans. They set up a process where they had no serious guidelines whatsoever, and they want to come into the chamber today and start to make cheap political points.

The tender document is live. Those opposite should well understand that we are not going to be drawn into a public commentary on matters that will be subject to ongoing negotiations as part of the national broadband network process. These will be matters of ongoing negotiation. Those proponents who want to campaign publicly, as I said—(Time expired)

Senator MINCHIN—Mr President, I ask a supplementary question. How can the minister guarantee any competitive rigour in this national broadband network tender process if Telstra itself does not lodge a bid, which Telstra CEO Sol Trujillo has said is a real possibility?

Senator CONROY—I thank Senator Minchin for his question again. The positioning that is taking place is not a surprise to anyone in this sector. This is a sector where, on the one hand, one potential bidder says, ‘If we don’t get this regulatory guarantee right now, we’re not going to put in a bid.’ On the other hand, one of the other potential
bidders will say, ‘If you have that regulatory system we will not bid either.’ What we have here—as those opposite well know—

Senator Coonan—they’ve wound you up. They’ve cleaned you up.

Senator CONROY—Senator Coonan is interjecting. Senator Coonan has been very much subject to this sort of heavy public debate herself.

Senator Coonan—No, no!

Senator CONROY—Yes, you have. Don’t be bashful, Senator Coonan. You are fully aware of the tactics—

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

Senator CONROY—Thank you, Mr President. Those opposite are well aware of the tactics in this sector, where there is a robust public commentary, a robust debate and robust claims. We will not be drawn into responding to each and every individual claim. As I have mentioned, Telstra said originally that it was going to $25 billion. Now they say it is only going to cost $10 billion to $15 billion—(Time expired)

Veterans

Senator MARK BISHOP (2.55 pm)—My question is to the Minister representing the Minister for Veterans’ Affairs, Senator Faulkner. Can the minister inform the Senate which veterans affairs pensioners will benefit from the economic security package announced yesterday by the Prime Minister? Can the minister further explain what level of benefits will be provided?

Senator FAULKNER—I thank Senator Bishop for his question and longstanding interest in this matter as the former shadow minister in this area. Hundreds of thousands of veterans benefited from yesterday’s package of measures designed to strengthen the national economy and of course support Australian households. It was clear that aged veteran pensioners and others in the veteran community who depend on income support did need financial relief. Therefore, more than 326,000 veterans affairs pensioners will receive the government’s bonus payment of $1,400 for singles and $2,100 for couples. There will be 200,000 service pension recipients—veterans, and of course their spouses and widows—who will receive either the $1,400 or the $2,100 payment on 18 December. I can indicate to the Senate that 105,000 eligible war widows will also benefit.

Those gold card holders who receive the seniors concession allowance or utilities allowance will also receive the payments. I can also confirm that around 4,000 people receiving a benefit from the Veterans’ Children Education Scheme will also receive a one-off payment of $1,000. In total, $407 million in extra payments will be delivered to veterans. Those funds serve the dual purpose of supporting veterans in the months leading up to Christmas and contributing to the strength of the Australian economy. I can also say that these payments are of course an immediate down payment on long-term, comprehensive pension reform.

The government values the contribution of veterans and their families. I know that all senators and members of this parliament do precisely the same. We know—and I certainly have some understanding of this as a former Minister for Veterans Affairs myself—that veterans and their families also need financial support and security. The government has taken this decisive action to address both those concerns. The $10.4 billion package of measures announced yesterday by the Prime Minister will, I am confident, ensure both a healthy economy and future stability for those veterans as well as for the wider community.
Senator Chris Evans—Mr President, I ask that further questions be placed on the Notice Paper.

QUESTIONS WITHOUT NOTICE:
ADDITIONAL ANSWERS
Kunoth Town Camp
Senator CHRIS EVANS (Western Australia—Minister for Immigration and Citizenship) (3.00 pm)—I have some further information in response to the question from Senator Siewert yesterday to me regarding recent police raids in the Northern Territory. I am advised by Mr Debus that the Australian Federal Police were not involved in either of these matters; that Australian Federal Police members are not deployed to Alice Springs as part of the Northern Territory emergency response; and as this is a matter for the Northern Territory Police he is unable to comment or provide any further information.

QUESTIONS WITHOUT NOTICE:
TAKE NOTE OF ANSWERS
Economy
Senator FIFIELD (Victoria) (3.01 pm)—I move:

That the Senate take note of the answers given by the Minister for Immigration and Citizenship (Senator Evans) and the Minister for Broadband, Communications and the Digital Economy (Senator Conroy) to questions without notice asked today.

What we have witnessed over the last week or so is a government that has stopped commenting and started governing, although I hasten to add that Senator Conroy is an exception—he backslided into his bad old habits in question time today. The shift by Mr Rudd and Mr Swan to make decisions and start governing is a good thing because commenting got the government into quite a bit of trouble early in its term. Mr Swan and the Prime Minister spent the first eight months of government talking the Australian economy down. They manufactured an inflation crisis. Why? Because, having inherited a strong economy, a strong budget position and strong employment, they sought a way to smash the coalition’s economic credentials.

The overriding imperative was not to reinforce the economic fundamentals but to undermine the coalition. But in doing so, the government undermined their own credentials. We saw the Treasurer talking about a war on inflation; we saw a Treasurer talking about inflation genies and bottles; we saw a Treasurer egging the Reserve Bank to increase interest rates, which it did.

But what the Treasurer and the Prime Minister have belatedly realised courtesy of the financial crisis—a real crisis—is that words do matter. When you hold the high office of Treasurer or Prime Minister, markets, regulators and Reserve Bank governors actually listen to what you say, and that is how Labor killed confidence and raised inflationary expectations and interest rates. Sure, it is legitimate to play politics in this business and in this place but, when it comes to the fundamentals of managing an economy, you have to play a straight bat in word and in deed. Labor, sadly, became convinced by their own rhetoric that the nation faced an inflation crisis and they framed a budget accordingly. It was a budget the government were proud to state was not stimulatory—it was a budget that contained new and higher taxes and had an objective of slowing growth and raising unemployment.

Thanks to Mr Swan and Mr Rudd, we had an interest rate rise at just the wrong time. We had growth slowing at just the wrong time. We had falling business and consumer confidence at just the wrong time. We had taxes rising at just the wrong time. And we had policy settings leading to rising unemployment at a time when the challenge to employers was about to increase. Labor’s first response to the international crisis was
to claim these circumstances were unknowable. The former Treasurer predicted an economic tsunami and Mr Turnbull flagged his own fears about growth. Labor scoffed at them both. Regardless, it is the job of government to plan for the worst, to not let rhetoric override judgement. But the crisis is here; it has to be dealt with. One thing I do agree with Mr Rudd on is that Australia is probably the best placed economy in the world to deal with this crisis. One of the reasons for this is that Australia has responsible opposition prepared to give support to the government, prepared to back its security package for banks and prepared to back the government stimulatory package. And we will give those packages rapid legislative passage.

But there are two other reasons why Australia is well placed to deal with the global situation. The first is that the coalition established APRA, the world’s best prudential regulatory authority covering all deposit-taking institutions, banks, insurance companies and super funds. The second is that the coalition bequeathed to Labor a budget surplus and a government with no debt. We paid down Labor’s $96 billion debt with no assistance from them and no bipartisan. Unlike Labor, on this side of the chamber we do not play politics with economic crises. Labor’s challenge at this time is to steer Australia through this crisis, to maintain growth and low unemployment and to stop the budget going into deficit. These are the benchmarks for the government. The government also need to be transparent. They need to release revised budget forecasts so all Australians can know the true situation that the Australian economy finds itself in. This side of the chamber is giving bipartisan support to the government. This government has the opportunity to prove to the Australian people that the government is serious about putting the national economic interest ahead of partisanship.

Senator POLLEY (Tasmania) (3.06 pm)—I rise in response to some of the claims that have been made in the chamber today. It is interesting that once again those opposite have a selective memory when they talk about transparency. We ought to at least go back in history and get some facts on the table. They talk about 1996 and what they did when they came into government. Let’s remind people of the transparency that was lacking when we had the children overboard issue. There was certainly no transparency there. There was no transparency when the former government attacked working Australians with Work Choices. There was certainly little transparency and little action when it came to the 12 interest rate rises that the working families of this country experienced under the last government.

The Rudd Labor government is responding to what is clearly the worst economic disaster that we have faced in our lifetimes, and we are acting with responsible policies. The position that the Rudd Labor government is taking is one that is very clear—that is, to protect the Australian economy. The package that was announced and put forward yesterday has been very well received by those people that are going to most benefit from this it.

Those opposite, under the leadership of John Howard and Peter Costello, failed over almost 12 years to deliver any significant benefits to pensioners in this country. They came forward with their political stunt of $30 a week, and now they want to claim all the credit for our policy. They neglected people such as age pensioners, disability pensioners, carers, war widows, veterans service pensioners, veterans income support supplement recipients, Department of Veterans’ Affairs gold card holders eligible for the senior con-
cession allowance and aged singles and couples, all of whom will benefit from this policy.

Let’s be fair dinkum when we talk about this benefit, about transparency and about being a responsible government. There is no doubt that we in Australia have a very sound financial system. We give credit to the former government for the institutions that they established, but this crisis has been coming for a long time. In fact, it would be fair to say that it has been a decade in the making. We can all remember back to the dotcom boom, and unfortunately this is part of the bust process of the cycle that we are going through.

In terms of the way that this package has been received in the community, the community actually understand that a government has to look long term and that, when we are looking at reforming the pension, it has to be done in a constructive way and in a way that is going to take us forward over the coming decades. So we are making sure that our economy remains strong. Very important to that is what is happening in Asia. Obviously, we will feel some of the impacts of the global crisis that is confronting all of us. In terms of leadership, the Rudd Labor government has shown the way and is showing that we are about creating a strong economy and ensuring that we are able to continue the growth in jobs. The injection of funds for first home buyers is going to be welcomed in our community. My office is already receiving emails and phone calls in relation to what that means to not only those people purchasing the homes but those in the building industry.

In announcing the packages that we have, we are addressing the needs of those that are most in need within our community. We are not about the stunts and political opportunism that we have seen demonstrated time and time again by those opposite. I have been through many campaigns, and I recall that in the last four election campaigns the Howard government’s mantra was spend, spend, spend—‘To win the next election let’s spend as much as we have to.’ They were not looking long term at what was going to confront us. It was our good management out of this budget that has enabled us to secure a surplus to give us the security to get through the tough times. It is most unfortunate that those tough times have come far sooner than any of us would have wanted. (Time expired)

Senator NASH (New South Wales) (3.11 pm)—I rise to take note of answers given by Senators Evans and Conroy. I will start with Senator Polley’s last comment about ‘our good management out of this budget’. If it was not so appallingly incorrect it would be laughable. The Labor government can only go down the economic path that they are choosing to go down because of the good economic management of the previous coalition government. There are no two ways about it. There is no other answer than that.

Our previous government is the reason that this country has the economy that it does, and it gave the current government the ability to make the decisions that they have chosen to make. What did we see after the end of the coalition government? What did Labor actually inherit when they came in? There was a $20 billion surplus and $60 billion in reserves. Let me just repeat that for anybody that might have missed it: a $20 billion surplus and $60 billion in reserves.

What is quite extraordinary is that those on the other side, from the Prime Minister right through their ranks, refer to ‘our surplus’. They are only able to do the things that they want to do economically, as I said before, because we left them that surplus. That surplus is there by dint of the previous coali-
tion government and for no other reason. The only reason up until recently they could say ‘our surplus’ was that, unlike previous random Labor governments, they had chosen not to spend it straightaway. Previously, most Labor governments just chose to spend, spend, spend. But yesterday we saw the big spend coming. It did not even take 12 months.

It would be interesting to see the information and the assessments that those decisions were based upon, although unfortunately answers given today did not provide those things to this side of the chamber. It would be interesting to see exactly what advice the government received on the size of the package that would be appropriate to provide what they saw as the economic stimulus needed. It will be very easy to see how those decisions were made once those figures and that advice actually come out. But today there was absolutely no indication whatsoever that we are going to be told anything about the basis for the decisions that the government have taken surrounding the economy in the last couple of days, so we have no idea.

Yet again, it is another example of the hypocrisy of the Prime Minister. On the one hand he is saying that he wants to be open and accountable, that he will hold nothing back from the Australian people and he will be open and transparent, but, when asked, what answer do we get from the other side? We get: ‘I am terribly sorry. It will come out in MYEFO. I will not talk about it now, blah blah blah.’ Senator Conroy’s answers were not actually answers, because they did not address the questions that were asked today—but, really, that is not out of the usual form because he chooses mostly not to answer any of the questions. Apparently that transparency, which the Prime Minister is so keen to talk about, is going to come a little bit later: ‘We will make these very important decisions now because they are very important for the economy.’ We know that Mr Rudd is an economic conservative—apparently he became one during the election campaign!—but we are being told that we, and more importantly the Australian people, are not allowed to see the basis for those decisions: ‘That will all come in the fullness of time.’ I would say that the Australian people deserve to be told that now—right now, today—by the Prime Minister. He keeps talking about transparency; he is the one that should give that information now.

What we are seeing is absolute hypocrisy from the other side of this chamber—from the government—talking about ‘our surplus’. They have not done it, they have not built it and they have not invested in this country to give it the economy that it has. That was clearly done by the previous coalition government. Anybody who thinks any different is barking up the wrong tree. There is no doubt that our former coalition government is responsible for the economic state of this country—no two ways about it. And, in true Labor form, the coalition was given a $96 billion debt when it came into office, which it paid off. The coalition fixed the economy, strengthened the country, allowed it to get through the Asian crisis at the time. For the government to turn around—(Time expired)

Senator FARRELL (South Australia) (3.16 pm)—Following up on one of the issues Senator Nash raised: if the former government did such a good job on the economy, why have we now inherited an economic crisis? The fact of the matter is that we have inherited an economic crisis because of the failure of the previous government to see and respond to the issues that have now arisen in not only the Australian economy but the world economy. Don’t leave, Senator Nash! I am going to talk about it. You want some answers and now you are leaving. Come and listen to the answers. Senator Nash, come
back please! In the absence of Senator Nash, I will respond to the issues she has raised.

Honourable senator interjecting—

The DEPUTY PRESIDENT—Yes, Senator Farrell as well, not Senator Nash.

Senator FARRELL—My apologies, Mr Deputy President; I appreciate your advice, as always, in these things and I shall continue to address the chair. The reason we are facing the difficulties we are at the moment is that the former government failed to spot the problems that were on the horizon in the economy. There is no doubt that at the moment the world is facing the worst financial crisis that we have faced in modern times.

I asked the library to get some information on the last serious economic crisis of this nature and, of course, it was the Great Depression. I asked them to give us an indication of the triggers at that time. They have summarised it with three particular issues. The first was a fall in the export prices and sales. We are starting to see that now with the collapse in commodity prices and the effect that that is going to have on the mining sector. The second, they said, was a fall in overseas lending due to a reduction in government capital spending. Of course, one of the major features of this current crisis is the freezing of capital markets, so banks are too frightened to lend to one another because they are not sure if they are going to fail. So many banks around the world have failed, and the banks have stopped lending to one another. The third thing was a fall in residential construction.

We cannot do a lot about commodity prices—that is pretty much out of our control and will be dependent, particularly for Australia, on how successfully the Chinese and the Indian governments can deal with these issues. But we can control the other two issues, and that is exactly what the Rudd Labor government has sought to do on this occasion. I think the reaction of the senators opposite is an indication that they have been surprised at the speed and the scale of the Rudd government’s Economic Security Strategy.

Instead of lining the pockets of big business or lining the pockets of the rich, what Labor has done on this occasion is what you would expect the Labor government to do in the circumstances. They have redirected the resources of the Australian economy to the people who need it most: working families, low- to middle-income families, pensioners and people who are trying to buy their first home. When the history of what some people call the ‘panic of 2008’ is written, people will look back and see that the decisive action that the Rudd Labor government took on this occasion was one of the crucial factors in turning around this crisis, stopping Australia from going into a recession or, worse, depression and directing the money to where it was needed most.

What have we done? What are the key features of this Economic Security Strategy? Firstly, it is to provide relief for Australia’s four million pensioners, carers, seniors and veterans. On 8 December, they will receive a total of $4.8 billion worth of grants. Single pensioners will receive $1,400, couples will receive $2,100 and carers will receive $1,000 for each person they are responsible for caring for. For 12 years the Liberal Party had an opportunity to do pensioners— (Time expired)

Senator KROGER (Victoria) (3.22 pm)—I also take note of answers given by the Minister representing the Prime Minister, Senator Evans, and the Minister representing the Treasurer, Senator Conroy, and I also choose to respond to some comments made by Senator Polley and Senator Farrell. But, firstly, I want to put on the record again the coalition’s support for this $10.4 billion
package announced by the Prime Minister, because, if you listened to the comments that were made by Senator Conroy during question time, you would think that there was some huge doubt about our support for this package. His inflammatory comments really set out to mislead the Australian public about the fact that we are strongly supporting the government’s stand with this economic package in securing and looking after the interests of all Australians.

I would like to take up a couple of comments that were made, firstly, by Senator Farrell in his suggestion that we are surprised by the government’s response to this crisis. You’re damn right we are! It is the first time that you guys—as Senator Fifield so clearly articulated—have realised that you are on the government benches and you are in a position to actually govern this country, as opposed to commenting and calling for another inquiry. In nine months, it is the first time that you have actually decided to do something in a positive, constructive way, so I support your comments. I can well understand why you think that we are surprised, because I tell you: we are.

I would also like to respond to a couple of comments that Senator Polley made. The first was her suggestion that the Howard-Costello government had not been transparent in government, and she cited instances in 1996. I would suggest that the greatest arbiters of that, those who have the best judgement, are the Australian public themselves. I draw to your attention that such was the so-called problem with transparency in the way the coalition government managed this country that we actually won three elections after that, so I would suggest to Senator Polley that transparency was not the issue of the day. I would also like to pick up on her comment about our approach to government, which was ‘spend, spend, spend’. If that had been our approach, they would not have been left with a $22 billion surplus buffer which now provides them with the capacity to deal with the current global financial crisis, as opposed to the $96 billion debt that we were left.

In this chamber, we have been strongly arguing the case to ease the burden for all single age pensioners, for over a month now, with the immediate relief of an increase of $30 to that pension payment. I found it extraordinary when I heard the Prime Minister outline the package. It was nothing less than a bald-faced backflip on everything that the government had been responding to in relation to our strong advocacy of helping pensioners out now—not for the long term, as was being suggested by the government, in the next budget, but giving them some relief now, which is what they so sorely need.

It is interesting to note the government’s approach to these matters. If the idea does not come from them, if it is not a brainwave that they dreamed up overnight themselves, then they do not consider it to be good public policy and they do not consider it and take it on board. This is what happened, certainly, in relation to the increase that we proposed for pensions.

On Friday, 10 October, I heard Malcolm Turnbull speak and suggest that deposits should be secured by the government up to $20,000. But, once again, the government chose not to listen. The arrogance of the government dictates their extraordinary behaviour. Unless they come up with a good idea and therefore deem it to be good public policy, it is not going to fly. Here they have gone into a huddle, sought advice, re-packaged it and called it by a different name, and now they promote it as good public policy. The good news for them is that we support this policy because it is something that we have been advocating for some time, so we
are delighted with the strong fiscal stimulus that this will provide. *(Time expired)*

**Senator PARRY** (Tasmania) (3.27 pm)—Mr Deputy President, I will take the opportunity, now that there is not a sixth speaker in this debate, to correct the record on two matters. First, Senator Farrell, during his speech taking note of the answers given in question time today, framed Senator Nash. That was very concerning, because Senator Nash has a range of appointments today. She had to leave the chamber, as do many senators after debate, after question time. In fact, Senator Nash at short notice agreed to participate in the debate, and we thanked her very much for rearranging her diary, after which she went back to those commitments. It is important, when a senator stands up in the chamber on broadcast day and shouts out that a senator is rushing from the chamber and will not stay and listen to the debate, that we correct that record. That is the first item.

The second item is about Senator Conroy’s answers during question time today. It has been highlighted through the debate, and I wish to restate again in response to government senators, that we do support the measures. We are very supportive of these measures, but we want scrutiny. We want clarity about what the measures exactly are. We are going to be expected to vote on these measures without any clear indication of modelling, of the financial arrangements or of whether or not this government can carry us through to the next election without leaving us in a serious deficit. It is important that we get these matters on the record. It is important that we ask these questions, and coalition senators have done exactly that today. They have inquired as to why the government will not be transparent, especially when the Prime Minister stands up and purports to be the most open and transparent Prime Minister that this country has ever had, yet we get no detail and no clarity on these important and very significant financial measures.

Question agreed to.

**NOTICES**

**Presentation**

**Senator Heffernan** to move on the next day of sitting:

That the time for the presentation of the report of the Select Committee on Agricultural and Related Industries into pricing and supply arrangements in the Australian and global fertiliser market be extended to 2 December 2008.

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

That the Senate—

(a) notes:

(i) the important work being done by the international ‘Make Poverty History’ campaign and the tireless effort of the many non-government agencies, faith groups, community organisations and individuals working around the world to end poverty, and

(ii) the impact that poverty has on child and maternal health;

(b) recognises:

(i) the 2008 United Nations report on the Millennium Development Goals that highlights maternal mortality decreased by less than 1 per cent between 1990 and 2005, far below the 5.5 per cent annual reduction needed,

(ii) more than half of the 29 developing countries are not on track to achieve the child health goal or the maternal health goal, and

(iii) each year, 34 000 mothers and more than 400 000 children die in our immediate region; and

(c) calls on the Government to work with each of the key maternal health agencies in the region, to identify the core funding arrangements they require, to ensure that Australia is actively promoting the need to reduce the current child and maternal...
health mortality rate in developing countries.

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

That the Senate—

(a) notes that the eighth round of the Sino-Tibetan dialogue is due to take place in October or November 2008;

(b) recognises the Dalai Lama’s ‘middle way’ approach to autonomy for Tibet within China; and

(c) appreciates the offer by the People’s Republic of China to host the dialogue and wishes both parties a successful breakthrough and outcome.

**Senator Bob Brown** to move on 11 November 2008:

That the following bill be introduced: A Bill for an Act to require a plebiscite on whether Australia should become a Republic. *Plebiscite for an Australian Republic Bill 2008.*

**Senator Ludwig** (Queensland—Manager of Government Business in the Senate) (3.30 pm)—I give notice that, on the next day of sitting, I shall move:

That the provisions of paragraphs (5) to (8) of standing order 111 not apply to the following bills, allowing them to be considered during this period of sittings:

- Archives Amendment Bill 2008
- Broadcasting Legislation Amendment (Digital Radio) Bill 2008
- International Tax Agreements Amendment Bill (No. 2) 2008.

I also table statements of reasons justifying the need for these bills to be considered during these sittings and seek leave to have the statements incorporated in *Hansard.* Leave granted.

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**The statements read as follows—**

**ARCHIVES AMENDMENT BILL 2008**

**Purpose of the Bill**

The bill amends the Archives Act 1983 to improve record-keeping arrangements across the Commonwealth.

**Reasons for Urgency**

The proposed amendments are required to enable the legislation to “catch up” with changes in administrative practice across the Commonwealth. The Bill gives effect to recommendations of the ALRC made 10 years ago. A Bill, in virtually identical terms, was previously introduced in September 2006 but did not proceed.

As the vast majority of records are now created and stored electronically it is highly desirable that these records are transferred as soon as possible to the care of the Archives before changes in technology render them inaccessible. The bill addresses this by requiring records to be transferred as soon as they are no longer required to be readily available by an agency, instead of after 25 years as currently required under the Act.

(Circulated by authority of the Cabinet Secretary)

**BROADCASTING LEGISLATION AMENDMENT (DIGITAL RADIO) BILL 2008**

**Purpose of the Bill**

The bill amends the Broadcasting Services Act 1992 and the Radiocommunications Act 1992 to extend the deadline for commercial broadcasters to commence digital radio services in the mainland state capital cities by 6 months to 1 July 2009; to remove the requirement for commercial broadcasters to commence digital radio services in Hobart by the extended deadline of 1 July 2009; and to retain an option for community radio stations to take up shares in the joint venture companies managing the transmission of digital radio services.

**Reasons for Urgency**

Digital radio services are legislated to start in the six state capitals by not later than 1 January 2009. It has become apparent that the radio industry will have difficulty in meeting this deadline due to the
limited availability of transmission equipment installers.

This bill provides for a more appropriate commencement timeframe, with commercial digital radio services in the mainland state capitals to start not later than 1 July 2009. The bill also removes the requirement for services to be extended to Hobart within the same timeframe due to its relatively small population size and fewer number of commercial radio stations. Broadcasters in Hobart will have the opportunity to commence digital radio services at the same time as other markets of comparable size, such as Geelong, Newcastle and Wollongong.

Passage of this bill in the Spring sittings is necessary as the current legislation provides limited scope for a start date to be determined at any point after 1 January 2009. Broadcasters and transmitter licence holders may also be subject to enforcement sanctions if they are unable to meet the January 2009 deadline.

(Circulated by authority of the Minister for Broadband, Communications and the Digital Economy)

INTERNATIONAL TAX AGREEMENTS AMENDMENT BILL (No. 2) 2008

Purpose of the Bill
This bill gives the force of law to the new tax protocol with South Africa.

Reasons for Urgency
The new tax protocol with South Africa will broadly update the taxation arrangements between Australia and South Africa. The new taxation arrangements will enhance Australia’s relationship with South Africa by further assisting trade and investment flows.

Further, passage in the 2008 Spring sittings of the South African protocol will allow the protocol to enter into force by the end of 2008. South Africa are in the process of changing their domestic laws for taxation of corporate profits. Completion of South Africa’s domestic tax changes is contingent on the renegotiation of a number of South Africa’s tax treaties including concluding a new tax protocol with Australia.

(Circulated by authority of the Treasurer)

Senator Bob Brown to move on the next day of sitting:
That the Senate—
(a) notes ABC Radio National’s decision to axe the Religion Report, the Media Report and the Sports Factor;
(b) notes that:
(i) the Religion Report is one of the most important programs on the Australian Broadcasting Corporation (ABC) with a rapidly growing international audience, and
(ii) this program broke the Peter Hollingworth scandal, has applied critical analysis of the Exclusive Brethren, Anglican, Catholic and Muslim religions amongst others and provided insightful commentary of various religions over many years; and
(c) calls on the ABC management:
(i) publicly to reveal all formal and informal criticisms made against this program over recent years, and
(ii) immediately to make public the reasons for this decision.

Senator Siewert to move on the next day of sitting:
That the Senate—
(a) notes:
(i) that the week beginning 19 October 2008 is Carers Week,
(ii) that there are more than 2.5 million carers in Australia today, and
(iii) the release on 14 October 2008 of a report into carers by the Australian Bureau of Statistics which stated that:
(A) almost half of all carers provided care for more than 40 hours per week, the equivalent of a full-time job, and
(b) more than 15 per cent of carers reported difficulties in paying bills and more than 20 per cent had borrowed money; and
calls on the Government to ensure that carers are provided with greater access to respite services and financial support to ensure they are able to continue in their vital work.

COMMITTEES

Selection of Bills Committee

Senator McEWEN (South Australia) (3.32 pm)—I present the 13th report of 2008 of the Selection of Bills Committee.

Ordered that the report be adopted.

Senator McEWEN—I seek leave to have the report incorporated in Hansard.

Leave granted.

The report read as follows—

SELECTION OF BILLS COMMITTEE

REPORT NO. 13 OF 2008

(1) The committee met in private session on Tuesday, 14 October 2008 at 4.20 pm.

(2) The committee resolved to recommend—

That—

(a) the provisions of the Interstate Road Transport Charge Amendment Bill (No.2) 2008 and the Road Charges Legislation Repeal and Amendment Bill 2008 be referred immediately to the Rural and Regional Affairs and Transport Committee for inquiry and report by 21 November 2008 (see appendix 1 for a statement of reasons for referral);

(b) the Migration Legislation Amendment (Worker Protection) Bill 2008 be referred immediately to the Legal and Constitutional Affairs Committee for inquiry and report by 7 November 2008 (see appendix 2 for a statement of reasons for referral);

(c) the provisions of the Schools Assistance Bill 2008 and the Education Legislation Amendment Bill 2008 be referred immediately to the Education, Employment and Workplace Relations Committee for inquiry and report by 27 November 2008 (see appendices 3 and 4 for statements of reasons for referral);

(d) the provisions of the Water Amendment Bill 2008 be referred immediately to the Rural and Regional Affairs and Transport Committee for inquiry and report by 19 November 2008 (see appendices 5 and 6 for statements of reasons for referral); and

(e) upon introduction in the House of Representatives, the provisions of a Bill for an Act about the Building Australia Fund, the Education Investment Fund and the Health and Hospitals Fund, and for other purposes and a related bill, together with the provisions of a bill to establish the COAG Reform Fund, and for other purposes, be referred immediately to the Economics Committee for inquiry and report by 10 November 2008 (see appendix 7 for a statement of reasons for referral).

The committee recommends accordingly.

Anne McEwen
Acting Chair
15 October 2008
Appendix 1
Name of bill:
Interstate Road Transport Charge Amendment Bill (No. 2) 2008
Road Charges Legislation Repeal and Amendment Bill 2008
Reasons for referral/principal issues for consideration:
Multiple amendments required
Possible amendments.
Possible submissions or evidence from:
Committee to which bill is to be referred:
Rural and Regional Affairs and Transport Committee
Possible hearing date(s):
Possible reporting date:
(signed)

Appendix 2
Name of bill:
Migration Legislation Amendment (Worker Protection) Bill 2008
Reasons for referral/principal issues for consideration:
Issues about retrospectivity, additional red tape, compliance costs and additional visa holder costs to be met by sponsors will disadvantage small employers
Possible submissions or evidence from:
Committee to which bill is to be referred:
Legal and Constitutional Affairs Committee
Possible hearing date(s):
Possible reporting date:
(signed)

Appendix 3
Name of bill:
Schools Assistance Bill 2008
Reasons for referral/principal issues for consideration:
Schools funding is a complex, evolving and contested issue - an inquiry is appropriate to inform Senate consideration.
Possible submissions or evidence from:
Schools, education academics, education unions etc
Committee to which bill is to be referred:
Senate Standing Committee on Education, Employment and Workplace Relations
Possible hearing date(s): Depends on Committee schedule
Possible reporting date: February 2009
(signed)

Appendix 4
Name of bill:
Schools Assistance Bill 2008
Reasons for referral/principal issues for consideration:
To investigate concerns raised by the Education sector
Possible submissions or evidence from:
Committee to which bill is to be referred:
Education, Employment and Workplace Relations
Possible hearing date(s):
Possible reporting date:
(signed)

Appendix 5
Name of bill:
Water Amendment Bill 2008
Reasons for referral/principal issues for consideration:
To ensure the amendments in the Bill are effective in delivering better water management in Australia.
Possible submissions or evidence from:
MDBA, MDBL, ACF, WWP, NFF, Commonwealth and State agencies, academics, Wentworth Group
Committee to which bill is to be referred:
Rural and Regional Affairs and Transport Committee

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

Appendix 6
Name of bill:
Water Amendment Bill 2008
Reasons for referral/principal issues for consideration:
Possible submissions or evidence from:
Possible hearing date(s):
Possible reporting date: 24 November 2008 (signed)

Appendix 7
Name of bills:
Nation-Building Funds Bill 2008
Nation-Building Funds (Consequential Amendments) Bill 2008

Purpose of the Bills
The Nation-building Funds Bill 2008 establishes:
• the Building Australia Fund (BAF), to provide a financing source for future investment in critical economic infrastructure in transport and communications such as road, rail, port facilities and broadband;
• the Education Investment Fund (EIF) to provide a financing source for future infrastructure priorities in higher education, vocational education and training, and research institutions; and
• the Health and Hospitals Fund (HHF) to provide a financing source for future health infrastructure priorities.

The Nation-building Funds (Consequential Amendments) Bill 2008 deals with consequential matters relating to the establishment of the BAF, EIF and HHF, including amendments required to the Future Fund Act 2006, the Telecommunications (consumer Protection and Service Standards) Act 1999 and the repeal of the Higher Education

COAG Reform Fund Bill 2008

Purpose of the Bill
The bill establishes the COAG Reform Fund. The COAG Reform Fund will receive contributions directly from the Commonwealth Budget as well as from three other funds being set up by the Government for capital investment —the Building Australia Fund; Education Investment Fund; and Health and Hospitals Fund. The purpose of these funds, which are to be financed largely from future budget surpluses, is to underpin future progress on investment and reforms in these key sectors. Where the investments are to be undertaken by the States, and the Commonwealth has agreed to fund these, the funding will be provided through the COAG Reform Fund in the form of National Partnership payments

Reasons for referral/principal issues for consideration:
To ensure that the issues the bill raises are considered before Senate consideration
Possible submissions or evidence from: TBA
Committee to which bill is to be referred: Economics Committee
Possible hearing date(s): week of 27 October 2008
Possible reporting date: 10 November 2008 (signed)

NOTICES
Postponement
The following items of business were postponed:
General business notice of motion no. 233 standing in the name of Senator Xenophon for today, proposing an order for the production of a document relating to the Productivity Commission, postponed till 16 October 2008.

General business notice of motion no. 242 standing in the name of Senator Hutchins for today, relating to the assassination of the former Sri Lankan High Commissioner to Austra-
AGE PENSION

Senator BOB BROWN (Tasmania—Leader of the Australian Greens) (3.33 pm)—I move:

That the Senate—

(a) notes the following statement of claims from the Fair Go for Pensioners Coalition:

1. That the Federal Government increases the pension rate from 25% of average weekly earnings to 35% of average weekly earnings until a more appropriate pension measure is developed.
2. That proper and improved healthcare measures for pensioners are prioritised, including medical, dental, optical, hearing, pharmaceutical and culturally appropriate services.
3. That the level of funding for aged care services, including culturally appropriate services, is significantly increased and extended to meet the growing demand in this area.
4. That our pensions are not restricted due to overseas travel to visit loved ones.
5. That legislation/regulations be enacted to protect older people considering taking out reverse mortgages.
6. That a thorough review of the means test and GST impact for pensioners and concessions should be undertaken to ensure that pensioners are not losing out; and

(b) asks the Government to consider it for inclusion in the 2008-09 Budget.

Question put.

The Senate divided. [3.38 pm]

AYES
Brown, B.J.
Hanson-Young, S.C.
Siewert, R. *

Fielding, S.
Ludlam, S.
Xenophon, N.

NOES
Abetz, E.
Arbib, M.V.
Birmingham, S.
Boyce, S.
Bushby, D.C.
Cash, M.C.
Collins, J.
Cormann, M.H.P.
Feeney, D.
Fifield, M.P.
Furner, M.L.
Hurley, A.
Kroger, H.
Lundy, K.A.
McLachlan, J.E.
Parry, S. *
Pratt, L.C.
Ryan, S.M.
Stephens, U.
Williams, J.R.

AYES
Adams, J.
Bilyk, C.L.
Boswell, R.L.D.
Brown, C.L.
Cameron, D.N.
Colbeck, R.
Coonan, H.L.
Farrell, D.E.
Ferguson, A.B.
Fisher, M.J.
Humphries, G.
Joyce, B.
Ludwig, J.W.
McEwen, A.
Nash, F.
Polley, H.
Ronaldson, M.
Scullion, N.G.
Sterle, G.
Wortley, D.

SEVENTH ANNIVERSARY OF THE SIEVX INCIDENT

Senator HANSON-YOUNG (South Australia) (3.41 pm)—I move:

That the Senate—

(a) notes that:

(i) 19 October 2008 marks the 7th anniversary of a boat known as the Suspected Illegal Entry Vessel X (SIEV X), bound for Australia and carrying 421 passengers and crew,
(ii) this boat sank with the tragic loss of 353 lives, including 146 children, and
(iii) in Opposition, the Government repeatedly expressed its anger and frustration with the former Government’s inaction on establishing a full judicial inquiry into the SIEV X tragedy;

(b) expresses its regret and sympathy at the tragic loss of so many innocent lives; and
(c) calls on the Government immediately to establish an independent judicial inquiry into all aspects of the ‘People Smuggling Strike Team’ operated by the Commonwealth Government from 2000 to date, in particular the boat known as SIEV X.

Question put.
The Senate divided. [3.42 pm]
(The Deputy President—Senator the Hon. AB Ferguson)

Ayes………….. 6
Noes………….. 40
Majority……… 34

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

NOES
Abetz, E. Adams, J.
Arbib, M.V. Bilyk, C.L.
Birmingham, S. Boswell, R.L.D.
Boyce, S. Brown, C.L.
Bushby, D.C. Cameron, D.N.
Cash, M.C. Colbeck, R.
Coonan, H.L. Cormann, M.H.P.
Crossin, P.M. Farrell, D.E.
Feeney, D. Ferguson, A.B.
Fifield, M.P. Fisher, M.J.
Furner, M.I. Humphries, G.
Hurley, A. Joyce, B.
Kroger, H. Ludwig, J.W.
Lundy, K.A. McEwen, A.
McLucas, J.E. Nash, F.
Parry, S. * Polley, H.
Pratt, L.C. Ronaldson, M.
Ryan, S.M. Scullion, N.G.
Stephens, U. Sterle, G.
Williams, J.R. Wortley, D.

Question negatived.

TERMINATION PAYOUTS FOR EXECUTIVES

Senator BOB BROWN (Tasmania—Leader of the Australian Greens) (3.45 pm)—I seek leave to amend general business notice of motion No. 227 standing in my name, relating to termination payouts for executives. I wish to amend the motion to make it contemporary by substituting the two words ‘currently before’ with the two words ‘passed by’. The motion refers to the economic reform package now passed by the US Congress.

Leave granted.

Senator BOB BROWN—I move the motion as amended:

That, in light of the $US700 billion economic reform package to address the financial crisis in the United States of America (US) passed by 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.

Question put.
The Senate divided. [3.45 pm]
(The Deputy President—Senator the Hon. AB Ferguson)

Ayes………….. 6
Noes………….. 40
Majority……… 34

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

NOES
Abetz, E. Adams, J.
Arbib, M.V. Bilyk, C.L.
Birmingham, S. Boswell, R.L.D.
Boyce, S. Brown, C.L.
Bushby, D.C. Cameron, D.N.
Cash, M.C. Colbeck, R.
Coonan, H.L. Cormann, M.H.P.
Crossin, P.M. Farrell, D.E.
Feeney, D. Ferguson, A.B.
Fifield, M.P. Fisher, M.J.
Furner, M.I. Humphries, G.
Hurley, A. Joyce, B.
Kroger, H. Ludwig, J.W.
Lundy, K.A. McEwen, A.
McLucas, J.E. Nash, F.
Parry, S. * Polley, H.
Pratt, L.C. Ronaldson, M.
Ryan, S.M. Scullion, N.G.
Stephens, U. Sterle, G.
Williams, J.R. Wortley, D.
Parry, S. *  Polley, H.
Pratt, L.C.  Ronaldson, M.
Ryan, S.M.  Scullion, N.G.
Stephens, U.  Sterle, G.
Williams, J.R.  Wortley, D.

* denotes teller

Question negatived.

PEEL HEALTH CAMPUS

Senator CORMANN (Western Australia)  
(3.48 pm)—I move:
That the Senate—

(a) notes:

(i) that in September 2007, the Howard Government provided $502 700 in funding towards the establishment of a much-needed paediatric ward at the Peel Health Campus under the Regional Partnerships Program,

(ii) the significant efforts made by the local community in raising $2.4 million in funding through raffles, fund raising and other community events to raise the total project cost of $3.8 million (including building and capital equipment),

(iii) that the Western Australian Government committed to providing $750 000 in funding towards this project,

(iv) the Rudd Labor Government’s sham-bolic approach to this very meritorious Regional Partnerships Project, having:

(A) initially halted funding for the Peel Health Campus paediatric ward as part of its blanket decision to end all funding under the Regional Partnerships Program,

(b) then, in the face of a major public outcry, agreed to re-examine projects that had already been approved,

(c) then, on 29 May 2008 reinstated funding to the Peel Health Campus subject to the project meeting certain conditions, and

(d) then, by letter dated 1 August, cruelly cancelled funding for the paediatric ward at Peel Health Campus again, claiming that the local project proponents had not complied with all the bureaucratic requirements, even though those had not been properly communicated,

(v) that communications between the Department of Infrastructure, Transport, Regional Development and Local Government and the Peel Health Campus at no point revealed any obstacles that would stop the contracts being signed before the cut-off date of 31 July 2008,

(vi) that as of 31 July 2008 the contracts were not signed and the Peel Health Campus Trust was informed by letter, dated 1 August 2008, that their application had been rejected, and

(vii) the Rudd Government’s attempts to hide behind cold bureaucratic stone walling claiming that its outrageous decision was based on:

(A) concern over management of the building contract for the project, even though this issue had been resolved in early July, and

(B) concern that a funding commitment of $330 000 from a third party (the Variety Club) was not finalised by 30 June 2008, even though the project had sufficient funding from other contributors and was never dependant on the Variety Club funding; and

(b) calls on the Rudd Government immediately to reinstate its share of funding for the much needed paediatric ward at the Peel Health Campus to the agreed level of $502 700, so that the children of the rapidly growing Mandurah region will not have to continue to be treated in adult wards.

Question agreed to.
COMMITTEES
Community Affairs Committee
Meeting

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

That the Community Affairs Committee be authorised to hold a public meeting during the sitting of the Senate on Thursday, 16 October 2008, from 3.30 pm, to take evidence for the committee’s inquiries into the Poker Machine Harm Reduction Tax (Administration) Bill 2008, the Poker Machine Harm Minimisation Bill 2008 and the ATMs and Cash Facilities in Licensed Venues Bill 2008.

Question agreed to.

VIOLENCE AGAINST WOMEN

Senator HANSON-YOUNG (South Australia) (3.49 pm)—I move:

That the Senate—
(a) notes that:
(i) Friday, 31 October 2008 marks the 30th anniversary of the annual ‘Reclaim the Night’ day of action in Australia,
(ii) this day of action was established to highlight every woman’s basic human right to live in freedom from discrimination and fear of violence, and
(iii) more than two-thirds of women experience some form of physical or sexual violence in their lives;
(b) recognises that:
(i) Reclaim the Night represents a symbol of unity as well as an affirmation and celebration of women’s strength, and has international, multi-partisan political support, and
(ii) these marches are an extremely powerful means by which women can raise the issue of sexual assault and sexual violence; and
(c) calls on the Rudd Government, as part of the National Plan to Reduce Violence against Women and their Children, to work constructively to further develop and support national anti-violence public awareness and education campaigns as part of Australia’s commitment as a signatory to the United Nations Convention on the Elimination of All Forms of Discrimination against Women.

Question agreed to.

1999 MONTREAL CONVENTION

Senator XENOPHON (South Australia) (3.50 pm)—I ask that general business notice of motion No. 234, standing in my name for today relating to the 1999 Montreal Convention, ensuring just compensation for passengers injured on international flights, be taken as a formal motion.

The DEPUTY PRESIDENT—Is there any objection to this motion being taken as formal?

Senator LUDWIG (Queensland—Minister for Human Services) (3.50 pm)—by leave—I wish to make a short statement. The government opposes this motion, not because it is without merit but because it is unnecessary. After years of inaction by the previous government, the Rudd government has moved quickly to pass legislation—in June this year—to implement the 1999 Montreal Convention. The government is now finalising the formal accession process. Following approval by the executive council, an instrument of accession will be lodged with the International Civil Aviation Organisation, and the legislation will enter into force 60 days later in accordance with Article 53 of the Convention. In adopting the Montreal Convention, we delivered in seven months what the previous government failed to achieve in eight years. It is quite ironic, therefore, that members of the opposition are apparently supporting this motion. When they had the opportunity to do something to protect international airline passengers, they did not. Their support for this motion is,
quite frankly, hypocritical, and does not ab-
solve them from eight years of neglect.

Senator XENOPHON (South Australia) (3.52 pm)—I move:

That the Senate calls on the Prime Minister (Mr Rudd) and the Minister for Infrastructure, Transport, Regional Development and Local Government (Mr Albanese) to take immediate action:

(a) to secure from the Executive Council approval for Australia to enter into the 1999 Montreal Convention to ensure just com-
pensation for Australian passengers in-
jured on international flights; and

(b) to lodge Australia’s formal instrument of
accession to the convention with the In-
ternational Civil Aviation Organization.

Question agreed to.

MATTERS OF PUBLIC IMPORTANCE

Economy

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

The resilience of the Australian economy which is a direct result of the responsible eco-
nomic management of the former Coalition Gov-
ernment; and that it is only as a result of the eco-
nomic leadership and management provided by
the Coalition Government that Labor has been
able to implement the policy measures announced
on 14 October 2008.

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

More than the number of senators re-
quired by the standing orders having risen in
their places—

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

Senator ABETZ (Tasmania) (3.53 pm)—The sound and robust economic legacy inher-
ited by Rudd Labor is now up in lights for
all to see. Having desperately tried to trash
the Howard-Costello economic legacy in
their first six months in office, Labor now
have to admit that our economic fundamen-
tals as a nation are in fact very sound. In-
deed, that is what Mr Rudd told us last night
in his address to the nation. That soundness,
that robustness, is due to the legacy of the
coalition government’s economic manage-
ment. It did not happen by accident and it did
not happen after 24 November last year. And
it is well that we be reminded of how that
sound economic foundation was created,
because it did not happen by accident. When
Labor left office in 1996, they left the Aus-
tralian people a $96 billion government debt.
In today’s terms, that would equate to a gov-
ernment debt of at least $120 billion. On top
of that debt, they left a $10 billion budget
deficit—and Labor had in fact promised the
Australian people that there would be a
budget surplus or, at the very worst, a break-
even budget. When we called for bipartis-
anship to fix Labor’s mess, what did we get?
We got Labor stirring up rallies outside Par-
liament House that led to the front doors of
this place being broken down—such was
Labor’s outrage at the thought of a balanced
budget, let alone a surplus.

When we pursued economic reform to
make Australia stronger, we were opposed by
Labor at every turn. Despite Labor’s best
eendeavours, we persevered, we reformed, we
took the tough decisions, we looked to the
future, we planned and we took considered
and decisive action. What was the result? In
April 2006, we finally paid off the last of
Labor’s debt. Yes, it took a full decade to pay
off Labor’s debt—and Labor opposed every
budget that allowed us to pay off the debt.
Why did we do it? Because we believed in
intergenerational responsibility. We wanted
to leave a legacy for our children, after we left government, of money in the bank, rather than the $96 million debt legacy that Senator Cameron and his Labor mates left the Australian people. And so, having opposed our many surplus budgets, Labor continued to oppose us when we built the Future Fund for Commonwealth superannuation liabilities, health and education. Having paid off Labor’s debt, we embarked on the task of future-proofing our nation with the Future Fund.

In November 2007, Labor was handed a very sound economy with a budget well and truly in surplus. There were no hidden deficits. Our Charter of Budget Honesty legislation saw to that—yet another one of our reforms. Despite that soundness, as soon as they came to government, Labor sought to trash our economic reputation as managers with their pathetic campaign about fighting inflation. Remember that the inflation genie was allegedly out of the bottle. I do not think we will be hearing much of that in the next few months, unless of course the measures that Labor are introducing will have such a result.

In trying to trash our economic record, Labor said they had raised an extra $19 billion worth of tax. For what reason? To slow down the overheated economy which they had inherited, such was the mantra associated with the May budget. We are now told by Labor that this same budget is the centrepiece to stimulate the economy. Go figure! Just two weeks ago, Labor, through the hapless Senator Conroy, could not tell us in this place whether the budget surplus was for saving or for spending. Indeed, watching Senator Conroy’s performance today in question time, no Australian should have confidence in the economic management of this country. When Senator Conroy was asked whether the government had any Treasury economic forecasts underpinning yesterday’s announcement, he could not answer. When he was asked whether he could guarantee that the budget will not be in deficit at the time of the next election, he could not answer. When he was asked whether the government had received any advice about the inflationary impact of its package, no answer. And so it goes on.

Indeed, I have this feeling that the laptop that Senator Conroy uses at question time is there only for show, or is, indeed, part of the Rudd education revolution—one of those laptops that comes out of the box with no connections, no cable to make it work and no power point, so that poor old Senator Conroy is sitting there with his laptop and nothing is coming out of it. And if something is coming out of it and he is actually repeating it, we as a nation should be very, very worried.

Now we finally know that the surplus is for spending. But, just two days ago—

**Senator Cameron interjecting**—

**The DEPUTY PRESIDENT**—Order! Senator Cameron, I have been very tolerant but I would suggest respectfully that perhaps you should try and get on the speakers list if you wish to contribute to this debate.

**Senator ABETZ**—The old union habits die hard: just come in and shout and carry on without any interest in making a positive contribution.

Just two days ago, when the coalition was still arguing for a $30 per week increase for pensioners, we were slammed as economic vandals—we were being economically irresponsible. Today, this is a vital strategic positioning of the Australian economy, courtesy of the Prime Minister! Two days ago, Labor arrogantly repudiated the Canberra Liberal policies on pensioners as well as those on first home owners. Today, it is fundamentally important for our economic positioning! But the reason that Labor can go on their splurge is that they were left with a budget that was
in good shape, with a surplus for which they did nothing.

It is also instructive to recall in this debate that the coalition and the then Treasurer last year predicted tough economic times in 2008. I think the term employed was ‘an economic tsunami’. Mr Rudd and his Labor cohort condemned that sound and now proven analysis as scaremongering, irresponsible and a desperate tactic. Can I say, as an aside: so did many media commentators. I still await—if an apology is too much—at least recognition that the coalition’s assessment last year was spot on and right. And it was because of our belief in our own forecast that we did not waste the surplus of the 2007-08 budget. But the man who is the beneficiary of this strong Australian economy and screams bipartisanship cannot bring himself to acknowledge the correctness of our predictions and the architects and builders of the strong economy that he inherited.

We get pathetic commentary from Mr Rudd—the Mr Rudd who claims that he is an economic conservative, always has been, always will be, but spent his first speech attacking Mrs Thatcher’s policies. That same Mr Rudd who said that his first budget was a traditional Labor budget—yes, that very same one—now says that the coalition wasted 11½ years in government and did nothing. Well, if that had been the case, Mr Rudd would have been presented with a $10 billion budget deficit and $96 billion worth of government debt. Can I simply say to Labor: if you want bipartisanship on this, do the decent thing—acknowledge that you inherited a sound economy, and also share the information that we are seeking from you so that true bipartisanship can be based on a two-way street, and do not simply suggest that the Senate should be voting for government policies and packages without any supporting information. (Time expired)

**Senator HURLEY** (South Australia) (4.03 pm)—Let us have a look at the legacy the Liberal Party left for us in their budget and through their economic management. First of all, take the trade deficit. I think it is widely acknowledged in the current economic crisis that debt has been one of the problems in the whole house of cards and that countries have been spending beyond their means. That was certainly the case in the time of the former Howard government. In October this year, Australia’s trade tab finally turned to surplus under the economic management of the Rudd Labor government, with a surplus of $1.36 billion. This is the second biggest surplus ever, but only the second positive month in the last 75 months, or in more than six years. For more than six years we had a trade deficit, when we had the best terms of trade in this country for 30 or 40 years and we had a resources boom and we had exports. Yet the Howard government was blithely optimistic about this situation and said that it did not matter because our debt was private debt. Well, look what has happened to that private debt now. That private debt is causing problems all around the world. That private debt is now a millstone on economic growth all around the world. But the former coalition government allowed, without any attempt to stop it, Australia’s trade to spiral further and further into deficit. It was not until the Rudd government came into office that it started to turn around. I repeat that that was when the terms of trade were the best that we had seen in this country for many decades, and that is a shameful record for the Howard government.

Next, let us have a look at interest rates. There were 12 consecutive interest rate rises in a row between 2002 and 2008, despite the promise of the former Prime Minister, John Howard, to keep them at record lows. Those interest rate rises occurred in the teeth of Reserve Bank warnings and caused enor-
mous problems for this economy. The Howard government ignored the warning signs of an overheating economy and inflation, and sat on their hands and did nothing about it, because they had a pattern of behaviour where they spent to prop up their popularity. There was no forward thinking and no strategy in that. As for leaving a legacy for your children, that was the kind of legacy that you left them: inflation and a spiralling balance of trade deficit.

While we had these surpluses as a result of the booming world economy, what did the former government do with them? Senator Abetz referred to funds that were being set up in the dying days of the Howard government, but they were too little, too late. The Howard government did nothing to future proof our economy, despite warnings by the Reserve Bank of Australia. Former Reserve Bank Governor Ian Macfarlane warned in August 2007 that capacity constraints had been foreseen for some time. He said:

… full capacity is not a brick wall that you suddenly hit – approaching it is something that happens in stages.

… clearly more has to be done to attract people into the occupations where skill shortages are most acute, and to train them without unnecessary delay.

These were warnings that had been made repeatedly and that the Howard government repeatedly ignored. Any of us out there talking to business people, from small businesses through to large corporations, heard the mantra over and over again: one of their biggest problems was skills shortages. I cannot believe that people sitting on the Senate opposition benches did not hear that mantra from business. I am certain that they did. And what was done about it? Clearly, not enough. When it came into office the Rudd government had to really scramble to make up for that situation, to start to work on skills development. We heard today from Senator Carr about the training places that have been created to try to give the economy a bit of a lift.

The other mantra from business heard time after time was about infrastructure—that we had bottlenecks in infrastructure, that a lot of infrastructure was not working efficiently and that we had to do something about it. But did the Howard government address those problems of infrastructure? No. They were content to sit back, play the blame game with state governments and play politics with Labor state governments. They were in a position where money was rolling in from corporate profits and the resources boom, yet they were not thinking about the future and not future proofing our economy. That had to wait for the Rudd Labor government to come in. Unfortunately, we did not have enough time before the world economic crisis hit.

The other thing that the Rudd government has had to address, which has not improved significantly since the former Hawke-Keating government, is productivity. If we are to cushion Australia against these global economic shocks, productivity is another key factor. Productivity and skills enable the country to continue on despite what is happening overseas. Between 1993 and 1998 we were running average annual productivity growth of 3.3 per cent. Between 1998 and 2003 that fell to 2.1 per cent per year, and in the year to March 2007 it was just 0.9 per cent. That was the legacy of the ‘economically responsible Howard-Costello government’. That was what the Rudd government faced when it came into power late last year.

Given that revenue was rolling in, what did the Howard Liberal government spend that revenue on? That is interesting. It was spent on things like Regional Partnerships program rorts—pork-barrelling, in other
words. Millions of dollars were spent on projects which were not properly assessed in terms of what the money was spent on and what the outcomes of that expenditure were. The then government spent something like $2 billion on government advertising, most of it in the run-up to elections. This is the kind of responsible economic management that the opposition thinks is adequate to prepare us for global economic shocks. Thank heavens that a Rudd Labor government got elected in time to deal with the crisis that we are now facing, and in a way that will assist our economy to deal with the global economic situation. It is through the cushioning effect of measures such as proper infrastructure development, skills training and development and productivity that we will properly future proof our economy.

The Howard government were also remiss in the way they allocated the surplus in terms of pensioners and tax. The Howard government consistently brought in tax cuts that favoured higher income earners; yet when they get into opposition the first thing they do is ask for increases for single pensioners. The hypocrisy, as has been stated over and over again, is breathtaking. Now the Rudd Labor government has delivered. It has given pensioners an increase, is looking at tax reform and is looking at those measures that will set up an equitable economy, which will enable us to go into the future and withstand these global economic shocks.

**Senator BOB BROWN** (Tasmania—Leader of the Australian Greens) (4.13 pm)—This matter of public importance seeks to give the Howard government the kudos for the positive situation that the Australian economy is in but an escape clause where the current financial crisis is concerned. It cannot do that. The fact is that, buoyed by one of the most prolonged and positive economic periods in global history, the Howard government was able to pursue economic rationalist policy in Australia over a period of 12 budgets. In that budgetary time frame, one of the excesses of the direction the Howard government took was that the ratio between Business Council of Australia CEO cash remuneration and average adult earnings, which in 1995-96 was 31 to one, became, by 2004-05, 63 to one. I do not have more recent figures but I would be surprised if it were not more than 70 to one.

In the Howard period of government based on Reaganomics and the theory of former Prime Minister of Britain Maggie Thatcher that government should get out of the way, the disparity between rich and poor in this country grew inordinately. The result of that is that we now have anything but a fair-go country; we have a country that is more economically divided than ever before in history. We also have a country that, as far as economic resilience into the future goes—and those are the terms that Senator Abetz uses in this proposal to the Senate—we are wanting. As Sir Nicholas Stern, former Chief Economist of the World Bank, said at the Press Club here in Canberra last year, those economies which are environmentally oriented are going to be the most robust of economies as we move into the future. But what the Howard government did was go in the opposite direction and give the least attention to the environment.

Australia finds itself in the dubious position of being in an age of threatening climate change impact on the world economy—there will be massively bigger threats to the economy in the future due to climate change than we are seeing with the global crisis now. But Australia, thanks to the Howard government’s mismanagement, is the world’s biggest exporter of coal and one of the couple of the world’s largest polluters of the atmosphere with greenhouse gases. Of industrially advanced countries, Australia is one of the very few that continues to log and burn its
native forests and woodlands. This alone contributes—quite unnecessarily; it is done for an export woodchip industry in the main—some 20 per cent to the greenhouse gas pollution of the atmosphere.

Unlike Germany, where, with the Greens taking balance-of-power roles in government, all parties have moved to the forefront of environmental excellence in managing their economy, Australia does not have hundreds of thousands of people involved in environmentally based industries. It does not have one of the world’s most advanced renewable energy components to its industrial make-up and it does not have the hundreds of billions of dollars in export earnings that Germany, a much less sunny country than this one, has managed to have because it has simply reformed its economy away from the polluting industries of the past, at a time when the Howard government was tugging its forelock to the enormous lobbying power of the foreign owned coal lobby, for one. The concern we must have is that not much has changed under the Rudd Labor government. A lot needs to be done.

The Greens, during the Howard years, this chamber will remember, took on the plight of pensioners in this country and pursued an increase in pensions. We have carried that through into this period of government. While we welcome the increase and the one-off payment to pensioners we have seen in the $10.4 billion package announced by Prime Minister Rudd yesterday, how sad it is that in this nation it took a financial crisis to bring on that package and that it was not done because it was socially just and because pensioners across this country are living in penury and are struggling to make ends meet.

Pensioners, as senior citizens who have contributed so much to the country, deserved to have their needs met in past budgets. Instead of that, under the last Howard budget, $20 billion went into tax cuts largely favouring the already rich, the big end of town. Then, to meet a promise of the Howard government, in the Rudd government’s first budget, the budget of Treasurer Swan, a further $31 billion over the forward estimates was given to tax cuts, again largely benefiting the top end of town. There was a great resistance to improving pensions.

Now it is seen that pensioners can be a vehicle for stimulating the economy in a pretty wide fashion because they do shop and they do give business to local business owners. The measures are seen as a good way to help stimulate the economy at a time when we have a global crisis. Well, thank goodness. It is an ill wind that blows no good. But let us be clear about this: it is only due to the financial crisis that we have seen the pensioners get the start of a remuneration reform package that they so richly deserve.

I want to go back to the CEO question. Today at the Press Club, Prime Minister Rudd cited the culture of greed which led us into the crisis that we are now all experiencing—emanating from the United States and, I might add, Prime Minister Howard’s great friend President Bush, who was asleep on the watch or, much more than that, was part of the problem by not regulating the financial sector in the United States. So much for Prime Minister Howard. He had a very close relationship there, but he failed to get President Bush to properly regulate an economy in a way which would have saved us from the mess we are in at the moment.

We have seen prodigious payouts in the United States to executives—hundreds of millions of dollars per annum taken out of corporations and paid for effectively by shareholders and/or consumers. The trend has been similar in this country, to the point where the chief executive of Macquarie
Bank this year has a pay package of over $26 million. Up until yesterday, we could not find $30 a week for pensioners, but the CEO of Macquarie Bank gets $26 million. Quite a few other CEOs get more than $10 million. Quite a few other bank executives get more than $5 million.

That is why the Greens will be moving an amendment to the legislation currently before the House of Representatives—to, in fairness, peg some of the extraordinary excesses that have occurred in CEO pay packages at a time when many millions of Australians have been finding it hard to make ends meet. Who would be able to dispute an amendment from the Greens saying that these salaries ought not to be more than $5 million a year—and I will get criticism for setting the bar so high—or 10 times the prime ministerial salary of this country? Surely if the Prime Minister can contribute to the country with hard work in the way that he does then there is no excuse for the CEOs of these corporations to be getting 10, 15, 20 times or more what the prime ministerial salary is. (Time expired)

Senator RONALDSON (Victoria) (4.23 pm)—I do not normally like to talk about colleagues who are not in the chamber, but Senator Hurley has left, and I must say that I am disappointed with her speech. She is someone who I actually have a fair bit of time for and I respect. But her speech today was utterly churlish. I can only assume that she was given her marching orders and her riding instructions in relation to how this matter was going to be dealt with. Who would be able to dispute an amendment from the Greens saying that these salaries ought not to be more than $5 million a year—and I will get criticism for setting the bar so high—or 10 times the prime ministerial salary of this country? Surely if the Prime Minister can contribute to the country with hard work in the way that he does then there is no excuse for the CEOs of these corporations to be getting 10, 15, 20 times or more what the prime ministerial salary is. (Time expired)

The Leader of the Opposition wrote to the Prime Minister on Monday and again offered bipartisanship. The Leader of the Opposition wrote to the Prime Minister a couple of weeks ago and said, ‘How about we have a bipartisan approach to this issue?’ Well, that letter was not responded to, but as soon as bipartisanship was formally requested of us in relation to this package it was given with no strings attached. Quite frankly, the Australian community will judge this bipartisanship by the speech that we heard from Senator Hurley today and the speeches we will hear—I have no doubt, with their riding instructions—from the next Labor Party speakers.

Let us look at some of those things. I am not going to talk about the debt we inherited and all of those other things. Senator Abetz has talked about that and everyone knows what the state of the economy was when we were elected in 1996. I am not going to talk about that again. What I am going to talk about are the approaches that were taken by the former government to make sure that we did deliver a strong economy to the incoming government. The one thing that immediately comes to mind is the reform of the taxation system. What did this new-found fiscal conservative, Prime Minister Rudd, say about the complete reform of the taxation system when it was introduced? ‘Injustice day’ was what he said when giving a second reading
speech in the other place. Where does the GST appear when you look at the ‘root and branch reform’ of the taxation system—another review announced by this Prime Minister? I cannot find it. It is not there. All of a sudden, GST injustice day has disappeared off the face of the policy map.

I now turn to the events that occurred at the start of this year and the outcomes they led to in the economy and the interesting role played by the hollow men in the Prime Minister’s office. We have a couple of them in the chamber today—perhaps three—who may well fit into that hollow man category, but I am not going to make any references to that. What did they do in early January after they had finished their Christmas turkey and pudding? They got back and realised they had a very significant political problem: the utter incompetence of Treasurer Wayne Swan. They had to do something and do something quickly to address the situation of his incompetence. They were not worried, of course, about whether it was true or not—they were just worried about the perception of whether it was true. So what did the hollow men come up with? They sat around a table over at the PMO and they came up with the phrase ‘the inflation genie’. This was the contribution of the hollow men to the political and economic debate. They pushed it and they pushed it hard. We had Treasurer Swan and the Prime Minister out there talking about the inflation genie getting out of the bottle. In the run-up to the February meeting of the Reserve Bank of Australia they were egging them on to put interest rates up again. They all but challenged the Reserve Bank of Australia to put another interest rate rise in place because it suited their cheap political imperatives to ensure that ‘the inflation genie’ was well and truly in the community’s mind.

But what a difference six months made after the May budget. I want to go back to the West Australian of 3 February. Under the headline ‘Australia has serious inflation problems: Swan’, the Treasurer said: …there is an enormous inflation challenge … the former government let the inflation genie out of the bottle.

In the Treasurer’s budget speech on 13 May, he said the government would: …do our bit to ease inflationary pressures in the economy.

Then all of a sudden, less than six months later, here we go: in the Australian, under the headline ‘Treasurer claims victory over rising prices’, it stated:

The inflation genie is back in the bottle, with Wayne Swan declaring the economic threat from rising prices has passed.

The absolute reality was that this was a political problem for the Labor Party; it was certainly not an economic problem. If you look at the commentary back then from the then Leader of the Opposition on this matter, he said to you that you were playing the wrong political game with your egging on of the Reserve Bank to raise interest rates. I am reading from the transcript of Leader of the Opposition’s, the member for Wentworth’s, press commentary:

Our better judgement was—and I think it’s been proved better by subsequent events—that the sub-prime crisis, the economic crisis was going to have a slowing effect, a significant effect on the global economy and that those rate rises earlier in the year—it would have been better if they hadn’t occurred. But they have now been reversed …

Back in February and January the then shadow Treasurer was saying quite clearly that the inflation genie was a political slogan and not an economic reality. He said then that if you keep on pushing this, the result of it will be an extraordinary slowing of the economy. (Time expired)

Senator ARBIB (New South Wales) (4.31 pm)—I was very disappointed when I heard
and read about Senator Abetz’s resolution. After hearing the comments by Senator Ronaldson, I am more disappointed. In times of global economic crisis the calls for bipartisanship have never been louder, yet everything we hear from the other side of the chamber, everything we hear from the other place, is the Liberal Party taking credit for the state of the Australian economy. How is that for bipartisanship? How is that for cooperation? On the one hand they say, ‘We want to work with you;’ on the other hand, they are trying to claim credit for everything.

It typifies the member for Wentworth and his style of politics. In the last 10 days he has taken credit for the Reserve Bank’s one per cent cut in interest rates. The member for Wentworth took credit for that. He has taken credit for the decision of the government to guarantee deposits in banks. The member for Wentworth took credit for that. He has also taken credit for our $4 billion injection to help non-bank lenders, to keep the system afloat and keep competition. Today, once again, the Liberal Party are taking credit for the economy. It highlights to me a number of things but, most importantly, I go back to the last election. I do not know if the Liberal Party realise this but they lost the last election. In terms of a judgement on the economy, a judgement on the Liberal Party I say: talk to the people. The people decided on November 24 that it was time to throw out the Liberal Party. They made the decision about the economy. They made the decision about the Liberal Party and they are who I look to.

I can remember watching parliament on TV, both in my office and at home, eager to be here and seeing the numerous speeches from the Liberal Party where they stood up and patted themselves on the back. John Howard went far enough to say a line that I am sure he now regrets:

… working families have never been better off.
The Australian people made a judgement on the Liberal Party and they made a judgement on John Howard’s economic management. The reason they made that judgement was that over the 11½ years that they were in government the period was characterised by short-term populism, reckless spending, a lack of vision, neglect of our education system, neglect of our health system and neglect of infrastructure. All the figures are there to show it. Senator Ronaldson said we give them no credit. I will say over the last 16 years we have had unimpeded economic growth, so I do give the opposition some credit for that. But at the same time I note they give no credit whatsoever to the previous Labor government, the Hawke-Keating government, for the reforms that they brought in—the greatest economic reforms this country has ever seen. When you talk about a boom for 16 years, the reason we have had a booming economy for 16 years is that—

Senator Cormann—That is not true. We actually supported them.

Senator ARBIB—Yes, Senator, you supported it. That is right—you never mention it, though. I have not once heard any coalition senator stand in this chamber and show any support for what the Keating-Hawke government did: the microeconomic reforms, the macroeconomic reforms, deregulating the banking system, floating the dollar and lowering tariffs. And that is why we had the boom. The coalition managed record royalties through a once-in-a-lifetime mining boom. I think you should go back and pay some praise and offer some thanks to the work of former prime ministers Paul Keating and Bob Hawke.
I know I do not have much time but I want to raise two things with you very quickly, Senator. Just remember that your legacy, economically, is going to be interest rates—10 straight rises in interest rates—the second-highest inflation rate in the OECD and—the pièce de résistance, the thing you will be remembered for forever—Work Choices. Just remember that one: Work Choices. I know you are running a million miles an hour away from Work Choices now, but we will never forget it. I guarantee you that we will never forget it and the Australian people will never forget it. If you want to look at one reason you were thrown out, that was the reason. (Time expired)

Senator JOYCE (Queensland—Leader of the Nationals in the Senate) (4.36 pm)—The reason the Labor Party will be thrown out will be because of their economic management. You will never forget that. I want to go through a quick exposé of the differences between us, seeing as we have been hearing about the previous Labor government. I dug this document up. When Labor were last in government, they had $95.8 billion on the nation’s credit card. When the coalition left government there was zero. The interest bill each year on that Labor government debt—that immaculate, wonderful conception of the Labor Party—was $8.4 billion, almost as much as they announced the other night in Christmas presents. Average mortgage rates were 12.75 per cent under Labor, 7.25 per cent under the coalition. Average small business lending rates were 14.25 per cent under them, 8.9 per cent under us. Here is a good one, because we have been hearing about working people: average real wage growth between March 1983 and March 1996 was minus 1.8 per cent—take that home to the working family and smoke it. Under the coalition between March 1996 and June 2007 it was plus 21.5 per cent. Don’t leave, Senator Arbib, you should be listening to this. Under Labor in March 1996, the unemployment rate was 8.2 per cent. Under the coalition, it was 4.2 per cent. The number of long-term unemployed under Labor was 197,900 people. Under the coalition, 66,700. Australians at work under the Labor government, 8.3 million; under the coalition, 10.5 million. I could go on and on. It goes on with the same thing: Labor does not know how to manage.

Labor have only just arrived and the first thing they do is completely misread the economic situation and start talking up inflation—the inflation genie is out of the bottle—even though every other country on earth is talking it down. The Labor Party in Australia were talking it up because apparently we live in splendid isolation from the rest of the world. What happened? They got it wrong, not just wrong but overwhelmingly wrong. What is the next thing they did? They talked it down and it came down at a rate of knots, and our dollar fell out of bed. This is Labor Party economic management. Then they kick-start the economy with Christmas presents. It is just bizarre what Australia has got itself in for. This is the sort of economic management they are up to. They were not going to help pensioners; now they are going to give them something before Christmas. They have not got a clue what they are up to.

Every time I see Mr Swan, I feel like I am looking at a rabbit in the spotlight of a car. It is amazing. We had Paul Woolley, formerly of the IMF, talking about financial market dysfunctionality. But, no, the Labor Party were not going to talk about that. It was brought up at Senate estimates on 20 February 2008. Mr Hyden told the Labor Party. They had no clue about that. They did not think there was a problem coming. Everybody was saying to them, ‘There is a train wreck coming down the road to you.’ They could not pick it. They could not smell it. They did not have a clue, even though Alis-
tair Darling, the Chancellor of the Exchequer, was saying it—‘No, he must be wrong as well.’ The Bank for International Settlements was saying it. Not one of these tea leaves did the Labor Party have the capacity to read. Now Australia is at the behest of this.

When we saw Mr Swan walking around the floor at Wall Street he looked like a kid in Wonderworld. ‘All these bells, lights and whistles. If only I could play with a few of them.’ He is one of the people running our country. It is bizarre. I have been harder on them than some of my colleagues about the package that they announced the other night. But I honestly believe, and I might be out on my own on this, that this is going to quoted back to them—this wondrous financial package. There are so many things here that show they just do not have a clue what they are up to. They have underwritten the banks—that is great—but they do not have a clue what it will cost. They pluck these ideas out of the air in the middle of the night. They have no idea how to put them down. In one announcement they have taken away half the surplus, and not one major infrastructure project was included in it—not one thing that will deliver a return to the economy.

They are nice people; they just do not have a clue. Look at their frontbench. Who are the predominant people on their frontbench with experience in small business or any business, or run anything, anything at all? They have not got a clue because there is no-one with any experience of running anything. But they are running the nation, and now it is showing. Whatever they are doing at the moment, you know it is going to be readjusted and that it is misinformed. Unfortunately, the people who will pay at the end of the day are the Australian taxpayers—Australian working families who each week go to work on Monday and Tuesday to pay their taxes and believe in some sort of oversight and some sort of stewardship. Halfway through their first term, they have already blown half their surplus. Once it is gone, we will be back in power and we will have to sweep up the pieces again.

Government senators interjecting—

Senator JOYCE—I hope you enjoy your time over there. You can talk about Work Choices because that is all you have to talk about. We could go into some other things, even issues that should pertain to that side. Under the Labor Party, investment in Indigenous programs—(Time expired)

Senator STEPHENS (New South Wales—Parliamentary Secretary for Social Inclusion and the Voluntary Sector and Parliamentary Secretary Assisting the Prime Minister for Social Inclusion) (4.43 pm)—Thank heavens for that! I am astonished to think that that is the calibre of Senator Joyce’s contribution to the debate. What we really need to remind those in the gallery, and it is lovely to see you all here, and also those listening to the debate today is that the foundations of Australia’s modern economy were actually based on critical decisions made by the Hawke and Keating governments. If we think about this for a minute, we might start first of all by considering the financial deregulation that they were the stewards of. They allowed overseas banks into the country. There was the deregulation of interest rates, which has meant competitive mortgages; compulsory superannuation, something that we have heard quite a lot about and we know that people are relying so much upon these days; and, of course, the floating of the dollar. They are four basic principles and foundations of the modern economy that were resisted by the opposition for a long time. They were driven through during the Hawke and Keating years and they created the foundation of our modern economy and delivered the stability that we
enjoy in this country. None of them were supported by the opposition at that time.

We had the inaction and impotence of the Fraser government, with Mr Howard as the Treasurer at the time—something that Peter Costello has admitted only recently. We have had 16 years of economic prosperity, mainly on the back of the mining boom. And what is the legacy of that? What is the Howard government’s legacy of that? It ignored nation building—absolutely—and it developed to a fine art the issue of the blame game by shifting the blame between the Commonwealth and the states; it completely ignored infrastructure development in health, hospitals and schools; and crumbling infrastructure was ignored by the previous government in the areas of water, roads, housing, rail and community infrastructure and facilities across the country.

That is the legacy of the Howard government—a total underinvestment in critical infrastructure in this country. Their claim to fame is of course the Future Fund, which is like sovereign funds that exist across the world. There is nothing creative and nothing new there; it is a pension fund. We built on that fund by creating our own funds for health, hospitals, education and social infrastructure. It is a nation-building agenda that we need for this time.

It is ironic that we are in here having such a feigned, fake, phoney debate on responsible economic management in Anti-Poverty Week when we see what the real legacy is of the previous government: 10 interest rate rises in a row, inflation at a 16-year high when Labor came to government, unprecedented mortgage stress and record mortgagee-in-possession sales across the country that are the shame of the nation. Then we get to the issue of Work Choices, which stripped workers’ entitlements and conditions. That is the legacy of the previous government. It was a government that screwed welfare and community service organisations in service agreements and funding with no accommodation for indexation or wages or salaries or regulatory requirements—the burdens that have been overlaid upon them for such a long period of time that they were almost driven out of the market. What we had was a market driven ideology that argued that the market would be the determinant at any cost in a drive to the bottom. We have seen massive shifts from public to private debt, including clawing back overpayments from a clumsy system of family tax benefits. We were all here witnessing the evidence that came to us about private debt collectors being sent, garnisheeing of payments, encouragement of low-document loans and increasing consumer credit—all in the sense of shifting the responsibility of debt from the government to individuals. It is a horrific legacy of so-called fine economic management.

When we look at what is happening across the world and we look at the issue of short selling and speculation on the stock market, we have another gap—another gaffe—by the previous government in the Corporations Act 2001, which we are now having to fill at such short notice. So thank God we have a $10.4 billion plan to stimulate the economy.

(Time expired)

Senator FEENEY (Victoria) (4.49 pm)—When I saw Senator Abetz’s motion I have to confess my heart sang with joy because here we have an opposition that has not yet come to terms with the fact that it is indeed in opposition. This is an opposition that believes that the people of Australia have got a lot of explaining to do in terms of how they ended up where they did.

Senator Cormann—I wonder if you guys really know that you are in government.
Senator FEENEY—Senator, if you are going to interject I urge you to wait until you have something witty or incisive to say. We have an opposition that believes that the people of Australia have a lot of explaining to do—how is it that the people insisted that the opposition end up where they are if they did such a fine job? But of course there is a second element to this too: the emotional element from the opposition. They would like a pat on the head, wouldn’t they, the precious little petals. They have come in here looking for a compliment but unfortunately they are not going to find one.

Senator Abetz’s motion completely fails to understand that in fact what has transpired over the last 10 years is that the opposition—the coalition—have played their historic role. They have governed Australia at a time of enormous and unprecedented economic prosperity and they have squandered the moment. Over 10 years, what great structural changes were there that we could point to and say, ‘These are the great structural reforms in the Australian economy that were achieved during the Howard years’?

When we apply that test to the Labor Party and its period in office we can point to the Hawke-Keating period, we can talk about the deregulation of the financial system, we can talk about the introduction of superannuation, and we can look to some of the great reforms that have transformed the Australian economy and opened it up. When we look to the 10 years—the wasted years, the dead years—of the Howard government, we are looking at a period of time when nothing much happened. It was a government sitting on its haunches counting the dollars as they came through from unprecedented commodity prices. It was a government that, frankly, did nothing.

On top of that sin—the sin of omission rather than commission and of achieving nothing and squandering the historic opportunity that was presented to this country—they did something else: they learnt the art of pump priming the economy at a time when the economy did not need pump priming. What am I talking about here? I am talking about the time of unprecedented payments coming in by virtue of high commodity prices, a time when the economy was heating and indeed was in danger of overheating and a time of very high inflationary pressure. What did ‘Team Fantastic’ opposite do? They pump primed the economy, they added to the interest rates and, of course, they did all of that in pursuit of one noble objective: to have themselves re-elected. Now, having spent 10 years achieving zero in terms of important micro and macro economic reform for this country, they have wandered in here, fresh from an election defeat, to insist that the people of Australia have never had it so good and that the people of Australia need to have a long, hard look at themselves.

In fact, that delights me because they are the characteristics of a team that is determined to remain in opposition. We can debate this question week in and week out to your heart’s content. You can win it some weeks and you can lose it in other weeks; I really do not mind. The fact is that while you are setting the terms of the debate in this manner you are consigning yourselves to eternal opposition. The question you need to be asking this parliament is not how marvellous or otherwise you think your legacy might be. The people of Australia have already made that call. They made that call at the 2007 election. What you need to be wondering about is what you are doing here and what your next plan is. And, the longer you delay the day that you have that debate in this parliament, the happier I am.
When we look at some of the minutia of the current crisis facing this country—this crisis, which insofar as you are concerned only presents you with the opportunity for a self-congratulatory motion, although I note with some shock and astonishment the contribution of Senator Joyce, who is apparently opposed to the package altogether—we find that there were key moments in recent times when your economic custody of this country meant there was no proper custody. (Time expired)

COMMITTEES
Scrutiny of Bills Committee

Senator ELLISON (Western Australia) (4.54 pm)—On behalf of the Chair, Senator Coonan, I present the 11th report of 2008 of the Standing Committee for the Scrutiny of Bills. I also lay on the table Scrutiny of Bills Alert Digest No. 11 of 2008.

Ordered that the report be printed.

Senator ELLISON—I move:

That the Senate take note of the report.

I seek leave to incorporate a tabling statement in Hansard.

Leave granted.

The statement read as follows—

In tabling the committee’s Alert Digest No. 11 of 2008, I would like to draw the Senate’s attention to several provisions in the National Measurement Amendment Bill 2008.

The provisions, which can be found at item 65 of Schedule 1, create offences of strict criminal liability.

The committee will generally draw to Senators’ attention provisions which create strict liability offences. Where a bill creates such offences, the committee considers that the reasons for their imposition should be clearly set out in the explanatory memorandum which accompanies the bill.

The committee is satisfied that a general explanation for the majority of the proposed strict liability offences in this bill is provided in the explanatory memorandum. The committee is particularly pleased to note that the explanatory memorandum specifically states that the committee’s Seventeenth Report of 2000 and Sixth Report of 2002 were considered in the course of framing the strict liability offences in the bill.

However, the committee would like to point to two proposed offences of strict liability which it considers unusual.

Proposed new subsections 18MH(5) and 18MH(4) create offences of strict criminal liability if, respectively:

- a person refuses or fails to comply with a requirement to answer questions or produce books, records or documents requested by an inspector under subsections 18MH(2) or (3); or
- a person refuses or fails to comply with a requirement to provide an English translation of a book, record or document under subsection 18MI(2).

Proposed new subsections 18MH(4) and 18MI(3) create the same offences, but make them subject to the prosecution proving that the alleged offender intended to commit the offence.

The committee is not aware of any previous example in legislation of a refusal or failure to provide information to an official being an offence of strict liability, thereby rendering the offender’s intentions irrelevant.

The committee notes that the only explanation given in the explanatory memorandum (apart from the general explanation of the reasons for strict liability in the bill) is that:

‘Proposed subsection 18MH(4) provides that a person commits an offence if he or she refuses or fails to comply with a requirement under subsections 18MH(2) or (3), for which the penalty is 200 penalty units (currently $22,000). Proposed subsection 18MH(5) creates an equivalent strict liability offence, with a penalty of 40 penalty units (currently $4,400). Both provisions are intended to deter people from refusing or failing to comply with the section.’
The explanatory memorandum offers an analogous explanation in relation to proposed subsections 18MI(3) and 18MI(4).

The committee considers that, despite the general explanation of the reasons for strict liability in the bill, these particular provisions come within that general comment only insofar as the penalty for the strict liability offence is much less than for the fault-based offence.

As a result, the committee has had to seek advice from the Minister about the reasons for these provisions. The committee considers that the explanatory memorandum does not include sufficient information to allow the committee to make a decision about whether the imposition of strict liability appears reasonable in the circumstances.

Pending that advice, I draw these provisions to the attention of Senators, as they may be considered to trespass unduly on personal rights and liberties.

I commend the committee’s Alert Digest No. 11 of 2008 and Eleventh Report of 2008 to the Senate.

Senator ELLISON—I want to speak briefly to the motion as this year has been an important one for the Scrutiny of Bills Committee, no less due to the fact that we will see shortly the retirement of Emeritus Professor Jim Davis. Professor Davis is due to leave the committee at the end of the year and, as I have recently completed my term as chair of that committee, I wanted to place on record the committee’s appreciation of the great work that Professor Davis has done.

Emeritus Professor Jim Davis has been the committee’s longest serving legal advisor, having been involved with the committee since 1983. His tenure was interrupted only by a 13-month leave of absence, during which time the committee was assisted by the late Emeritus Professor Douglas Whalan, also from the ANU law faculty. Of course Professor Davis himself came from the ANU law faculty. In 1968 he started there and he retired in 2001. On retirement he was appointed an Emeritus Professor of the university and a visiting fellow in the faculty. He teaches in the areas of contract, tort and the conflict of laws in the faculty’s postgraduate program. He was also the legal adviser to the Standing Committee for Regulations and Ordinances from 1997 to 2000.

I thought to contact Senator Andrew Murray, who was a very long-serving member of the committee, and seek his comments in relation to Professor Davis because he had been on the committee for a very long time with Professor Davis. He gave a very insightful view of Professor Davis and asked me to relay it to the Senate. Senator Murray indicated that it was a great privilege to do this and that the time he had served with Professor Davis was about 12 years, so that gives you some idea of the association. He said:

Jim was learned, funny, independent, modest, insightful and principled. His weekly summations of key points for the committee to consider were always accepted as worthy and inevitably accurate inputs by every senator and from every chair even when, or perhaps because, they were often accompanied by pungent asides and the merits of those guilty of legislative sins. I am honoured to have known such a man and to have served with him.

I think that is an accurate assessment of Professor Davis, who always provided a rather dry humour in his assessment of the various bills that the Senate committee was looking at. In fact, there were a number of areas that he zealously guarded. Of course you have to look at the Scrutiny of Bills Committee’s terms of reference to remember how important the work is in relation to the scrutiny of Senate legislation. When we look at those terms of reference we see that legislation is not to:

(i) trespass unduly on personal rights and liberties;
(ii) make rights, liberties or obligations unduly dependent upon insufficiently defined administrative powers;

(iii) make rights, liberties or obligations unduly dependent upon non-reviewable decisions;

(iv) inappropriately delegate legislative powers;

or

(v) insufficiently subject the exercise of legislative power to parliamentary scrutiny.

That was something which Professor Davis looked at very closely and he was, without fear or favour, absolutely accurate in the advice he gave to the committee, no matter who was under consideration by virtue of the minister concerned or the government of the day. He was one for looking at explanatory memorandum, whether they were of assistance to the Senate and outlined the reasons for strict liability and whether the penalties imposed in the bill were appropriate under Commonwealth guidelines or not.

On behalf of the committee, I want to say to Professor Davis that we are deeply grateful for the great work that you provided the committee and, through that, to the Senate and also for the great service to the people of Australia. This is what makes our democracy so great and so strong. It is with a Senate committee such as the Scrutiny of Bills Committee that we can protect the essential liberties and rights of people. With the advice that Professor Davis gave, the committee was able to carry out its job in a manner that was much more effective.

I also thank the staff who helped. Cheryl Wilson, the secretary, retired this year and went to work for the Department of Health and Ageing. I thank Cheryl for her work. I also thank Margaret Lindeman, who has been the administrative officer since January 1995, for her ongoing work. I was on the Scrutiny of Bills Committee back in 1994 and I remember when Professor Davis and Margaret Lindeman came along to join the staff later. That continuity has been so good for the committee. On a more personal note, I want to thank those senators serving on the committee—Senators Bishop, Cameron, Collins, Siewert and Troeth—for the assistance they gave me when I was chairman and the great work they have done. The Senate Scrutiny of Bills Committee is indeed a committee which is essential to the good work of the Senate but it is often perhaps overlooked and certainly in the public domain would not be widely known. It is with those remarks that I acknowledge the great work that Professor Davis has done.

Question agreed to.

MINISTERIAL STATEMENTS

Iran

Senator McLUCAS (Queensland—Parliamentary Secretary to the Minister for Health and Ageing) (5.02 pm)—On behalf of the Minister for Foreign Affairs, Mr Smith, I table a ministerial statement on Iran.

Senator COONAN (New South Wales) (5.02 pm)—by leave—I move:

That the Senate take note of the document.

The coalition today notes the statement by the Minister for Foreign Affairs, the Hon. Stephen Smith, announcing that Australia has extended bilateral sanctions against Iran in response to Tehran’s continued failure to adhere to United Nations Security Council resolutions. I want to make it clear that the coalition supports the extension of bilateral sanctions. In government we supported the United Nations Security Council resolutions calling for Iran to open its program to inspections by the International Atomic Energy Agency, the IAEA, with the intent of halting what we assessed was a nuclear weapons program.

The international community has sent many unambiguous messages to Iran that it must fulfil its international obligations and to
stop uranium enrichment and reprocessing activities. International coordination of responses is vital. Therefore, by meeting the level of European sanctions, Australia is playing its part. Australia should keep up its pressure on Iran over failing to adhere to the UNSC, the United Nations Security Council, resolutions and not agreeing to the International Atomic Energy Agency’s requirements for inspections of all facilities and full clarification of Tehran’s nuclear policy.

The coalition considers that Iran remains committed to its indigenous development of nuclear energy and that its strategy may also include the development of nuclear weapons. Proliferation of nuclear weapons is a grave threat to the stability of world order. Iran’s commitment under its current and, for that matter, its previous leaders to develop nuclear energy and its intent to maintain a weapons option is likely to continue. Iran’s approach to this issue is of course a complex mix of energy needs, statement of sovereignty and national strategic ambition.

We also, I think, need to acknowledge Iran’s right to develop nuclear energy for peaceful purposes and its increasing need for energy. However, the coalition draws the government’s attention to the IAEA September report, noting it was monitoring nuclear material under enrichment in Iran but that Iran had not agreed to provide an explanation about studies to weaponise nuclear material. We in the coalition agree with the Director General of the IAEA, Dr Mohamed ElBaradei, that ‘Iran needs to give the agency substantive information to support its statements and provide access to relevant documentation and individuals’ to disprove claims of a weapons program. This was an element of the most recent UN Security Council resolution, No. 1835, of 27 September.

As I said, we oppose proliferation of nuclear weapons. In view of Russia’s opposition to further United Nations sanctions against Iran during the debate over Security Council resolution 1835, we also call on the Rudd Labor government to take up this issue in diplomatic representations with Russia. We urge the Rudd government to take into full consideration the view of the IAEA, as the authorised UN agency treating technical and operational aspects of nuclear issues, that Iran remains committed to enrichment. This is not likely to be reversed, and pursuit of non-proliferation inspections and the verification regime must be part of future international responses to Iran’s activity.

Briefly, in respect of a separate but very important issue, the coalition also strongly condemns the statement made by Iranian President Ahmadinejad in his comments to the UN assembly, calling for the destruction of Israel and questioning the Holocaust. Despite comments made in opposition, the Labor government has now apparently obtained legal advice that initiating international legal action is not likely to be successful. In those circumstances, I do urge the Rudd government to remain vigilant in strongly condemning and standing up against abhorrent anti-Semitic comments whenever they are made.

Senator LUDLAM (Western Australia) (5.07 pm)—I would like to make some brief comments on Australia’s placement of sanctions on Iran based on concerns around Iran’s nuclear program. I would like to say at the outset that the Australian Greens do not support a nuclear armed Iran under any circumstances whatsoever. The situation with Iran and the concerns that have been rightly raised about its nuclear program highlight the inextricable link between the possession of nuclear reactors and enrichment technology and the capacity to create nuclear weapons. It also highlights many of the key prob-
lems that have blocked the political process to eliminating nuclear weapons threats.

The Australian Greens unequivocally oppose nuclear power and nuclear weapons and campaign against both, regardless of which country possesses them. I take this opportunity to remind the Senate that the origins of this technology lie in uranium mining. We reject the claims of Iran, India or any other country that nuclear energy is a so-called ‘inalienable right’. The inalienable right to nuclear energy, as it is so regrettably defined under article IV of the Treaty on the Non-Proliferation of Nuclear Weapons, has thus far amounted to the inalienable right of an expensive industry to massive subsidies, the inalienable right to expose citizens to routine releases of hazardous radiation and the inalienable right to produce a riddle that science cannot yet solve—the production of large quantities and volumes of radioactive wastes which we are bequeathing to the next several thousand generations.

It is article IV of the non-proliferation treaty which is the basis upon which Australia provides uranium to countries with nuclear weapons and countries that have the possibility or the potential of creating weapons from nuclear reactors and enrichment facilities. Our government is making a decision right now about selling uranium to the very country that is supplying Iran with nuclear fuel and nuclear reactor technology, and that of course is Russia. The Senate received a report from the Joint Standing Committee on Treaties in the last sitting which recommended against Australia selling uranium to Russia, the nuclear weapons state that is providing both the fuel and the nuclear reactors to Iran. The Australian Greens fully support the recommendation and again urge the government at this time not to supply uranium to Russia.

While our government is holding firm to the position that we will not sell uranium to India, it is remarkably disappointing that Australia played a role in supporting the US-India deal, through the Nuclear Suppliers Group and the IAEA. It is remarkably hypocritical because it contrasts so very sharply with the treatment that Iran is receiving from countries, including Australia, in the Nuclear Suppliers Group and the IAEA who are rewarding India for proliferating nuclear weapons while punishing Iran for its concealment of such activities in the past.

I would like to take this opportunity to remind the Senate of just where Iran’s nuclear program came from. Just like the treatment that India is now enjoying, Iran’s nuclear program was once actively encouraged and resourced by key members of what is now the Nuclear Suppliers Group, the NSG. As long ago as 1957, the US and Iran signed a nuclear cooperation agreement for the US to supply Iran with technical assistance and cooperation on nuclear research. In 1974 the German contractor Siemens began construction of two 1,200- and 1,300-megawatt pressurised water nuclear reactors near Bushehr. The revolution in Iran interrupted this. In February 1990 Spanish companies agreed to a protocol with Iran to complete the Bushehr reactors and supply them with fuel, but once again the deal fell through, this time due to pressure from the United States. It was not until January 1996 that Iran and Russia finally signed a deal to complete the Bushehr reactors.

Iran is not the only country of concern. Numerous other countries have more advanced enrichment programs than Iran, also run by their military infrastructure and apparatus. In Brazil, the military runs the nuclear program, enriching uranium for civil purposes, and still hopes to obtain nuclear powered submarines that would most likely require highly enriched uranium as fuel. Paki-
stan’s whole nuclear weapons program relies on uranium enrichment, and the know-how was stolen by AQ Khan from Urenco with very little expressed Western outrage.

Perhaps of greatest relevance here are the legitimate security concerns in the region that exist about Israel’s nuclear arsenal and its nuclear program, which have to be not only recognised but finally addressed. So where, we could ask, are the sanctions on Israel for its nuclear program, its nuclear weapons arsenal created through a clandestine nuclear program that is such a cause of concern and tension in the Middle East?

We will be watching very closely to see how Australia votes on a resolution in the upcoming General Assembly First Committee meeting in the United Nations. This is the resolution that calls on Israel to accede to the NPT without further delay and not to develop, produce, test or otherwise acquire nuclear weapons and to renounce its possession of nuclear weapons and place all of its unsafeguarded nuclear facilities under full-scope agency safeguards. Shamefully, in 2006 Australia was one of six countries to abstain on this resolution, 61/103. We abstained on the question of whether the NPT should be universal and on the value of safeguards. Given Australia’s statements on the importance of the NPT and safeguards, that is quite absurd.

The only long-term resolution to the global weapons proliferation crisis is to eradicate the temptation of nuclear technology altogether. Genuine negotiations are desperately needed on a nuclear-free Middle East. Only a Middle East free of all nuclear technology can be a Middle East free of nuclear weapons proliferation. The Security Council has a role to play, as it has referenced the goal of a Weapons of Mass Destruction Free Zone in the Middle East in prior resolutions. Now it is time for the Security Council to actually do something about that, through facilitating dialogue on the political and security issues that will clear the way for such a zone.

The sanctions that Australia is scaling up today were initiated when the former government actively supported the IAEA referral of the situation in Iran to the Security Council—and this was a mistake. The IAEA was the agency with the competence to deal with this matter, and progress was taking place. Director General ElBaradei was reporting progress right up until the referral, which he cautioned against for good reason. He called for more time before the Security Council stepped in, because of the face-saving and the expressions of national pride which he predicted would follow and which of course did follow.

In view of Iran’s past undeclared nuclear activities, and its pattern of concealment, this conclusion was expected to take longer than in normal circumstances. It might be recalled that the broader conclusion took more than six years in the case of Japan and more than five years in the case of Canada. But the referral had an immediate effect on the access of the IAEA. Formerly, Iran had been acting as though the IAEA operational protocol was in place even though Iran had not ratified it, and Iran subsequently withdrew this level of cooperation—which, it said, within its legal right.

While the Australian Greens support peaceful and diplomatic approaches regarding the situation with Iran, increasing tension about Iran’s nuclear program and increasing coercion and threats may also cause a dangerous breakdown between Iran and other nations and strengthen the hand of hardliners within Iran who have used this issue to deflect attention from domestic issues and failings. We must be very attentive to the way suspicions about Iran can quickly turn into
rumours, which become allegations that are repeated over and over again until accepted as unquestionable fact. We have all seen this before.

Let me clarify that the Australian Greens reject outright Iran’s claimed right or need for nuclear power—we reject nuclear power outright for the very issues it raises about weaponisation. What I am pointing out today is that our government has a highly contradictory nuclear policy when it comes to nuclear proliferators—rewarding some, punishing others. What we must ensure is that the world’s desperate need for sustainable energy is met rather than subverted and side-tracked by nuclear power, which is polluting, dangerous, uneconomic and unsustainable—and which, as is underlined so clearly in the current crisis with Iran, leads to nuclear weapons proliferation. That is why the Greens are calling for the recognition of the international right to sustainable and renewable energy.

Question agreed to.

COMMITTEES

Membership

The ACTING DEPUTY PRESIDENT (Senator Humphries)—The President has received letters from a party leader seeking to vary the membership of committees.

Senator McLUCAS (Queensland—Parliamentary Secretary to the Minister for Health and Ageing) (5.17 pm)—by leave—I move:

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

Australian Commission for Law Enforcement Integrity—Joint Statutory Committee—
   Discharged—Senator Fierravanti-Wells
   Appointed—Senator Johnston

Corporations and Financial Services—Joint Statutory Committee—
   Appointed—Senator Mason

Environment, Communications and the Arts—Standing Committee—
   Discharged—Senator Williams
   Appointed—Senator Boswell.

Question agreed to.

SENATE TEMPORARY ORDERS

Senator McLUCAS (Queensland—Parliamentary Secretary to the Minister for Health and Ageing) (5.17 pm)—In relation to the Procedure Committee’s second report of 2008, I move:

That the amendments to standing order 72, contained in the attachment of the second report, be adopted immediately as a temporary order for the remainder of 2008.

Question agreed to.

Accordingly standing order 72 was amended to operate as a temporary order as follows—

72 Questions without notice

(1) At the time provided questions may be put to ministers relating to public affairs.

(2) (a) The asking of each question shall not exceed one minute and the answering of each question shall not exceed 4 minutes.

(b) The asking of each supplementary question shall not exceed one minute and the answering of each supplementary question shall not exceed one minute.

(3) (a) After question time motions may be moved without notice to take note of answers given that day to questions.

(b) A senator may speak for not more than 5 minutes on such a motion.

(c) The time for debate on all motions relating to answers to questions without notice on any day shall not exceed 30 minutes.
TAX LAWS AMENDMENT
(MEDICARE LEVY SURCHARGE
THRESHOLDS) BILL (No. 2) 2008

In Committee

Consideration resumed.

The TEMPORARY CHAIRMAN
(Senator Humphries)—The committee is considering the Tax Laws Amendment (Medicare Levy Surcharge Thresholds) Bill (No. 2) 2008 and amendments (1) to (6) moved by Senator Xenophon. The question is that those amendments be agreed to.

Senator IAN MACDONALD (Queensland) (5.19 pm)—I want to take this opportunity in the debate while other speakers are arriving to again highlight the impact of this legislation. I really asked Senator Fielding to explain this. The impact of this legislation will be to exacerbate the quite disastrous and critically dangerous situation that exists in hospitals in my state of Queensland. It will throw more and more people onto the public health system. Every day in North Queensland there is another media report of a crisis in Queensland Health. New hospitals were built in Townsville and new hospitals were planned for Cairns and Mackay—but, would you believe, Mr Temporary Chairman, that the number of beds in these new hospitals is considerably fewer than the beds that were available in the old hospitals? The result is now that corridors have become wards for the critically ill. Emergency wards are full of people who really should not be in emergency wards. We even have the situation where ambulances are now ‘ramping’—that is, instead of ambulances being out collecting people, they are parked out the front of the hospital because sick people cannot get a bed in the hospital. People have to stay in the back of an ambulance because there are no beds available in the health system in Queensland.

The Queensland state Labor government has been talking for years now about doing something about this. A month before the last election Mr Beattie announced that in Townsville there would be 100 new beds. As a result of that, all three of the state electorates in the Townsville area were retained by the Labor Party. Of course, four years later, how many beds have been produced? I think there are something like eight additional beds of the 100 promised before the election. This situation continues in the little town of Aramac. The Queensland government just closed the Aramac hospital down. Where do they go? To other hospitals in regional centres. This legislation which we are discussing in committee today will throw more people into those chronically overcrowded health facilities. I am delighted to say congratulations to the people of Aramac because, although I am sure my speeches in this chamber had no influence—the Queensland government reversed its decision and retained the hospital there. Unfortunately, no amount of pressure has been able to stop the Hughenden hospital losing its operating theatre.

These are the sorts of problems we currently have in the health system of Queensland. I suspect that it is much the same right around Australia, but I know it to be the case in Queensland. This legislation will simply throw more and more people onto the health system. I see that Senator Siewert is here and will no doubt want to pursue the amendments that are before the chair. I hope Senator Fielding can tell us what his agreement with the government is going to mean to the hospital system in Queensland. It is already grossly overcrowded, and this sort of legislation will add to that pressure.

Senator CORMANN (Western Australia) (5.23 pm)—While we are waiting for Senator Xenophon, I just thought I would add to

CHAMBER
the points that I made earlier today. I thought I would draw the attention of the Senate to some comments made by the Minister for Health and Ageing, Nicola Roxon, on 891 ABC this morning in an interview with David Bevan. These comments show that we have a minister for health who does not actually understand the impact that this measure will have on our health system. She does not understand the impact it will have on public hospitals. She does not understand the impact it will have in terms of the number of people leaving private health insurance as a result of this measure.

We have consistently criticised this measure because we think it is fundamentally flawed because it is going to have disastrous consequences for our health system—because it will put pressure on public hospitals, because it will put pressure on older Australians who decide to keep their private health insurance and will be faced with significant increases in premiums and because it will see hundreds of thousands of people leaving private health insurance. Even under this revised measure, that will be 583,000 people.

What did the Minister for Health and Ageing, Nicola Roxon, also known as the ‘budging Assistant Treasurer’, say on ABC Radio this morning? She was asked by Mr Abraham:

What sums have you done, your projections this would have on private health insurance premiums, if people start dropping out of private health insurance and using the public system?

Ms Roxon replied:

Well, we do have the Treasury projections about there will be some people who will then choose to drop out of insurance. ‘Some people’ is exactly what Senator Ludwig said on budget day when I asked him the question, ‘When did you first tell the Australian people that you were going to do this on winning government?’ because they never did. He said, ‘Some people will leave.’ Eventually, ‘some people’ became 485,000 people. Oops, as I said this morning, they forgot about children, and it became 644,000 people. Even under this measure, it is 583,000 people. Mr Abraham then said:

What sum? What does Treasury say?

Ms Roxon replied:

For these new thresholds, it’s just over 400,000 people.

Wrong! The minister still does not understand the impact of this measure. She still does not know that there are going to be 583,000 people, more than half a million people, that the government expect will leave private health insurance as a result of this measure.

I can understand why the minister is confused, because the government certainly did not provide any of that information in the explanatory memorandum that was circulated in the Senate. If you wanted to find an answer to the question, ‘How many people does the government expect to leave?’ you needed to circulate around the press gallery and find the propaganda sheet that was circulated by the minister’s ‘hollow men’. If she
had had a look at the propaganda sheet which was circulated, titled ‘Medicare levy surcharge background brief: what is the government’s policy; why is the government doing this?’ and she had turned to page 2, she would have found exactly the information that I have just presented to the Senate—that is, a total of 583,000 people are expected to leave private health insurance as a result of this measure.

Let us go on through the interview. What else did Minister Roxon say? Mr Abraham asked:

And how will you stop them from putting up their rates—

that is, private health funds—

to compensate for this, because you wouldn’t want them to go broke, would you—

particularly in the current context of a global financial crisis, when investment returns by health funds are likely to be seriously affected, which in itself will put pressure on health insurance premiums, and this will of course put additional pressure on those health insurance premiums and put pressure on older Australians on low and fixed incomes. This is what Minister Roxon said:

Well, no, that’s why I say, you’ve got to balance those things and—

listen to this—

I don’t want to pretend to the community that, you know, there isn’t an inevitability of some increases …

Here we go. All morning, senators on the other side have been accusing us of scaremongering: ‘Coalition senators are suggesting that premiums are going to go up. It’s scaremongering. It’s just not true. There’s no evidence.’ Well, here the minister for health, on ABC Radio this morning, said:

… I don’t want to pretend to the community that, you know, there isn’t an inevitability of some increases…

It gets better. Mr Abraham then asked:

What’s the Treasury projections if you lose 400,000, and it could be more, but let’s say that 400,000 is a ballpark figure—

which of course it isn’t. He continued:

What’s the projection, Nicola Roxon, Health Minister, on 891 Mornings, of the impact of that on health premiums? Is it five percent, 10 percent, over and above what would normally occur?

Ms Roxon replied:

No, look, there aren’t any projections that have been provided by Treasury because there are too many variables.

So here we go: Treasury has not actually modelled the impact of this measure on future premium increases. That is the crux of the matter. They are giving us figures here in the budget and in this revised measure today which actually do not stack up. They are telling us that they expect to save $879 million from not having to pay the private health insurance rebate to people they expect to leave. But they have not included in those costings the impact of future—in inevitable, according to the health minister—increases in those premiums. I just make the point again: all we need is a 2.43 per cent additional increase for that supposed $354 million overall saving to be totally eradicated.

Senator Cameron earlier pointed out that Professor Deeble gave evidence at the Senate inquiry, and he did. And do you know what Professor Deeble said? He said that, in his estimation, according to his assessments and his modelling, he expected private health insurance premiums to increase by an additional five per cent. Now let us assume for a second that Professor Deeble is right—because he is hardly an apologist for health funds; he is hardly running the political agenda for private health insurance vested interests and allegedly big businesses in private health. If it is five per cent, and you apply five per cent across the $14.5 billion
forecast to be spent by the Commonwealth government over the next four years on the private health insurance rebate, that is actually $728 million in additional expenditure that is not currently shown in the budget but is hidden in the contingency reserve. There is no saving. This is actually going to have a negative bottom-line impact.

I actually asked the question of Professor Deeble—and I respect that he might have a different perspective from mine on this, from a policy point of view; he is broadly supportive of what the government is trying to do—as an expert and as a professional, I asked him: ‘Don’t you think that, whatever the impact is going to be, if there is going to be an impact on the health system, the government should have properly modelled or assessed the impact on public hospitals of a measure like this?’ And the answer was: ‘Yes, they should have.’ And I said, ‘Well, the government say—as Minister Roxon said today on ABC radio—‘It can’t be done; it’s too difficult—we can’t possibly, with all these variables.’’ ‘But you know what? There are actuaries around—I am sure there are actuaries in Treasury, and the Commonwealth government have a chief actuary—and that is their core business; that is what they do.’ And Professor Deeble made a very simple statement. He said: ‘I could do it, so I am sure they could.’ Never a truer word was said.

If Professor Deeble can do it, if Access Economics can do it and if a whole heap of other organisations can do it, why can’t the Commonwealth of Australia? Because the government did not want to know the answer—they did not want to see in black and white the impact it would have on future health insurance premiums; they did not want to see in black and white what it would do to public hospitals; and they did not want to see in black and white the funding that would be lost to the health system overall as a result of this measure. So they essentially started to hide behind: ‘Oh, these are second-round effects. In accordance with convention and with what happened in the past, we do not have to assess second-round effects.’ Well, I thought things were going to change. How can you have the Rudd Labor government today trying to rely on statements like, ‘Oh well, that is the way the previous government did it.’ That is absolutely not the point. Kevin Rudd and the then Labor opposition campaigned on the mantra that things would be different: ‘We’re going to start a new era of cooperative federalism on health. We’re going to end the blame game. We’re going to take responsibility.’ Well, start taking responsibility. Start telling us exactly what is what. Start telling us what the impact of this measure is going to be on our health system. And withdraw this measure immediately.

Senator SIEWERT (Western Australia) (5.33 pm)—The Greens, as I have said in my speech in the second reading debate on this legislation, reluctantly supported the move from $100,000 to $75,000. We supported the $75,000 because we thought that that was a justifiable figure—trying to meet, as I understood it, the concerns of Senator Xenophon in terms of where that threshold would move to. The $75,000 mark for the Greens represented the level below which we would not go in terms of reducing the threshold. The figure of $75,000 was at the top end of where the threshold would have been had indexation been applied to this measure in the first place. If you used CPI you got to the figure that Senator Xenophon now has in his amendment. That was the CPI figure. If you used MTAWE—male total average weekly earnings—I think you got to around $76,000. So, in other words, a range of figures were arrived at, depending on the different level of indexation used. We thought $75,000 was at the top of that range and so we could support
that because it was at the top of that indexation range.

When you look at the use of indexation, CPI is not used for setting the base rate of the pension. In fact, for setting the base rate of the pension you look at CPI and MTAW, you find whichever one is the best one, the higher one, and you apply that, because over the years it has been found that CPI does not really reflect the true increase in the cost of living. So a range of threshold mechanisms have since been used. Of course, there is a great deal of concern. In fact the report of the Senate Community Affairs Committee inquiry into the cost of living for older Australians very notably remarked on the fact that the current level of indexation—the current way that indexation is applied to the base rate of the pension—is inadequate, and it made some recommendations to look at how that is indexed. Of course, that is now being looked at in the overall review.

So, for a start, we have some very deep concerns around the fact that it is CPI that has been relied on in this particular amendment to set that figure of $69,000 because CPI is recognised as not being an effective mechanism for indexation of this type. So we have some concerns there. As I have said, the Greens reluctantly came down to supporting the $75,000 threshold, and we find ourselves absolutely unable to support any further reduction of that threshold. The Greens are very publicly and extensively on record as not supporting the private health insurance rebate—in fact, we want to see it abolished. As part of that, we do not support the surcharge. We supported the government’s original $100,000 threshold. We were extremely disappointed when they dropped it. As I said, we reluctantly agreed to that, being as it was at the top end of the suite of indexation mechanisms that could be used and that are used for indexation.

So unfortunately we are not going to be able to support Senator Xenophon’s amendment, which I know that he knows. We urge him to look at the impact that the surcharge is having on low income families and urge him to reconsider what we thought was the very generous compromise that the government made to come down from $100,000 to $75,000 and I think the very generous compromise that the Greens made in supporting the government’s compromise reduction. We are very pleased that the government has in fact picked up the issue of indexation, which the Greens first put on the table, because that helps address this ongoing issue around failure of the surcharge to keep up with incomes.

We believe that the overall measure is a good measure, bearing in mind that we would like the government to support our review mechanism, on which I will introduce an amendment later, but also bearing in mind the comments that the government has made about no negative impact on the public hospital system.

Senator XENOPHON (South Australia) (5.38 pm)—I will respond to Senator Siewert’s remarks. I have great regard for Senator Siewert in the limited time that I have got to know her in the work we have done on committees together. My dilemma has always been this: to what extent would you get a tipping point of having such a significant number of people exiting from the private health system that it would put upward pressure on premiums directly as a result of those people leaving the private health system, and as a consequence of those premium increases there being a cascading effect of even more people leaving the private health system?

I have always acknowledged that the government’s bill in its current form would see 330,000 Australians receiving a tax cut in
that they would no longer be subject to the threshold, which would be increased to $75,000. With $69,000 it would be about 220,000 people who would receive a tax cut, based on the figures that I have obtained from Treasury on its actual impact. Treasury’s own forecasting indicates that something like 583,000 people will drop out of private health insurance, which includes the dependants of policyholders, as a result of what the government is proposing—$75,000. You would see about 100,000 fewer dropping out if the threshold were at $69,000. My concern is the tipping point in terms of the impact that it will have on premiums and on the public system. I note the work that the health minister has done, and I congratulate her for that work, on injecting further funds into the public health system. These are all very laudable measures and no doubt the government will be making more statements in the future about the public system. But why put pressure on an already stretched system? Why put pressure unnecessarily on a system where a number of states are having real difficulty in managing their health systems? Why mess up what I think is a pretty reasonable equilibrium between the public and private systems in this country?

The other issue is that when the then coalition government introduced this measure in 1996, coming into effect from 1 July 1997, at $50,000 and $100,000 respectively, it was not indexed for inflation. I would like to ask Senator Cormann a question in relation to the coalition’s position on this. I am grateful for the dialogue we have had and the material he has provided to me, which has been very helpful. But my fundamental problem is that it is a question of getting the balance right. I do not believe it is fair to keep the threshold at $50,000, the same as when it was introduced back in 1997. It is not tenable to have it $8,000 below what are currently average weekly earnings. I do not think that is fair. But I also do not think it is fair to put pressure on private health insurance premiums by having many people jump out of the system, as has been forecast by Treasury. We note from the private health insurers that they are saying an even greater number would drop out. I think there is a difference of 30 to 40 per cent between the figures of the private health insurers and the Treasury’s own forecasts. That is my concern.

That is also why I flagged in my second reading contribution several weeks ago on the earlier version of this bill that I would be pushing for a Productivity Commission inquiry into the comparative outcomes between the private and public health systems with surgical outcomes, infection rates and informed financial consent. I want to acknowledge the work that the health minister has done in relation to this. I think most recently in the Weekend Australian the health section flagged the work that the health minister had done in relation to that, and she deserves to be commended by every health consumer in this country for pushing the issue of informed financial consent as a significant priority. But I believe that we need to get to the facts of how our health system works, and the government, the public system and the private health insurers could not answer some very basic questions on comparative health outcomes when I put that to them. I am not blaming anybody for that; that information is not available and the comparison has not been made. The best way forward is to get the Productivity Commission to look at that. I believe the Productivity Commission would give it a robust analysis without fear or favour. The Productivity Commission is the most appropriate and I believe most capable body to actually deal with that. I hope that tomorrow there will be an opportunity for the Senate to vote on a motion requesting that the Productivity Commission move forward on that, although
of course it would be preferable for there to be an instruction from the Treasurer, under the legislation that governs the commission, to allow fast-tracking of such an inquiry.

My point is this. In these times, private health insurers will inevitably feel pressure in that a significant proportion of their income comes from investments which have taken a hammering because of the financial market meltdown, notwithstanding that Australia is in a better position than other parts of the world, fortunately. I am concerned that that will put increased pressure on private health insurers in the context of premium increases. But my sympathy is not with the private health insurers of this country. It is with the private health policy holders, close to 11 million Australians who have private health insurance or are covered by private health insurance.

I would like to pose a question to Senator Cormann. Does he believe it is untenable—I will rephrase that, Mr Temporary Chairman, so I do not put it in such an inflammatory way. This measure was introduced by the coalition back on 1 July 1997, when the threshold was $50,000 for singles and $100,000 for couples. Does he consider that was above average weekly earnings? I do not have the figures in front of me; perhaps Senator Cormann may have those figures, although I do not expect him to have them at his fingertips. We now have a situation where the $50,000 threshold is some $8,000 below average weekly earnings. Given the intent and rationale given at the time by the then Treasurer, Peter Costello, of this encouraging people to get into private health insurance, does he consider, given that times have changed and 11 years have elapsed, it appropriate that there be a shift in that threshold of $50,000, given all the reasons that the coalition gave at the time, given the policy intent and given the fact that, in terms of what $50,000 meant, it was for those earning above-average incomes, compared to average weekly earnings back in 1997?

Senator CORMANN (Western Australia) (5.46 pm)—In responding to Senator Xenophon’s question, let me state for the record that we in the opposition have very much appreciated the very open and transparent dialogue that we have had with Senator Xenophon and that we very much understand the intent of what he is trying to achieve. In relation to his question in particular, the reality is this. Firstly, there is the point that I made this morning: when the measure was introduced as a new measure with a threshold for singles at $50,000, it was introduced at a level that was too high to be immediately effective. That is not just my saying so; Mr David Kalisch, deputy secretary of the health department said this in evidence to the Senate inquiry. When the measure was introduced in 1997, it did not have much of an effect because it was introduced at a level that was too high to be immediately effective. In my view, and this is my assessment of the situation, the Medicare levy surcharge started to become effective over the last two or three years or even perhaps over the last three or four years. That is the first point.

The second point is that this is not just a tax issue; this is a health policy issue. If you want to make a change like the one proposed by the government and like the one that Senator Xenophon is trying to slightly amend and water down and improve, you have a responsibility to assess the flow-on consequences for our health system. This measure was introduced to stop a dramatic situation that was developing in Australia. Private health insurance membership was in freefall. It was declining at more than two per cent a year. Then former Senator Graham Richardson told the Labor cabinet in 1993 that if things continued private health insurance membership would go down to 25 per cent by the end of the decade. It is in that
context that former Senator Richardson first proposed to introduce a Medicare levy surcharge, and the threshold that he was looking at was $50,000 for singles and $75,000 for families. But the rest is history: Paul Keating, who did not like private health insurance, forced former Senator Richardson to consult with a caucus-ACTU working party, which of course shot the proposal down in flames.

The final point is that we on this side of the chamber are all for tax relief. Over its nearly 12 years in office, the Howard-Costello government provided tax relief to lower income families year in and year out. If you look at the tax situation of somebody earning between $50,000 and $75,000 per year today compared with that of somebody in 1997, you note that it is very different. The income tax thresholds have progressively been increased. There have been significant changes to family tax benefits part A and part B and the circumstances of an Australian individual earning between $50,000 and $75,000 today are not in any way, shape or form comparable with the circumstances of an Australian individual earning between $50,000 and $75,000 in 1997.

The main point is this. The government are trying to sell this as a tax relief measure because they think that could be politically popular. They think it might win them some votes. But if they were really so convinced that it was such a popular measure, why did they not announce it before the election? Why did they keep it secret? Why did they keep the plan secret if it was going to be so popular? The reason is very simple. Deep down the government know that this is bad public policy, they know that this is going to push premiums up for 10 million Australians and they know that this is going to put pressure on public hospitals, which is why they have not asked any questions. They have not asked the health department and the Treasury department to give them advice on it, because they have not wanted to know the answer. If this were just about providing tax relief to people earning between $50,000 and $75,000, we would be having a very different debate. We are all in favour of lowering taxes but it has to be done in a way that is not going to have the same negative consequences for our health system. There are other ways available and if the government want to put forward a measure to provide tax relief in a less irresponsible way than what they are proposing with this measure, then that will be a totally different debate altogether.

Senator XENOPHON (South Australia) (5.51 pm)—I appreciate the response from Senator Cormann. I know that there are arguments, in terms of the way the threshold was first set by the coalition back in 1997, as to whether that was an appropriate level for it to do its work. I do not want to misrepresent the coalition’s position about how it was to do its work, but it took a while for it to have an effect in terms of its intended impact.

There has been no shift, though, from 1997 to 2008. The thresholds are the same. The cost of living has increased significantly in that period. Is the coalition saying that its position is that the threshold should never increase from $50,000 or $100,000? I acknowledge that there are other measures, community rating and lifetime cover, which are important in maintaining a healthy balance between the private and public sectors. I am just trying to understand what the coalition’s position is. Are you saying that this threshold, introduced for certain reasons for higher income earners back in 1997, is something that the coalition will not be budging on, given that more Australians are caught with it? That is why I proposed the amendment that it be moved in line with the CPI.
Senator CORMANN (Western Australia) (5.53 pm)—Just to clarify the coalition’s position: we do not support this legislation because it would have a bad impact on our health system. It would push up health insurance premiums, it would put pressure on public hospitals, it will see up to a million Australians leave private health insurance, it will take billions in funding that would otherwise be available for hospital treatment out of our health system. So we do not support the legislation put forward by the government.

We do not support your amendment either, even though it is a slight improvement. We have made it very clear: we think that the Medicare levy surcharge at its current threshold levels is an important tool to ensure that we maintain the right balance between the private and the public health systems. The other part of our position is that any proposal that the government wants to bring into this chamber to make changes to the Medicare levy surcharge should be accompanied by a proper and thorough assessment—an actuarial analysis, some proper modelling—of the flow-on implications for private health insurance premiums and for public hospitals, the flow-on implications of the number of people expected to leave private health insurance, so that we can all go into this with our eyes wide open. Because right now we cannot.

With all due respect—and I do have a lot of regard for what you are trying to achieve—even if your amendment were to be successful we still would not know what the impact on private health insurance premiums would be, because the government has refused to ask Treasury to conduct proper modelling. I understand what you are trying to achieve. You are trying to get close enough to making a change without actually going over the tipping point. I am not trying to verbal you, but that is what I understand you are saying.

How do we know? Are we going to put a finger in the air and see how the wind is blowing? There have to be some professionals in government, in Treasury or in the Commonwealth Actuary’s office who are going to do a proper assessment. What does any cost shift from the Commonwealth and the privately insured mean to the public system? What is it going to mean for future increases in private health insurance premiums? The government tell us that under the $75,000 threshold for singles they expect to save $879 million from not having to pay the private health insurance rebate. That $879 million comes straight out of the health system—but it is only 30 per cent of what comes out of the health system. There is another 70 per cent, the contribution of the privately insured, which the health minister and senators this morning just dismissed: ‘Well, they wouldn’t need access to hospital care anyway. They wouldn’t need to go to public hospitals, so what is all the fuss about? Why are you worried about additional demand on public hospitals when the people who are going to leave private health insurance are not the people that access hospitals?’ The reason we are concerned is that they will walk out of that door with $2.9 billion worth of funding that would otherwise be available to fund hospital treatment.

Senator Xenophon made reference before to—I am trying to remember the exact quote—the ‘laudable initiatives’ put forward by the health minister for public hospitals—the $600 million elective surgery reduction package which was a pre-election commitment. Initially when the government were under pressure about the impact on public hospitals of the Medicare levy surcharge change, they scrambled to see whether they could find something they could reannounce. Kevin Rudd was sent down to Victoria to the
Labor Party conference in Melbourne to re-
announce $150 million for something that had previously been put out as a $600 mil-
lion elective surgery reduction package.

This is a total fraud; it is all spin. This is another one of those Hollowmen spin pack-
ages; $600 million must sound good. There must have been some market research: ‘How
much do we have to put into it so that the people will say, "Whew!"?’ That is what they say
on the Hollowmen: ‘Has it got the whew factor?’ Six hundred million dollars must have
done the trick.

Let’s look at the fine print in the budget papers, Senator Conroy. A $600 million
package sounds good. It was previously an-
nounced before the Medicare levy surcharge change was mooted, so presumably it was
there to address a problem that already ex-
isted, to address pressure that was already there. The first $150 million is the only fund-
ing that will be available to increase hospital services. Only $150 million out of that $600
million will actually fund additional services. My home state of Western Australia got less
than $15 million—a drop in the ocean when you compare it to $2.9 billion taken out of
the system as a result of this measure. And that is not based on my figures; that is based
on Treasury’s figures that we had to hunt for, figures that they were not prepared to easily
release in this explanatory memorandum. The next $150 million is there to provide
funding for improvements in infrastructure and systems. That is not funding for services.
What is that going to do? And then there is another $300 million that the government
has not yet actually committed to.

The government said in the budget: ‘Oh, well. If the states meet performance targets,
which have not yet been specified—and they are doing the right thing cutting waiting lists
et cetera—then perhaps in the last two years of the budget cycle we might make available
another $300 million.’ That is a $600 million package! Out of $600 million that they are
pushing out there, only $150 million is actu-
ally going to fund additional services.

They have also mentioned an increase in
funding of a further $1 billion. Half a billion
of that was as a result of a CPI adjustment—
which happens as a matter of course. And
why did they have to add some more money
to it? Because the Rudd government was not
prepared to sign the Australian Health Care Agreement—which ran out months ago. This
is part of getting a 12-month extension so they can screw over the states through a
measure like this, not providing appropriate compensation for the impact of it. It is older
Australians who will suffer because they will be faced with increases in health insurance
premiums. They will still struggle to scratch
together every dollar they can to afford the
health insurance premiums, because they will not want to be forced into those public
hospital queues. They will be faced with in-
creases of five to 10 per cent in health insur-
ance premiums on top of what will happen
anyway—and at a time when, in the current climate of the global financial crisis, health
funds will be under pressure anyway. This is
a double-whammy—one on top of the other.
It will be older Australians—the most vul-
nerable in our community—that will suffer
because of the impact on premiums for those
that want to stay and because of the impact
on those that will be forced into public hos-
pital waiting lists.

Senator CONROY (Victoria—Minister for Broadband, Communications and the
Digital Economy) (6.01 pm)—I just wanted to respond—

Senator McGauran interjecting—

Senator CONROY—Welcome, Senator
McGauran. We have missed your intellectual
grunting for some time now, but we are glad
to see you back. There are a couple of issues
that I want to respond to—to Senator Xenophon in particular. He raised the subject of average weekly earnings. It is the benchmark that Senator Xenophon is so worried about—he has stated publicly that we cannot leave the threshold at $50,000. This benchmark is the subject of eternal embarrassment for Senator Cormann. As much as he wants to wave his arms around and gesticulate, it is something that the former government did. They defined high income earners and they set the limit. They did it, not us. You defined high income earners, Senator Cormann. Now you are trying to pretend that high income earners earn more than $50,000. It is below average weekly earnings, for goodness sake. So you have absolutely zero credibility on this. This is your policy—where you created a definition for high income earners. But all of a sudden, when we actually try and make it a realistic figure, you say that this is some sort of atrocity. So we welcome your intellectual contribution on that.

To Senator Xenophon, if you acknowledge that you cannot leave your threshold at $50,000, then why can you not accept a threshold of indexation that is based on wages? You almost seem to contradict yourself a little bit there and I hope that we can get some clarification on that. You raise the issue—and I appreciate that it is a genuine concern—about the pressure on public hospitals, but the 330,000 people who are currently paying the surcharge are not using private hospitals. They are using the public hospitals when they need a hospital.

Senator Cormann—How do you know that?

Senator CONROY—By definition, they do not have private health insurance. They are paying the surcharge because they do not have private—

Senator Cormann—Do you know whether they are using public hospitals?

Senator CONROY—Yes, they will make the economic choice that they will go wandering into a private hospital rather than a public hospital! That would be a very rational choice!

Senator Cormann—You are totally inconsistent.

Senator CONROY—Feel free to join the debate in a moment, Senator Cormann. I appreciate that you want to respond, and I would actually be interested in hearing you try to explain why a person that has chosen not to have private health insurance would then go and use a private hospital. I would be interested in the economics of that, and perhaps you can enlighten me on it.

On the subject of the 583,000 that drop out, many of these people do not use hospitals anyway. These are policies that Access Economics, who were commissioned by the AMA, have defined as ‘Clayton’s policies’. By definition, therefore, they are not people who are rushing into private hospitals at the moment. They are people who have taken out a policy simply in order to not pay the surcharge. That is why they are there. It is acknowledged by the AMA through the Access Economics report. They are referred to as ‘Clayton’s policies’. To try and suggest that these people are suddenly going to jump into the public health system is to completely misunderstand what has actually happened in the marketplace. It is about behavioural economics here. I would be interested in your perspective on this, Senator Cormann—quite genuinely. I have almost finished. On these areas Senator Xenophon shows genuine concern, and I appreciate that. I do not accept that you have got a genuine concern about this at all, Senator Cormann, because if you did you would not be trying to pretend that high income earners earn $50,000. You would actually be supporting a sensible change. You are not even prepared to do that.
I am interested in how you respond, Senator Cormann, but I am particularly interested in the response of Senator Xenophon.

**Senator CORMANN** (Western Australia) (6.05 pm)—The minister has just demonstrated the fundamental problem with this government. They do not think things through. They do not know that an action over here has a flow-on impact on a whole range of other levels. I was very interested to hear the minister say that somehow he knows what the behaviour is of the 330,000 people that choose not to take out private health insurance—as to whether they would access hospitals or not. But he knows for sure that people who do take out health insurance will not use them. Let me just try and clarify this. Minister: do you perhaps concede that people might not take out private health insurance because they do not expect to need access to hospitals in the near future? I put it to you, Minister, that people who are most likely to require access to hospitals would much rather have the peace of mind of being covered by private health insurance. The government cannot have it both ways. They are trying to tell us that they know for sure that the 583,000 people that will leave private health insurance would not have accessed hospitals anyway. But the 330,000 people are the ones that are accessing public hospitals for sure! How do you know that? Have you done some modelling to ascertain that?

I will just try to explain this very carefully again. The minister says the 583,000 people who will leave are young and healthy and will not need access to public hospitals. But, Minister, what about the $2.9 billion in funding that they will take away with them? Just listen to what former Senator Graham Richardson said in 1993. He was talking about all the funding that the people who leave private health insurance would take with them. I will read from this quote again. It is from an opinion piece in the *Canberra Times* on 21 December 1993. He talks about the 2.2 per cent who drop private health insurance every year. In those days, that meant $85 million worth of private health insurance contributions was being lost to the national health budget. That is the crux of the matter. I am using your figures, Minister. The figures provided by Treasury in the budget show there would be $960 million in savings. The figures provided now, under this revised bill, show that your government expects to save $879 million because it will no longer have to pay the rebate to those whom it expects will leave.

If that is what the saving is made up of, that is only 30 per cent of the total funding for hospital treatment that has been lost to the system. If you extrapolate: if $879 million is 30 per cent then $2.9 billion is 100 per cent. Through this measure, you are taking $2.9 billion out of the health system—and replacing it with what? There are two things you can replace it with. Either you cost-shift to the states and territories, and force them to cover the additional demand that will be coming their way, or there will be significant increases in private health insurance premiums. You cannot take $2.9 billion out of the health system with no impact whatsoever. That is the core problem with this legislation. You did not do your homework. You did not ask Treasury and the Department of Health and Ageing to do a proper assessment of the flow-on implications. You should have had a read of the private health insurance reform discussion paper that former Senator Graham Richardson circulated towards the end of 1993, because all of the problems you will face as a result of this measure, if it were to be successful, are outlined there in black and white, in very eloquent detail. I am sure that you would remember former Senator Graham Richardson well. He had a knack for saying things the way they were.
The claims that medical support and the health system in Australia are going to go to pot if this legislation is passed are clearly nonsense. The argument that private health insurance is the saviour of the health system is, again, clearly nonsense. Waiting lists at public hospitals are still long. Low-income earners are still struggling to get access to the health system. They have the poorest access to the health system. They have some of the poorest health indicators. The current system is not meeting the needs of the community.

As I said in my speech in the second reading debate, the decisions people make about private health insurance have to do with a whole range of other factors in any case. So to say that these people are going to be dropping out of private health insurance is not actually supported by a lot of the research, as was indicated by the committee inquiry. We had a number of submissions from academics who are studying this. They highlighted the problems with the current industry and why people make the decisions that they make on private health insurance.

One of the issues that came up at the hearing in my home state of Western Australia—and I know Senator Cormann was there—was that 14 per cent of people who seek admission to a public hospital already have private health insurance. They go to the public system because they cannot afford the gap. What the private health insurance industry cannot tell us, because they do not collect the data, is how many of their policyholders are low-income people. There is fairly firm anecdotal evidence that shows people are accessing public hospitals because they have low-quality private health packages and high gaps and cannot really afford to access the public hospital system.

The fact is that this country is channelling $3.2 billion into the private health insurance industry. The Greens want to see that money go straight into our public health system. We do not want to see it channelled through the private health insurance industry so that the industry can make big fat profits at the expense of the public health system. We need to dismantle this mantra that the private health insurance industry is going to be the saviour of the health system in this country, because the evidence shows it is clearly not doing that.

This legislation does not go as far as the Greens want it to go. We have made no secret of the fact that we want to get rid of the rebate and the surcharge and directly fund a strong public health system in Australia. That is what we should be doing to help those who need medical help. We should not channel further money through the private health insurance industry. It is no wonder that the private health insurance industry is squealing, because their privileges are being cut. They are getting a tiny bit less from the public teat. So of course they are squealing. And, shock horror, the modelling shows that this is supposedly going to have a massive impact on the public health system. I would not have expected them to say anything different.

When you look at the figures from the academics, who do not have a vested interest in this, they say there will be a small impact on health premiums and the public health system. It is the public health system in particular that the Greens are concerned about, which is why we have sought an assurance from the government that there will not be a negative impact on the public health system—and the government have said they will fix it if there is. This legislation goes a small way to addressing public health in Australia, but there is a long way to go. We need to keep confronting the mantra that the private health insurance industry is going to
fix our health system. It is not. At this stage, with waiting lists growing longer, it makes it more inaccessible for low-income earners, who have the poorest health incomes. As I said, the Greens support this legislation. It does not go far enough, but we reluctantly agree to support a reduction in the threshold to $75,000.

Senator CORMANN (Western Australia) (6.14 pm)—Just a quick comment in relation to the remarks made by Senator Siewert: I do not think that anybody in this chamber has said that private health insurance is going to be the saviour of our health system. What we do say is that it is an important part of the success of our mixed health system; that it is important to keep the balance right; that it is important that we do not go back to the situation we had in 1996, when private health insurance membership was in free fall; and it is important that, as we introduce measures like this, they are properly assessed in terms of the impact they will have on our health system so that those impacts can be properly managed. None of that has happened.

Australians taking additional responsibility for their healthcare needs and accessing public hospitals are entitled to do that. Every Australian taxpayer pays the Medicare levy. Australians are entitled to access free universal health care. The reality is that 44.7 per cent of Australians make a choice to take additional responsibility—to make additional contributions—and, by doing so, they have the option of accessing services in private hospitals.

If you look at the Australian Institute of Health and Welfare statistics on hospital utilisation data from the period of 1999 onwards, you will find that significantly more of the growth in hospital episodes was absorbed by the private sector. The private sector absorbed about 46 per cent of the growth in demand. There was an increase of about 46 per cent in private hospital episodes contrasted with an increase of about 20 per cent in the public sector.

The point I am making is this: yes, there are still challenges in the system; of course there are. State Labor governments have been responsible for running most of those health systems at the state level. Of course there are challenges. But, believe you me, the situation would be significantly worse if it were not for the 10 million Australians prepared to take additional responsibility for their healthcare needs by taking out private health insurance. Like Senator Xenophon, those are the people that I am concerned about. This is not a debate about private health insurance funds; this is a debate about the people that choose to take additional responsibility for their healthcare needs and whether this Senate is going to allow the government to force these people’s premiums up by between five and 10 per cent on top of any increase in the normal course of events. That is what this question is all about, and our answer to that question is no.

I do not think that Senator Siewert’s comments were accurately pitched when she suggested that somehow we were saying that private health insurance was going to be the saviour of the health system. What we are saying is that, if it had not been for the initiatives introduced by the Howard government—the Lifetime Health Cover initiative, the private health insurance rebate and the Medicare levy surcharge—things would be significantly worse. If you are going to make a change to a system that has turned the ship around and restored balance in our health system then, before you proceed, you ought to conduct a proper assessment of the impact of that measure on our health system. To do anything else is totally irresponsible.

Senator SIEWERT (Western Australia) (6.18 pm)—If people want to take out pri-
vate health insurance or not, that is their choice. What is happening now is that people are being required to take out private health insurance. So those that are choosing have no choice as to whether they want to take out private health insurance. Senator Cormann says that people have a right to take out private health insurance. That is fine—at the moment we are subsidising that, and people who cannot really afford private health insurance are subsidising private health insurance.

We do not believe that public money that could be assisting those people to directly get treatment under the public system should be used to subsidise those that are able to make a choice to take out private health insurance. I will say it again: we would prefer the money that Australia is pouring into the coffers of the private health insurance industry go directly into the public health system so that everybody gets a fair share of the services of the medical treatment in this country.

There is no denying that there are poorer health outcomes for those on lower incomes. We do not believe that is fair in the so-called ‘lucky country’. We believe that that money should be directly helping those low-income people. We do not believe it should be poured into the coffers of the private health insurance industry. That is the basis of our policy. We make no apologies for it and it has been our policy since the previous government introduced these changes. We have been very vocal in our opposition to the rebate and the public subsidy that goes so heavily into the private health insurance industry. People deserve a choice—that is fine—but what this does is to force people into the system. They have no choice. That is not fair.

Senator CONROY (Victoria—Minister for Broadband, Communications and the Digital Economy) (6.20 pm)—I just want to respond to some of the more hysterical commentary from Senator Cormann. If the Liberals had one fig leaf of credibility on this debate, then Senator Cormann would be responding and dealing with the facts and admitting that, in actual fact, it was his government—the previous government—that introduced the surcharge, with a high-income test. How he can stand here credibly and try and defend that $50,000 represents high-income earners continues to astound. So why don’t you just come clean? You are not interested in protecting low-income earners here and giving them a tax cut. There are 300,000 Australians you are denying a tax cut to; it is that simple.

You do not have any credible argument as to why it should stay at $50,000—none; zero. You have had many opportunities, and I invite you again, to try to justify defining $50,000 as a high income. Feel free at any stage in this debate—and you have spoken many times now—to try to explain why $50,000 remains a high-income threshold for something you introduced—when was it, 10 years ago? Seriously, your credibility is zero, Senator Cormann. But I invite you once again to try to justify your resistance to moving the $50,000 income threshold.

Senator SIEWERT (Western Australia) (6.22 pm)—We are specifically debating Senator Xenophon’s amendment, which is about the CPI and the $69,000 surcharge threshold. I come back to the issue that the CPI is not used, for example, as the sole indicator for determining the base rate of the pension because it is recognised that it does not accurately reflect the cost of living and increases in wages. We need to look for a fairer mechanism that truly reflects where the surcharge would have been if the previous government had thought to index it. It was a complete
failure on the part of the previous government not to index this measure, and it has been allowed to sit there for 11 years. Increasingly it has caught low-income workers, whose salaries have not gone up, and people who, as I understand it, were never intended to be caught by this measure.

As I said, the Greens do not support the surcharge but, even if we took on board and agreed with the concept of a surcharge, our perspective is that it is not fair that an increasing number of people have been caught up under this and are no longer able to choose whether or not they want private health insurance. I should correct that: their sole choice really is whether they get a lower end product from a private health insurance company or pay the surcharge; it is one or the other. That is not truly a choice. You either pick a product that you are not able to access or use properly or pay a surcharge. That product is usually the lowest quality product, the basic health insurance that people very rarely access. We know they very rarely access it because a lot of the people with that basic level of health insurance access the public system. I do not think that is fair. They are not able to exercise their choice of picking either the public system or the private system; in fact, they end up in the public system despite the fact that they are paying for private health insurance.

I have had emails and letters about this matter. Those people would prefer not to have to pay the surcharge. And I am very sure that the people who have been sending us letters would prefer that the government pay the money that goes to the private health insurance industry into the public system so that those people can access a quality public health system. The No. 1 issue in feedback that politicians get from the community is the health system.

For those of you who do not know, I have recently taken over the health portfolio for the Greens. I sent out a letter to constituents and have been overwhelmed with people’s responses about the health system and the need for a stronger public health system. Do you know what? I have not had one response saying, ‘I want you to protect the private health insurance industry.’ The responses are always about wanting a stronger public health system; they never say, ‘We want you to go and fight for the private health insurance industry.’ They do not say that, because the private health insurance industry does not deliver for people on low incomes. It delivers for people who can pay a lot of money; it does not deliver for people on low incomes, who, as I said, have the poorest access to the health system.

As Senator Sterle is from my home state of Western Australia, he will know this. Where can you find a private hospital outside the Perth or greater Bunbury areas? Can you think of one?

Senator Sterle—No, I can’t.
Senator Adams—Geraldton.

Senator SIEWERT—In Geraldton there is a small one. But if you have private health insurance in Western Australia and you live outside Perth you cannot get access to the private system. You have to go public because Western Australia does not have those services. The whole of Western Australia is not covered by private hospitals, so if you have private health insurance you have to go to Perth. My office did some figures on how much it costs to go to Perth to access a private hospital. If you have ever tried to travel around Western Australia you will know very well that it is very expensive to fly down from Karratha or Broome or to come up from Albany. To fly to Perth from regional Western Australia is very expensive.
Dare I touch on the issue of Aboriginal access to private health? I would hazard a guess that there are very few people, particularly among those living in remote Australia, who have any access to private health insurance or private hospitals. They rely totally on the public health system. I know where I would rather my tax dollars were going. I would rather they were going to help improve the health system for Aboriginal Australians, who have very poor health outcomes compared to non-Indigenous Australians. There is a 17-year gap in life expectancy between Aboriginal Australians and non-Aboriginal Australians. I know, also from feedback, that my constituents are very concerned about that gap and want the government to do everything they can to address it. One of the key things we need to address the 17-year gap in life expectancy for Aboriginal Australians is the provision of primary health care.

The experts say that you need $450 million per year for 10 years to deliver good health outcomes for Aboriginal Australians. That is where I would prefer that Australia’s tax dollars were going—to delivering better health outcomes for Aboriginal Australians and for low-income Australians. That is where we need to be investing our money. Three-point-two billion dollars would provide a lot of primary health care cover for Aboriginal Australians. I would strongly suggest that this is a bit of a step towards dealing with those issues.

We do not support Senator Xenophon’s amendments, and we strongly urge him to consider the benefits, albeit small in terms of stepping to a private health system, that this particular legislation would provide.

Progress reported.

Ordered that consideration of this bill in Committee of the Whole be made an order of the day for the next day of sitting.
ground under the sea in Commonwealth waters. The bills will also create an environment in which industry can invest in carbon capture and storage projects with confidence and will encourage further development and commercialisation of technologies which can help reduce global greenhouse gas emissions in the future.

An area of importance is along the north-west coast of my home state of Western Australia—which is also the home state of Senator Adams, who would be very familiar with that great part of the world and how much opportunity there is for carbon capture and storage off the North West Shelf and with the new gas ventures coming on line. Also, there is opportunity around the Browse Basin, let alone what is happening down Onslow way. There are massive reserves of natural gas up there.

I will take this opportunity to boast that I was at a dinner a couple of weeks ago with the Taiwanese, who were proud to announce that they had just signed with one of our North West Shelf partners, Woodside, a $20 billion 20-year contract to supply gas to Taiwan. That is absolutely wonderful for Western Australia and for Australia.

These reserves often already contain large components of carbon dioxide in varying levels. These bills provide for the collection and transportation of carbon dioxide and other greenhouse gases and for these gases to be pumped under pressure back down under the surface of the earth, where they can be safely stored in massive volumes for many, many years. The proposed legislation also preserves the pre-existing rights of the petroleum industry, where possible, to minimise the risk to existing titleholders’ investment in Australia and their resources and the potential resources being extracted from those leases. The legislation also provides assurance to the community that the carbon dioxide can and will be stored in a safe and secure manner.

Carbon capture and storage technology is a technology that can be replicated many times wherever we find massive emissions of CO2 which we wish to remove from the atmosphere. These bills allow for a legislative and regulatory framework to be established, ensuring that these operations are safe and do eventually protect the environment.

The Rudd Labor government is committed to comprehensive action to tackle climate change. That was very relevant through the last federal election. One of the pillars of our election was certainly climate change and the removal of greenhouse gases. It was amazing to see the sceptics from the other side who would not accept the fact that we have got problems with greenhouse gas emissions. So I do thank senators opposite for having had their heads in the sand during the last election campaign whenever we wanted to discuss Australia’s future around greenhouse gas emissions, while recognising also the importance of supporting Australian jobs and the community, which are dear to all our hearts—every senator in this place and the members in the other place and the people that we represent in this great nation.

Carbon capture and storage holds great potential as an important contributor amongst several strategies for avoiding the damaging effects of the emission of carbon dioxide and other greenhouse gases into the atmosphere. If successfully developed, carbon capture and storage has the potential to significantly reduce Australia’s greenhouse gas emissions while allowing for the continued use of fossil fuel. As a result of the further development of these technologies and in the geosequestration process itself, there is a significant capacity for a future growth in jobs, which is also very important, as well as the economy. All of that will go a long way
to assisting Australia achieve its emissions targets.

The Rudd Labor government’s vision and strategy for carbon capture and storage is also reflected in the government’s recent announcement of $100 million into the establishment of a global carbon capture institute as well as $100 million of ongoing funding towards that facility. That is $200 million—not a bad start. There is a long way to go, but at least it is a start. The Rudd Labor government has started it and we are determined to continue. The Sydney Morning Herald on 19 September 2008 reported that the British Prime Minister, Gordon Brown, has welcomed the vision, scale and ambition of the institute and strongly endorsed the government’s actions—and it is always very rewarding to hear other governments praising what we are doing here in Australia. The Sydney Morning Herald also reported that the resources industry in Australia is also very supportive and enthusiastic about the Rudd government’s action towards carbon capture and addressing climate change. It is a humongous—if I can use that word—endorsement when we hear the resources industry in Australia supporting the Rudd government’s carbon capture policies and actions. In the same article the Chief Executive of the Minerals Council of Australia, Mr Mitch Hooke, said this of the Rudd government’s initiative in setting up the carbon capture institute:

This is the missing link in the suite of policies needed for a balanced, comprehensive and measured approach to a low emissions global economy.

So not only is the resource industry coming out in full support and endorsing the Rudd Labor government’s actions but so is its peak body, the Minerals Council of Australia.

This is further evidence of the support for and recognition of Australia’s actions in tackling climate change and leading the world in this area. That is a big call—we are leading the world in this area. The government has set a goal of a reduction of 60 per cent in the 2000 levels of emissions by 2050. The most efficient method of reducing these emissions is a carbon pollution reduction scheme. Most forecasts of Australian and global energy production and consumption predict heavy fossil fuel use continuing for many years to come, and we are very well aware of that. The Stern review forecast that fossil fuels would still account for a majority of global energy production in 2050. We cannot fool ourselves; we know that that is definitely the case and will continue to be the case. This means that it is essential that we minimise carbon pollution and the release of carbon from fossil fuel based energy production. Carbon capture and storage technologies are a very important element in achieving this. Carbon capture and storage can reduce emissions from fossil fuel use by 80 to 85 per cent.

As I was saying earlier, the Australian Labor Party took to the last election a commitment to establish a $500 million clean coal technology fund. The Rudd government has established two new bodies to drive the deployment of low-emission coal technologies in Australia. One is the National Low Emissions Coal Council and the other is the Carbon Storage Taskforce. In addition to that, industry and state governments are committing no less than $1 billion. That is wonderful. It is tripartite: we have the federal Rudd Labor government doing their bit, we have the states doing their bit and we have industry on board doing their bit. They all want to achieve the same goal.

Curtin University in Western Australia—and I have been to Curtin University; I did a removal there in 1980-something!—is developing a carbon capture and sequestration centre of excellence. All senators in this
place should be proud, as us Labor senators are, of Minister Wong’s green paper on the Carbon Pollution Reduction Scheme. This places further emphasis on industry and power generators to invest in, develop and use low-emissions technologies. The cost imperatives involved will place pressure on these industries to reduce their emissions. There is a cost, but it will be a real cost. The scheme will establish a forward price for carbon within the Australian economy. Placing a cost on carbon will encourage industry to develop and deploy low-emission technologies over time. Whilst Australia is the world leader in coal exports, and it is a very important part of our economy at present, we are not the world leader in developing technologies for clean coal—not yet. But we are going to get there and we are going to strive to get there as quickly as we can. If we are going to maintain our trade position, we need to have a hand-in-hand approach to the development of that technology itself. The Carbon Pollution Reduction Scheme will be the incentive to establish mechanisms to ensure that these new coal abatement schemes are developed in this country. This is an area where we can be a world leader. These steps are evidence that this government is serious about climate change and serious about making low-emission coal a reality, as well as securing Australia’s future energy needs.

Low-cost coal supports the high standard of living that we as Australians enjoy. The success of carbon capture technology will guarantee the long-term future of the coal power industry in Australia as well as jobs for Australians. That is very important—we must maintain and keep jobs for Australians. The users of clean coal in Australia and overseas must take account of the importance of maintaining adequate and reliable energy by making coal and other fossil fuels cleaner.

We have a responsibility to help our major export markets of China and India to also adopt cleaner methods and invest in cleaner energy technologies. The government recognises that new clean energy technologies, including both fossil fuels and renewable energy sources, are the key to a sustainable climate change solution. The Rudd government is providing that leadership and policies that reduce or eliminate greenhouse gas emissions while at the same time ensuring that we continue to prosper from our abundant energy resources. I cannot stress enough the abundant resources we have around this country. Other countries are envious, and so they should be. We have years and years and years of resources, but we must look after those resources and we must look after the jobs in that resource sector. Carbon capture is a very important first step.

These bills will not have any financial impact on the Australian government budget. This is very important: no impact on our budget. The Department of Resources, Energy and Tourism, and Geoscience Australia, have been provided funding for the development and implementation of this regulatory regime, and no additional funding is sought. Fees will be charged for greenhouse gas titles, to recover the costs of day-to-day administration.

I would like to acknowledge Western Australian opposition senators and members who have given support to these bills and who have spoken to them in this place and in the other place. In fact, I would like to expand on a few points made in the member for Kalgoorlie’s contribution in the other place. The member for Kalgoorlie said on 17 September in the other place: ‘First of all, as a parliament we need to pass this legislation because it is important for Australia.’ It is, however, interesting to further examine the contribution of the member for Kalgoorlie. He also said:
Woodside—
that is, Woodside Energy and Woodside Petroleum—
supports a number of aspects of the bill. It sup-
ports the introduction of the legislation generally
to accommodate greenhouse gas storage activi-
ties. It also supports the regime being included in
the Offshore Petroleum Act …

The member for Kalgoorlie then goes on to
say that Woodside:
… strongly supports the adoption of the proposed
legislative model by states and territories to en-
sure a nationally consistent framework in both
offshore and onshore areas to minimise the regu-
lar burden.

The member for Kalgoorlie then went on to
highlight a few concerns that Woodside has
to any new LNG developments. Before I go
any further I will sing the praises of Wood-
side. I have said that in this chamber on a
previous occasion. Western Australia is open
for business. It is an absolutely wonderful
place to do business! Woodside employs a lot
of Western Australians. Woodside employs a
lot of Australians. Woodside employs non-
Australians. It is a wonderful company. And
Woodside wants to spend more money by
developing the Pluto gas field, which they
are doing. I have had the fortune of visiting
the Pluto site; it is wonderful. I look forward
also to when Woodside develops their
Browse Basin sites. As I was saying, Western
Australia is a wonderful place to do business,
and so it should be.

The member for Kalgoorlie also refers
several times to the Australian Taxation Of-
ce and the Rudd government. I think he
quoted us as being a thief in the night and
accused us of stealing $2½ billion over four
years. I am not going to go down that path,
but for the context I want to quote the words
of the member for Kalgoorlie.

  Senator Cormann interjecting—

  Senator STERLE—It is wonderful,
Senator Cormann—Senator Cormann from
Western Australia. But I would ask: who is
the member for Kalgoorlie here to represent?
Is it the constituents of Kalgoorlie, which I
think is the largest electorate in the world?

  Debate interrupted.

  DOCUMENTS

  The ACTING DEPUTY PRESIDENT
  (Senator Parry)—Order! It being 6.50 pm
the Senate will proceed to the consideration
of government documents.

  Consideration

The following government document was
considered:

Regional Telecommunications Independent
Review Committee—Regional telecom-
munications review: Framework for the fu-
ture—Report, September 2008. Motion to
take note of document moved by Senator
Nash. Debate adjourned till Thursday at
general business, Senator Nash in con-
tinuation.

General business orders of the day nos 5 to 20
relating to government documents were called
on but no motion was moved.

  Senate adjourned at 6.52 pm

  DOCUMENTS

  Tabling

The following government documents
were tabled:

Aboriginal Land Commissioner—Report
for 2007-08.

Australian Federal Police (AFP)—Report
for 2007-08.

Australian Film, Television and Radio
School (AFTRS)—Report for 2007-08.

Australian Industrial Relations Commiss-
ion and Australian Industrial Registry—
Reports for 2007-08.

Australian Postal Corporation (Australia
Post)—Report for 2007-08.

Australian Transaction Reports and Analysis Centre (AUSTRAC)—Report for 2007-08.

Commissioner of Taxation—Report for 2007-08, including financial statements for the Australian Taxation Office and Australian Valuation Office.

Commonwealth Electoral Act 1918—2008 redistributions into electoral divisions—Northern Territory—Report, together with composite map and disc containing supporting information.


Migration Act 1958—Section 486O—Assessment of detention arrangements—Personal identifiers 455/08 to 480/08—Commonwealth Ombudsman’s reports.

Government response to Commonwealth Ombudsman’s reports.

Military Superannuation and Benefits Board of Trustees—Report for 2007-08, including financial statements for the Military Superannuation and Benefits Fund.


Torres Strait Regional Authority—Report for 2007-08.


**Departmental and Agency Appointments**

The following documents were tabled pursuant to the order of the Senate of 24 June 2008:

Departmental and agency appointments—Supplementary budget estimates—Statements of compliance—Climate Change and Water portfolio agencies.

Foreign Affairs and Trade portfolio agencies.

Transport, Regional Development and Local Government portfolio agencies.

**Departmental and Agency Grants**

The following documents were tabled pursuant to the order of the Senate of 24 June 2008:

Departmental and agency grants—Supplementary budget estimates—Statements of compliance—Department of Climate Change.

Foreign Affairs and Trade portfolio agencies.

Transport, Regional Development and Local Government portfolio agencies.