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FORTY-SECOND PARLIAMENT
FIRST SESSION—FOURTH 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
Temporary Chairs of Committees—Senators Guy Barnett, Thomas Mark Bishop,
Carol Louise Brown, Patricia Margaret Crossin, Michael George Forshaw,
Gary John Joseph Humphries, Annette Kay Hurley, Stephen Patrick Hutchins,
Gavin Mark Marshall, Claire Mary Moore, Stephen Shane Parry, Hon. Judith Mary Troeth
and Russell Brunell Trood

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 Fiona Nash
Leader of the Australian Greens—Senator Robert James Brown
Deputy Leader of the Australian Greens—Senator Christine Anne Milne
Leader of the Family First Party—Senator Steve Fielding
Chief Government Whip—Senator Kerry Williams Kelso O’Brien
Deputy Government Whips—Senators Donald Edward Farrell and Anne McEwen
Chief Opposition Whip—Senator Stephen Shane Parry
Deputy Opposition Whips—Senators Judith Anne Adams and David Christopher Bushby
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
RUDD MINISTRY

Prime Minister
Deputy Prime Minister, Minister for Education, Minister for Employment and Workplace Relations and Minister for Social Inclusion
Treasurer
Minister for Immigration and Citizenship and Leader of the Government in the Senate
Special Minister of State, Cabinet Secretary and Vice President of the Executive Council
Minister for Finance and Deregulation
Minister for Trade
Minister for Foreign Affairs
Minister for Defence
Minister for Health and Ageing
Minister for Families, Housing, Community Services and Indigenous Affairs
Minister for Infrastructure, Transport, Regional Development and Local Government and Leader of the House
Minister for Broadband, Communications and the Digital Economy and Deputy Leader of the Government in the Senate
Minister for Innovation, Industry, Science and Research
Minister for Climate Change and Water
Minister for the Environment, Heritage and the Arts
Attorney-General
Minister for Human Services and Manager of Government Business in the Senate
Minister for Agriculture, Fisheries and Forestry
Minister for Resources and Energy and Minister for Tourism

Hon. Kevin Rudd, MP
Hon. Julia Gillard, MP
Hon. Wayne Swan MP
Senator Hon. Chris Evans
Senator Hon. John Faulkner
Hon. Lindsay Tanner MP
Hon. Simon Crean MP
Hon. Stephen Smith MP
Hon. Joel Fitzgibbon MP
Hon. Nicola Roxon MP
Hon. Jenny Macklin MP
Hon. Anthony Albanese MP
Senator Hon. Stephen Conroy
Senator Hon. Kim Carr
Senator Hon. Penny Wong
Hon. Peter Garrett AM, MP
Senator Hon. Joe Ludwig
Hon. Tony Burke MP
Hon. Martin Ferguson AM, MP

[The above ministers constitute the cabinet]
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<td>Minister for Youth and Minister for Sport</td>
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<td>Parliamentary Secretary for Early Childhood Education and Childcare</td>
<td>Hon. Maxine McKew MP</td>
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<td>Parliamentary Secretary for Defence Procurement</td>
<td>Hon. Greg Combet AM, MP</td>
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<td>Parliamentary Secretary for Defence Support</td>
<td>Hon. Dr Mike Kelly AM, MP</td>
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<td>Parliamentary Secretary for Regional Development and Northern Australia</td>
<td>Hon. Gary Gray AO, MP</td>
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<td>Senator Hon. Ursula Stephens</td>
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<td>Hon. John Murphy MP</td>
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<td>Parliamentary Secretary for Multicultural Affairs and Settlement Services</td>
<td>Hon. Laurie Ferguson MP</td>
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SHADOW MINISTRY

Leader of the Opposition
Shadow Treasurer and Deputy Leader of the Opposition
Shadow Minister for Trade, Transport, Regional Development and Local Government and Leader of The Nationals
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 Senate
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

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

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

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

Shadow Assistant Treasurer
The Hon Tony Smith MP

Shadow Minister for Sustainable Development and Cities
The 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

Shadow Minister for Ageing
Mrs Margaret May MP

Shadow Minister for Defence Science and Personnel and Assisting Shadow Minister for Defence
The Hon Bob Baldwin MP

Shadow Minister for Veterans’ Affairs
Mrs Louise Markus MP

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

Shadow Minister for Justice and Customs
The Hon Sussan Ley MP

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

Shadow Parliamentary Secretary for Northern Australia
Senator the Hon Ian Macdonald

Shadow Parliamentary Secretary for Roads and Transport
Mr Don Randall MP

Shadow Parliamentary Secretary for Regional Development
Mr John Forrest MP

Shadow Parliamentary Secretary for International Development Assistance and Shadow Parliamentary Secretary for Indigenous Affairs
Senator Marise Payne

Shadow Parliamentary Secretary for Energy and Resources
Mr Barry Haase MP

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

Shadow Parliamentary Secretary for Water Resources and Conservation
Mr Mark Coulton MP

Shadow Parliamentary Secretary for Health Administration
Senator Mathias Cormann

Shadow Parliamentary Secretary for Defence
The Hon Peter Lindsay MP

Shadow Parliamentary Secretary for Education
Senator the Hon Brett Mason

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

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

Shadow Parliamentary Secretary for Immigration and Citizenship and Shadow Parliamentary Secretary Assisting the Leader in the Senate
Senator Concetta Fierravanti-Wells
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Tuesday, 10 February 2009

The PRESIDENT (Senator the Hon. John Hogg) took the chair at 12.30 pm and read prayers.

UNPARLIAMENTARY LANGUAGE

The PRESIDENT (12.31 pm)—During the debate on the National Building and Jobs Plan bills 5 February 2009 Senator Forshaw, in the chair, undertook to refer to me an intervention he made during the speech by Senator McGauran and remarks that were made during the speech. The particular intervention by the chair was to the effect that, in claiming that senators were not present in the chamber and participating in the debate because they had gone home, Senator McGauran might be making an improper reflection on those senators. It was open to the chair to suggest that those remarks might be contrary to standing order 193, and the intervention of the chair on that point was proper. As the chair noted, some senators were attending a committee hearing that the Senate had earlier ordered. The senators concerned not being present, they were not able to participate in the debate to correct the claim. Earlier in his speech Senator McGauran was required to withdraw a reflection on the chair, and that was also a proper intervention by the chair. I note that at the end of his speech Senator McGauran made a grossly unparliamentary remark about other senators and he could well have been required to withdraw that remark also.

I ask all senators to observe the standing orders and to refrain from making unparliamentary reflections on other senators during debate.

BUSINESS

Rearrangement

Senator McLUCAS (Queensland—Parliamentary Secretary to the Minister for Health and Ageing) (12.32 pm)—by leave—I move:

That questions without notice and motions to take note of answers not be proceeded with today.

Senator BOB BROWN (Tasmania—Leader of the Australian Greens) (12.32 pm)—We will not be obstructing this motion. However, it is the position of the Greens that question time should take place in every sitting of the Senate, not least when there are national crises or matters of great moment which the government ought to be questioned about and information ought to be gained. So it is our belief that question time should be held today, but we will not be opposing the motion.

Senator MINCHIN (South Australia—Leader of the Opposition in the Senate) (12.33 pm)—Just for the record, I indicate the opposition’s support for the motion. We do believe that at a time of national tragedy of this kind it is more appropriate for the parliament to get on with parliamentary business. While question time is obviously from an opposition’s point of view a critically important part of the process—and I respect what Senator Brown is saying—we think that, at a time when the nation is focusing on the tragedy in Victoria, the potential for things to occur during a parliamentary question time which would not be conducive or consistent with the national mood is such that it is appropriate that there not be a question time today.

Senator FIELDING (Victoria—Leader of the Family First Party) (12.34 pm)—Just on the motion, I would like to say that I am very reluctant to agree with the government. Question time is very important. But I think that what happened on the last weekend does overshadow nearly everything that we do.

Question agreed to.
As Chair of the Senate Standing Committee for the Scrutiny of Bills, I lay on the table Scrutiny of Bills Alert Digest No. 2 of 2009, dated 10 February 2009.

**APPROPRIATION (NATION BUILDING AND JOBS) BILL (No. 1) 2008-2009**

**APPROPRIATION (NATION BUILDING AND JOBS) BILL (No. 2) 2008-2009**

**HOUSEHOLD STIMULUS PACKAGE BILL 2009**

**TAX BONUS FOR WORKING AUSTRALIANS BILL 2009**

**TAX BONUS FOR WORKING AUSTRALIANS (CONSEQUENTIAL AMENDMENTS) BILL 2009**

**COMMONWEALTH INSCRIBED STOCK AMENDMENT BILL 2009**

Second Reading

Debate resumed from 5 February, on motion by Senator Sherry:

That these bills be now read a second time.

Senator MINCHIN (South Australia) (12.35 pm)—I rise to speak in relation to this package of spending measures that the government has presented to the parliament. I rise to speak against this legislation, the Appropriation (Nation Building and Jobs) Bill (No. 1) 2008-2009 and associated bills, which will give effect to the government’s latest, $42 billion, so-called stimulus package—and may I say I do so as someone who spent some six years as our country’s finance minister and has the dubious title of being the longest-serving person in that role, so I have some familiarity with budgets and government spending. But I join every single one of my coalition colleagues in opposing this quite massive spending program, which we as a coalition think is ill directed, is ill thought through and is far too much spending far too soon in the economic cycle.

Can I first make a few remarks about the process the government has adopted with respect to this package. There is no doubt, and I think this is evidenced by the contributions made by Treasury to the committees of the Senate which have inquired into these bills, that the government has been working on this package of measures for some time. This is not something that was created last weekend for presentation to the parliament. Given the amount of time that has been devoted to the package, the government should have allowed sufficient time for proper parliamentary scrutiny of the payments proposed in this package. It is rather extraordinary for the government to present this package and then demand of the parliament that it take no more than 48 hours to consider and pass a $42 billion spending package, much of which will involve the nation in going into debt and borrowing to fund it. We think that is very unwise and very wrong of the government.

I think the government has made a very big political mistake in proceeding in this fashion. It was the wont of the Labor opposition to accuse the Howard government of arrogance on every occasion that it could, and I think those attacks will fly back into the face of the Labor Party because of the way in which it has handled this matter. The government has clearly overplayed its hand in this matter, and I trust that the government has learned something from this. I suspect that the leadership of the government in the Senate was internally advising the government that it would be wise to allow sufficient time for proper parliamentary scrutiny and that the payments proposed to be made from this package should be designed to go out accordingly. But, having some familiarity with government, I can see all the young
hotheads in the Prime Minister’s office telling the Labor Party Senate leadership, ‘Forget it: we want this out, we want it done, just do what you’re told.’ I hope in future that the leadership of the government in the Senate will have more sway with their young advisers in the Prime Minister’s office and that they will, in future, allow appropriate time for the parliament to consider packages of this kind.

Obviously, when you are dealing with a national emergency, we in the opposition are prepared to be consulted and consider ways to facilitate the parliament passing legislation rapidly, but this is not of that kind. This is a massive package which does appropriately require the sort of scrutiny it has had over the last two days in Senate committees and which it will have over the next two or three days in parliament.

Turning to the package itself, to properly analyse it does require some understanding of the circumstances which the nation does face economically. There is no doubt—and we accept—that the nation is facing a rapid deterioration in its economic circumstances. I think we do face a, potentially, quite prolonged global downturn. What we are experiencing is a global credit squeeze. I am regrettably old enough to remember the 1961 credit squeeze, which nearly destroyed the Menzies government. We are in circumstances not dissimilar, where credit is no longer available in the way in which it once was, and that is having a very dramatic effect on both this economy and those economies around the globe. We have all got to be mindful—and I raised the ’61 episode to this effect—that these sorts of episodes are inevitable, they will happen, they are bound to happen. It is the nature of modern economies that strong, sustained, low-inflationary growth is not permanent.

Whether you are a neoliberal, a neo-interventionist or whatever the Prime Minister currently describes himself as, it is the reality of modern economies, whoever is running them, that the sort of growth that we have experienced in the last 15 years is not permanent, and we, certainly, in government did not expect it to be. But what we did in government, what we sought to do throughout, was to use that strong growth period to prepare Australia for the inevitability of an economic downturn while doing everything we could, obviously, as a government to delay the onset of such a downturn. That is why we were very focused in government during that period of growth on building strong surpluses, on privatising those government business enterprises that would be better run in private hands, on paying off the debt that we inherited and indeed, most importantly, on creating the Future Fund while we had the opportunity to do so to ensure that the unfunded public superannuation liabilities which this nation has would be covered. We did try very hard to make sure that the Australian economy would be more resilient in the event that a downturn occurred. That is why we had an economic reform program. That is why we took the political risks that we did in relation to reform of the labour market in order to make this a more flexible, resilient economy that could withstand the inevitability of economic downturn.

It is regrettable, and we will try to learn the lessons from their experience, that the Labor Party in opposition opposed virtually all those measures that were aimed at (a) strengthening the government’s balance sheet and (b) strengthening the Australian economy to ensure that it could more appropriately and effectively withstand the inevitable downturn that is now occurring. Certainly, we on our side are proud of our achievements over that period despite the fact that we faced resistance from many
quarters, not only from the official opposition but also from the trade union movement and others. Of course, it is now the Labor Party in government who has inherited the benefits of the good work that we did, in that period that we were in office, to strengthen the government’s balance sheet and strengthen the resilience of the Australian economy. But now we do have what I described as an inevitability at some point; we have growth slowing dramatically, we have world markets deteriorating, we are an open trade-exposed economy and we cannot be immune to what is happening.

So there is the question that must be asked and, as that great Australian political figure BA Santamaria always said, ‘The question is: what is to be done?’ That is the question this nation now faces. And, in considering that question, you have got to accept that the budget naturally will tend towards deficit in a downturn. You have declining revenues from a declining tax base; you have increased expenditures through greater reliance on social welfare and other things. That is why we always said that our fiscal policy was balance over the economic cycle because, inevitably, you will tend to deficits as the economy slows. That is why you have got to build up and sustain surpluses during the growth period. But the automatic stabilisers, as they are called, will set in; you will find that the government is in fact injecting moneys into the economy in net terms by the automatic process of a decline in its revenues and increase in expenditure. The real question is: to what extent, if any, should the government actually accelerate that process of the tendency for the nation to go into deficit through discrete policy measures over and above what is naturally occurring through the structure of the budget? If it is to do so, what purpose exactly does the government have in taking discrete policy measures that will inevitably increase the likelihood of going into deficit?

We do not dispute that the government, of course, should contemplate a fiscal stimulus of some kind both to moderate the slowdown in the economy and to sustain employment levels. Indeed, the Leader of the Opposition, Malcolm Turnbull, in particular has been focusing very much on the importance of doing what we can to sustain employment.

But, given that all the debt that is incurred by a government when it goes into deficit must be repaid at some point, with interest and ultimately by taxpayers, very rigid discipline therefore must be applied and exercised in any policy endeavours which will exacerbate the deficit. As I said, the automatic stabilisers will ultimately lead to deficit budgets if the slowing of the economy is prolonged. That is inevitable and will of itself create a need to borrow to the extent that you do not have available funds to cover that deficit. But the point is that the discrete policy measures must necessarily be funded by borrowings. To the extent that discrete policy measures are going to be funded by borrowings, they must, in our view, be focused on increasing the productive capacity of the economy. If you are going into debt, why do you borrow? You do so in order to ensure that you are investing in infrastructure or reform that will enable the economy to have a greater capacity to repay that debt and to ensure the economy is stronger as it moves into a growth phase.

So, in our view, countercyclical spending using borrowed money really, must be directed at improving the productive capacity of the economy. It should not, in our strong view, be splashed around in any sort of panic reaction or in a desperate attempt simply to prevent the official growth numbers from going negative. It is our strong submission to
this parliament that, on that test, this $42 billion spending package fails miserably.

One-third of this quite extraordinarily large package of $42 million, some $14.7 billion, is devoted to what the government describes as its education revolution but is actually about building assembly halls and the like at every single Australian primary school. As worthy as that might sound to many people, there are many flaws in this proposal, particularly on the basis of the test I just set. To start with, the Commonwealth does not own or operate a single primary school. The primary schools are capital assets of either state or territory governments or the private sector. So what we are being asked to do is have a transfer of wealth to state and territory governments and to the private sector by virtue of Commonwealth taxpayers and we are being asked effectively, as Commonwealth taxpayers, to make good the failure of the state and territory governments to properly equip their schools. To the extent that it is asserted that the schools are in desperate need of this spending, it is a sign of the failure of state and territory governments to properly invest in their own capital assets.

It must also be said—and perhaps I should declare an interest in that I still have a daughter at a primary school; and this is said in economic terms, not in terms of the worth of education—that this is unproductive investment. It is not like investing in a railway, a port or a power station. You do not get a return on the dollar. It is unproductive investment in that sense and I would have to say that on any fair measure it is relatively low on the scale of infrastructure priorities for this country. I must say that, while experiencing the heatwave in South Australia when this was announced, people were amazed at the government’s priorities. While South Australian citizens were unable to have reliable supplies of power or water, the government was announcing $14.7 billion for assembly halls for schools. Many an ordinary citizen would quite properly question the sense of priorities that that involves.

Nearly another one-third of this $42 billion package, $12.7 billion, is going on cash handouts. That, I think, reveals the strategy of the government. It is a political strategy and it really is a desperate attempt to sustain consumer demand on a quarter-by-quarter basis—to keep those numbers positive for as long as it possibly can. We do not have any clear, objective evidence of the efficacy of the $10.4 billion spend on exactly this same objective last December, and now we have another handout of $12.7 billion just three months later. One could ask the question: what is going to happen in the June and September quarters? Are we going to keep spending $10 billion to $12 billion on cash handouts every quarter just to sustain a positive number? This does reek of desperation and I think the Australian public are increasingly smelling that desperation.

As the Minister for Finance and Administration during the last six years of the Howard government, I was, frankly, never enthusiastic about that government’s cash handouts, but at least they had the merit of being paid from realised surpluses and could be justified as being a transfer of public savings to private individuals. But in this case we are talking about borrowing money, which taxpayers will then have to repay with interest, to provide one-off cash payments simply to try to keep the economy in positive territory. I think the public are increasingly cynical about this. There is widespread belief that the government simply has its priorities all wrong.

Another $10 billion of this package is going to build public housing and into home insulation. Again, this is frankly unproductive and unjustifiable expenditure and is
based again on borrowed funds. Six billion dollars of this is going on public housing by the Commonwealth, which I think is extremely reckless. The states are going to have to implement this program. The states will end up being the beneficiaries of this because they will own the capital assets. It is very inefficient and, as I say, the states will end up owning this new public housing stock. So again it is a transfer from Commonwealth taxpayers to the state asset base. I am sure it is welcome on the part of public housing tenants, but it adds nothing to the productive capacity of the Australian economy.

We then have $3.8 billion for the so-called Energy Efficient Homes program. I think this is particularly indecent and wasteful. How on earth can this be said to be a top priority for public investment based on borrowed money? We have some $1,600 going to all 2.2 million uninsulated owner occupied homes. No doubt owners would welcome this insulation, and so would the industry, but I think this is an appalling use of public moneys. If you have just paid for insulation in your own home you are not going to be very happy, but the government will then give you a $1,600 rebate for a solar hot water system. So pity those who have already spent money on insulation and a solar hot water system. The government has not gone so far as to say what it will do for them. One has images of steak knives then being available for those people. It is a quite extraordinary situation.

For my fellow South Australians suffering from the incapacity of the state government to provide reliable power and water supplies this $3.8 billion on Pink Batts and solar hot water demonstrates an insanely profligate set of priorities, which this government stands condemned for. We will be opposing this package. It is a package which adds enormously to the nation’s debt at a relatively early stage in the economic cycle. We have heard evidence that the annual interest bill on the debt which this package alone will incur is going to be some $7.6 billion per annum. That is money that must be raised and spent on interest alone and is unavailable either for tax cuts or other more worthwhile spending. It reminds us of the fact that when we came into government we were spending $8 billion a year in 1996 dollars on interest. We were spending more on interest in 1996 than we were spending on the defence of this nation—a quite extraordinary situation for us to be in. I am appalled that this package is the start of a return to those sorts of days.

The capacity of this nation to repay that sort of debt is declining with every day. There are no longer the assets available to governments to privatise to help pay down this sort of debt. It is a great tribute to our government that we were able to privatise a substantial number of assets to remove previous debt. That is no longer an option open to governments. Of course, with the ageing of this population the capacity of this nation to generate the sorts of surpluses which would be required to pay off this debt is going to be increasingly less available. A $200 billion debt, which is what we are looking at, will require 10 years in a row of $20 billion surpluses, each dollar of which would then have to go simply to repaying the debt. That is the situation which the government is now confronting us with. We think this is wrong. It is a wrong set of priorities. We will be voting down this package. We are not saying that a fiscal stimulus is not required, but we do not believe this is the right package.

Senator IAN MACDONALD (Queensland) (12.54 pm)—In these dark days in Australia’s history it seems trite to be talking about an economic package, even one that is the largest non-budget measure in the nation’s history. The economic woes and difficulties pale into insignificance against the human tragedy that is currently settling like a
pall on the people of the fire ravaged parts of Victoria. My heart goes out to those people who have lost loved ones and to those thousands of Australians whose homes and places of business have gone up in smoke. Nothing I can say in any way helps or assuages the grief being experienced by so many people this morning.

According to Russell Broadbent, the member for McMillan, where the fires are raging, the fires have only just begun. I feel for MPs like Russell, like Sophie Mirabella, John Forrest, Tony Smith, Jason Wood and other members whose friends and families—and branch members, indeed—have been killed and townships that have been part of their daily lives as parliamentarians have simply vanished. Fran Bailey, whose electorate is also very much ravaged by fires, did not even know as of this morning whether her own house still existed.

In my home area of North Queensland, as I speak, many of my fellow North Queenslanders are battling with floods. Today and over the next weeks and months they will be involved in the heartbreaking task of cleaning out houses and places of business and trying to resume normal living. The personal cost and tragedy outweigh the monetary loss. Governments and a generous public can assist in overcoming financial loss, but the trauma will remain for a long time.

Alongside these two natural calamities we have a man-made tragedy involving the world’s financial and trading markets. Fortunately for Australia we start this financial and trading downturn in a much better position than most other countries in the world. For that we give thanks to Peter Costello and 11 years of coalition government—11 years in which the economy of the country was managed by people who knew what they were doing in a careful and financially and economically conservative way. Not without pain and difficulty did we achieve that situation—every step the former government took to build and improve the economy was opposed without exception by the Labor Party. In contrast to the current package every measure introduced by the former government was fully and carefully debated in parliament and explained to the Australian people.

The current spending package is ill-conceived, ill-considered and a panic response of people whose expertise lies more in political manipulation than financial management. I have no confidence in the Prime Minister, Mr Rudd, or the Treasurer, Mr Swan, being able to handle these difficult financial times. Serious decisions are required more than political spin.

Where in this package is the investment in infrastructure that would save roads being washed away in north-west Queensland? I will seek to table some photos of the Barkly Highway and the Einasleigh River Bridge that show the devastating results of heavy rains and cyclones in the north. Good investment in solid infrastructure would overcome the impact on this very productive part of our economy in the north-west. Where in the package is there any money for duplication of the Burdekin Bridge, the major link between what I call God’s own country, in Northern Australia, and the rest of Australia? At the end of my speech I will seek to table some photos taken yesterday of the Burdekin Bridge. This narrow, dual lane bridge is the only connection between the north and the south. As roads out west become impassable, there are no alternative ways to get into the north apart from shipping and aeroplanes.

Where in the spending package is money for flood-proofing of highways? Our government—the Howard government—provided money to the Queensland government four years ago for the Tully flood plain
highway in North Queensland. Unfortunately, it was given to state governments who seem quite incapable of managing any of those road projects. It is just a joke to suggest, as Mr Rudd does, that state spending on infrastructure will lead Australia out of the recession.

Where in the package is any visionary infrastructure for new water storages that could insulate—the nation against drought? The millions of megalitres of water that have flowed down the Flinders, Leichhardt and Burdekin rivers, and other rivers in the north, with visionary infrastructure spending, could have been harnessed in a way that was ecologically and environmentally sustainable.

Where in the package is money for sealing the Karumba airstrip, in the gulf? That community has now been cut off by road for over four weeks. The Queensland government has put up some money to seal the strip but it needs an extension, and the Commonwealth government must match that. Where is the funding for that in this package?

Where in the package is there any investment in hospitals, which in many parts of Northern Australia today are described as being of Third World standard? Let me give you a small example. Only a handful of hospitals in Australia have cough-assist machines. One of these machines could save the life of a person suffering from muscular dystrophy who has contracted pneumonia. The cost of one of these machines is about $5,000. It would seem that the government would rather supply insulation to four homes than buy just one cough-assist machine to save a person’s life. Where are this government’s priorities?

Where in the package is funding for infrastructure to support the mining industry, which would help the productivity of the nation? Where in the package is there any funding for baseload power stations in North Queensland, which are so desperately needed for our future productivity and export potential? In France, the government stimulus package puts into power infrastructure what the Australian government in its package is spending on pink insulation batts.

Where in the package is any definitive announcement on the Ord River scheme, which would lead to food production which is so essential as the world faces natural calamities?

What Mr Rudd’s package does do is look after the wealthy banks in Australia, regardless of the impact that this $600 billion to $700 billion deposit guarantee scheme has had on other financial institutions that have had to freeze their customers’ savings. Banks will do very well out of the guarantee and out of the Ruddbank proposal, for which I am sure the package will provide funding. In their deliberations on providing support for the major banks, I would hope that Mr Rudd and Mr Swan would be aware of the predicament of many thousands of Australians who have invested in securities through avenues like Storm Financial and who, as a result, have lost not only their savings and their future financial independence but also in many cases their homes.

Much of this has been caused by the capricious and quite ugly actions of the major banks in calling in debts and selling secured assets at rock-bottom prices without allowing borrowers to manage the margin loans they had been allowed to be involved in. I would hope that in plying the major banks with so much taxpayers’ money the least Mr Swan will do is insist that the banks deal supportively and sympathetically with those customers who trusted them, so that they have got some hope of getting out of their most severe predicaments. The case of Lamont Constructions, so graphically portrayed on
Four Corners last night, is an example of the banks’ capricious actions. We the taxpayers, through the government, have guaranteed the banks to the tune of $600 billion to $700 billion, and I expect Mr Swan to demand as a condition of this large amount of taxpayer support some understanding by the banks for those in the position of Storm Financial clients.

In my view, this package is too much and too poorly targeted. It is 6.4 per cent of our GDP. Other economies that are in much worse condition than Australia, such as the US and the UK, have only 5.8 per cent of GDP and 1.1 per cent of GDP respectively in their packages, and both their packages contain tax cuts.

Mr Acting Deputy President, you will recall that the $10 billion spending package announced before Christmas was to create some 75,000 jobs. In spite of repeated questioning, both in question time and at committee hearings, no-one in government has been able to identify even one new job created from that package, but a hotel reported that takings from poker machines increased from $5,000 to $12,000 on the day that the package hit my town.

What this package does provide is that every man, woman and child in Australia will have a $9,500 debt which will at some time have to be repaid. The whole point of this spending package, which seems to have escaped Mr Rudd and Mr Swan, is that someone has to pay. There is no such thing as a free lunch and, in my view, it will not stimulate anything except Labor’s anticipation of re-election.

Mr Acting Deputy President, a lack of confidence in Mr Rudd, Mr Swan and the Labor Party to manage the economy in these difficult times is borne out by a quick look at history. You will recall the mess that Mr Whitlam got us into, and I bet Mr Khemlani wishes he were still around to lend the current Labor government some funds.

Then we had the Keating government with ‘the recession we had to have’. In 1996 when the coalition government was elected, on taking office we were surprised to find a current annual deficit of some $10 billion in that financial year, which had been hidden from the Australian public. That debt, when added to other debts, left the country in a position where it owed $96 billion. That debt was paid off painstakingly over 11 years. Good management in those days put a $22 billion surplus into the kitty. It is because of that surplus that the government is now in a position to help stimulate the economy.

If anyone needs convincing about Labor’s inability to manage the economy, they should try comparing the previous federal coalition government’s record over 11 years in paying off debt and putting aside money for a rainy day with the record of the state governments in the same period, regrettably all managed by the Labor Party. In that period the states ran up enormous debt and could not manage, with respect, a chook raffle. Indeed, one would think that much of the current package is simply a political response to the economic woes that both Queensland and New South Wales face as their governments run to elections that would have been difficult for the Labor administrations. Regrettably, Labor administrations, be they federal or state, are run by people who very often have never had a real job. They have never managed a business, let alone an economy. For example, Mr Rudd’s work with the Queensland government was mainly a political job; it left Queensland with a huge debt and no infrastructure but certainly with very substantial political spin.

I now briefly want to look at some of the bills before the Senate today. Firstly, there is the Commonwealth Inscribed Stock...
Amendment Bill 2009. A $75 billion loan facility, which was talked about when the package was announced, has suddenly become a $200 billion loan package. That is $9,500 for every Australian. Subclauses (1) and (7) of the bill make it clear that, to use the $200 billion, a declaration is made which is confirmed not to be a legislative instrument. This means that borrowing over and above the $75 billion will not be subject to the scrutiny of parliament as we burrow ourselves deeper and deeper into debt.

Then there is the Household Stimulus Package Bill 2009. It seems that it provides money for everyone. There is $950 for farmers and small businesspeople in exceptional circumstances in drought areas. That is not what is required. What is required is some visionary funding to support rural infrastructure to allow for water storage, which is far more important than a few dollars to buy off farmers and small businesses.

Where is the stimulation for productivity and export? Where is the stimulus for mining? Last week, 1,530 miners were laid off in North Queensland. Because of the rules of this package, they will not even get the $950 one-off payment. Where is the stimulus for tourism? The Labor government’s disdain for tourism can be no better exemplified than by the rant of a senior Queensland Labor minister who accused tourism operators of ‘whingeing like farmers’, thus deriding two of the productive and hardest working industries in Northern Australia. Where is the stimulus for health and aged care?

The Appropriation (Nation Building and Jobs) Bill (No. 1) 2008-2009 will allow most homes in Australia to be insulated by 2011. That is great for me and every other Australian who can probably afford to do that by themselves, but where is this in the priorities of our nation? Two aspects of the second reading speech to this bill concerned me. The batts are said to stop houses from losing heat. I would suggest to the government that in Northern Australia buildings need to lose heat. But how would you expect a city-centric government to have any idea of how things work in Northern Australia? Buildings in the north need to reject heat, not retain it.

The other thing in the second reading speech to the bill which caused me to shudder was the line that all someone had to do to get Pink Batts installed was ‘to make a phone call and the government will arrange it all’. Clearly Mr Rudd did more than just think about socialism in writing his essay over January.

The Appropriation (Nation Building and Jobs) Bill (No. 2) 2008-2009 talks about nation building, a jobs plan and higher productivity for future prosperity—and $28 billion is set aside for that. But need it though schools might, one can hardly say that spending $12.4 billion on assembly halls, knowledge centres and indoor sports and performing arts centres in any way gives ‘higher productivity and future prosperity’. This money for schools is just an expensive, unsubstantiated extension of the Howard government’s Investing in Our Schools Program, which was so well received by the school community, which did so much for schools and which the Rudd government terminated.

The bill also provides money for social housing. This has caused the Property Council of Australia to say that this was an ideal message and a well-thought-out stimulus package. But I wonder what the Property Council of Australia will say in a few years time when land tax has to be increased to pay for interest, when payroll tax has to go up, when company tax has to increase and when tax cuts, which we came to expect under the Howard government, are simply a thing of the past. The local community infrastructure
program does provide a tiny $500 million, which the coalition has been calling for. This includes $390 million for black spots, boom gates and regional infrastructure.

I understand Mr Rudd heroically said that there will be no cost shifting and that where the states are going to spend the money the federal government will not bail out the states. It will be interesting to see what happens in Queensland, where Anna Bligh, the Premier, has committed to providing boom gates on every railway crossing along the Bruce Highway because of a couple of major tragic accidents on the highway in recent months. I will bet peanuts to pounds that it will be the federal government that honours Ms Bligh’s pre-election commitment, because there is no way in the world that the poor state of the Queensland Treasury could ever fund Ms Bligh’s commitment. One has to continue to doubt whether a lot of this package is simply bailing out some state governments as they face difficult state elections.

We should be debating this area at greater length, but my time is almost finished. I note the NRMA supports the package. But I ask the NRMA: what are you going to say in a few years time when fuel excise has to go up, when registration fees have to go up and when toll road fees have to go up just to pay for this $200 billion debt and, I might add, the interest bill of some $7 billion each and every year? Someone has to pay.

I have very serious concerns about this package. Someone will have to pay. It will be our children and our grandchildren who will pick up the cost of Mr Rudd’s and Mr Swan’s incompetence. For the first time in my life I am genuinely worried about the future of Australia as it lurches from crisis to crisis under the incompetent management of Mr Rudd and Mr Swan. There is a better way to handle the impact of the world’s difficult financial situation on Australia, and this has been clearly set out by the Leader of the Opposition, Mr Malcolm Turnbull.

As opposed to what the coalition government would have done in a measured, sound, sensible and knowing way, the current government has panicked and its inexperience has shown through. It has used the world’s financial crisis as an opportunity for social reregulation and for some of the neosocialist projects that socialist governments like the current one could only have ever dreamed of being able to implement and fund.

But, above all, I have real concerns about the borrowing of billions and billions of dollars. It must be seen even by the most uninformed economic thinkers that our country’s future is being mortgaged by people who are more concerned about their jobs than those of their fellow Australians.

I conclude by lamenting that every man, woman and child in Australia will be burdened with a debt of over $9,500, which some day someone will have to repay. I shudder to think of where the country is going under the ‘economic leadership’ of Mr Rudd and Mr Swan.

I seek leave to table the photographs of the highway between Georgetown and Croydon and the Burdekin Bridge in flood. (Time expired)

Leave granted.

Senator MILNE (Tasmania) (1.15 pm)—I rise today to comment on the Appropriation (Nation Building and Jobs) Bill (No. 1) 2008-2009 and associated bills, which deal with the economic stimulus which has been put to this parliament by the Rudd government in the face of the global financial crisis. I would begin by saying that Einstein reminded us that problems are not solved at the same level of thinking that created them. The fact of the matter is that people are simply thinking about the financial crisis and failing
to recognise that we are actually in a triple global crisis: we have a crisis of global warming, we have a crisis of oil depletion and we have a financial crisis, and they are all coming together. Therefore, it is incumbent upon us to make sure that, in responding to the financial crisis, we do not make the climate crisis and our vulnerability and dependence on foreign oil even worse. That is my real concern about the thinking behind the stimulus package—thinking simply to deal with the fact that the world is going into recession. All our major trading partners are going into recession and Australia is doing everything possible, in every quarter, to trade in the black, to try to keep us technically out of a recession. In so doing, there is no consistency in the policy settings being applied.

It is very clear that there is a fantastic opportunity, in addressing the global financial crisis, to accelerate our response to global warming and to our vulnerability on peak oil, and that has been labelled the ‘green new deal’—that is, to make sure we invest in the infrastructure, skills training and new jobs which will take us from heavy dependency on fossil fuels to the renewable energy economy, towards a net zero emissions target by 2050, to accelerate training and uptake in jobs in this new green economy. Australia is vulnerable and has been for some time.

In response to the 2006 Howard government budget—and contrary to the view that this was all manna from heaven, tax cut after tax cut, and that the country has never been wealthier and never been better—I stood here and said that we were extremely vulnerable because for a decade we hollowed out the manufacturing sector, our brightest went overseas and took their technologies with them and we became increasingly dependent on digging up, cutting down and shipping overseas. I said there would come a point when we could no longer sell Australia, the quarry, its product, overseas and that we had to invest in manufacturing, in innovation and in education. For a decade we underfunded education—we underfunded investment in skills training and in our universities. If you underfund your human capital, if you underfund education and health services and if you hollow out manufacturing you are left with an economy very little better than what we had when we were riding on the sheep’s back in the 19th century. Ours was a task to convert the Australian economy using the profits from the resources with which we are blessed to make a more sophisticated economy that is more resilient, more diverse, and therefore able to de-couple our economic growth from unsustainable resource use. That is the key to making this transition to the low-carbon economy. We have to de-couple growth from basic raw material resource use.

Last year, we were told that the Rudd government wanted to be a leader on climate change, that there was a new Department of Climate Change in Prime Minister and Cabinet and that that Department of Climate Change would oversee a whole-of-government approach, but we have not seen a whole-of-government approach when it comes to this package. There is no green new deal as such. Let me give you an example. If you were serious about using the economic stimulus to reduce dependence on digging up and cutting down, on coal exports, and instead move to a renewable energy future then you would recognise that, to complement the mandatory renewable energy target, to drive the rollout of the new technologies, you would invest in the infrastructure that would do that. So there would have been a massive infrastructure injection into upgrading the energy grid, the electricity grid in Australia, so that you could have an intelligent grid capable of bringing on renewable energy sources wherever they were being built. You would also pass the gross national feed-in
tariff because it complements the notion of increasing the skills based training and manufacturing capacity in renewable energy and it would bring on new renewable energy from the smallest generation with roof-top photovoltaics through to the large-scale solar arrays and solar thermal, to large-scale wind. It would bring on geothermal, it would bring on all the new technologies and create thousands of jobs.

There is no disputing that there are thousands of jobs in the green-collar economy. Last year the CSIRO came out with a very substantial report pointing out that there were hundreds of thousands of jobs to be had in the new economy and identifying the skills gap we have in Australia in moving from where we are to where we need to be. I spoke to the CSIRO and I asked them: ‘Have you also done an audit of the skills base in the Hunter Valley and the Latrobe Valley, for example? You could include in that those people employed in logging primary forests in Tasmania. Have you actually done a skills audit to see if there is a capacity to retrain people working in those jobs, to move them into the green-collar economy?’ In deploying energy efficiency and renewable energy, you need people to be involved in the supply chain. You need people to deliver the materials, to install the materials and to maintain them. You need people in the service sector to sell the industries. You also need to have your manufacturing plants in order. You would have anticipated, for example, the collapse in the car industry and would have moved to a green car plan much earlier. You would also have looked at retooling some of those plants to be solar manufacturing plants.

There is no consistency in this package. I am very pleased that there is an investment in retrofitting Australia’s houses to provide ceiling insulation. That is incredibly important. But we need not only two million homes but all of Australia’s dwellings to be upgraded. We need full insulation—wall insulation as well—solar hot water and instantaneous gas right across the whole of the Australian housing estate. We also need a building code which increases the standard so that we do not continue making the same mistakes. That is why the Greens have to welcome, in this package, the insulation assistance, and the solar hot water assistance if people already have ceiling insulation, for two million homes.

We are also saying that, if the government is going to spend $6.6 billion on new social housing, that social housing must have the highest standards of energy efficiency. Why? Because it is good for the climate. It reduces our emissions. It is also good for the people who move into those houses because it permanently reduces their energy bills by permanently reducing their demand. It gives them a more comfortable house to live in. Those houses should also be attached to a public transport route. We know that the poorest people live the furthest from the centre of the city, have the least access to public transport and are likely to drive the oldest, most gas-guzzling cars. If you build people affordable housing which is energy efficient and water efficient, and if people have access to public transport, then you take out the poverty trap that will be caused by increased energy prices as we go into the future. We know we are going to have increased energy prices when we introduce the carbon price that is essential to dealing with climate change.

The other issue is the intelligent grid. There are fantastic opportunities for using that. We recognise that there is a loss of jobs in the mining industry as a result of the collapse in demand overseas. There is an opportunity in the Pilbara, for example, to upgrade the grid—that is, to have an intelligent grid in the Pilbara, which will allow us to bring on a solar thermal plant.
There is nothing in the package which sees a massive investment in public transport. In Victoria in the last month or so we have seen a collapse in the public transport system. We have seen the old energy virtually collapse under the strain. We need investment in major cycleways. Cycleways, together with public transport, mean that you get improved amenity in cities. You get improved public health, so you get very personal benefits—a good thing when we have an obesity crisis as well—but you also get a reduction in congestion and you get better urban design. So there are many reasons why you would invest in a public transport system and why you would complement a public transport system with a greater investment in cycleways.

I will go on to talk about other long-term planning. The Greens have argued for a very long time for a massive investment in education. If you do not educate your people, you are not going to get anywhere. You are not going to upgrade your skills base. Again, we have argued for energy efficiency not only for public housing but for new infrastructure. We are arguing that, given the $14.7 billion that is going into new school buildings, those new school buildings should be energy efficient. It reduces the cost of operation to the schools. It is better for students for the buildings to be efficient and it is less of a draw on the environment. But that could have been complemented by a rollout of renewable energy in schools as well, which would turn school buildings into power stations, effectively, in a modern grid which is capable of managing the energy load through both efficiency and renewables.

There are a whole lot of ways in which this package could have maximised the benefits, such as by looking at the policy settings, looking at the mandatory renewable energy target, introducing the gross feed-in tariff and investing in upgrading an intelligent grid across the country, and then you would have seen a self-perpetuating investment. What is needed for jobs in the renewable energy sector is long-term certainty for the venture capital that is involved. People are ready to build in renewable energy right now, but there is not the policy setting to support it. If you wanted to maximise the jobs aspect of a stimulus package, you would go not only with energy efficiency but with the policy frameworks that roll out long-term certainty. The mandatory renewable energy target, because it is limited in the way it has been designed, only gives you five years. There is no certainty after that. Who is going to invest in building this technology in Australia, in rolling out solar hot water systems, when they only have a four-, five- or six-year time frame?

One of the issues the Greens have difficulty with is the cash payments part of the package. We would like to have seen those being much more targeted. We understand, however, that the design of the package is to make sure that money gets into the economy fast and circulates quickly and that that has to be done in the first quarter. We would like to think that, recognising that there is going to be greater unemployment coming down the line because of this global financial crisis, we would better support people who are going to be unemployed. We should also be thinking about ways of stimulating new jobs in the economy that help us to deal with the climate crisis.

One of the ways to do that is for government to seize the opportunity to employ people in repairing ecosystems around the country. It is desperately needed. Our national parks are run down from one end of the country to the other and they need to have better infrastructure support. We need to better conserve and manage our natural resources in this country. We have a huge weed
There are many ways of looking at creating employment in ways that go back to the fundamental assertion that we need to have a far lighter footprint on the planet. We need to reduce our emissions and our dependence on foreign oil. We need to create jobs, improve our investment in education and roll out the manufacturing that goes with innovation in our universities.

Again, one aspect of the package that is missing is support for our universities. I am fully aware there are universities struggling at the moment to keep the staff they have. Now is not a time to be underinvesting in our universities. Now is not a time to be under-investing in the human capital. Whilst it is very important for us to be putting in new infrastructure in schools, that is only part of the answer. There is no point in having a new school library if you do not have a trained teacher librarian to maximise the educational opportunities for the students in the school.

The same goes for teachers. The same goes for health professionals. We need to make sure that we are investing in upgrading the skills of people such as our tradespeople so that they can operate better in the green economy. There are many opportunities for people now—for plumbers to get new green skills so that they can install a solar hot water system, for example. There are many opportunities now to consider restructuring the Australian economy in a transformative way. The concern I have is that we are looking at this in an ad hoc way with the single aim in mind of keeping Australia out of recession. In fact, Prime Minister and Cabinet were asked: ‘What is the philosophy underpinning this package? Is it the philosophical view that this is the opportunity to transform the Australian economy from a resource based economy, which is unsustainable with greenhouse gas emissions increasing in transport and energy? Is this an opportunity to transform the Australian economy whilst addressing the financial crisis?’ The answer was no. There was not that philosophical underpinning, and that is why it is not internally consistent.

I am concerned that with undirected consumer spending from the cash payments you could in fact make matters worse. As Professor Alan Pears said, if a million Australians buy a large plasma TV, each year they will generate around 500,000 tonnes more greenhouse gas and increase their energy bills by around $100 million for the lives of those TVs. By contrast, if the same number of people replace their old fridges with high star rating new ones, they will reduce emissions and energy bills by about the same amount. Both options stimulate the economy now but one is equivalent to an ongoing tax cut whilst the other adds to future living costs, makes achieving greenhouse gas targets tougher and adds more pressure to our overloaded electricity supply system.

So that is what I am saying about making sure that whatever we spend money on not only creates jobs and addresses the financial crisis but also addresses the climate crisis. While people think that we are in a global crisis with the financial crisis, I want to reiterate to the Senate that the climate crisis that we are now in, that we are now seeing around the world and in Australia—and I do not have to emphasise that point in the context of our own experience in this country in the last month—and the climate crisis that is coming are going to make the financial crisis pale into insignificance unless we act to seriously make deep cuts and make this transition away from a fossil fuel based economy.

That is the challenge. That was the opportunity and, whilst I welcome some of the infrastructure parts of the package, greening the package is essential if we are going to make the best use of the investment. The last thing we want is to not have the money when
we need it to address the financial crisis. People in this country must realise that we must spend to address the climate crisis because spending now is cheaper than suffering the consequences as we will experience them.

Senator Barnett (Tasmania) (1.34 pm)—Before speaking to the Appropriation (Nation Building and Jobs) Bill (No. 1) 2008-2009 and related bills before the Senate, as this is the first opportunity to do so I wish to respond to the worst natural disaster in Australia’s history. Words cannot express the depth of sadness and grief at the loss of life and the pain and suffering experienced by so many. Our hearts go out to the families and others affected. I have been overwhelmed in the last day or two by the donations of clothes and other items for those in need to my office in Launceston and I thank the generosity of those in northern Tasmania for those donations. I want to say thank you to the fire service professionals and volunteers, the police, the ambulance and other emergency service personnel and all volunteers involved in alleviating, at least to some degree, the stress, the grief and the pain of those affected by the Victorian bushfires.

With respect to the six bills before us, I would like to make a number of observations. Firstly, Labor’s economic spending spree will increase Australia’s debt levels to $200 billion or nearly $10,000 for every man, woman and child in this country. This debt will be a millstone around each Australian’s neck for years to come. The Prime Minister, Mr Rudd, has grabbed the taxpayers’ credit card and in a giant cash splash is running it up to the hilt. Mr Rudd wants to be the sideshow alley king where every player wins a prize. But credit card debt, like all debt, has to be repaid. We do not know what is ahead; we live in uncertain times. We need an economic stimulus package, but Labor’s spending initiative is too big, poorly targeted and irresponsible. Federal Labor is lassoing every Australian with a record debt and a record deficit.

The Australian Financial Review says today, at page 4, under the heading ‘$7bn interest likely, says Treasury’: The federal budget will be weighed down by at least $7 billion in annual interest payments, according to Treasury and financial market estimates of the cost of servicing the commonwealth’s swelling debt.

If parliament this week authorises a $125 billion increase in commonwealth debt, the commonwealth will issue bonds to cover future budget deficits – and the annual interest bill will climb steeply. That is what the Financial Review reports.

The government is throwing money around like confetti. Yes, it is true that getting between anybody and a bucket of money is problematic, but I ask those people, organisations and communities targeted to benefit from Labor’s plans to think of the future. The cash handouts of today will have to be repaid. I have three children and I want them to have the best possible start in life. Is it right for us to saddle each of our children with a $10,000 debt? The only way to repay the debt is via higher taxes or fewer services. This approach would give our children fewer opportunities and a very heavy burden to bear. We are placing a giant mortgage on their future. Going forward, which services must we cut? Will there be funding for our hospitals, Medicare, schools, roads or police?

We all know it is easy to spend and hard to save, and yet Mr Rudd’s mantra is ‘spend, spend, spend’. That is exactly what he said when he announced the pre-Christmas $10 billion spending package and promised it would create 75,000 new jobs. He promised that. He said it publicly; it is on the public record. But it has failed. In fact, unemployment rose in December and it continues to
rise. By the government’s own forecasts, unemployment will rise to seven per cent by June 2010, with 300,000 more Australians out of work.

Amazingly, Kevin Rudd’s pre-Christmas cash splash included an estimated $80 million for over 69,000 Australian pensioners living overseas. The package was designed to strengthen Australia’s economy, not overseas economies. The government has its priorities wrong. Instead, Australian dollars were sent off overseas. The Italian economy, for example, received the biggest boost, with over 18,600 pensioners receiving in excess of $25 million. Greece and New Zealand have also received significant windfalls courtesy of Mr Rudd: approximately 5,700 pensioners in Greece received a total of $7.5 million and just over $6 million was hauled into New Zealand by over 4,500 Australian pensioners. The other big winners included the Netherlands, Spain, Malta and the United Kingdom, each receiving millions of dollars in cash bonuses. Even Croatia and Germany received in excess of $1 million from Australia.

I raised these concerns in the Senate last week, but they fell on deaf ears, as the government will not listen. It is not right to spend this sort of money in foreign countries, albeit on Australians, when it is our economy and Australian jobs that we are trying to protect. Mr Rudd’s pre-Christmas package was a one-off and was clearly designed to benefit the Australian economy. It was not designed to prop up overseas economies. So the Rudd Labor government needs to fully explain why such expenditure was necessary. I am aware that Australia has agreements with other countries whereby we are required to reciprocate payments, but this was clearly a one-off package designed to support the Australian economy, not to be sent overseas. Mr Rudd has clearly gone on a spending spree—and needs to be pulled into line.

Labor has put Australia on course for four consecutive record budget deficits totalling almost $120 billion. The debt legacy for future generations is humungous. It is in fact Whitlamesque in scope. According to the figures set out in the Economist magazine, this spending is in the order of 6.4 per cent of GDP, which is around double the average of the OECD countries. So why is it that we are spending at that level and going into that level of debt and deficit?

Interestingly, the United States President, Barack Obama, last week amended his economic stimulus plan to include tax cuts and tax credits, a proposal put up by his political opponents. President Obama met with his political opponents to discuss and negotiate the package. Of course, the Leader of the Opposition, Mr Turnbull, and the Liberals have been recommending tax cuts that will help deliver a longer term rather than just a short-term benefit. And, interestingly, I am advised that nearly every other OECD country that has put forward an economic stimulus package has one that includes tax cuts. It includes tax cuts. But Mr Rudd, with his arrogant, take-it-or-leave-it approach, will not even consider the Liberals’ suggestion. President Obama’s package was reviewed and scrutinised in the United States congress for weeks, but Mr Rudd demanded his $42 billion spending spree be passed, without scrutiny, within 48 hours. That is almost $1 billion per hour of debating time. It is outrageous—and Mr Rudd and the Deputy Prime Minister, Ms Gillard, were not even present for the vote. Proper debate and scrutiny by the Senate was opposed by Labor. We are certainly looking forward to the reports of the Senate Standing Committee on Finance and Public Administration and the Senate Standing Committee on Community Affairs.
on the package, and they will be delivered later tonight.

I also wanted to refer to the independent assessment of the package released by the US Congressional Budget Office. It showed the package would have some short-term positive effects, as well as an increase in public debt and a reduction in welfare services. What this means is that life is full of choices, and from choices flow actions and consequences. There are trade-offs depending on the choices we make.

In short, Mr Rudd, known by some as King Kevin, believes that government knows best. He says this spending is patriotic, that it is the Australian way, and any criticism or opposition should be condemned. Mr Rudd says that his $42 billion cash splash will support more than 90,000 jobs, but he has no evidence to back this up, and Labor are not willing to even sit down and talk about it. The Prime Minister wants more government intervention so long as he is handing out the spondoolies. Rudd Labor has a proclivity to that old-fashioned, big-government prejudice.

What is so special about the number ‘42 billion’? There is no modelling available to support it, other than the government’s assurance that it will support—not create; support—90,000 jobs. As my personal assistant said just a day or so ago, the number 42 could be Mr Rudd’s favourite keno number; alternatively, it could be the answer to the meaning of the universe, if one reads The Hitchhiker’s Guide to the Galaxy! So there you are. Why is it so special?

Senator Birmingham—It’s the lotto number.

Senator BARNETT—That is right, Senator Birmingham, it’s the lotto number. In fact, Mr Rudd recently tried to rewrite history in his attack on the neoliberals and the merits of an open market and a deregulated environment. But it is hard to argue against the facts, especially when his own Deputy Prime Minister said simultaneously in a keynote speech in Davos that Australia had a ‘better than world-class regulatory regime’.

Mr Rudd has argued against the facts because he is arguing against former Labor prime ministers Bob Hawke and Paul Keating, who each played a role in opening up the market and deregulating the exchange rate.

Market activity and freedom to choose to trade and do business have led to more jobs, higher wages and increased wealth. There is no doubt about that, and we should especially thank the Howard and Costello coalition government, which left the Rudd Labor government the best economic legacy in Australian political history. Tony Abbott said in last Saturday’s Australian that the best way to combat the slowdown in business activity is by decreasing the costs of doing business and reducing the impediments to doing business. You reduce taxes, interest rates, red tape and regulation. But Rudd Labor are doing the opposite by allowing unions to interfere in the workplace, particularly in small businesses.

Reserve Bank board member Professor Warwick McKibbin said this about the package: ‘It risked turning what isn’t a crisis into a crisis.’ And what did well-known and respected economist Henry Ergas say in yesterday’s Australian about the Labor package? He said:

Australia entered the global economic crisis well placed but our fiscal position is deteriorating more rapidly than in comparable economies. This is due to policy decisions since the May budget, which will erode the projected bottom line by $29 billion in 2008-09.

The international comparisons are telling. According to the International Monetary Fund, average fiscal balances in advanced economies are set to deteriorate by 2.1 per cent of gross domestic
product. In contrast, Australia’s fiscal balance will deteriorate by 3.6 per cent of GDP.

Moreover, expenditure on the Rudd-Bank and disbursements from the Building Australia Fund seem to have been excluded from the updated budget estimates, so the actual deterioration will be even greater, easily exceeding any previous peacetime fiscal expansion in Australia’s history.

Mr Turnbull and the Liberals admit that our opposition to Labor’s plans will be unpopular in the short term, but we believe it is the right thing to do. Mr Turnbull has put forward an alternative approach which is better targeted, more affordable and responsible. The objective of any package must be to protect and create jobs, support small business and strengthen our economy. Labor’s plan has failed on each test.

Spending on health and hospitals is omitted entirely from Labor’s plan. What about Tasmania’s health system? What about the Launceston General Hospital? In Tasmania the health system is in a state of disrepair. What about the desperate needs of the Launceston General Hospital, which is at 115 per cent capacity, as you would know, Madam Acting Deputy President Brown? The delays to the redevelopment of the emergency department are hurting the community. We need better and upgraded facilities at the Launceston General Hospital—especially intensive care, coronary care, a day care procedure unit and better car-parking services, just to name a few. But there is not one dollar in this package for health, which is a great disappointment. Mr Rudd and Labor should sit down and negotiate a smaller and better targeted package rather than have the arrogant view that his government is infallible.

Mr Turnbull recommended bringing forward the 2009-10 tax cuts and also supporting small business through the payment of part of their superannuation guarantee levy. Small business is the backbone of our community. It is the productive industry and the jobs generator in rural and regional parts of Australia—particularly in rural and regional parts of Tasmania—and it should be supported. It appears that much of the stimulus package of federal funding is merely replacing state government funding requirements. Tasmanian Premier David Bartlett, as was noted in this chamber just a few days ago, said last week on ABC Radio:

We have projects in housing and in schools that are ready to roll, ready and waiting for this sort of injection of funding.

It seems the federal government is paying for already planned state government spending. Why shouldn’t the state government pay at least a portion—at least 50 per cent—of the development costs? The government is missing the point and is missing an opportunity. Future generations of Australians will have to pay for this decision. It took nearly 10 years to pay back the previous Labor government’s $96 billion debt. How long will it take to pay back Labor’s $200 billion debt? They do not even have a plan.

All this is on the back of a government who provided an unlimited bank guarantee, forcing 250,000 Australians with investment funds to have their investments frozen. I had constituents call my office and say that, because of a government decision: ‘We can’t get our money. We can’t get our capital. We can’t get our interest.’ That was very distressing for them and for those many thousands of Australians who could not access their funds. It is their money and they cannot access it because of the government decision.

Then on 24 January the government announced the establishment of the Rudd-bank—in fact known as the Australian Business Investment Partnership—initially with $4 billion in equity; $2 billion from the Rudd government and $2 billion from the big four banks. It is designed to support the major...
commercial property developers and the big four banks. But I say it is a shonky, dodgy Labor government socialist experiment with taxpayers’ money.

Firstly, this policy on the run was announced by way of a 1½-page media release. I have it here in front of me; it is 1½ pages. There is no government legislation to back this up, no discussion paper and no other papers or information, yet we are talking about guaranteeing up to $30 billion of taxpayers’ money that could be at risk here. The banks have recently and publicly denied any offer of equity. The media release says:

The Government and the major banks have committed capital to this fund in equal partnership …

That is what it says, and this is from the Prime Minister. It goes on to say:

This Partnership will be initially capitalised at $4 billion, with the Government contribution of $2 billion matched by an equal contribution by Australia’s four major banks. The initial $4 billion capitalisation could be extended via the issuance of government guaranteed debt to create up to $30 billion of loanable capital.

Well, the banks have denied any opportunity of providing equity. They have said they were interested in providing a loan. So the government have already been found wanting. They have got it wrong, and it is a failure from the start; the Ruddbank is a dodgy deal.

Secondly, can the government please explain to the public and to the Australian Competition and Consumer Commission how this deal is not anticompetitive? It is an exclusive deal with the big four banks. What about the other banks and the other financial institutions? Why is it exclusive to the big four?

Finally, I ask this question: what if this Rudd experiment does not work? What about the government’s next spending spree? Will we have any money left in the kitty or is it solely up to the next generation to pay for the problems and mistakes of this generation? This is not a good principle to follow. Remember that there is not a spending initiative that Labor will not support. What we need to do is question which spending initiatives are the right ones for this time and our circumstances. In conclusion, I am vehemently opposed to this legislation. I think it is in the worst interests of the Australian community. It will saddle us with debt and it will mortgage our children’s future.

Senator BIRMINGHAM (South Australia) (1.54 pm)—It is my pleasure to rise to speak on the Appropriation (Nation Building and Jobs) Bill (No. 1) 2008-2009 and other bills related to the government’s so-called stimulus package. Before I do so, I note that, like Senator Barnett, this is the first opportunity that I have had to address the chamber since the tragic events in Victoria began unfolding over the last few days. These are indeed sombre times for the country and sombre times for the parliament. I note that throughout this building many people are conducting their business very much with a sense of respect, a sense of thoughtfulness and a sense of concern for their fellow Australians in Victoria. Whilst all Australians come together at a time like this, I note that my home state of South Australia has always shared both a special rivalry and a special kinship with Victoria. We love to stir each other and we love to be competitive. We share very much our sporting and cultural traditions. Our capital cities are, in Australian terms, relatively close to each other. I know that we South Australians are now sharing very much the pain of the Victorians. South Australia has been hit many times before by tragic bushfires, but of course nowhere has had anything as tragic as these events. All of our hearts go out to all of those who are affected in Victoria and to all of
those who are working so hard to do so much to try to assist those Victorians in need.

However, today we are considering another crisis as such—by no means one that is comparable in terms of the immediate sense of human loss and tragedy, but still a crisis that is important nonetheless. It is the one relating to our economic circumstances. While looking at the events of last week when the government were releasing their economic stimulus package, as they like to call it—but it is more of a spending package, as I think people would otherwise see it—a song sprang to mind. I thought of the classic words of Mark Knopfler and Dire Straits about ‘money for nothing’ in a very popular song at the time. Indeed, it was one of those great classics. Of course Dire Straits had pop stars and rock stars in mind when they were singing about ‘money for nothing’. Obviously they had not met Australia’s Prime Minister, because our Prime Minister seems hell-bent on creating a new culture of money for nothing around Australia. He seems to believe that money is some commodity that he and his government can splash around without consequence. He seems to believe that he can continue to encourage this sort of idea that all Australians should be able to hold their hand out for a little bit of government largesse and that somehow all of our economic woes will be fixed and solved by such a scattering of random cash payments and the like to the four corners of the country.

Unfortunately, there is no such thing as money for nothing—not for pop stars and rock stars and certainly not for prime ministers or the Australian people. Even governments, as wasteful as they can sometimes be, do not get their money for nothing either. They get their money in one of only two ways, as we all know. The first way is from everyday Australian taxpayers—the people in the gallery today or the people listening to these broadcast proceedings. It is their taxes; that is the way governments get their money. The other way that governments get their money is through debt—debt that ultimately has to be repaid if not by today’s Australian taxpayers then by tomorrow’s Australian taxpayers. So whichever way you look at it the money comes not for nothing—not that easily—but through the hard work and toil of today’s Australians and future generations of Australians. That is where the money that Prime Minister Kevin Rudd is attempting to splash around through this package comes from.

Before I go into the detail of the package, let us have a little bit of background and perspective. Back in 1996, when the Keating government was tossed out, Australia had some $96 billion of debt that had been accrued. It took a full decade of tough budgets, tight fiscal management and good economic times to pay that debt back and to put Australia into the type of position that we are in today that has, after the change of government in 2007, seen the now government enjoying a debt-free set of circumstances.

It was a lucky government, the Rudd government, to come in and find itself debt free and with strong cash balances, with healthy budget surpluses. It was the luckiest of all Australian governments from an economic perspective, for no other incoming Australian government had enjoyed the books looking as good, as healthy and as sound as they were when the Rudd Labor government came to office. So they were rolling in it. It is little wonder that the Prime Minister thought, somehow, that indeed he did have money for nothing.

Debate interrupted.
NOTICES

Presentation

Senator Siewert to move on the next day of sitting:

That the Senate—

(a) notes that:

(i) on 25 November 2008, the Senate urged the Australian Government to set a timeline for legal proceedings in an international court to stop illegal Japanese whaling if Japan does not commit to stop whaling by 8 December 2008,

(ii) Japanese whaling operations continued past this deadline, and

(iii) no such legal action has been undertaken by the Government;

(b) urges the Government to:

(i) strongly oppose the proposal in the document, 'The Future of the IWC', currently before the International Whaling Commission, which seeks to legitimise Japanese whaling operations, and

(ii) explain why it has not yet commenced international legal action to stop illegal Japanese whaling; and

(c) condemns the violent actions of the Japanese whaling fleet, who have reportedly thrown metal balls at environmental activists, and used acoustic weapons to send out painful high frequency waves.

Senator Crossin to move on the next day of sitting:

That the time for the presentation of reports of the Legal and Constitutional Affairs Committee be extended as follows:

(a) exposure draft of the Personal Property Securities Bill 2008—to 5 March 2009;

(b) provisions of the Disability Discrimination and Other Human Rights Legislation Amendment Bill 2008—to 26 February 2009; and

(c) provisions of the Federal Court of Australia Amendment (Criminal Jurisdiction) Bill 2008—to 26 February 2009.

Senator Hurley to move on the next day of sitting:

That the report of the Economics Committee on bank mergers be presented by 17 September 2009.

Senator Marshall to move on the next day of sitting:

That the time for the presentation of the report of the Education, Employment and Workplace Relations Committee on the oversight of the child care industry be extended to 18 June 2009.

Senator Polley to move on the next day of sitting:

That the Finance and Public Administration Committee be authorised to hold a public meeting during the sitting of the Senate on Thursday, 12 February 2009, from 3.30 pm, to take evidence for the committee’s inquiry into the Freedom of Information (Removal of Conclusive Certificates and Other Measures) Bill 2008 [2009].

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

That the Senate—

(a) notes the extensive and internationally-recognised work of the Bushfire Cooperative Research Centre in Melbourne, Victoria; and

(b) recommends the Government assess the value of upgrading the centre to be a global wildfire research facility.

Senator McEwen to move on the next day of sitting:

That the report of the Environment, Communications and the Arts Committee on the effectiveness of the Environment Protection and Biodiversity Conservation Act 1999 and other programs in protecting threatened species and ecological communities be presented as follows:

(a) first report—by 11 March 2009; and

(b) final report—on 24 April 2009.
HUMAN RIGHTS: HAZARAS

Senator BOB BROWN (Tasmania—Leader of the Australian Greens) (2.00 pm)—I seek leave to amend general business notice of motion No. 350 standing in my name.

Leave granted.

Senator BOB BROWN—I move the motion as amended:

That the Senate—

(a) acknowledges:
   (i) the contribution made to Australia by the 5,000 Hazaras now living in Australia, and
   (ii) recent reports of discrimination and violence against Hazaras living in Afghanistan and Pakistan; and

(b) sends its condolences to the family and supporters of Mr Hussein Ali Yousufi, the Leader of the Hazara Democratic Party, who was assassinated in Quetta City on Australia Day 2009.

Question agreed to.

SRI LANKA

Senator BOB BROWN (Tasmania—Leader of the Australian Greens) (2.02 pm)—I move:

That the Senate—

(a) expresses its concern about the high number of civilian deaths and injuries that have occurred as a result of people being caught in the crossfire of Sri Lanka’s civil war;

(b) supports calls on the Sri Lankan Government from the United Nations, the Red Cross and Amnesty International to ensure the safety of civilians in war-torn areas and their safe passage out of those areas; and

(c) supports calls on the Sri Lankan Government to lift bans on journalists and aid workers entering war zones.

Question agreed to.

CLIMATE CHANGE

Order

Senator BOB BROWN (Tasmania—Leader of the Australian Greens) (2.03 pm)—I move:

That there be laid on the table, by 1 March 2009, an analysis of greenhouse gas emissions from the logging of native forests in Tasmania in public and private forests, including an assessment for:

(a) the total amount for each year from 2000 to 2008;

(b) the component due to regeneration burning for each year from 2000 to 2008;

(c) the component due to export woodchips for each year from 2000 to 2008;

(d) the component due to waste from other losses accrued in transport and manufacturing for each year from 2000 to 2008;

(e) the component caused by bushfires for each year from 2000 to 2008; and

(f) the component of (e) for each year arising from logging operations.

Senator SHERRY (Tasmania—Minister for Superannuation and Corporate Law) (2.03 pm)—by leave—The government cannot agree to the motion by Senator Brown. The information sought does not align with current UN inventory rules and, accordingly, the government do not currently have this information. We are, however, happy to work with Senator Brown to provide a briefing on the information we do have available. The government’s accounting frameworks are based on requirements for the Kyoto protocol and United Nations Framework Convention on Climate Change. For the purposes of the Kyoto protocol and the associated rules on emission reporting, Australia only produces detailed accounts for deforestation, removal of forest cover to create a new land use and for new forest plantings. The Kyoto accounts do not cover the native forest estate. Under the UNFCCC inventory rules,
Australia provides a broad assessment of emissions and removals from native forests but not broken down to the extent required in this motion.

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

The Senate divided. [2.08 pm]
(The President—Senator the Hon. JJ Hogg)

Ayes…………… 7
Noes…………… 53
Majority……… 46

AYES
Brown, B.J.
Hanson-Young, S.C.
Milne, C.
Xenophon, N.

NOES
Arbib, M.V.
Bilyk, C.L.
Bishop, T.M.
Brandis, G.H.
Cameron, D.N.
Cash, M.C.
Collins, J.
Cooman, H.L.
Crossin, P.M.
Farrell, D.E.
Feeney, D.
Fierravanti-Wells, C.
Forshaw, M.G.
Heffernan, W.
Humphries, G.
Hutchins, S.P.
Kroger, H.
Marshall, G.
McEwen, A.
Moore, C.
O’Brien, K.W.K.
Paine, M.A.
Pratt, L.C.
Stephens, U.
Troeth, J.M.
Williams, J.R.
Wortley, D.

* denotes teller
Question negatived.

DOCUMENTS
Tabling
The PRESIDENT—I present documents which were presented to a temporary chair of committees on 6 February 2009. In accordance with the terms of the standing orders, the publication of the documents was authorised.

The list read as follows—
Portfolio supplementary additional estimates statements 2008-09—Education, Employment and Workplace Relations portfolio

AUDITOR-GENERAL’S REPORTS
Report No. 21 of 2008-09

The PRESIDENT—In accordance with the provisions of the Auditor-General Act 1997, I present the following report of the Auditor-General: Report No. 21 of 2008-09: Performance audit: the approval of small and medium sized business system projects.

VICTORIAN BUSHFIRES

The PRESIDENT (2.13 pm)—I present a message of condolence from the Secretary-General of the Commonwealth Parliamentary Association, Dr Shija, relating to the bushfires in Victoria.

The letter read as follows:

We have followed the sad news in the media about the raging bush fires which have caused death and extensive destruction of properties in some parts of your country.

This has made us feel very sorrowful for you and the people of your good country for this painful incident.

On behalf of the Members of the Executive Committee, Staff and on my own behalf, I wish to convey our heartfelt condolences for the deaths that have been caused by the fires and for the loss of extensive properties by various families. We
wish to join you in your prayers for a swift recovery from this incident. Please convey our condolences to the Members, Government leaders and staff of your Legislatures and the public at large.

Yours sincerely,
Dr William F. Shija
Secretary-General

COMMITTEES
Privileges Committee

Report

Senator BRANDIS (Queensland) (2.14 pm)—I present the 137th report of the Senate Standing Committee of Privileges entitled Persons referred to in the Senate: Mr Anthony and Mrs Brenda Bird, members of the Exclusive Brethren.

Ordered that the report be printed.

Senator BRANDIS—by leave—I move:

That the report be adopted.

This report is the 54th report of the Committee of Privileges recommending a right of reply under privilege resolution 5. On 16 September 2008 the President received a submission from several members of the Exclusive Brethren in relation to remarks made in the Senate on 26, 27 and 28 August by Senator Bob Brown and Senator Christine Milne. The bulk of this matter was dealt with in the committee’s 135th report, which was adopted by the Senate on 24 September 2008.

This report deals with the residue of that matter and recommends that a response by Mr A and Mrs B Bird, which has been the subject of correspondence between the Birds and the committee, be incorporated in Hansard. While the committee is satisfied that a right of reply should be accorded in this case, it has noted in the report that in respect of persons who are not identified by name it has probably taken the application of resolution 5 about as far as it was designed to go. I commend the report to the Senate.

Senator BOB BROWN (Tasmania—Leader of the Australian Greens) (2.17 pm)—by leave—I am mindful of being named in that report. I do not have it at hand. But I want to put on record that I have absolutely no concern with citizens who might feel aggrieved in one way or another having their point of view put in this place. I think that it is a good practice.

Question agreed to.

The response read as follows—

Appendix One
Response by Mr & Mrs A Bird, Pursuant to Resolution 5(7)(B) of the Senate of 25 February 1988

We write as aggrieved members of the Exclusive Brethren in relation to comments made on Tuesday 26 August 2008, at approx 5:57 PM, by Senator Christine Milne from Tasmania to the Senate generally on the subject of making an inquiry into certain matters relating to our Church.

In her address, Senator Milne stated: When I taught at Devonport High School back in the early 1980’s at that stage there were no Exclusive Brethren schools as such and some of the students came to Devonport High. I had a particularly bright young woman in my class, and I urged her to go on to Don College…”

As Brenda came from Devonport and attended Devonport High School at around the time referred to, she is quite familiar with the persons referred to by Mrs Christine Milne.

We wish to address the statements made by Senator Milne in her address:

(i) Senator Milne commented that girls are not allowed to do manual arts subjects. This is totally inaccurate. It was a requirement for all students to undertake woodwork, metalwork & technical drawing at this school. We are not aware of any exemption granted.

(ii) Senator Milne stated that students would not be going on to further education. As no further years were offered past Year 10 at Devonport High School, it was necessary to at-
tend another College for further study, which many persons did, Exclusive Brethren members included.

(iii) Senator Milne stated that our marriages are arranged. This was certainly not the case for every couple that we have ever known in the Church, and was certainly not the case for ourselves. We first met through social contact and from this contact our relationship developed completely on our own initiative and commitment.

(iv) Senator Milne commented that within the Church married women are precluded from working. This is not so, we are aware of many married female persons in the workforce from our Church.

We feel that Senator Milne has maligned the members of the Exclusive Brethren Church. Her quotations are incorrect and they display her obvious dislike for what our organisation stands for. She has taken her inaccurate memories and assumptions from one student to brand our whole Church as being a ruthless, illegal sect. This is certainly not the accurate, fair or unbiased outlook that we expect to see from members of the Australian Government.

As we greatly respect the Australian Parliamentary system and all that it stands for, we feel that it is only right that a balanced account should be on record of what the facts actually were in the years that Senator Milne refers to in her address.

(signed)

Anthony & Brenda Bird
Privileges Committee

This report is the 53rd in a series of reports recommending a right of reply be accorded to persons who claim to have been adversely affected by being referred to either by name or in such a way as to be readily identified in the Senate. It concerns an application by Mr Barry Williams, President of the Lone Fathers Association Australia Incorporated, for a response to remarks made about him by Senator Siewert in a question without notice on 3 December 2008. The application was forwarded to the committee by the President on 3 February 2009. The committee has considered the submission against the criteria set out in privilege resolution 5 and recommends that the proposed response be incorporated in Hansard.

The committee reminds the Senate that in matters of this nature it does not judge the truth or otherwise of statements made by honourable senators or the persons referred to. Rather, it ensures that these persons' submissions and, ultimately, the responses it recommends accord with the criteria set out in privilege resolution 5. I commend the motion to the Senate.

Senator BOB BROWN (Tasmania—Leader of the Australian Greens) (2.19 pm)—by leave—Senator Siewert tells me that she has no problem with a person having their point of view printed in Hansard. It would be helpful, and I put this request to the Committee of Privileges, if senators who are involved in such reports were given prior notice of the matter so that we can ensure that we are here when the report from the committee comes before the Senate.

Senator BRANDIS (Queensland) (2.20 pm)—by leave—I indicate that in conformity with the practice of the Committee of Privileges the complaints which were the subject of the recommendations in the respective reports were communicated in correspon-
Question agreed to.

The response read as follows—

Appendix One
Response by Mr Barry Williams of the Lone Fathers Association of Australia Inc. Pursuant to Resolution 5(7)(b) of the Senate of 25 February 1988

I am currently the President of the LFAA, and have been a committed advocate for lone fathers and their families for over thirty years. I established the Lone Fathers’ Association (LFA) in 1973. The Association is now a national organisation and peak body with Branches in most States and Territories. I am also the National Vice President and Welfare Coordinator of Parents Without Partners Australia (PWP), and First Vice President of the Shared Parenting Association (SPCA).

I have been a federal lobbyist in the Australian Parliament since 1976. I was instrumental in having the Single Mothers’ Pension extended in 1977 to include single fathers, following personal representations made by me to the then Prime Minister, Malcolm Fraser. This was an important move towards greater gender-equality in family law. Members of Parliament on both sides of politics have told us that the LFA is respected for the work it does, and in particular for our strong stand against discrimination of any kind. This support for our work has come, amongst many others, from Senators Joe Ludwig, Jenny Macklin, Gary Humphries, and Steve Fielding, and previous Senators Jocelyn Newman and David Brownhill.

Claims by Senator Siewert
As you are aware, Senator Siewert stated in the Senate on 3 December 2008 that Tanya Plibersek, now (ALP) Minister for Housing and Women’s Affairs, had expressed the view some time ago that the LFAA is an “extreme group”. Senator Siewert said that, “Minister Plibersek...stated that she was proud to belong to the ALP because if refused to deal with extreme groups such as the Lone Fathers Association. I wonder how proud Minister Plibersek is now?”

Information from the Department of Family and Community Services and Indigenous Affairs indicates that no such statement was in fact made by Senator Plibersek. What Ms Plibersek actually said was that, “It makes me proud to be a member of the Labor Party when I hear that Bob Hawke and Paul Keating are not listening to extreme voices in this debate”. The Lone Fathers Association was not mentioned by Ms Plibersek at all, nor would it have been at all appropriate to have done so.

Senator Siewert further stated in Parliament that, “During question time today, the Government justified this appointment (of Barry Williams as a health ambassador), saying they wanted a diversity of views. Is it the Government’s intention to encourage anti-gay, anti-women, and domestic violence denial? How does this help men’s health?”

Senator Siewert’s statement that the Lone Fathers Association is anti-gay and anti-women and practices “domestic violence denial” is wrong, and in the LFAA’s view is seriously defamatory.

The LFAA is not and never has been an extreme group of any kind. The Association is a moderate and “mainstream” group of fathers and associated family members and friends who wish to remain part of their children’s lives after separation. It has been recognised as such for several decades, at the highest political level, by successive Governments from both sides of politics. During this time, the LFAA has made many well-regarded and influential submissions to government and the Parliament on family law and related issues.

The LFAA is not in any sense anti-woman. Women account for one third of its membership and half of its National Committee, and the LFAA has close links with the gender-neutral, Australia-wide organisation, Parents Without Partners.

Nor is the LFAA in any way anti-gay. It has conducted community services on behalf of government which fully recognised and respected the equal rights of gay clients, and was pleased to be able to do this. The LFAA does believe that, at least in the great majority of cases, children require for their proper emotional and moral development suitable contact with both their biological parents - but this is not an anti-gay position, merely a commonsense one.
The LFAA is very strongly opposed to violence against women, and has made this clear on many occasions. The LFAA is, however, also opposed to family violence against men and children, and has reservations about one-sided propaganda campaigns against men which create an unjustified anti-male climate of opinion in the community, encourage false accusations, and fail to provide the help needed by women, including women who use violence against their children. The “UN report on violence against women” which Senator Siewert referred to was considered by the UN representatives of a number of senior western countries, including Australia, to have displayed an unacceptably extreme gender bias against men, and was not adopted by the relevant UN committee for that reason. Failure to understand and accept that decision does indeed, in the LFAA’s view, amount to “denial” of the reality of domestic violence.

Senator Siewert stated in her Parliamentary question that, “…two former prime ministers (refused) to meet with Mr Williams”. This further statement is also wrong. In fact, I was appointed by the Hawke Government as one of the consultants advising on the development of the original Child Support Scheme, which was established in 1988. I was subsequently asked by the Deputy Prime Minister of the day, Brian Howe, to act as a roving ambassador for the Government, and travelled throughout Australia over a period of two years explaining the new Scheme. Mr Howe was complimentary about the work done on this project.

I was then subsequently appointed in 2004 by the Howard Government as a member of the Ministerial Task Force on Child Support, charged with advising on further reform to child support arrangements. Subsequent to that, I was engaged by the Government to assist via the Child Support Communications Project by helping publicise the new Child Support Scheme, and have been complimented by the present Government for this work.

I was recognised my work for lone parents and their children as recipient of the British Empire Medal in 1980, ACT Senior Australian of the Year Award in 2005, and the Prestige Regional Rural New South Wales and ACT Achievements Award 2007.

Senator Siewert’s incorrect statements have damaged the good name of the LFAA and caused me and other members of the organisation significant distress.

(Signed)

Barry Williams
National Broadband Network Committee
Membership

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

Senator SHERRY (Tasmania—Minister for Superannuation and Corporate Law) (2.21 pm)—by leave—I move:

That Senator Ludlam be appointed to the Senate Select Committee on the National Broadband Network.

Question agreed to.

APPROPRIATION (NATION BUILDING AND JOBS) BILL (No. 1) 2008-2009

APPROPRIATION (NATION BUILDING AND JOBS) BILL (No. 2) 2008-2009

HOUSEHOLD STIMULUS PACKAGE BILL 2009

TAX BONUS FOR WORKING AUSTRALIANS BILL 2009

TAX BONUS FOR WORKING AUSTRALIANS (CONSEQUENTIAL AMENDMENTS) BILL 2009

COMMONWEALTH INSCRIBED STOCK AMENDMENT BILL 2009

Second Reading
Debate resumed.

Senator BIRMINGHAM (South Australia) (2.21 pm)—As I was saying at the suspension of this debate earlier, it is little wonder, with the enormous cash surplus and outstanding fiscal position the government found itself in at the time of its election, that the Prime Minister and the government seem to have some notion of a money-for-nothing culture—that money comes so easily and can
be spent so easily. However, as we all know, crisis struck in the form of the global financial crisis that hit first at banking sectors and mortgage sectors in the United States and spread from there to the economies throughout the world.

The government initially responded to concerns about the crisis with a $10.4 billion so-called Economic Security Strategy, with a $4.7 billion nation building package, with funding agreements with COAG, with a bank deposit guarantee, with the Ruddbank more recently and with other such initiatives that have all been put into place with great haste. They have also been put into place at great expense. And we are seeing that, despite that great haste and expense, the results have been fairly minimal. I note that Stephen Kirchner, writing in the *Australian* on 4 February, suggested:

> When it comes to activist fiscal policy, it seems that nothing succeeds like failure.

He suggested that, after all of this spending and all of this activity, there is no evidence that any of it has necessarily made a direct impact on our economic standing for the future—and yet here we have a government proposing that another $42 billion be tossed at this crisis, that they spend $42 billion in a so-called Nation Building and Jobs Plan. He also notes that the government says they stand ‘ready to take further action’. They stand ready to take further action? Having spent in such enormous volumes as they have already, it beggars belief that the government are talking about further action from their already enormous spending packages.

This $42 billion package is seen as the next wave of ‘decisive action’. Those of us on this side have come to see that ‘decisive action’ seems to be the new catchphrase of the other side of the chamber—that ‘decisive action’, when it comes from the Prime Minister and the Treasurer, and in this place from Senator Evans and Senator Conroy, clearly indicates that the Labor Party’s focus groups have said that if you tell people you are taking decisive action they will think you are doing something that is thoughtful, that is important. ‘Decisive action’ are the new words that have replaced ‘working families’ and those other cliches that the government has drowned Australians in over the years. Thankfully, the Australian people are not that silly and are not that shallow or foolish. They know, and they will be able to see through the government’s ‘decisive action’.

Let us look at this random spendathon that the government has embarked upon. Firstly, look at the headline impacts of it. It takes what was forecast to be a surplus in the order of some $22 billion, just back in May last year—let’s remember it was less than a year ago when the Treasurer handed down his ‘inflation fighting’ budget with great fanfare and forecast a great big whopping budget surplus for the government—and turns it into a forecast for this financial year of $22 billion or thereabouts in debt and deficit. So there has been a $40-plus billion turnaround in the government’s books in the space of less than a year. This is the type of profligacy we see coming from the government benches. It is a remarkable turnaround.

If you look at the size of the government’s budgeted deficit, and you look at the packages and measures that they have put in place, the $10-odd billion late last year and the $42-odd billion that we are debating now, and if you look at the cash handout component of that, you see that it basically tallies up to the entire size of the government’s debt. So, all of the government’s deficit for this year can be attributed to random cash payments that have been sent out and scattered across the Australian community.

Over the next four years the Rudd government now expect to run up at least $118
billion in cumulative budget deficits. And they clearly expect to have to run up even bigger debts because, buried amidst this legislative package that we are debating, is an approval to take the Australian government into debt, into borrowings, of up to $200 billion. They are seeking approval for a blank cheque to take us at least up to $200 billion into debt. They will probably be back for more in the next couple of years, given their current form and the speed with which they are spending.

Now, you would hope that, for all of that, there might be some good news buried in all these packages and announcements. But, no, we expect to see economic growth slump to near zero levels. We expect to see unemployment rise to around seven per cent. We expect to see at least 300,000 more Australians thrown on the unemployment scrapheap. They talk of an eventual return to surplus, of returning to surplus in ‘the medium term’. How long is the ‘medium term’? We know it is not at least the next four years, which is as far as the budget forward estimates go, because over the next four years they forecast deficit after deficit after deficit. So we know that that forecast for a return to surplus is nowhere in sight as far as this government’s budgetary process goes.

Let me look briefly at some of the specifics of this latest package that is before us today. The government claimed in the statement that was released that it is about strengthening the future capacity of the economy. Quite clearly, it is nothing of the sort, because there is nothing strategic in this package, there is nothing productive in this package and there is nothing about investing in jobs, in the economy or in the future of Australia in this package. It is all about short-term, random, ad hoc spending.

Firstly, we have the latest round of cash payments, which I have already mentioned, being splashed all over the country. I thought it would be useful to reflect a little and see what the key members of the government thought of cash payments not so long ago. The Treasurer, Mr Swan, back on 13 May 2008, when delivering the current year’s budget, said:

The Government does not believe hard earned tax dollars are best spent on cash payments …

He went on to say:

It is simply not defensible.

So less than a year ago the Treasurer thought hard-earned taxpayer dollars were not best spent on cash payments, and yet he is now pumping out more than $20 billion of cash payments. Mr Tanner, the Minister for Finance and Deregulation, who in opinion piece after opinion piece through the life of the Howard government railed against this type of random spending, in talking about small one-off grants and cash payments back on 13 June 2006 told the House of Representatives:

I describe this approach as the political equivalent of ‘cash back on your trade-in’. it is a neat little tweak designed to keep everybody happy and feeling comfortable, nice and warm in getting the extra little bit of loot from the government, apparently for nothing.

So back then, in 2006, the finance minister thought of these types of payments as money for nothing, and yet he has now authorised more than $20 billion of them in the space of a few months. Australians see through this. Frankly, they saw through the cash payment approach of the previous government, which I believe went too far and instilled the wrong type of culture, one of expecting cash handouts, in some sectors of the community. But Australians came to see through it then and they are seeing through it now with this gov-
ernment trying to buy everybody off with these cash payments.

I will look at some of the letters I have had from constituents over the last couple of days as these issues have been being debated. Mr Darryl Richards, who wrote to me, owns a hospitality business. He recognises that his business saw a massive boost in profits when the last lot of government cheques went out. But he does not think this is a wise expenditure of government money. As a businessman, he compares this to going into debt himself: he might do it if it were for something productive, but not if it were to just give money away, which is effectively what is happening. He concludes his letter to me by saying:

If we do go into recession, we will get through it. If however we have a huge debt with an ongoing interest bill I fear for the pain and suffering that we all will have to go to pay it back, (in the way of tax increases and cuts to services).

Mr John Craig, who also wrote to me, indicated:

A large one-off handout may stave off recession for a few months, but in the post global financial crisis (GFC) world the federal government may well not be able to afford to continue with the level of transfer payments that the Howard Government encouraged the community to believe it was entitled to. Compounding the long term financing problem due to the structural consequences of the GFC with a one off spending spree may be what proves suicidal.

Suicidal fiscal activities is how that constituent saw the government’s approach. People can see through what this government is proposing, even when we go into issues such as schools infrastructure spending, which the government has highlighted.

There is no doubt in my mind that additional money being spent in schools around Australia is incredibly popular. The previous government used to do it through the Investing in Our Schools Program. It is worth noting again, in terms of the schizophrenic nature of this government, that just last year those in this government thought it was reasonable not to continue, to axe, the Investing in Our Schools Program, and yet now they are trying to reintroduce some sort of Investing in Our Schools Program on steroids by giving enormous payments to schools across the country. But these are payments for buildings, pure and simple—nothing more, nothing less. Buildings in schools are important, but the government pretends this is an education revolution. Well, a revolution in education is not made of bricks and mortar; a revolution in education is made of standards, quality and outcomes. That is where the real challenge lies, and Australia’s parents, teachers and children will not be fooled into believing that an education revolution is being delivered because they are getting an extra building everywhere they go.

Many other constituents have written to me talking about alternatives, and that is right—there are alternatives. The first alternative we should be looking at is spending less and borrowing less. We should not be plunging Australia as far into debt as this government is proposing. Secondly, where we are spending funds, there are so many other ways we could be better spending them. Certainly in my home state of South Australia you do not need to go far to find people who will tell you that spending on water infrastructure and water savings initiatives would be a far better way to go. Murray-Darling Basin reform and urban water reform would deliver better outcomes for Australians. I could go through a pile of constituents’ suggestions of alternative ways to invest this money more productively, and these are the types of things that Mr Turnbull and the coalition have been talking about so actively.

We do not know whether this money-for-nothing cash splash that the government is
proposing will work. The government does not know whether this will work. The Secretary of the Treasury told the committee investigating this overnight that he does not know whether this will work. That is why these bills should be defeated and the government should go back to the drawing board on a smaller package—lest the Prime Minister takes the next line of Mark Knopfler’s Dire Straits song *Money for Nothing* and suddenly wants to give out the chicks for free as well.

Senator TROOD (Queensland) (2.35 pm)—My colleagues on this side of the chamber have been eloquent in their criticism of this package. They have drawn attention to its irresponsibly large size. They have drawn attention to its poorly targeted elements, most especially, of course, the deeply ill-considered cash handouts. They have noted the unproductive spending involved in the package, in particular the insulation component. They have drawn attention to the highly dubious claim that this package will preserve and create jobs—a claim made in the context of the government’s own Treasury figures which say that by mid-2010 this country will experience seven per cent unemployment.

On all measures, the package contained in Appropriation (Nation Building and Jobs) Bill (No. 1) 2008-2009 and related bills fails the test of good public policy. And the sad thing is that there were so many opportunities missed—opportunities for innovation and opportunities to look to the future. There was a failure, for example, to address the obvious need, in particular areas of the economy, in relation to the failing health system or the chronic need for further investment in aged care. And there is an absence of any meaningful assistance to small businesses. Here was an opportunity to lower the cost of employing people, when that is precisely what is required by the economy, by providing the ability for small businesses to take on more people at a time when this would have been of immense assistance—not only to the individuals concerned but to the nation as a whole.

Nor does this package provide for tax cuts. One of the important elements of the Obama package in the US is the tax cuts. Tax cuts make up a substantial proportion of that package because they are recognised as being likely to make a particular contribution to stimulating the American economy. Tax cuts are widely regarded by economists as being a very effective way of stimulating the economy. So by commission and omission this package falls well short of the nation’s need.

We are not against the nation spending money on a stimulus package at this time. What we do require, though, is that there be a stimulus, and not merely spending. This package betrays all the signs of having been conceived in panic and designed in desperation. The idea that the parliament should not scrutinise the package closely—that the whole package should be rushed through—is an offence. It is an offence against good reason as much as it is a contempt of the parliament’s obligation to hold the government to account and to scrutinise public spending.

There has been widespread criticism of the package, and not just by those of us on this side of the chamber. Many constituents have written to my office and expressed concern about the structure of the package. Interestingly, there have been an increasingly large number of economists writing in the daily newspapers who have been critical of the package. In the op ed pages one particular article struck my attention. The former Treasurer of New South Wales, Mr Costa, wrote about this recently. Having escaped the cesspit of New South Wales Labor politics he now feels free to give range to his views, and in the *Australian* a few days ago he wrote:
Rather than economic solutions, Rudd is seeking ideological retribution. Who of us on this side of the chamber could disagree with that proposition?

This package will impose a heavy financial burden on every Australian for years to come. Once again we see the ALP taking us down the road of ever-larger budget deficits. As a proportion of GDP, debt will increase significantly. By the time the $200 billion of borrowing is spent, every single one of us—every man, woman and child—will be left with a debt nearing $10,000. Of course some day we will have to pay it back, as we will have to pay the interest on the debt as time goes on. Paying the interest and repaying the debt will demand higher taxes, spending cuts and severe financial restraint.

But there are other costs of this profligacy. The package will impose a burden on every Australian. It will not be just a personal burden. The personal burden will be severe enough, but there will be policy constraints which will almost inevitably follow, just because there is not enough money to spend on important national initiatives. It is a simple proposition: budgetary debt cripples public policy. The choices that governments have are almost always constrained when they are dealing with large amounts of debt. This, of course, will affect all facets of public policy, but I am particularly interested in the consequences that this might have for our national security.

One of the great virtues—one of the many virtues—of the Howard government was its responsible approach to economic management. Carefully, purposefully and painstakingly the Howard government paid off debt and accumulated surpluses and in doing so it left Australia free to meet the numerous challenges that confronted us in the international arena. We were able to meet those challenges with confidence because we knew that the budget was taken care of.

It is an elementary proposition of good strategy that you align policy ends with available resources and means—and that is what we were doing under the Howard government. Now that we are again slipping down this slope of increasing debt, that critical strategic principle is once again under attack. It is under attack when the international security agenda is getting no easier and when the challenges of the international environment are not diminishing but actually expanding in a very disturbing way. Whatever may be said about the global financial crisis, and whatever predictions we might make about its direction, one thing of which we can be absolutely confident is that it will have some unexpected consequences.

It is as well in this context to reflect on the Asian financial crisis of 1997. When it occurred, almost nobody had any expectation that it would profoundly affect any of the governments of the Asia-Pacific region. No one anticipated that it would destabilise governments, but by May 1998 a regime which had seemed immovable, which had been in power for 30 years—the Suharto regime in Indonesia—had been toppled and swept from power. That great country to our north had been placed on a path to democracy as a consequence of that financial crisis. Without doubt, that is one of the most significant and important political changes in our region since World War II.

This crisis is far more serious and it will generate widespread political and strategic fallout. We have only to reflect on the Great Depression. I am not for a minute suggesting that this crisis is necessarily as serious as the Great Depression, but I notice the Prime Minister, in his capacity for hyperbole, is always reaching for the analogy. But as students of history we ought to remember and
to be aware of the fact that profound economic dislocation almost inexorably leads to political unrest and instability and, not infrequently, to conflict. In my view, we are a long way from that serious deterioration in events at the moment, and we could be spared the need for substantial increases in spending on national security as a result of the global financial crisis, but we still have to preserve our capacity to advance and protect our national interests through military means, through diplomacy and through other means.

The troubling thing at the moment is that the impact of this crisis globally is already becoming very evident and the geopolitical landscape is anything but reassuring. Already governments are turning inwards and economic protectionism is on the rise. Global economic growth has stalled, with reduced demand for exports, declining commodity prices and reduced capital flows. As a consequence, some states are forced to seek support from the IMF as they struggle to remain solvent. For others, especially emerging economies, this kind of support will not be enough and they face the prospect of falling deeper into poverty, with all the serious stability questions and consequences that follow. It seems likely that the millennium goals will recede further from attainment and we could easily see an increase in the failed state phenomenon as a result of this contraction in the world economy.

Some commentators have mentioned the possibility that one of the significant consequences of the financial crisis will be a shift in global power from West to East. More specifically, they have argued that America’s anticipated strategic decline will be advanced. I have to say I have always been deeply sceptical about that prediction of America’s imminent decline. All great powers are affected by this crisis, and they are affected seriously, but the United States has always had great resilience and a great capacity for recovery, and I anticipate that will be the situation on this occasion. But, with its massive currency reserves, China seems well positioned to take advantage of the crisis—for example, to strengthen its energy security.

We are likely to see a shift in power in some significant international institutions such as the IMF. The G20 will become a more significant player in the international economy. It will be more difficult to manage sustainably the global environment in these circumstances, and there will be many other consequences, not least in the Asia-Pacific region, where it is notable that there has been a very significant downturn in trade and a significant contraction in economic activity. Not all of these developments need to be worrying. Not all of these developments mean that we are in for a period of heightened danger or threat, but they do pose foreign policy challenges and we need to be conscious of those challenges, particularly in the context of an already long list of foreign policy problems.

The new Secretary of State in the United States, Mrs Clinton, when giving evidence before the US Senate Committee on Foreign Relations at her confirmation hearing, talked about the great perils that exist in the international arena. She mentioned things like the spread of weapons of mass destruction, the war in Afghanistan, the persistent threat of terrorism and pandemic disease. All of these existing challenges could well be exacerbated by the consequences of the global financial crisis. They add to our discontent. One way or another, Australia is going to have to meet these challenges. One way or another, these challenges touch our national interests. Rudd’s policy prescription seems to me almost certain to erode our capacity to respond effectively to these international challenges. In my view, he already has a
deeply indifferent record on foreign policy management. Now he will be forced to contend with the consequences of rising national debt and severe constraints on financial resources.

The sober reality is that this national debt will overhang the Commonwealth budget for years to come. It cannot help but constrain spending and affect critical policy choices that we are going to have to make about national security. One wonders how the government will be able to honour its commitment to maintaining defence spending of three per cent in real terms every year to 2017. The Department of Foreign Affairs and Trade is already struggling with severe budgetary pressure; in my view it needs somewhere between $20 million and $25 million per annum to get back on an effective footing. One wonders where that money will come from. One wonders how the government is going to secure its commitment to increasing Australia’s foreign aid budget to 0.5 per cent of GDP by 2015.

Then there are the emergencies—the things that always occur in international affairs, the things that always arise when one least expects them and for which we have to be prepared. They are situations like East Timor, the Solomons and the continuing conflicts of the need to challenge the oppression that exists in Afghanistan. This government is putting this country in a position where foreign policy and national security choices are becoming immeasurably more difficult. The budget overhangs not just the economy but also our national security.

It is interesting that the member for Higgins in the other place published his memoirs last year. I am sure you have read the memoirs, Mr President, and perhaps you are familiar with the anecdote that he recites on page 335. He mentions a conversation he had early in 2007 with Lee Kuan Yew. This is the Lee Kuan Yew who is famous for having said of Australia some years ago that we were the white trash of Asia. The member for Higgins, in conversation with Mr Lee Kuan Yew, says to him: ‘I remember you made this comment about Australia being the white trash of Asia. What is your view now?’ Lee Kuan Yew is said to have responded, ‘You have changed; your country is a different place now.’ One wonders whether or not the place has changed as much as we all would have hoped at the end of the Howard years, when the budget was in balance, when we had surpluses and when we had very sound and strong national security.

Senator SIEWERT (Western Australia) (2.55 pm)—The Greens are responding to the global financial crisis with an eye on the longer term. We want to ensure that the massive resources we put into an immediate economic stimulus are not just a flash in the pan, that the money we are pumping out is in fact building and supporting the development of a truly sustainable and robust green economy, not just providing a short-term cash boost. We need to be thinking about and working towards a resilient, sustainable, more crash-proof economy to underwrite the future prosperity and wellbeing of all Australians. As governments around the world rush to respond to the global financial crisis, many are talking about building the new green economy of the future and a greener society and advocating for a green New Deal, but there is growing concern that, in our rush to respond quickly to the immediate crisis, we are painting ourselves into a corner.

We are committing large amounts of resources to fending off a global financial crash, and, while we are not arguing against the need to do this, we believe there is a real risk that, once these resources are spent, more will be hard to come by. We can expect to experience a protracted economic down-
turn during which our capacity to dedicate resources to tackling other problems and investing in industries of the future will be severely limited. As I understand it, there has been a very recent meeting of UNEP in New York, where they were discussing this very issue and also discussing the green New Deal. The world’s leading thinkers are putting their minds to how we best tackle the combined threats of a global recession, global warming, population and peak oil. They are extremely concerned that, in spending trillions of dollars in responding to the global financial crisis, the nations of the world are getting themselves heavily into debt—a debt that will be hard to repay during a downturn and which is likely to reduce the capacity of the world to invest in new initiatives for a decade or more. This means that, in spending precious resources at this time, we need to look for those things that will both provide an immediate stimulus and future-proof Australia. We believe we can best do this by directing these resources at these emerging problems—in other words, we can manage to address both issues.

With these concerns in mind, the Greens believe we need to look at some key criteria when we look at our responses and our investment. We believe we need to be looking at equity, sustainability and impact. Equity means that we should be making sure that our efforts are targeted at helping those who are hurting most, that all Australians get a fair go and that those who are already socially excluded do not end up even worse off. We believe we also need to look at impact. This means we should be putting money into initiatives that will have an immediate, measurable impact. We should invest in effective fiscal stimulus measures that deliver value for money, protect jobs in the sectors most threatened and create real jobs that will continue beyond the life of the stimulus package in the long term.

We also need to look at sustainability. This means ensuring that we are investing in the future, targeting areas where we can steadily grow the new green economy of the 21st century and beyond—a resilient and shockproof economy that is not dependent on running down our resource base and stealing from future generations. Senator Milne has already spoken about environmental sustainability, renewable energy use and the low-carbon economy, all of which we believe can and should be addressed in this stimulus package.

I want to expand on the other side of the equation and look at social sustainability. This government came into power with a strong commitment to social inclusion and social justice, and we believe that they need to be addressing those also through the stimulus package. Too often our analysis of economic issues focuses on the dollars alone as if money and the economy had a life separate from the people who make up our society. As part of the committee inquiry into this package the church groups submitted a report from Access Economics. The first paragraph of the conclusion of the report said:

Despite a period of sustained economic growth in Australia, acute pressures have mounted on certain parts of the community. Australia’s two-speed economy has seen divergences in incomes across sectors, across states and across different parts of the income distribution. Evidently, Australians have not shared equally in the nation’s recent economic prosperity.

Even prior to the current global economic crisis and in the middle of what was termed an economic boom, many of our social service agencies delivering frontline services to people in crisis were reporting disturbingly high levels of unmet need for essential support services including residential aged care, housing and homelessness, family relationship centres, emergency relief and financial counselling. The Access Economics report to
which I just referred reported that major church providers indicated—and this was also indicated in the Senate inquiry yesterday—that during 2006-07, prior in fact to the earliest indicators of the global financial crisis, service providers had turned away 77,000 eligible Australians seeking their support. This was before the global financial crisis.

These already stretched services are now being strained to breaking point by the impacts of this latest crisis. In recent months service providers have reported a doubling of demand for emergency financial services across the board, with this demand quadrupling in some areas. Last year, for example, one service provider in my hometown of Perth reported that they had to turn away a staggering 1,778 people seeking emergency relief and financial counselling support in just that one year. Since then the service reports to us that the demand has grown substantially.

In a time of crisis we need to make sure that we have an effective social safety net, and right now, unfortunately, that net is full of holes and is not up to the task. The Greens believe that investment in sustainable social services is a necessary and integral part of any economic stimulus package. In the short term we believe that there should be a focus on quickly scaling up and boosting the capacity of existing services to meet the unmet need and growing demand in the high-demand and high-risk areas. That is why we support the community service organisations’ call for an initial investment of $300 million in supporting social services.

In the medium term we need to identify areas of emerging need and developing targeted services, and in the longer term we need to address regulatory reform to cut through the red tape and make sure that any one service does not have to manage a huge stack of different grants, contracts and reporting requirements. Yesterday Catholic Social Services at the committee inquiry reported that a survey they did showed that 19 organisations had over 600 contracts for service delivery. It is ridiculous. We need to ensure that we are paying the real cost of service delivery so that we are not running down our social infrastructure, as we unfortunately did under the previous government.

To address the areas of emerging need we should be revisiting the work of Tony Vincent on the poverty postcodes and commissioning him or others to rapidly assess the impacts of the financial crisis with a view to identifying those areas of growing and emerging need. Where things are getting worse in particular poverty postcodes, targeted investment is needed in those areas. We also need to look at what is emerging as the ‘crash codes’. These are the areas that are likely to be strongly impacted by the economic downturn and where, unfortunately, perhaps at this stage we do not have the kinds of support agencies and services that are needed to address the crisis they are facing. It is likely that the crash codes will be some of those areas that score highly on the measures of housing unaffordability and housing stress, and again this was highlighted in the committee inquiry yesterday by the community service organisations.

We believe that the idea put forward by the Australia Institute in their submission—that we need to invest up to $1 billion into supporting our social services—has merit and deserves consideration, and the community service organisations’ call for $300 million would be a good down payment on this. We believe that the government also needs to be looking at additional incentives to help this sector in the forthcoming budget.

The Greens believe that the government should be targeting its promised infrastruc-
ture investments in those areas of highest and emerging needs. For example, we think they need to be innovative in where they are building primary schools by perhaps considering these areas as community hubs or, as Frank Quinlan from the Catholic Social Services referred to them, as ‘social service shopping centres’. These are places where community services could have a proper office and meeting space and not just have to meet in an empty multi-use hall, for example. This would allow them to bring wrap-around, easily accessed services to families. This is an idea that was supported by the 2020 Summit and we believe that it is a good way to start thinking about being innovative in our approach to the delivery and funding of social services.

The Greens believe that government investment during these tough times also needs to target support to those who are suffering the greatest impact. When it comes to the threat of unemployment, for example, of course prevention is obviously the best approach. If we can keep more people in their jobs then there will be less impact on our social safety net, on the housing market and on the strength of the economy. If it costs us the same amount of money to keep someone in productive employment as it does on Newstart allowance then surely the better approach is to help them to continue to play a productive role in the economy, delivering the goods and services that keep the engine of our economy ticking over or, as Senator Milne referred to in her second reading speech, providing community support services such as looking after our natural environment and our national parks or carrying out natural resource management projects.

We should also be looking seriously at entry payments and ongoing job subsidy programs for employers in key industries, especially those that are part of building our emerging sustainable technologies and industries of the future. That is the kind of double-value investment that gives us more bang for our buck. However, there will be increasing numbers of people losing their jobs and needing to access Newstart—and, unfortunately, Newstart is no longer the safety net that it used to be.

For many years, the Greens have been the lone voice standing up for a fair go for disadvantaged Australians, including those who are unemployed. It is time to finally get rid of the myth of ‘dole bludgers’ and ‘the undeserving poor’. This was fostered by the previous government, and unfortunately the current government has not done enough to counter this myth. Many of the government’s ‘working families’ are now, through no fault of their own, facing a period of unemployment and the very real threat of sliding into poverty. For these families, the reality of the pitiable Newstart allowance is going to be a very huge shock. For single people, Newstart is only $224.65 per week; for singles with children, it is $243 per week. For those on the single age pension, it is $281.05 per week.

I expect that many people who will soon be facing the reality of unemployment will also have to face the reality of how they deal with living in poverty. As this awareness spreads, there is a significant and growing group of voters whose attitudes to social security and income support are rapidly shifting, and we believe there is a growing call for the government to fix this most essential of safety nets. The Greens believe it is in the interests of the economy and a matter of basic social justice that we cushion the blow for these working families and that we provide a fair go and a decent standard of living for all Australians, including those who, unfortunately, are unemployed. Even with a very narrow economic focus, if we are concerned about the capacity for our economy to recover from an economic downturn then we
do not want skilled workers to be dumped into financial stress and family crisis such that they are overwhelmed by poverty and despair and in no position to play a role in the economic recovery when there is an upturn in the economic cycle—nor do we want them to fall into the vicious circle of long-term unemployment.

Again, this issue is addressed by the Access Economics report submitted to the committee inquiry into these bills. It highlights what happened in the early nineties when people found themselves unemployed—and, unfortunately, the numbers in long-term unemployment grew very substantially. We feel that the measures provided in the stimulus package are not adequate to deal with the issues facing the unemployed and do not give enough support to those on unemployment benefits. The Australia Institute recommend that the base rate of Newstart should be increased by $56 a week for singles. They also address the issue of liquid assets. Under the previous government, the level of liquid assets that you could hold moved from $5,000 to $2,500. So we could potentially see people who find themselves unemployed having to run down their fairly scarce assets before they can access unemployment benefits. We believe the government needs to address this issue. There is also the issue of allowable assets. Although a home is not counted as part of those, there is very strong concern that, because there is a difference between the asset test for the unemployed and the asset test for pensioners, the current asset level will again mean people will slide into poverty before they can start accessing Newstart support.

There is an issue around the education entry payment; we believe there is an inequity in the package in that those on unemployment benefits are the only group for which the one-off payment is conditional. Treasury were unable to answer my questions last night about who was really eligible under this provision in the package, how many of those who are currently unemployed will be able to access the $950 for training and who will be providing this training. Treasury were also unable to answer questions about the capacity in the sector to provide that training. Also at the committee inquiry hearing yesterday, the community services sector expressed concern about the capacity of the job service provider sector to provide the training. In fact, it was also indicated that many of these service providers’ contracts finish in June and they do not know if they will have a contract as of July. This is deeply concerning given the expected increase in the numbers of people facing unemployment. The package could also, we believe, have addressed the forthcoming—or almost here—crisis in aged care, with the lack of places in residential aged care. We could also be providing additional resources to community care, for example.

One group of people that has substantially missed out on the economic stimulus package is Indigenous Australians. There is growing concern in the community around the cancellation of the CDEP scheme as of 1 July and the transfer of people in that scheme onto Newstart. We welcome the investment that has been made in converting some of the existing CDEP jobs into proper wages—I will not say ‘supporting them into real jobs’, because it is obvious that they were doing real jobs at the time, some of which they are now being paid proper wages for. It makes no sense, at a time of rising unemployment, to be moving Aboriginal people out of CDEP jobs, where they are gainfully employed building infrastructure or delivering community services, and onto the dole queue.

It makes more sense to revamp CDEP so that those for whom there is no employment during the economic downturn can be doing something more constructive, such as im-
proving their skills, maintaining their self-esteem and staying in contact with the culture of work. We urge the government to reconsider their current planning for CDEP and to invest in the future of Aboriginal Australians who also desperately need support during this growing financial crisis.

In delivering an immediate economic stimulus it makes sense to target low-income earners—those whose credit is limited, who are struggling to get by and who are thus more likely to spend money immediately on the means of day-to-day life rather than on frivolous luxuries that are more likely to be overseas imports. The Greens are looking to deliver a sustainable and forward-looking stimulus. We need to ensure that we are investing in quality social infrastructure and are thinking of a future where the jobs that we provide are sustainable and where we ensure that everyone in our community is looked after.

Unfortunately, this package, despite the government’s promises, does not address the needs of the unemployed. It is not providing enough. We cannot expect Australians to survive on $224 a week, which is what Newstart currently is. For too long we have been demonising Australians who cannot find work. Unfortunately, there will be a growing number of people who will face unemployment queues. Are we going to be forward-looking and provide the support they need? (Time expired)

Senator FIERRAVANTI-WELLS (New South Wales) (3.16 pm)—Labor governments love red ink and the latest cash-splash proposal of the Rudd government will have us swimming in red ink for decades. In just 15 months we have gone from an economy that was the envy of the world to an economy on its knees. Labor inherited a $22 billion budget surplus and almost $70 billion in savings from the coalition—$90 billion. Despite this, in 15 months Mr Rudd has overseen one of the most staggering declines in our economic fortunes ever seen in Australian history.

The coalition had paid off the $96 billion debt left by the Keating Labor government. Unemployment was at its lowest level in 30 years. Inflation was at historically low levels. Australia’s AAA credit rating had been restored after having been downgraded twice under the Hawke-Keating Labor governments. This was the legacy of the Howard government’s economic management. To quote Steve Lewis’s piece in the Adelaide Advertiser of 6 February 2009:

Mr Rudd has undergone the most dramatic of policy gyrations in less than a year. He has morphed from an economic conservative into a Whitlamesque bigspender, prepared to rack up the nation’s credit card in a desperate attempt to stave off recession.

Kevin 07 has become Gough 09. That is, of course, if we are not already in recession, but some careful accounting is not yet disclosing the full facts. So what is new? The common features of Labor governments in Australia’s history have been high taxes and high spending. Indeed, Mr Rudd’s mantra of ‘spend, spend, spend’ is only a more chronic form of the same old Labor disease: Labor just do not know how to manage money.

How can we go from boom to bust in just 15 months? After the ‘me-tooism’ of the last federal election and Mr Rudd having us all believe he was an economic and social conservative just like Mr Howard, Labor came to power and the first thing they did was deliberately talk down the Australian economy. In a calculated bid to destroy the great eco-
nomic management credentials of the Howard government, Mr Rudd and his inexperienced team of mostly ex union officials went about systematically talking down the Australian economy and demonstrating their economic incompetence from day one.

Despite the warnings about the looming crisis, which had been around since mid-2007, Labor chose to ignore them. Instead, they came up with some manufactured claim that inflation was out of control. Mr Swan spruiked that the so-called inflation genie was out of the bottle, whilst Mr Rudd claimed the inflation monster was damaging the economy. They virtually begged the Reserve Bank to put up interest rates. At a time when many other comparable nations were reducing interest rates because of concerns about the impact of the growing financial crisis, our Reserve Bank obliged the urging of Mr Rudd and Mr Swan to put up interest rates. History will judge the virtue of the actions of the Reserve Bank, including its unprecedented action of putting up interest rates during the 2007 election campaign. Notwithstanding the strength of the Australian economy, this recklessness triggered a collapse in consumer and business confidence during 2008. As I travelled around New South Wales, people, especially small business people, started to be apprehensive about the future.

Then, of course, we saw the next spectacular piece of economic genius: the unlimited bank guarantee. At a time when Mr Turnbull was advocating a guarantee of $100,000, which was sufficient to provide assurance to the average account holder but not sufficient to be interventionist, what did our then still economic conservative Prime Minister do? He announced an uncapped guarantee. At a time when most comparable economies were announcing limited bank guarantees of about $100,000 or €50,000, our Prime Minister was virtually saying to the world that our banking system was in such dire straits that only an unlimited bank guarantee would do.

This, of course, provided great footage for the 24-hour media cycle to which Mr Rudd is so addicted. There was our Prime Minister, sleeves rolled up, busy at work on a Sunday with Dr Henry at his side. But, of course, there were unintended consequences which perhaps would have become evident had the need for the next media cycle not prevailed. The unlimited bank guarantee resulted in the freezing of the investment fund savings of a quarter of a million Australians, causing a massive dislocation in financial markets and ongoing problems. But even more astonishing was the response of the Treasurer when he told those quarter of a million—250,000—Australians who had their savings frozen to just go to Centrelink! In the end Labor had to back down and follow in effect what Mr Turnbull had been advocating all along.

And then came the $10.4 billion pre-Christmas cash splash, designed just in time for inclusion in the October-December quarter figures. In one hit, Labor whittled away half the budget surplus of $22 billion, which was the legacy of the Howard government’s sound economic management. It was triumphantly heralded as a measure which would create 75,000 jobs, but unemployment has gone up, not down, and there is no evidence that any of those 75,000 new jobs have been created. Most saved their money, some spent it on household goods and some just went and spent it in hotels and poker machines. As most commentators have observed, this spending package has been a spectacular failure.

And then, of course, we have the latest $42 billion cash splash, the Appropriation (Nation Building and Jobs) Bill (No. 1) 2008-2009 and related bills, which Mr Rudd
arrogantly demanded had to be passed immediately and without scrutiny. How galling to expect this parliament to rubber stamp $42 billion worth of spending—the biggest single spending ever in our history—without so much as a by your leave! This is not a responsible or sustainable package and, judging by some of the correspondence I am receiving, many Australians agree with the opposition’s position. For this reason, we will be opposing it. And, even with these reckless cash handouts and massive debt fuelled spending, Mr Rudd’s package predicts unemployment will top seven per cent in just over a year, putting another 300,000 Australians out of work. This is, of course, on top of the projected 134,000 unemployed prophesised in the May 2008 budget.

Mr Rudd claims that the latest cash splash will support more than 90,000 jobs. But where is the evidence in support of that assertion? This cash splash—again nicely timed, for the January to March quarter—is designed to ensure that we avoid ‘technically’ going into recession. At the same time, Labor wants to triple—yes, triple—the Treasurer’s current standing authority to borrow up to $75 billion, increasing this to a staggering $200 billion. A $200 billion deficit will be put on the Rudd credit card, meaning every Australian will immediately be saddled with a debt of $9,500. This is a government in panic mode, spending out of control. This is even beyond Whitlamesque!

Labor will leave an enormous debt legacy. Generations of Australians will pay for this unbridled spending spree for decades to come without even the assurance that it will do any real good. Mr Rudd and Mr Swan tell us that this will be a temporary deficit. There is nothing temporary about Labor deficits. The Keating Labor government’s $96 billion debt and the budget deficit of those six consecutive years represented a drain of $9 billion per annum in interest payments—moneys that could otherwise have been used for myriad other things to help better the lives of Australians. This was all forgone so that we could pay off Labor’s debt. It took 10 years of hard work and tough decisions by the coalition to finally pay off that debt—10 years to pay off $96 billion. How long will it take to pay off $200 billion plus all the interest payments that will be necessary to service that debt? I fear that we will be swimming in red ink for decades to come. Labor forget that this is not their money. It is taxpayers’ money—money from taxes that Australians have worked very hard to pay. So it will not be Mr Rudd who will be paying off the $200 billion plus all of the interest payments; it will be the taxpayers of Australia who will be shouldering this massive debt for decades to come.

We know this decision to oppose the Rudd government’s debt fuelled spending splurge will not be popular. It may be unpopular with some, but it is the economically prudent thing to do. This is not a well-targeted package. A real stimulus package must be one that protects and creates jobs, supports small business and strengthens our economy. This package will certainly spend, but it will not stimulate. The coalition has stressed and will continue to stress that the most important issue is jobs, jobs, jobs. We believe that in the current economic climate a more restrained targeted package of between $15 billion and $20 billion is more economically prudent. We do not know how long the recession will last. Therefore, panicking and spending up big at the beginning may leave us in an even worse situation later. This is the difference between Labor and the coalition—panic stations versus prudent economic management born of a legacy of economic management.

The coalition have been consistent in our support of tax cuts as a means of maximising income support across the economy. Hence
we propose that the permanent tax cuts currently scheduled for 1 July 2009 and 1 July 2010 be brought forward and backdated to 1 January this year. In addition, we suggest that the Commonwealth pay a portion of the superannuation guarantee levy of small employers—being those with 20 or fewer staff—for two years. This will help them to improve their cash flows so as to protect and create jobs, not lay people off.

The Economist of 31 January 2009 contained a table which sets out an overview of recent fiscal and financial support in G7 and BRIC countries. All those countries included tax cuts as part of their stimulus packages. What this table shows, however, is that our spending of 6.4 per cent of GDP is higher than comparable economies, including the United States, even though, unlike those countries, we did not start from the same debt ridden base. Labor started with money in the coffers yet is projected to spend even more. This is economic irresponsibility at its very worst. And, of course, last week we saw the premiers and chief ministers paraded in Canberra happily accepting cash. Let us not forget that in the end Mr Rudd’s red ink strategy is more about propping up incompetent Labor state governments so that they are re-elected rather than the public interest of saving jobs and creating more jobs. With various state elections looming before Mr Rudd goes to the polls, including the corrupt and bankrupted state of New South Wales, this is more about saving Labor around Australia. And to do this, Labor, and those supporting this package, are prepared to mortgage the future of our children and our grandchildren for decades to come.

Senator BERNARDI (South Australia) (3.30 pm)—In considering the Appropriation (Nation Building and Jobs) Bill (No. 1) 2008-2009 and cognate bills, I was reminded of the poem The road not taken by Robert Frost. That is clearly where we find ourselves now as a nation and as an economy. We find ourselves faced with two divergent paths. One has the appearance of a nice, evenly laid road, clear of debris and sure of foot. The other one is on a slight incline; it is harder going, there are a few rocks and the footing is far less sure. But one of these roads leads to a higher peak. It is worth getting over the obstacles in order to achieve a better view, if you like, or a stronger base from which to climb even higher. The other one spirals down into a valley of darkness, a valley of debt and a valley of despair.

I specifically mention debt, because debt is what has got the global economy into the problem that it faces today. Australia is not immune to that problem (1) because we engage in the global economy and some of our major trading partners are experiencing very tough economic times and (2) because Australia has struggled with debt problems of its own. Thankfully those debt problems have not resided at the government level. I say ‘thankfully’ because over a decade of good economic management there was prudent management of the economy and the prudent and judicious use of surplus funds to repay $96 billion of Labor’s debt from the last time they were in the office, which saved us around $8 billion a year in interest payments. The coalition achieved that through good, buoyant economic times. We prepared for the future because we knew—like every family knows, like every small business owner knows and like every long-term economic manager knows—you cannot spend your way to continued prosperity. You have to pay back that which is borrowed; you have to repay the debts.

The debt that has befallen the Australian economy has largely been in the consumer end of the market, where people have aspired to have things and have bought them on credit. Credit was readily available in this country, principally because of very low
lending requirements and benchmark returns that were available internationally. A case in point is the United States, which is perhaps suffering the most in this global economic crisis. It made funds available at one or two per cent for very long periods of time. You could get a 30-year mortgage in America at three per cent or thereabouts, and mortgages, debts and loans were being made to people who had no prospect of repaying them. That is why we are in this mess: because people who had no income, no assets and no jobs were given vast amounts of money in the hope that that would create a better society and greater home ownership in society. But none of this money had any recourse to it.

In America, if you borrow money and you have a mortgage, you can walk away from it and it is then the mortgagee’s problem. There is no recourse to pursue the debt. This is not the same for government. Governments, when they borrow money, are taking it from the taxpayer. They are either spending tax money that they have got or spending tax money they have not got and they are borrowing from someone else. They are doing that and they continue to put that money into the economy in the hope of sustaining what sometimes is not a sustainable position. This is what has happened in America. It is what has happened in England. It is what has happened in Japan. The great fortune for Japan is that they have had a massive surplus, and they have been able to inject that money into the economy. And yet it has not made a skerrick of difference. Japan has been in and out of recession for the last 10 or so years, with very low interest rates, very loose monetary policy and very aggressive fiscal policy, and recession still has not worked its way out of the system.

I say this to the people of Australia: I think we have to understand that whenever there is what I have described as malinvestment—Alan Greenspan said it was ‘irrational exuberance’ in investment markets, or in any other market, quite frankly—taking place and people get carried away doing things they should not do, there is always a time when it has to work its way out of the system. People know they should not do it, that they should not get into that malinvestment, but they do it because they fear not participating in a boom or they fear missing out. The results are painful, it hurts, and sometimes there are some very difficult decisions that people have to make. They have to make tough personal decisions and they have to make tough business decisions on behalf of their employees, and sometimes governments have to make these tough decisions too. But they have to always take the long-term view about what is going to be to the benefit of the country over the longer term. That is what I fear this government has not done, and it is the reason why, in considering this package, it is very hard to subscribe to.

This government is hell-bent on avoiding a recession. No-one wants to see a contraction in the Australian economy. I do not want to see a contraction in the Australian economy. I want to see people kept in their jobs as long as they possibly can. I want to see people prepared to build a stronger base from which Australia can go forward, but building a stronger base means laying the right foundation. An empire is not built on a mountain of debt. You cannot build the Australian economy and make it prosper in the longer term if a foundation of unsustainable borrowing has been laid by the government just to avoid a bit of short-term pain. There is going to be pain in our economy. There is no question about that. I empathise with every Australian who is facing tough choices right now about what they can and cannot purchase, who they can employ or how they can sustain their businesses and look after the people that are with them.
The government has a very key role in this. It has a role to take prudent measures, but the emphasis here is on ‘prudent’. This package that has been put forward was cobbled together not only at very short notice—obviously after Mr Rudd had written his 8,000 word treatise on what is wrong with the world and how only he has the answers to it—but also with no real thought for the future. Injecting $42 billion into the economy, asking people to take their $950 handout and to go out and spend it, is not the right thing to do now. The people of Australia know it, but why would they say, ‘No, we don’t want your money even though we desperately need it’? If there is a party and someone is handing out free drinks, most people will accept one—and sometimes they might accept more than they should, even though they know the consequences will be felt tomorrow. The Australian people know the consequences of this judgment that the Rudd government is rendering to the people of Australia.

Senator Cormann—The hangover.

Senator BERNARDI—The economic hangover, as Senator Cormann said. The Australian people know that every dollar that is spent today, every dollar that is borrowed, has to be repaid. Let me let you in on a little secret, Mr Deputy President. Every dollar that has to be repaid comes from taxpayers. It will come not only from today’s taxpayers but also from future generations. If you need any more evidence about how short-sighted this government is, it is the fact that it is prepared to accumulate up to $200 billion of debt on behalf of the Australian people over the next four years. This is not a one-off injection by this government of $42-odd billion. This is not just plunging the Australian budget into deficit for next year. The government is going to plunge us into deficit continually for the next four years. The economically responsible thing would be to do what every family and every business says: ‘Yes, we might have a temporary problem this year. Let’s fix it and then let’s cut our cloth to fit our income.’ That is the wisdom that has been passed on from successful generation to successful generation since time immemorial. Rather than do that, the government just says: ‘No, we are going to keep spending. We are going to pursue every spending program we can and we are going to plunge this country into more debt than it has ever had.’

The question that every person in this chamber needs to ask themselves is: are we prepared to mortgage the future of our children so that we can have a brief respite from some pain today? That is the question we have to ask ourselves, because $200 billion worth of debt is going to cost, on the government’s own figures, $7 billion per annum to service. That $7 billion per annum has to be repaid. But then so does the capital, otherwise it will continue. We are sentencing our children and our children’s children to 30-plus years of repaying Labor’s debt. Is that a burden that I am prepared to wear? Am I prepared to saddle my children with the yoke of Labor’s debt for their entire working life? The answer to that is no. When I ask people out there in the community whether they are prepared to saddle their children and their grandchildren with debt for their entire working life just so they can receive $950 today, they say no. The Australian people recognise that this package is irresponsible. Yes, we all love a gift, but we also know that gifts have to be paid for by somebody. When you are paying for the gift yourself, it is not really a gift. That is exactly what every Australian will be doing. Perhaps they do not recognise that right now, but it is every taxpayer’s money. It is your money, it is my money and it is the money of every worker that is allowing this package to go forward.
There are other hidden consequences of this package. To raise $200 billion, which is a significant amount of money, means that the Australian government will be issuing bonds. Bonds, of course, go out there and soak up people’s cash investments. I may stand corrected on this, but on my reckoning the government will offer 3½ per cent or four per cent for people over a period of time and they will have to refinance them a bit later on. That money out there draws investment that would otherwise be available to private credit providers or some of the public credit providers, such as the banks. It dries up the pool of available funds for businesses.

In essence, we are robbing Peter to pay Paul; we are taking from future generations so that today’s generation—today’s workers—can receive a modicum of comfort. We are mortgaging the future of those future generations. And we are doing it to avert recession. As I mentioned earlier, recession is a period of negative growth—technically, it is defined as two successive quarters of negative growth. It is not a good thing for a country to experience or undergo. We have avoided recession for 16 years. We had uninterrupted positive growth in this country for 16 years because there was prudence in our fiscal and monetary policies. That prudence appears to have been lost.

Some of that, frankly, is due to international factors—some of it. But some of it is due to our own domestic approach. We have not encouraged enough savings perhaps. We have not been able to encourage enough thrift. There was a belief that the world had changed out there. The most dangerous words in any investment market are: ‘This time it’s different.’ You cannot refute the immutable laws that ultimately govern investment and productivity. People need to save. You cannot spend your way to sustained productivity. There is no greater example of that than the American economy.

In the American economy, the American consumer has been living beyond their means. The American economy, as a whole, has been spending far more than it should have. It has done this from a position of great influence in the globe. It has been spending more money than it has had. The consequences of that are being felt by us all now. They are being felt by those countries that have had large growth but which have also been dependent upon the American economy. The Americans were known as the consumers of last resort: if you could not sell something elsewhere in the world you could sell it to America because they had so much money to spend. That is what has sustained the Chinese economy. This fuelled Chinese investment and has helped the Australian economy. So, naturally, we are going to be impacted by this.

The question is: how do we get out of it? We do not have the same prudential or regulatory issues as other parts of the world do. So why then are we taking what I regard as an excessive measure—a measure which is greater as a percentage of GDP than those being taken by any of our comparable partners? Why are we accepting that this level of debt over four years is the way it has to be without contemplating any changes to government programs? I will tell you why: it is because this is a lazy government. This is a government that responds to crises on the back of an envelope. It responds rather than thinks proactively for the long term. We have to think for the long term. If we cannot think for the long term, if we cannot take a far-sighted approach to how we are going to manage our economy and if we are not prepared to suffer a little bit of inconvenience now so that we can respond adequately to future crises and so that our children—an entire generation—will not suffer for our own folly, the question is: why are we here?
Every family that I know tightens their belts when times are tough. They make some allowances and accommodations for their reduced circumstances. There are times when things get so tight and so tough that they need some help from government, and that is what government is there for—to protect and provide the right environment. But the right environment is not created by spending billions of dollars on Pink Batts. If that were the answer, the whole world would be covered in Pink Batts and there would be no economic crisis.

The right environment is not created by showering people with a one-off payment and telling them to go down to the local hardware store or electronics store and buy some consumer goods. That works in the short term; that gives you a sugar hit. Every parent knows that when their children have too much sugar it lets them run wild, stimulates them and fires them up. But they know that the low after that sugar hit—the crash—is always much deeper than it was before. There are many parallels that every family and every businessperson knows. And most economists know them, too. Most economists know that the Keynesian policies being pursued by this government are not sustainable over the longer term. Deficits matter. And this is not a one-off deficit; this is a four-year deficit. The result of that is possibly going to be ongoing deficits, a sharp reduction in government programs and a sharp reduction in productivity for decades to come. We are sentencing our children to something that we are not prepared to accept for ourselves.

Which path shall we take? That is the real question. Shall we take the path that is easiest for us? We can walk along that path carrying our plasma TVs under our arms wearing our iPods on our shoulders and be comfortable or we can do some hard yards for our kids and for ourselves so that in a year’s time, when the imbalance has worked its way through the economy, Australia will be better prepared to participate in future economic growth and will not be under the yoke of debt.

Senator LUDLAM (Western Australia) (3.50 pm)—I am pleased to speak on the Appropriation (Nation Building and Jobs) Bill (No. 1) 2008-2009 and related legislation. The global economic crisis is causing many Australians, including, apparently, our own Prime Minister, to step back and rethink the fundamental principles upon which our economy rests and in particular the balance between the market, the government and the community—the people that these institutions are meant to serve. At long last, in some small but persistent ways, capitalism is coming under some long overdue scrutiny as its terrible failures are laid bare every day.

The package of measures before us today represents a mixed and contradictory response to the crisis that has planted these seeds of doubt. On the one hand, there is a solid, long overdue and very welcome investment in affordable public housing. This is something that will make a lasting difference in people’s lives. It will provide relief to the construction sector, which has slumped in recent months, so the economic stimulus is there. And the impact will be lasting and not transitory.

On the other hand, the package has the imprint of a kind of desperation to rescue the runaway consumerism that speaks to a much deeper crisis. How do we rescue a consumer society from a crisis brought on by short-term thinking and toxic debt? Apparently, we rescue it with a massive short-term injection of cash to provoke urgent consumption, on anything at all, that takes the country deep into debt.

Many people are now reflecting on what the market fundamentalists have told us—
with little more than faith in the dominant theoretical models—about growth, about globalisation and about the infallibility of the market. It may seem abstract but it is a worldview that has very well served the interests of the multinational corporations, even as it undermined the foundations of the real economy. The privatisation and deregulation faiths that have been preached by both sides of politics for a long time have done nothing for sustainable or equitable development. Privatisation has not increased the efficiency or the quality of services, as our experience with public transport or our national telecommunications company has made abundantly clear.

The theoretical frictionless efficiency of markets is contradicted every day by corporate scandals and bailouts, or the kind of disaster we saw the week before last when BHP decided without warning to shut down the Ravensthorpe mine that was the only economic support for the town that had grown up around it. Today more than half of the top 100 economies in the world are corporations, not countries. The push to downsize governments, privatise assets and cripple the ability of governments to raise taxes, and this catch-all drive to deregulation, have seriously weakened the ability of citizens—of us—through our democratically elected parliaments and governments to ensure that food is safe, that we will not get ripped off by our phone company or that banks do not take excessive risks. Both here in Australia and in the United States, the two countries where the myth of the evils of ‘big government’ has been most strongly promoted, governments are now being forced to step in to address the crisis, reasserting that there is a role for government expenditure. But the expenditure should not be in bailing out large corporations and banks, as we have seen in the US, but in investing in long-term education, in the environment and in the elimination of poverty.

And we know now that there is also a role for government in regulation. What we see in this package is large government expenditure, but we do not see real advances in regulating the unchecked powers of banks and corporations to gamble and determine their own terms. This must be addressed with more than think-pieces in the Monthly; it also must be addressed with action—and urgently, Mr Rudd. What we have now is a form of volatile casino capitalism, where the financial markets have taken leave of the real economy. The oversimplified free-market ideology has made people vulnerable to financial crises. Let us remember that this is not the first financial crisis and, if we continue to invest in the boom and bust cycle, it will not be our last.

How do we structurally adjust our system to get human beings back into our idea of the economy? How can our economy meet the needs of people and not of profit and privilege? How can poverty be reduced? How can we reverse these trends? Most importantly, perhaps, how can we use this moment of reflection to tackle, head-on, the oncoming challenges of climate change, fossil fuel depletion, food shortages and water scarcity? We can see some of these factors in play with the welcome introduction of the spending on housing in this package of bills. The Australian Greens support the focus on social housing in the economic stimulus package that is before us. The housing sector’s call for an urgent increase in public housing has been heard at long last. We heard in the Senate Standing Committee on Community Affairs this morning that this funding is desperately overdue. It will not go close to meeting the actual demand for affordable housing that has built up over two decades, because we are catching up with 20 years of market failure in which people on low in-
comes have been let down savagely. Housing is a human right but in Australia we have treated it like just another asset class and cheered on a property bubble that has left millions of people in housing stress and now threatens many more with mortgage default as prices recede. So it is good to be in here today to pass legislation that begins to move us forward. But let us take a long hard look at the fact that the free market did not provide for everyone. It worked nicely for some, and it has really stranded many others, to the degree that up to 100,000 Australians now meet some definition of homelessness.

There are several unanswered questions, however, about how the package will work in practice. It is not clear how the Commonwealth will ensure that the states and territories will deliver the housing to those most in need of housing assistance. The Prime Minister has spoken of punitive measures to ensure states and territories discharge their responsibilities, but it is still not clear what these will be. It is also not clear what the reporting requirements will be under the intergovernmental agreement or whether the reporting will be public. We need to learn more about how the not-for-profit housing sector will be strengthened through this package as they willingly take up the responsibility for managing these new properties. How will the Commonwealth ensure fair and transparent tender processes and avoid conflicts of interest, when states are likely to be the main tenderers and also have a role in assessment? Will state and territory governments’ vetting of proposals take the form of recommendations to the Commonwealth, or will they have the ability to knock out or exclude some providers? We need to know whether Aboriginal housing providers will be able to tender for the funding for Aboriginal housing that come from eligible organisations, on their own or through partnerships, receive a preference in selection?

We know that the intergovernmental agreement between the Commonwealth and the state and territory governments includes references to energy and water efficiency, but the targets as they are fall well short of what we know the building industry is capable of and what the climate challenge and basic social justice demands. How will adaptable design components, ageing factors in place and disability access be benchmarked and reported on? Or access to public transport, access to services and preference for development in mixed-use medium and high-density centres with access to modern public transport? It is not acceptable to strand people in hastily built houses on the edge of town, far from services, employment and public transport, condemning them to high energy and water prices because we did not get the houses right in the first place. The department told the community affairs committee this morning that these issues are in the mix, but we still do not know how they will be benchmarked or reported.

I still do not understand why public transport was forgotten and left out of the package entirely. The answers to the questions that we put to the minister in this place last week certainly gave us no comfort. Including public transport in the package would assist Australians in real need of an essential service during a time of petrol price volatility and with peak oil still looming in the background. It would also increase the transit manufacturing sector in Australia. It would also reduce greenhouse gas emissions. Public transport benefits community health as pollution levels are reduced and people’s activity is increased. The fact that people on lower incomes live further from city centres and therefore pay greater prices to travel is well documented. Just to give you one example,
those living in inner-eastern Sydney use a car for roughly half of all trips, and travel on average 10 kilometres per day. In contrast, those living in outer-western suburbs of Sydney use private transport for nearly 80 per cent of all trips and travel on average 33 kilometres per day.

It is costing us a lot to keep forgetting about public transport, as we have with this package. The Bureau of Transport and Regional Economics estimates the cost of the health effects of motor vehicle pollution as $2.6 billion every year. The cost of traffic congestion in Australian cities has been estimated by the same bureau as $12.8 billion per year. The cost of road traffic injury and death is $1 billion per year. The higher demand for public transport investment over road funding is certainly by now a matter of record, and it was reflected in a recent Nielsen poll for the Age in Victoria. Of respondents to that survey, 62 per cent wanted the government to give public transport priority over roads. Support in Melbourne specifically was stronger again, with 68 per cent of respondents wanting more funding directed to public transport than to roads.

Building public housing—which we have acknowledged is an extremely welcome measure—without including on ground level, as it is built, fast, efficient and safe public transport does no-one any favours. It does no favours to lower income people to build housing that strands them on the outer fringes of cities, where they are acutely vulnerable to rising transport costs and falling land values.

Heritage is another opportunity not seized in the package. It is an opportunity that perhaps has been missed, but I hope that the government will see that this is one short-term way of stimulating the economy that can have lasting benefits. The National Trust, by way of example, estimated that for a modest $50 million, just as a starting figure, the government could ensure that urgent maintenance and conservation works started for the 250 properties and nature reserves held by the National Trust. This is the sort of work that would engage construction workers, builders, electricians, plumbers and specialist conservators of heritage properties. It is work that would help in the short term but would also have a lasting impact on protection of our built heritage. It is part of our obligation not just to our ancestors and grandparents, who passed these places on to us, but to our children and grandchildren. It is also one easy example of how a short-term economic measure can be converted into something lasting, particularly in regional areas, where many of these properties are located. That $50 million could also be used to improve the environmental performance of properties in energy and water management. In many cases the planning has already been done, and these projects could get off the drawing boards and into the real world very quickly. These properties could become showcases of what can be achieved in making heritage listed properties clean and green.

We know that overall portfolio funding for heritage has reduced by 5.7 per cent and core departmental heritage funding has reduced by 9½ per cent. Compared to 2001 funding, the 2008 heritage budget represents a massive reduction of 21 per cent. So we are going backwards. This sector clearly needs an influx of funding to prevent a part of our collective history from further neglect.

I would like to make a brief observation about the kinds of jobs that are being created and what is happening to the unemployed with this stimulus package. As has already been noted by many participants in this debate, and as it was in the December package, the unemployed have been completely forgotten. As Senator Siewert pointed out, the unemployed have been relegated to a foot-
note in this package, quite literally. ‘Jobs now’ is the government’s goal, and around 90,000 jobs are expected to be created in the next two years through this package.

I want to touch briefly on the areas in which employment will supposedly be stimulated. The building industry will construct schools and 22,000 units of housing. Workers will be engaged to insulate homes, maintain roads, build boom gates, install solar and heat-pump hot water systems, and so on. These are predominantly jobs currently done by men. Some of these sectors include women, of course—my colleague in Western Australia’s parliament Giz Watson is a builder of great skill and not insignificant fame in WA—but the point that I am making is that these are areas in which men are predominantly employed. Sole parents have the highest risk of poverty, and the economic downturn will particularly affect female headed households. Let us be clear that the face of poverty in Australia is a woman’s face. According to a 2004 Senate report, 91.5 per cent of jobless sole parent families are headed by women.

This economic stimulus package could do with some analysis by those expert in the field of gender responsive budgeting. Gender responsive budgeting is an instrument developed by UNIFEM which is now in wide use around the world. It is about ensuring that government budgets, and the policies and programs that underlie them, address the needs and interests of individuals that belong to different social groups. It is not about having separate budgets for women and men, nor is it about dividing budgets equally; it is about determining where the needs of men and women are the same and where they are different and providing appropriate allocations for those needs. The jobs provided in this economic stimulus package would not stand this test.

In conclusion, I have commented mainly on matters that go to the lasting and not ephemeral impacts of the package. We face a short-term crisis of confidence in an economic system that has been driving blind since before any of us were here. As we consider these measures in coming days and in some detail, I hope that we can keep this big picture in mind and look to the long term.

Senator KROGER (Victoria) (4.05 pm)—As a Victorian, this week is particularly difficult and challenging—a tragic week, indeed. The whole nation is still in shock, struggling to come to terms with the devastating loss of lives and homes. In the most horrible firestorms, more than 170 people have lost their lives, whole townships have been wiped out, more than 750 houses have been destroyed and 330,000 hectares have been burnt. Last Saturday, 7 February, was clearly one of the darkest days of our nation, with families, friends, emergency services and volunteers still struggling to cope emotionally.

This unprecedented tragedy has made business as usual impossible this week. It was only right to suspend parliamentary business on Monday in favour of a condolecence motion on the Victorian bushfire tragedy. Now we have to focus on immediate emergency relief, but we must also start to think about how to rebuild the destroyed townships—although today many are still under threat. The immediate support has been overwhelming, with firefighters from Victoria’s neighbouring states coming to our aid. Thousands of Australians and many private companies have made donations, and they all deserve a very big thank you. Their help is highly appreciated, and I am proud to see Australians stand together once again in times of need. I do not think there are any other people like the Australian people.
This is a spirit we should not forget about this week—neither when talking about the Victorian bushfires nor when returning to parliamentary debate. We have talked a lot in the last few weeks about emergencies, immediate help and cash payouts. Those terms do not only apply to the Victorian bushfire disaster; they are also recited frequently when discussing the Appropriation (Nation Building and Jobs) Bill (No. 1) 2008-2009 and the related bills. The stimulus plan has been proposed as a rescue plan—one that the Rudd Labor government came up with overnight and introduced into parliament last week. This $42 billion rescue plan intends to legitimise Australia’s largest increase in government expenditure in 35 years.

Despite the so far undreamt of scale of government expenditure, this so-called rescue plan was not intended to be discussed, debated or scrutinised in parliament. To put it in Mr Rudd’s words, ‘this is time for action, not for debate’. If Mr Rudd had his way, the opposition would have shut their mouths, closed their eyes and pretended they could not hear a thing—just like the famous three monkeys. But this is a chamber of scrutiny, not a home to monkeys.

I find it outrageous that the Senate has been asked to completely abandon core values of this institution, such as the battle for the best ideas and the scrutiny of government expenditure. Not too long ago—in fact, just over a year ago—Mr Rudd would have been outraged if anybody had tried to muzzle the Senate. For the 11 years of the coalition government it was Labor who claimed the Senate must operate as a house of review. Now, just 15 months after a change in government, Labor has changed its tune.

Senator Chris Evans has accused the opposition of arguing while Rome burns. Kevin Rudd has demanded the coalition get out of the road and pass the $42 billion stimulus package. For a Prime Minister who has never run a business or been personally responsible for the employment and welfare of staff it smacks of ignorance and arrogance. He proclaims to know what is best for all Australians and yet he does not have any experience to bring to the table—a high-risk proposition indeed.

Mr Rudd’s behaviour is clearly at odds with the example of the new Obama administration. US President Barack Obama did not try to outmanoeuvre or muzzle the Republicans; on the contrary, he invited his political opponents to the table to reach a joint solution everybody could agree to. If only Mr Rudd could learn by his example. Mr Rudd is clearly not interested in consulting with the coalition to find the best deal for Australia. It is either his way or the highway.

The coalition is not opposed to a reasonable stimulus package. However, we do not support Mr Rudd’s panic-stricken plan, which is responsible for the biggest turnaround of a federal budget ever—plummeting from a $22 billion surplus to a $70 billion deficit by 2011-12. Mr Rudd is throwing all the money he can muster into the system, hoping that his hasty decision will prevent a recession.

My parents always taught me that if too much adrenalin is pumping through your veins you should take a break, breathe deeply and calm down. Good decisions are not made when panicked. We need to cool down. We need cool heads, and we clearly need more time to consider. One week of debate will hardly make a difference—neither to the economy nor to timely payments. Even officials from Centrelink confirmed this during the committee hearings. Yet, one week of debate will make a big difference to the outcome of the package. Just think of the multibillion-dollar typo about defence housing, which would have not been
discovered if we had not scrutinised the bill. It would indeed make a difference if you spent $2.42 billion instead of $252 million. This typo is one of many signs that this panic-stricken package was patched together in great haste.

The coalition are not oppose spending when it is directed at improving productivity and saving jobs. We continue to do whatever is in Australia’s best interest. In contrast to Labor’s spending spree, the coalition would invest a more modest $15 billion to $20 billion at this time. Almost all economists agree that the downturn has a long way to go, and yet the Rudd Labor government wishes to fire all its bullets at the first engagement. In tough times like this we have to be prudent. We must make sure we hold another card up our sleeve in case we have to play an ace at a later time. This is smart and it is logical.

Of course, we are in a better position than the rest of the world. Our economy is actually the envy of the world because of the coalition’s sound fiscal management. The coalition has provided the Labor government with a record surplus of $22 billion—a surplus that no Labor government has ever achieved. It took us 10 years to pay back Labor’s debts. In 1996, we inherited a debt of $96 billion. We were paying interest of $8.5 billion per annum—$8.5 billion which could have been spent on families, hospitals, schools and infrastructure.

Today is a sad day, as we are talking about unprecedented levels of debt. Mr Rudd intends to max out the government’s credit card much further than ever before by pushing the limit. He is asking us for support to take the nation $200 billion into deficit. This means $9,500 debt for every Australian man, woman and child. On top of this we have to calculate the interest rate payments. Thanks to Senator Conroy, who has already given that advice, we know that interest rate payments will grow to $2.6 billion by 2011-12.

I am deeply concerned about this scenario. Not only will our economy no longer be the envy of the world but we will also lose the capacity to deal with emergencies and acute crises. Instead of a strong, healthy economy we are heading towards a paralysed Australia—an Australia, not able to respond to global dynamics.

I am asking those opposite: what does your package hold to reduce the costs of doing business? What incentives does your package hold to encourage companies to keep existing staff or even to hire new personnel? What does your package hold for the 100,000 Australians who are expected to lose their jobs this year? What does your package hold for long-term infrastructure investments which will truly advance Australia? How does your package ensure that state governments will spend the money for schools and infrastructure in a timely way? There are many questions but no answers from those opposite.

A better quality of spending is where production is lifted, where new jobs are created. Yet there is no evidence that Labor’s package will deliver. Even Mr Rudd himself admits that there is no guarantee that his ‘big spend’ will do the trick. He merely hopes that all this will protect up to 90,000 jobs. It is hard to believe Mr Rudd, given that he promised us that the last cash splash, before Christmas, would create 75,000 new jobs. It was a $10.4 billion splurge, and where has it gone? Today there is no talk about these new jobs anymore. It is another broken promise, like so many before.

We need to act now, but our reaction must be well thought through. The coalition suggests a solution which will cater for emergency relief whilst minimising public debt. The coalition suggests bringing forward the
permanent tax cuts currently scheduled for 1 July 2009 and 1 July 2010. They should be backdated to 1 January this year. This measure would leave a two-income household earning $80,000 approximately $1,700 better off. However, this is only the consumers’ side covered. What we need is to protect and to encourage employment, especially in the small business sector. Whilst the Rudd plan does not think this important, we do. The coalition believes measures must directly target the cash flow position of small firms.

I go back to an earlier remark I made in my opening statement: you have to have run a business, you have to have been personally responsible for the employment and welfare of staff, to have any appreciation of what is needed in these times. I implore those opposite to think very carefully about this and to sit down with us so that we can come up with the best possible package and deal for all Australians.

Senator SCULLION (Northern Territory) (4.17 pm)—I rise to speak to the so-called stimulus package, the Appropriation (Nation Building and Jobs) Bill (No. 1) 2008-2009 and related bills. Even the name ‘stimulus package’ is a name that is usually used historically. You use ‘package’ to describe something that has actually worked. You say that something has been a stimulus package rather than just apply the name in a very hopeful way. I do not support, and the coalition do not support, the passage of this package of bills. There are two principal reasons for that. The first is that it will not work. We will look back historically and we will not call it a stimulus package; we will call it a spending spree. If we are going to put a bit of a badge on it, I think that is a pretty good place to start. The second principal opposition we have to this is that, in this place, we always look to ways that we can make Australia a better place. People ask us, ‘What do you do?’ Well, in those quieter moments when we think about what we do in this place, we think we provide a legislative framework that ensures that future generations of Australians can enjoy a better Australia with more opportunities than were provided to us.

I will not support a spending spree that leaves a legacy of huge debt to future generations of Australians and I will not support a spending spree that is based on a political strategy rather than an economic one. We know of the importance of good economic strategy because we have actually had a bit of experience in that matter. The previous coalition government, as has been articulated many times in this place, had a great deal of experience of managing an economy that, when we inherited it, was in complete tatters. It was in complete tatters because, I suspect, those who were in charge of the economy before us slipped into the political strategy which they appear to be embarking on again in this place.

It was not by mistake that the Labor government inherited a $20 billion surplus and $70 billion in savings. The great irony of the savings is that that was a planned legacy for areas like communication and particularly for young Australians in education. It was set aside, and how proud we were in government at that time. We thought that our economic legacy, through an economic strategy, was going to leave Australia a better place with more opportunities, particularly for young Australians.

Let’s have a look at the economic environment that we left. Australia had a world-class banking system. We had a well-capitalised banking and financial sector. It was very profitable and very well regulated. It was well regulated to such an extent that, by and large, we did not use the credit processes and lending processes that were used around the world, and particularly in the
United States, that led not only the United States but the rest of the world into these very perilous economic circumstances. When the trend towards using so-called low-doc loans started to happen, the previous Treasurer, the member for Higgins, Peter Costello, made some substantive changes that were without precedent in the world. We had APRA, the Australian Prudential Regulation Authority, which went out and ensured that the sorts of loans that banks and financial institutions were giving were ones that people had the capacity to repay. There were very tight regulatory circumstances. This insulated Australia very much from any of the huge downturn that we have seen and the huge lack of confidence in the financial sector.

Australia was also debt free, and of course that came from the work of genuine economic conservatives. Unemployment was the lowest in 30 years, and I do not like to see it as unemployment being low; opportunities for young Australians were at their highest for 30 years. We had inflation at historically low levels and, ironically, the credit rating that will allow this government to take this country into record levels of deficit was provided by the previous government. The credit rating is back to a AAA credit rating, after it went down under both the Hawke and the Keating governments.

But it was not all clear sailing when we provided this economic guidance. There were SARS, the Asian meltdown and 9/11. The difference between us and those on the government benches is that we did not have a political strategy—we had an economic strategy. We should not be duped by all the cries from the other side: ‘We are fiscal conservatives.’ They say, ‘Support this package; it’s all going to be okay.’ Senator Conroy will be summing up later tonight, and he will be saying, ‘The future of the children is in our hands; you can trust us.’ But do not be duped. The only guarantee that the government can give the children of Australia is that they will be paying $27 million every day just dealing with the interest bill. We can guarantee that. That is absolutely set in stone. But it is probably the only legacy set in stone in this place. This is because from the first day that the Rudd government got into this place they have pursued a political strategy.

Warnings of the crisis in 2007 were ignored. Why? Because the government had a political task at hand—to burn down the Howard legacy of being good economic managers. We spent a bit of time ignoring the opportunity to implement an economic strategy and focused on the political. The inflation genie was out of the bottle, the inflation monster was there writ large, and so we did everything short of forcing the Reserve Bank to put up interest rates. They were certainly encouraged. They were under a great deal of pressure. And what did that do? At a time when the rest of the world was wrestling with a slowdown in their economies, we had the handbrake locked on hard. The next thing we did was to ignore the collapse in business confidence—the lowest in 14 years as a consequence of those activities—and just move straight on to a bank guarantee. Hairy-chestedness appeared to be the thought of the day, so we needed a completely uncapped bank guarantee. Economic conservatives on this side advised, ‘No, steady; you want to be careful about that because there could be some unintended consequences’—and of course there were. Against our advice, they moved that way. There are 250,000 Australians who now cannot get access to their frozen investment funds. The advice we had from the other side was to sneak off to Centrelink.

The next piece of economic genius was the $10.4 billion cash splash. On Thursday, 14 October 2008, we were promised that
75,000 jobs would be created by the $10.4 billion handout before Christmas. We have had assessments from Treasury and all over the place, though there is no assessment that says this handout worked, that this provided a substantial and sustaining injection of growth into the economy. It has almost been a blink in time, and we have the next tranche. We are now proposing a $42 billion spending spree. I can recall the other day the Treasurer saying: ‘What’s wrong with you in the coalition? The congress in the United States has just passed an $800 billion package. That’s in the national interest. Why couldn’t you just get on with it? Stop standing in the way.’

It is interesting to see the difference between what is happening in the United States and here. We have a Treasurer here who has completely panicked. The United States waited 12 months. I think it was on the 13th of this month a year ago that President Bush made an announcement to spend $168 billion. We had 12 months to see how that went. Many aspects of that were effectively handouts. They looked carefully at it and recognised that it did not work, so in the next policy that part was left out. Here we had in December a decision to spend $10.4 billion. We do not know exactly what has happened. We have a fair idea that it has not worked. In the following quarter we have rushed to put out another one, and we have had no assessment of how the previous one is going. The timing could not be more cynical. I think the fact that there have been announcements two quarters in a row shows that some of the pundits who are saying that this is just a cynical political strategy to ensure that the growth figures are kept slightly in the positive are spot on. One would hope this means that we can look forward to a brand-new political strategy in this area every quarter. We will all look out for that.

We know that handouts do not stimulate the economy in hard times. Australians, as do many on this side of the parliament, in hard economic times go back to the old values of thrift. We save. We put aside. In the first so-called stimulus package, people did not rush out and spend the money—these are hard times. They retired debt and they saved two-thirds of it. As an economic stimulus, this did nothing. I think one of the members of the Reserve Bank said there was probably a return of value of 10 per cent—hardly something I or anyone in the business world would call an investment. The handouts in the new package total about $12.7 billion, which is not going to provide an economic stimulus, as we know. It is a bit like a company providing a dividend that they have borrowed. They have not actually made a profit but need to provide a dividend, so they go out and borrow it. It is economic lunacy.

Then we have the $4.7 billion for school halls. Again, because it is a political strategy, it is going to be wildly popular. We have people in Canberra and in schools around Australia saying: ‘What a fantastic thing. Great stuff. Can’t have enough halls and gymnasiums.’ And who would knock that? It is like trying to knock motherhood. But, if this is what people see as an economic investment in long-term infrastructure to ensure that we move into growth in this country, they are sadly misguided.

If you are going to provide schools with these sorts of initiatives, you would have thought that you would have been able to provide them in a way that was flexible enough for schools to be able to use them. Ross Park Primary School in Alice Springs, for example, has as normal days the sorts of days that we have been recently sweltering in in the southern parts of Australia, and they are trying to learn in those conditions with ‘swampies’—what we call the old types of air conditioners. They do not need a new gymnasium or hall. They want split-unit air conditioning, but this package is not sophis-
ticated enough to allow all of those schools to genuinely get on the bandwagon and get some genuine benefits.

It is now claimed that this package will support 90,000 jobs, and it has been great to see in this place that people have not missed the cynical rhetoric change where it is not actually ‘creating’ jobs. The first package said that we would ‘create’ 75,000 jobs. The stamp has gone ‘brrr—failed’. The new package says that we are going to ‘support’ 90,000 jobs, so I suppose no-one can ever say that it has failed, because we will never be able to show how many jobs have been supported. I do not know what sorts of statistics or benchmark you could actually put on ‘supporting’ jobs. But even supporting these jobs is a cost of $400,000 a job. However, the most important question, of course, is for how long? Where is the sustainability index in all of this? How can we have confidence that these numbers are going to be sustained for some time?

We should be very conscious in this place to support legislation that supplies a legacy of a better Australia. This spending spree is not one of those pieces of legislation. Going into so-called temporary deficit in the past has not been particularly temporary. It has led to some of the hardest times, particularly for young Australians, that this country has seen. How long are we going to go into deficit? No-one seems to know. But I know this for sure: what the government is asking us to do is to provide a debt for future generations of $27 million a day just in interest. Basic arithmetic will do the rest for you—grab a calculator and frighten yourself. It is $189 million a week on just the interest. That sort of debt is frightening.

It is not that it is horrifying that you will have to pay it back; it is what you will have to forgo. Can you imagine the science we are going to miss out on? Can you imagine the building of schools every week, the hospitals and the wonderful innovation in Australia that we are going to miss out on? We are going to miss out on all of that. We will not be the ones to miss out; it is our sons and daughters and our grandchildren that will miss out on this wonderful legacy of being able to continue to look at savings that have been put aside for them rather than an impost of $189 million a week.

Anyone who believes that this package is going to move us away from a recession into growth is wrong. It is only going to provide half a per cent growth and it is going to cost us over $40 billion. It is going to be taking us into deficit and debt. That is not in anyone’s interest and it is not in Australia’s interest. That is why we will not be supporting this legislation.

Senator HANSON-YOUNG (South Australia) (4.32 pm)—I rise today to speak to the government’s $42 million stimulus package that, as the government puts it, aims to provide long-term infrastructure building for Australia. While the Greens have stated on the record our support for the intent of this package, we do raise genuine and serious concerns about a number of the areas that have failed to be adequately addressed within this package of the Appropriation (Nation Building and Jobs) Bill (No. 1) 2008-2009 and related bills.

My colleagues have outlined a number of these concerns on behalf of the Australian Greens. Today I would like to take this opportunity to raise the issue of the lack of support for parents with younger children through child care and parental leave and the problems associated with the proposed training and learning bonuses for university students. I would also like to point to the glaring omission of any funds to support struggling communities who rely on a healthy Murray-Darling Basin and, in my own home
state of South Australia, the forgotten people of the Lower Lakes.

Firstly, I would like to address the lack of attention given to rebuilding the childcare sector within this stimulus package. While we welcome the injection of $14.7 billion into education infrastructure over three years for Australian schools, my question to the government is: where is the investment into child care? Where is the investment in early childhood education? Does the education revolution only start from four years old, when we know that the most crucial years of learning are from birth to five?

The collapse of the profit driven company ABC Learning should serve as a timely reminder to policymakers here in Canberra that the time has come to rethink and reinvest in child care and to recognise that child care as a whole must be considered as an essential part of any early childhood education plan. While we all recognise the global economic environment is in turmoil, the scope of the funds injected into educational infrastructure should include the development of new childcare centres across the country, which will help cut the waiting lists that families are faced with on a daily basis, and provide the opportunity to apply for one-off funding for essential maintenance and infrastructure issues. Childcare centres around the country, particularly those run by non-profit organisations and the community sector, are struggling with buildings that desperately need maintenance and support.

Creating new childcare centres—260, to be precise—is not a foreign concept. Back in July 2007, as part of its election platform, Labor promised to provide capital funding to build 260 brand new childcare facilities, stating that it was determined to cut the waiting list for childcare places by creating 260 new childcare centres and creating preschool places for all four-year-olds. Where has this commitment gone? Surely at a time when the government is trying to stimulate the economy through providing cash bonuses, infrastructure funding and committing to their education revolution, staying true to their election promise of creating more than 200 new childcare centres and fast-tracking their construction and generating more jobs would have been included in this package.

Blaming the delay on the collapse of the ABC Learning monopoly is simply not good enough. Yes, the government has injected more than $50 million into 241 ABC Learning centres that have been deemed unviable, but the government has admitted that some of the centres will close their doors once the prop-up expires on 31 March. That is not to mention the numerous centres that have already closed over the last three months around the country. Waiting lists for children aged birth to two are growing and growing by the day. So, with centres closing across the country, we are faced with the prospect of even bigger waiting lists. It is a prime opportunity for the government to recognise child care as an essential service, particularly when they are investing more than $14 billion into their Building the Education Revolution package.

While I acknowledge that 38 of the government’s promised 260 early learning and care centres were budgeted for in the last budget, the fact that we are still awaiting actual construction of the sites is concerning. This stimulus package was the perfect opportunity for government to lend a helping hand to a sector in need and provide capital works projects that could have highlighted its commitment to the reform of child care and to investment in a quality and well-resourced early childhood education sector. Unfortunately, it seems, the education revolution is for four-year-olds and above.
The next issue I would like to address relates to the training and learning bonus for youth allowance, Austudy and Abstudy recipients. Under this stimulus package the federal government has proposed that students eligible for youth allowance, Austudy and Abstudy who were enrolled by 3 February 2009 would be eligible to receive the $950 payment, despite the fact that 3 February is earlier than many students enrol or re-enrol. During Friday’s hearing of the Senate Standing Committee on Finance and Public Administration, I asked the Department of Education, Employment and Workplace Relations exactly how many students would be eligible for this training and learning bonus given the early date of 3 February. While I am still awaiting the official figures, it seems to me that the 3 February date was simply picked without much attention given to the impact on and timing of enrolments for university students across the country. Many universities have not yet even finalised their second-round offers, let alone enrolled the new students, which highlights how unrealistic and arbitrary this deadline actually is, particularly as it excludes many full-time students who would be able to put this money to good use. The Greens are therefore calling on the government to reassess this arbitrary 3 February cut-off date and extend it to the more realistic university census cut-off date of 31 March.

The current youth allowance fortnightly payment for single individuals living out of home is a measly $371, well below the Henderson poverty line calculation of $616. One can see that the $950 payment would have proven useful for students establishing themselves for the new academic year—for example, to help purchase textbooks or set up new living arrangements for the many new students moving out of home. If the government is serious about supporting students in this economic crisis, actually ensuring they have access to and qualify for the $950 training and education bonus is essential. It is not good enough to say it is there if students are not eligible for it.

I would like to briefly touch on the issue of paid parental leave. Despite offering one-off payments to some, working mums and dads have again lost out, with no sign of paid parental leave on the agenda to ensure parents have the opportunity to stay at home with their young children. An economic stimulus package that gives mums and dads some financial security and a helping hand with a new baby just makes sense. Now more than ever is a time to be supporting working parents with a government funded paid parental leave scheme. Australia is one of only two countries in the OECD without such a scheme. This is an opportune time to give parents a fair go. While I understand that the Productivity Commission is due to hand down its final report and recommendations to the government at the end of the month, I hope for the sake of working mums and dads across the country that a paid parental leave scheme will not be forgotten in this year’s budget. We must see a genuine commitment from the government to include a paid parental leave scheme before the end of the financial year.

Finally, I would like to turn to my home state of South Australia, where years and years of mismanagement of the Murray-Darling Basin are taking their toll on our local communities and economies. The communities living along the Murray-Darling Basin, in particular along the lower Murray and on the Lower Lakes in South Australia, desperately need a helping hand from government. It is disappointing that the government has not taken the opportunity throughout this stimulus package to help rural Australians, in particular those who are relying on the dying Murray. The need for fresh water in the lower Murray and the
Lower Lakes in South Australia is just as urgent as our response to the financial crisis. We need to secure freshwater flows to restore the river and lakes to health and ensure that the communities that rely on them are sustainable. I call on the government to urgently rethink its commitment to the Lower Lakes, the Coorong and the lower Murray in South Australia. I urge the Prime Minister to have a word to the South Australian Premier, Mike Rann, to ensure that some of the $200 million provided by the federal government to the state government is immediately spent on securing freshwater flows.

Hundreds of people on the lower stretches of the Murray are out of work because the health of the river is diminishing in front of them. Some of this money could have been put towards employing local people in the area, particularly in the Lower Lakes region, to help them carry out bioremediation. We need to engage the local people in finding a solution and help them in this time of need.

While the Greens have indicated that we are willing to work constructively with the government to enhance the current $42 billion package, ensuring that this suite of legislation is properly scrutinised is an essential part of upholding the historical role of the Senate as the house of review. It is important that we have taken the last few days to look at this legislation to pick up the hiccups, the errors and the typos that the government have left in this package in their haste to throw it together. Now more than ever, as we face economic hardship, we need the government to show leadership. I hope that the concerns that we have raised as the Australian Greens, and the concerns I have raised in relation to the lack of childcare funding, restricted supports for students, the failure to provide any solid commitment to a paid parental leave scheme and the forgotten people of the Lower Lakes, will be examined by the government before we consider how we will vote on this $42 billion package.

Senator FIFIELD (Victoria) (4.43 pm)—As a Victorian senator, this is the first time I have risen in this chamber since the awful and traumatic events in my home state over the weekend. Like all my Victorian colleagues, including Senator Ryan and Senator Marshall, who are in the chamber, I have been distracted and preoccupied. It has been hard to concentrate—I think colleagues will agree—though I do hope to have the opportunity tomorrow to speak about what is happening back home. There is work to do here today, but in doing so what is happening back home will never be far from my thoughts.

My purpose here today is to talk to the Appropriation (Nation Building and Jobs) Bill (No. 1) 2008-2009 and related bills before us. We are, indeed, in difficult economic times. That Australia would face an economic challenge in the wake of the US subprime crisis was inevitable. The global financial crisis has wider and more serious implications for national economies than many had predicted. Many of our top trading partners are in recession. The IMF is predicting world growth to be just 0.5 per cent in 2009—the worst global figure since World War II. High commodity prices, which have contributed to Australia’s recent economic growth, have collapsed and even China, a core part of the growth engine for the world economy in the last decade, is cooling dramatically.

It is clear that these challenges demand action. No responsible government would sit idly by through such a crisis. But the circumstances do not just demand action; they demand calm assessment, sober judgment and a well-formulated and well-executed plan. It is important that the response is targeted, cool-headed and precise. It must recognise the
seriousness of our challenges and also be mindful of the wider implications of taking action. Any economic package designed to boost our economy will not be cost free. Every dollar that the government spends addressing this crisis is a dollar that cannot be spent on something else of value. Any government considering taking the budget into deficit and borrowing money must approach such plans warily and with the utmost caution.

Thankfully, Australia is in a very strong position. Just last week officials from the Department of the Prime Minister and Cabinet appearing before the Senate inquiry into this legislation agreed that Australia was in a much better financial and economic position than almost any other country in the world, and it is not hard to see why. The incumbent government inherited an economy with no net debt. They inherited a currency which was AAA rated and a government with an impeccable credit rating. They found themselves with financial markets so well regulated that Australia’s four largest banks were in the soundest financial position of any in the world. They inherited APRA, a world-leading financial market regulator put in place by the former coalition government.

It is no coincidence that there have not been any bank failures in Australia so far. We have not faced the difficult experiences of the United Kingdom with the Royal Bank of Scotland or Northern Rock. We have not had to bail out financial institutions or spend billions of dollars buying bad debt to keep them afloat, as has happened in the United States. In fact, the only turbulence Australians have experienced in the banking sector was thanks to the government’s bungled deposit guarantee, which undermined the confidence of non-bank deposit holders. This highlights the wider implications of taking decisive action. In this case the government acted quickly and probably did more harm than good.

The last Labor government, led by Mr Keating, left Australia with a $96 billion government debt to pay off. But even that enormous sum was racked up over 13 years in office. In just over one year in office, Mr Rudd is asking us to increase his credit card limit to $200 billion. If we were bank managers and an applicant came to us with the repayment history that Labor has, there is no way we would ever approve a loan of that magnitude—let alone a smaller amount. This situation should not surprise us. Any psychologist will tell you that the best predictor of future behaviour is past behaviour, so we should not be surprised that Labor has the budget on track for deficit and debt yet again. The only surprise is that the government has done so in barely over one year.

It took the coalition 10 years to pay off the last Labor spending binge, and it took disciplined financial management, something it seems that only this side of the chamber is capable of. When the coalition took office in 1996 it was, as the former Treasurer said, a bit like a responsible flatmate coming home after a wild party. The clean-up was long and not particularly pleasant, but at least we had a clean house to be proud of when we were finished. We had hoped after a long period of going cold turkey that our irresponsible flatmates might have learnt from their mistakes and not trash the house like they did before. But the moment they are let back in, sadly, the flatmates go back to their old habits. The question is: how long will it take for a future coalition government to clean up what could become a $200 billion mess?

Of course, the Prime Minister and the Treasurer counter that these are extraordinary times and that this is a grave situation which demands urgent action. They state that they do not really like deficits but circumstances demand a decisive response. It is possible to be decisively right. It is also possible to be decisively wrong. That is where
the coalition fears this government is heading. Let us look at what we are getting for Labor’s proposed debt of $9,500 for every man, woman and child in Australia.

Treasury says that the package will support 90,000 jobs, unlike the last package which apparently created 75,000 jobs. I eagerly await the updated unemployment figures showing a decrease in unemployment of 75,000. But let us take the government at their word and assume that this spending package will support 90,000 jobs. Forty-two billion dollars of taxpayers’ hard-earned money will be spent to support 90,000 jobs. That works out at more than $450,000 per job. It is an interesting figure and this gets me to the heart of our criticism of this package. It is an extraordinarily poor-quality spend. Forty-two billion dollars is an enormous outlay of taxpayer dollars and it will be responsible for driving this government deep into deficit and debt.

So we on this side of the chamber would want to be supremely confident that the expenditure was well targeted and represented the best use of taxpayers’ money. But this package clearly does not provide for that. The one-off sugar hit, in the form of $950 cheques, will evaporate as soon as the cheques are mailed, just like the $10 billion pre-Christmas spend. What is the medium-term benefit or long-term benefit of all this for the Australian economy? It is not being used to increase Australia’s productive capacity. It is not being invested to upgrade our infrastructure as much as it should be or to make Australia a more internationally competitive, attractive place to invest in. What it does is plunge the budget into huge deficits for years to come.

Insulating homes to lower the costs of heating and cooling is certainly a worthwhile project, for instance. I am sure that Australians appreciate support to make their homes more energy efficient. But is it really a useful tool to stimulate the economy? We are talking about a huge, narrowly targeted increase in government spending on a tiny part of the economy. It will certainly be a boost for those who produce insulation and for those who install it. But how many Australian jobs are going to be created or saved by such a massive boost to a small industry? What is likely to happen is this: a massive, unscheduled increase in demand for home insulation will see a major spike in the prices of home insulation. Some employees from other productive sectors of the economy will switch over to installing insulation in people’s homes. Once the government incentive stops or the installations are complete, the insulation sector will experience a massive contraction and a huge percentage of its workforce will be laid off. So what have we bought for our billions of dollars? Massive price increases, an artificial short-term boost and then a crash in a tiny sector of the Australian economy. That does not sound like a smart stimulus package to me.

Let us be honest. The home insulation policy is in the package for one reason and one reason only: so that Mr Rudd can claim that the package not only boosts the economy but supports green jobs and is helping to fight climate change. If the government were genuinely interested in boosting the entire Australian economy, not just in headlines, then their measures would have been wide ranging and broad based, like the coalition’s alternative plan. Investing in schools, for instance, is a worthy objective—so worthy that the previous coalition government had a terrific program called Investing in Our Schools. Schools across Australia benefited. Sadly, this government chose to discontinue that program. The government are in part endeavouring to resurrect this program by promising a new library, a technology wing and a language laboratory for every primary
school across the country. But their program is not targeted. It does not matter if a school has just built a new library or if it is the wealthiest, poorest or most remote school in the country.

I do not believe that this is the best form of stimulus for the Australian economy. Will it expand our ability to trade, produce or invest? Will it augment our productive capacity in the short term? Of course it will not. However, I must give the government this: it certainly does make sense, from a political perspective. It gives Labor MPs photo opportunities with local papers and it gives them a tangible benefit to spruik to the electorate. It might sound good, but it will not stimulate our economy in any meaningful way.

The quality of the spend is poor. The global financial crisis is being used by the government as a cover for pork-barrelling and junk spending. But it is also being used as a cover for a failure to manage the budget properly. The government has repeatedly claimed that falling tax revenues as a result of the GFC will cause the budget to fall into deficit. But this simply is not true. As colleagues will remember, Treasurer Swan confidently predicted a $21.7 billion surplus in the May budget for 2008-09. The Updated Economic and Fiscal Outlook, released last week, predicts a $9.3 billion fall in tax receipts as a result of a cooling economy. You do not have to be a maths professor to work out that even with this revenue shortfall the budget would still be comfortably in surplus to the tune of $10 billion. Instead, we are going to have a multibillion dollar deficit. Why? Simply because of policy decisions taken by this government—because of the $10 billion pre-Christmas spending splurge and because of the latest $42 billion spending spree.

It is clear that Mr Rudd and Mr Swan want to shirk responsibility for the looming deficits. They know that the Australian people do not take kindly to politicians who mortgage their futures with reckless spending programs. Instead the government fudge it and pretend the reason for the budget deficit is parameter changes rather than policy decisions taken by this government. The opposition are providing a clear alternative. The government will claim that the coalition are just proposing a smaller budget deficit. No! The coalition, if in office, would have had a different starting point. Firstly, we would have built upon the strengths which were found in November 2007: a budget in surplus, no net government debt, world-class financial institutions, world-class prudential regulation, a booming economy, strong business confidence and strong consumer confidence. Unlike Labor, we would not have undermined these very strengths. We would not have trash-talked the economy.

There is no doubt that the economic downturn will be deeper and longer than it need to have been as a direct result of actions and decisions by this government: consumer and business confidence slammed into the wall by a government talking up inflationary expectations, interest rates rising in response to government jaw-boning, growth slowing as a result, non-bank institutions undermined by the bank deposit guarantee and new meddling like the looming Ruddbank, and a budget completely undermined. Our starting point would have been very different: stronger growth, higher revenues and a budget in surplus. But our starting point in this debate unfortunately has to be where Labor has placed the Australian economy. So we propose a package of modest size which recognises the seriousness of the problem but does not blow a hole in the budget, a package which has immediate measures to lower the costs of employing Australians for small business, a package which has long-term benefits and not just short-term handouts.
We have proposed bringing forward tax cuts scheduled for 2009 and 2010. Presumably the Rudd government do not think that these tax cuts are unfair. How could they think they were unfair, inequitable or unnecessary? They legislated them, so why not bring them forward? Why not give taxpayers the certainty of an ongoing increase in take-home pay, not just a one-off? That is what we should be doing.

We have also proposed supporting small businesses with their superannuation liabilities. This will help reduce the cost of employing staff, encourage small businesses to keep on existing staff and even make hiring new staff far more attractive. It is a direct, targeted measure aimed at protecting jobs, not a wild, untargeted and politically motivated package. I have no doubt that many Australians would welcome and indeed be able to spend very sensibly a $950 cheque from the government. But I do not think it will provide any medium- or long-lasting benefit to the Australian economy. All we will be left with is slightly better quarterly sales figures and tens of billions of dollars in debt.

Now while I sympathise with the government’s desire to massage the quarterly growth figures for political reasons, I do not think that what serves the political interests of the government necessarily serves the interests of Australians. And I am not the only one. Professor Warwick McKibbin, a member of the RBA board, thinks that the government’s pre-Christmas cash splash was ineffective. He notes that retail sales increased by about $1 billion in December, which represents a paltry 10 per cent return on the $10 billion spending binge. And as Peter Costello has said, if the objective of the government was to boost the sales at Woolworths, Westfield and other retail stores, it would have been much smarter and easier to just directly hand them the cash. The objective should have been directed at supporting and creating jobs. It should have been done with targeted action to lower the cost of hiring staff, not hoping that free cash would indirectly result in more shop attendants being hired to process retail transactions. Professor McKibbin also makes a very important point about the government’s mismanagement of the economy. He says, ‘The loss of confidence … has been largely self-induced,’ and ‘Playing politics is very dangerous because it wipes out confidence.’

What might he be referring to? Would it be the constant carping and talking down of the economy by the Treasurer and the Prime Minister? Would it be the absurd strategy of trying to cool the economy in the May budget last year when it was clearly the last thing we needed? Or would it be the frequent and destructive attacks by the Rudd government on the economic record of the previous government for political purposes? The Prime Minister and the Treasurer talked up the inflation genie, attacked the former government for supposedly ‘overheating’ the economy, watched with bated breath every time interest rates rose, whacked higher taxes on luxury cars, alcohol and crude oil, and were proud to slash spending to cool the economy in their first budget.

The results were clear for all to see. Consumer and business confidence dropped to their lowest levels in decades and Australians pulled back their spending at the worst possible point in the economic cycle. But we know that it is thanks to the previous government that Australia is the best placed nation in the world to handle this crisis. You will not hear that too often from those on the other side, but I give credit to Deputy Prime Minister Gillard, who told the Davos conference a few weeks ago that we have a ‘better than world-class financial prudential regulatory system’. How true.
But you will not find that in the *Monthly* magazine, because it does not fit the government’s political argument. They want people to believe that the coalition left Australia ill-prepared to battle this financial crisis. In this fantasy land, it is Kevin Rudd who, despite inheriting a government and an economy in terrible shape, is able to save Australia with his sheer daring and brilliance, with his decisive action and economic prowess. We on this side of the chamber know the truth. We know that the Rudd government were very fortunate to have inherited the economy that they did and a government budget in such good shape. We also know that our stand on this spending spree might not be popular, but it is the right thing to do. The coalition will always stand up for good policy, will always stand up for good budget management, and that is what we are doing here today.

**Senator Ryan** (Victoria) (5.04 pm)—Like everyone in this place, particularly my Victorian colleagues—indeed, like all Australians—the tragic events of the weekend have proved distressing and my thoughts particularly go out to the member for McEwen, whose community has suffered enormously and to a degree that we as yet do not know. Some of my formative memories were of Ash Wednesday in 1983. I had hoped—indeed, I had expected—that we would never see a tragedy of that scale again, let alone a tragedy that makes that almost pale in comparison, if that can be said. But as Senator Fifield said, we do have work before us and I would like to make some brief comments this evening on the Appropriation (Nation Building and Jobs) Bill (No. 1) 2008-2009 and related bills before the Senate at the moment.

I have lived through two governments from my side of politics that have had to repair the damage caused by our opponents in Victoria and, over the last decade, in Australia. The standout factors of the damage caused by those two governments were public sector debt—debt that every Australian and future Australians and Victorians were liable for—and the unemployment that followed. This debt and unemployment saw the lives and opportunities of people delayed or destroyed, along with their businesses, as some lost their homes, their jobs and their families. It was a formative experience for people of my generation, and it frames my response to this particular legislation. I have had the good fortune to serve on the committee that has been meeting over the past few days, and whose reports will be tabled in the next 24 hours. The experience of paying back exorbitant government debts in Victoria and Australia have guided my response and the questions I have asked. When the government borrows money, particularly on the scale proposed, it comes out of our children’s pockets. I am not lucky enough to be a parent yet, but for the next 20 or 30 years it will come out of our pockets. It is too easy for that particular concern to be washed away. There is a huge intergenerational equity issue in governments borrowing money in the short term and not thinking of the long term.

When I think of Victoria and the wreckage of the Kirner and Cain governments, and when I think of Australia and the damage that the former coalition Prime Minister and Treasurer undid by repaying Labor’s debt, I wonder what could have been done for my home state and for my country if that $140 billion of debt had never been accrued, let alone the interest payments. What opportunities did we forsake? What opportunities did we miss—better schools, better hospitals, better roads and better train lines? What did we miss because the government irresponsibly ran up debt in the short term to make their short-term political life a lot easier? When the government runs up debt, it is axiomatic that we have to increase taxes...
higher than they would otherwise have been in the future to pay back that debt. That is at the core of this intergenerational issue and this issue of fairness. In running up billions of dollars of debt today, we are telling the people who are not yet working, the people who may not yet even be at school, that their schools, their hospitals, their services, their opportunities, their pay packets are going to be reduced because of what we do here today. That is only one of the problems with this legislation; but, with this package, that is at the core of the problem.

The government will say that we need to run up this debt—or the figure will be fudged. Indeed, nowhere in the Updated Economic and Fiscal Outlook paper tabled last week is there a single figure saying what the government debt will be in two years, three years or four years. In fact, you need to go back through various budget papers to calculate gross domestic product to figure out what the debt is because it is given as a percentage. If the government was not worried about what the community would think about the amount of money it is preparing to borrow, then that figure would be there, front and centre, for all to see. Indeed, in the committee meeting last week it was admitted, but not previously stated, that virtually all of the $200 billion increase in the credit card limit that the government is seeking will be utilised by the middle of 2012. Senator Fifield outlined the extent to which the previous government had paid back government debt, which had freed up billions of dollars in annual payments to go on health spending, which was doubled under the previous government. That does not happen if you are spending $10 billion or $12 billion in debt repayments every single year.

We saw in today’s press a comment that interest repayments in the order of $7 billion a year were forecast in these packages. It was said to us that in the initial stages the government expects there to be $2.6 billion a year in debt repayments. My question, which has not yet been answered, is: why is it necessary to go into this level of debt? This government took office and, as Senator Fifield outlined, inherited a budget surplus in the order of $20 billion. A $20-plus billion deficit is now being forecast at the end of one year. That is a turnaround of historic proportions. Indeed, someone mentioned ‘Whitlamite’, but I think that is being unfair to Gough Whitlam and Jim Cairns. A $40 billion turnaround in 12 months is unprecedented in the history of this country.

What is more concerning is for the government to claim that this debt is only a short-term or cyclical deficit. The government does not highlight in a single table in the document it tabled last week that in years 3 and 4 of this program, between 2010 and 2012, when the economy is forecast to be growing again at three per cent—given the doom and gloom outlined by the Treasurer over the last six months, you would assume that to be a good outcome—deficits are forecast on the fiscal balance of over $50 billion. The government is forecasting three per cent growth and a $50 billion deficit. That is not a short-term deficit. That is not a cyclical deficit. That is an institutionalised deficit that generations of Australians will have to pay back. The government will also have to find a way to bring the budget back into surplus. We have not yet had an answer to our question: if three per cent growth is not enough to bring the budget back into surplus, what level of growth is required? We do not know whether we should be looking at five per cent, six per cent, four per cent or eight per cent to bring this budget back into surplus. The two points that the government has said will bring the budget back into surplus are the economy growing and tax receipts increasing—it is three per cent a year but the deficit is still $50 billion over two years, so
that does not seem to be working—and a commitment to restrain real spending growth at two per cent. Both of those are incompatible with actually maintaining the tax levels at or below their current level. That is the mischievous nature of this package.

There are a number of other issues I would like to raise about this particular package, about which coalition senators have concerns. In this package, the government proposes to fund not only social housing, as it describes it, and building programs but also spot purchases of land and house packages to ensure a spread of housing. I am no PhD in economics, but, if the government goes into the estates in Pakenham, Cranbourne or Caroline Springs in my home state and actually starts spot-purchasing houses with the weight of government resources behind it, that cannot do anything but increase housing affordability, about which we heard so much before it was elected. The government’s wading into the housing market now—not to build new ones but to buy house and land packages in areas where people trying to buy their first home will also be competing—will make the lives of first home buyers more difficult. Not only that but there is no additional economic stimulus being applied in these areas to actually buy a house that is already there or already being built. It is merely bidding up the price for everyone else.

Similarly, we have not had any discussion on the impact of this package upon interest rates. The government has said on numerous occasions that it does not expect this package to impact on the credit rating. Given its history of forecasting what is happening in the global economy at the moment, that is simply incredible. We cannot put our faith in the government. First of all, it said this was not a problem, that the global financial crisis was nothing compared to the inflation genie, as it was trying to jam it back into the bottle. The government realised the inflation genie was just something out of its dreams. Then it suddenly turned to the global financial crisis as an excuse for the failure it had already started to become. If the government’s forecasting record over the next three years is anything like it has been over the last 12 months, these $50 billion deficits we are looking at will be nothing compared with what we actually see in the budget outcomes. The government going into the market along with its state Labor colleagues to borrow an extra $120 billion will impact on the interest rates that every Australian pays for their business and for their home. It will impact on their ability to access money, which the government tells us so often at the moment is difficult for many businesses.

Senator Fifield outlined the issue of the quality of the spend. It is not unfair to say that many coalition senators have a concern with spending $2.7 billion on insulation and justifying that as a stimulus measure. Of course it will force the price up. It is impossible for it not to, unless we plan to institute price controls. While I have not heard anything of that yet, I would not necessarily be surprised if it happened.

We could not get information on what multiplier was used in the economic model to ensure that jobs are going to be created. That leads me to think that this is much more about a political multiplier than about an economic multiplier. We have no certainty about jobs. According to the Treasurer, the last package, in December, with $10 billion worth of transfers—half of the surplus that they inherited—was going to create 75,000 jobs. The language has subtly changed to ‘support’ 75,000 jobs. In this package we see the complete change. This package will ‘support up to’ 90,000 jobs. We have no information on how this is to be tested. We have no information on how we are going to assess the success of this package and the
incredible spend of Australians’ money not only today but in the future.

We could not get confirmation that this is the last package. We could not get confirmation that work had not already started on the next package. I lived through the 1992 and 1994 series of packages from the Keating government. As anyone who remembers the Working Nation and One Nation packages would know, they did not actually help to rebuild our economy. What helped to rebuild our economy was a disciplined government getting elected in 1996 and providing some rigour to decisions on government spending and government deficits which crowd out private sector investment—decisions that added to the productive capacity of the economy.

We have heard the slander that to oppose this package is to do nothing. We do not live in an 18th-century economy. As everyone who knows anything about the economy would know, we have extensive automatic stabilisers that come into effect when economic growth slows. Those stabilisers have not yet had a chance to work. We have monetary policy that is independent, but not because of anything that was done on the other side of the chamber. Those opposite threatened a legal challenge to the previous government when it was trying to make the Reserve Bank’s decisions independent. They threatened a legal challenge to prevent it from happening, yet now they run in here and claim credit for it.

This government is an economic failure that has long been in search of an excuse. The first excuse was the inflation genie; it is now the global financial crisis. For three years, in an attempt to make himself Leader of the Opposition and provide a rationale for his election, the Prime Minister tried to create a ‘false middle’ by misrepresenting the achievements of the last 25 years and the driving forces behind those achievements. In the future he will be held to account for throwing away not only the legacy of what was achieved over the last decade but in fact what was achieved, with our support, by some of his colleagues in the previous decade.

This Labor government, like all Labor governments, has form. Those who always propose temporary deficits are never around to actually bring the budget back into surplus. Not only that, when they are in opposition they fight bringing the budget back into surplus every step of the way.

As I said in my first speech in this place, many people made enormous sacrifices in the 1980s. They were some of our most vulnerable. The growth of the last 10 years—and, indeed, the very benefits I have had—has been partly as a result of some of those sacrifices. It is a result of governments—and at least in one case the opposition—taking decisions that may have been difficult politically in the short term but that in the long term ensured that their children and other Australians benefited from every opportunity that this country could provide. The coalition is not going to stand by and watch the government run up mountains of debt that are going to be difficult for future generations to repay and that will constrain their opportunities, constrain their choices and prevent them from taking advantage of the full opportunities that this government has had and blown. The coalition will oppose the package. It will do so proudly and will hold the government to account for its mismanagement, of which this just represents the latest and greatest step.

Senator COLBECK (Tasmania) (5.19 pm)—I rise to make my contribution to this debate on the Appropriation (Nation Building and Jobs) Bill (No. 1) 2008-2009 and associated bills—the government’s stimulus
package. At the outset, can I say that this is a real opportunity lost to the government and to this country. The Prime Minister has demonstrated, in my view, a real failure of leadership with respect to the development of this process and this package. He said during his press conference that he would like to use all of the tools available to him to assist Australia to get through the current economic crisis. It is quite clear that he has not done that. He has shown no willingness to do that. In fact, the offers by members of the opposition—particularly Malcolm Turnbull—to work with the government on the stimulus package to ensure that we did not find ourselves in the situation that we find ourselves in now were completely ignored and rejected by the government. Wayne Swan said that he was not interested in anything that Malcolm Turnbull had to say. That was prior to the announcement of this package. That demonstrates on the part of the government a complete failure of leadership and a complete loss of opportunity to put together a package that could have received bipartisan support. I include in my comments engagement with the crossbenchers and the Greens, because obviously they all have some inputs into this process.

As has been said on many occasions by many members, this is a war type situation. In those circumstances you put politics aside and you engage those who have some understanding of the process. That makes this a political package, not a rescue package, and one that really demeans the processes of this place. The government cannot come in here and call this a rescue package. This is a political package. They should be prepared to admit that. The Prime Minister, in particular, has failed the test of leadership when it comes to something that he claims to be of such significance to the economic future of this country. It was fascinating to listen to the comments of the preceding speaker, Senator Ryan, and to consider the history that he brought to this debate and the issues that he raised. I can only commend him on those comments. They make real sense.

The things that concern me about this package, apart from the fact that this package is obviously political and not a real stimulus package with genuine support—and that has been demonstrated by the events of the last week—are the way it has been put together and the way that it looks to be implemented. While the Prime Minister says that he is going to put processes in place to make sure that states do not diminish their spending in areas that this package covers, I have real concerns about that actually occurring. I also have concerns about the ability of the states to implement the package in the time frames, and in a moment I will come back to some comments of the Prime Minister about that.

I want to go back to an issue that is of significant concern in my home state of Tasmania. In December 2005 the Commonwealth government indicated that it was prepared to put $78 million into repairing the railways. The operator of the railways said that if the railways were not upgraded they would pull out. The initial indication was made in December 2005; it was officially announced in June-July 2006; and it was not until January 2009, this year, that the project to upgrade the railways actually started. In my home state of Tasmania the Labor government has a terrible record, stretching back across its entire term, of failing to manage major projects. It has put forward year after year proposals to increase public housing in the state, yet we have had hardly a house built. I find it very difficult to understand how it is going to turn that around for this package.

The public housing part of the package, I believe, has some real value. In fact, knowing that there was going to be a stimulus package, I asked myself, ‘What types of pro-
jects would I fund if I were doing something like that?” Having been part of the Senate Select Committee on Housing Affordability in Australia last year with Senator Payne, public housing was one of the first things that came to my mind. We have a shortfall in the annual construction of domestic dwellings and, as the government itself has said, we have a shortfall in public housing, and homelessness in this country is a serious issue.

When it comes to the implementation of that policy, is it done on the basis of need? No, it is not. The funding is allocated on the basis of population. How can the Australian people have confidence in the overall process of this package being put together? When the Prime Minister made a speech to the parliament last week announcing this package he said that construction would commence immediately. I do not know whether we need to make another addition to the dictionary of Ruddspeak, but to me the term ‘immediately’ means straightaway, right now. The communiqué that came out of the COAG meeting last Thursday said that it will be at least some months before construction will commence and then it will be a staged process. That is hardly ‘immediately’. Here we have another demonstration of the grandiose method under which the Prime Minister announces these processes and packages. When you start to read the fine print you see what the real impact of these schemes is going to be.

I move to the libraries and the gymnasiums in schools. To suggest that the schools will have to take one of a number of imposed designs ignores the layout and the set-up of schools across the country. ‘You will take a preprepared design’—that is absolutely absurd. Once upon a time I think that may have been possible. I spent a lot of time working in the primary schools and high schools in my home state of Tasmania during my years in the construction industry and I can tell you that the configurations are completely different to what they might have been when they first started. Yet, here we have imposed on school communities a rigid design process—‘Take what we have said you will take or go without.’ There is capacity within that process to do refurbishment. I was talking to representatives of one school community on the weekend and they said: ‘We’ve got a new library and a new multipurpose area. What do we do now? Are we eligible or not?’ If the design does not fit neatly within the school grounds, do they lose part of their oval? The thought process behind this is so shallow that it is quite extraordinary. Perhaps the government found a real need to beef up their lost education revolution process, which has disintegrated into not much more than a schoolyard scuffle. There is no revolution about it. Imposing these things on school communities in this way is just absurd. Obviously, there will be a bureaucracy set up to support this process, and that is fine. Quite frankly, in those terms I think those two projects raise some real issues.

Let us look at the insulation in homes initiative. The real concern from my perspective is: what will happen to those currently in the business once this project comes to fruition? Effectively, the government is saying to those businesses, ‘Prepare your business for the end of its days.’ It had a program in place that provided $500 as an incentive to insulate. I think that was a reasonable program. The government was making a contribution and the householder was making a contribution. Sure, the government wants to move things forward so that there are reductions in energy bills—and I think that is a reasonable objective for the government to have—but what it is saying to existing small insulation businesses is: ‘Be prepared for the end of your business. You have two or three years. Once this program is over, so are you.’
On the $200,000 for schools, I would have to say I am pleased to see that the government have brought back that scheme. Effectively, what they have done is returned the highly successful Investing in Our Schools Program that the previous government instituted. It gave school communities the opportunity to make some choices. Unlike with the libraries and multipurpose halls process, the schools actually have some opportunities to make some choices. They can decide the works they will require. I think that is well worth supporting, so there is one element of the package that really does have some merit. But, again, when you start to go through these different elements and look at the amounts that are being spent and the processes that apply to them, you can see that, if the government had genuinely wanted to build a stimulus package that would get bipartisan support in the difficult economic times they are talking about, they would have been prepared to consult. Again, it is a demonstration of a lack of leadership.

We come now to the $950. I know that a lot of people have been saying to us that this is going to create all sorts of problems for us as an opposition. They are saying, ‘Don’t get between anybody and a bucket of cash.’ But I would have to say that the feedback I have received with respect to this has been quite extraordinary. We have seen a range of different perspectives, and I know there are some people in communities who would very much like to see that $950. My local paper had a story of a family of five, all of whom were eligible to pick up the $950, so they are doing okay in that respect and I am sure they are looking forward to it. We also saw a story in the Daily Telegraph last week about the West family, who were drawing up a wish list, making a plan for the things they wanted to spend their ‘free money’ on.

This concept of free money is absolutely, utterly and completely absurd. It is not free money. We spent 10 years, from 1996 to 2006, removing—paying back—$96 billion worth of debt as a country. That came with some pain. I still recall Tony Rundle in 1996, after he attended his first Premiers Conference, thinking that the coalition had won, things were going to change and he would come back with some more money. As Premier and Treasurer, Tony Rundle came back to Tasmania with $30 million less because of the cuts that had to be made to spending. That was Tasmania’s share of paying off Paul Keating’s black hole. We were told the budget was in surplus; it was $10 billion on an annual basis in deficit.

So there will be some real pain in paying this back. And to the West family in Sydney I say: this is not a free $950. In fact, this family is Mr and Mrs West and two kids, both also eligible for $950 each. It is like going to the worst loan shark, who says, ‘Sure, I’ll give you 950 bucks each, that’s fine, not a problem at all,’ but the fine print at the bottom of the contract says, ‘You and your husband both owe $9,500 and your children both owe $9,500, plus interest.’ So you have borrowed $950 each, you are paying that back tenfold, your kids are paying that back as well, and you pay interest on top of that. That is the effect of this package: $9,500 for every man, woman and child in this country once that debt rattles up to $200 billion. That is the extent of the credit card: it will go from zero to $200 billion. So any concept that this is free money is absolutely and utterly absurd.

Today in Tasmania new gambling figures were released by the Tasmanian Gaming Commission relating to the period around last Christmas, following the first stimulus package. This is what the commission said—and it demonstrates some of the concerns we as a coalition have in respect of some of this funding:
Player expenditure over the Christmas-New Year period generally follows the same pattern each year, with a rise from November to December and a corresponding fall from December to January. Apart from 2008-09, the rate of increase in expenditure from year to year appears to be quite moderate. However, in December 2008 and January 2009 total expenditure on EGM’s was $40.2 million, an increase of 13.2 per cent over the same period 12 months previously.

So we know some of the traders in the community that are going to be happy. There was some discussion at the Senate committee about what percentage of it might be going into gambling, and here we have some evidence that is pretty fresh—it was released today.

All of this comes without considering the major expenditure decisions that the government have yet to make. They are going to extend the credit card out to its limit and there are still some major things on the agenda that they have to consider. The Health and Hospitals Reform Commission reports in June-July this year, and there is going to be some expenditure required there. There is absolutely no doubt that there needs to be some capital expenditure in aged care. In Tasmania almost 50 per cent of the bed licences offered this year were not taken up. They do not want them because they cannot afford to build the infrastructure to support our aged people. The government are giving away 950 bucks, but would you prefer to have an aged-care bed when you need it or to get 950 bucks now? There definitely needs to be some consideration of preferences.

There is still some consideration to be given to increasing the pension, which the government were talking about last year. In 2002 the then Department of Family and Community Services did some figures on increasing the age pension. There is obviously going to be a range of options considered. But the figures in 2002 showed that to increase pensions by just $1 was going to cost $174 million. And the cost to increase the pension to 35 per cent of MTAWE—which is one of the claims being run by the age sector at the moment—in 2002 dollars was $14.5 billion. By the time that bleeds through the system to pick up all the other services that are provided and paid that are linked to the pension, you are talking about over $30 billion.

Just to service this $200 billion, we are talking about $8 billion a year—$8 billion that has to come off our annual budget of spending every year to service this $200 billion debt. That is the figure that we have received today; the government has again been trying to hide that number. But that reduces our capacity to provide services; it reduces the amount of money free in the budget by that amount every year. So forget the overall debt, if you like, from that perspective: $8 billion a year less available to put into services, aged care, hospitals or the pension increase. We have not even got to those yet.

So I go back to my initial point. The Prime Minister has shown a huge failure in leadership and would not engage. He is not interested in engaging; he is all about being the big man. The man who is the Leader of the Opposition actually understands this stuff. Malcolm Turnbull said, ‘Put a limited bank guarantee in place’. Kevin Rudd could not possibly do that, because Malcolm had said that was the case. He went unlimited, and look at the problems that has caused. So here we see a complete failure in leadership that has brought us to this situation we are in today. (Time expired)

Senator PAYNE (New South Wales) (5.39 pm)—In rising to participate on the debate on the bills which make up the government’s spending package, I want to acknowledge that I do so at a time of extraordinary sadness for Australia. So many peo-
people, so many families and so many communities are devastated by recent events in Victoria this last weekend. I want to acknowledge in the chamber that my thoughts and our profound sympathies are with them at this time as we endeavour to comprehend the tragedy that has befallen them in Victoria. It is indeed almost impossible to comprehend.

In this chamber, however, today we continue to discuss this package of bills before us in relation to the government’s spending package. There is no doubt that Australia, with the world and with the financial crisis which besets the international community, is facing difficult economic times and that action must be taken to protect Australia’s long-term economic security. But it is my view and the view of the coalition that this spending package will not achieve that result. In our view, it is ill considered, imprudent and poorly targeted and will unnecessarily put Australia into massive debt for many years to come.

We are not opposed to a responsible stimulus package, nor do we countenance a belief that a deficit budget should be avoided at any cost, as long as any deficit is kept as low as possible. But we do oppose this latest spending spree precisely because we believe it is not a responsible or sustainable way to run this national economy. The objective of any spending package at this time must be to protect and create jobs, to support small business and to strengthen the economy. This package cannot achieve those outcomes. In fact, it contains no real measures to secure jobs and increase productivity, efficiency, competitiveness or employment across the economy. So far, in fact, there is no evidence that the government’s $10.4 billion package implemented before Christmas created the much vaunted 75,000 jobs that the Prime Minister promised. In fact, in this chamber, the second reading speech by the parliamen-
tary secretary, Senator Stephens, said:

When combined with other measures, this investment means that the Economic Security Strategy is expected to create about 75,000 additional jobs for Australians.

And in a speech on 11 December 2008 the Prime Minister said this was:

... a $10.4 billion package to stimulate the economy, to support jobs, and create through it 75,000 additional jobs.

Where are they? What does this week’s ANZ job survey say? It certainly does not indicate to us that there has been job creation going on as a result of the first stimulus package. In fact, what it says is that its latest figures show an almost 52 per cent decrease on the figure for the 12 months before. So, if we are looking for evidence, it is certainly not there for us at the moment.

Now we have the Prime Minister and his cabinet wanting to try even more potentially reckless cash handouts and massive spending, claiming that this package will support—an interesting change in terminology, I note, as other speakers have—up to 90,000 jobs. And in committee hearings this week, from my perusal of the Hansard and from my reading of reports of those committee hearings, Treasury officials have in fact said that 90,000 is really quite an imprecise figure which is based on what is essentially hypothetical economic modelling and, even worse, that you would probably never be able to say whether the stimulus package actually works. Where does that leave a parliament? Where does that leave this coalition? Where does it leave responsible members of this chamber who want to know how best to address the proposition the government puts before us?

We have a government plan which is also asking the parliament for permission to take the nation $200 billion into deficit, a $9,500 debt for every single Australian. What that does is put the budget on course for four serious consecutive budget deficits, totalling
almost $120 billion. Even with all that spending, the Prime Minister’s package also predicts that unemployment will top seven per cent in just over a year, a figure which Treasury officials again acknowledge means another 300,000 Australians out of work.

In 1996 when the coalition government was elected we found that the previous Labor government had left us a legacy of $96 billion in government debt and that the budget had been in deficit for six successive years. That debt was an extraordinary drain on the budget. It took almost $9 billion in interest payments each year. It took 10 solid years of hard work and strong economic management by the coalition to pay off that debt. Australians do not deserve that sort of sentence ever again. We cannot allow this nation to be run needlessly into debt by another Labor government.

The preceding speaker, Senator Colbeck, made some reference in his remarks to the housing component of this particular spending package. I want to pursue some of those remarks. We have a commitment in this package to build 20,000 new ‘social houses’—a term that evidently combines public housing and community housing—by the end of next year and to upgrade 2,500 more. We are told by the government that this will be a great boon for the construction industry and that it will stimulate and secure this sector. But in the context of this particular spending package I am concerned that this initiative—and I choose my words carefully—is destined for, shall we say, limited success.

With other colleagues in this chamber, I spent some time last year on the Senate Select Committee on Housing Affordability in Australia. You, Acting Deputy President Barnett, joined us in Tasmania for hearings. Public housing accounts for just three per cent of the housing market in this country. If you wanted to actually stimulate an economy, wouldn’t you think about supporting the much larger and economically self-sustaining private housing market, which represents overwhelmingly more, obviously, than three per cent? What about the potential for damage that this proposition has to the private housing market?

And if you cannot get the houses built in time—and in all practicality, given all of the evidence that we took in 2008 in the Senate inquiry into housing affordability, that looks challenging—the Prime Minister says that he will buy up house and land packages in private housing developments. Where does that leave the federal government? Bidding against every prospective homebuyer looking to buy their own house and land package in order to reach this target of 20,000 new public housing dwellings? The housing market is actually complex enough right now. Any claim that this target can be achieved and construction begin immediately—and they are the Prime Minister’s words—in the context of the approvals that need to be achieved, in the context of land that needs to be released, in the context of the whole process one goes through in terms of home construction, is stretching credulity.

I would like to say that I think it is possible. I would like to say that I think it can happen—like that—but it is, in my view, stretching credulity. Let me tell you why. Because in large part, apparently, it is the state governments that will be implementing the program and building the houses. Let us think realistically about the capacity they have to deliver across Australia. Let us just start with New South Wales. The capacity of my state government to deliver a loaf of bread let alone thousands and thousands of components of social housing begs the imagination, quite frankly.
Over the last 10 years in this country there were only slightly more than 40,000 new house approvals for public housing, according to the Australian Bureau of Statistics. That almost certainly means that even fewer than that were built. And now the government wants to build half that number of houses in a fifth of the time and effectively have state governments do all the work! Call me cynical, but I am from New South Wales. You would not want to be holding your breath.

State government public housing agencies in every state and territory—notwithstanding the best of intentions from the officials who have over the years tried to run them—are not, it is fair to say, characterised by huge success. So the federal government proposes gambling $6 billion of taxpayer funded debt that those state government agencies can deliver the construction of 20,000 new homes. That $6 billion—again from the hearing process that has been committed to that initiative—is a figure that was apparently decided on without any independent verification of the capacity of these governments to actually deliver. In the face of all of the evidence that these authorities across the country are really not coping now we are simply supposed to believe that this time it will all work out?

So we have a stimulus package with a housing component which pits the government directly against first home buyers—driving up prices, as Senator Colbeck referred to—as the government becomes increasingly desperate to deliver those new homes. I really think this is ill thought out. I think it is ill-considered. I think it presents a proposition that in the reality of policy delivery and substantive delivery of results is just stretching credibility too far.

What impact is this going to have, for example, on the effectiveness of the First Home Buyers Grant for new projects—which of course was supported by the coalition—as first home buyers potentially get crowded out of the market? Just as disturbingly, as I understand it, states and territories are not about to waive their fees, taxes and charges like DA costs and transaction fees. Once you start churning that $6 billion around the state and territory economies—to stimulate housing construction, supposedly—doesn’t it simply end up propelling up stamp duty and other tax revenues? Where does it actually go constructively, for want of a better phrase—no pun intended.

The government has also said that the new houses that are built or otherwise acquired under the program are going to be allocated to homeless Australians and in some cases to people struggling in the private rental market. Of course, the opposition has, through the shadow minister, Mr Morrison, both acknowledged and recognised the extraordinary challenge that homelessness provides in Australia in policy terms and in support terms. It is a very serious one. But I do not actually think it is as simple as saying, ‘Here are some new houses that we are going to build and now we are going to move significant numbers of homeless Australians into them.’ I do not think it is that simple. People who are long-term homeless need support and access to social services. They may need rehabilitation; they may need mental health care. But I do not see any provision in this package for those extra services, which are potentially in fact quite extensive.

I asked the Minister representing the Minister for Health and Ageing in this chamber last week whether there was any support in this package for health and the answer was effectively no. So what does that mean? Does it mean that we take a range of homeless people from the streets or from shelters where they are currently trying to exist and potentially move them somewhere they have
not been before, away from their friends, away from whatever support networks they may have and leave them to fend for themselves? It is not that simple and that is the most important thing to note in this aspect of the package.

For those who are currently struggling in the private rental market, who will supposedly also benefit from this program, I think the government seems a little confused. We have a very much-publicised National Rental Affordability Scheme, known as the NRAS, which is designed to move people out of public housing and into private rental accommodation. And now we have this particular proposition which aims to move people struggling in private rental accommodation out of the private market and into public housing. It would not be unreasonable if one were confused.

In contrast, the coalition’s proposal is a small, better targeted stimulus package that would include broad based tax cuts for Australian families and tax relief for small business—the employers of this nation. It is a plan much more directly targeted at protecting and creating jobs, supporting small business and strengthening our economy. That perhaps identifies the largest gap in the government’s package—the lack of measures that directly and broadly support employment, particularly in the small business sector. We have raised publicly a number of propositions with the government and have advanced them through the parliamentary process, which we seek to pursue.

Overall, we propose a more modest investment of $15 billion to $20 billion at this time—a strong, but financially responsible package that will not see Australia consigned to a debt ridden future and which also leaves open the possibility of further packages in the future. That is, we think, a very important component of our approach.

There is no doubt that our economy is facing very difficult times, but our reaction, our response, needs to be considered, measured, targeted, well thought out, modelled where appropriate and responsibly addressed. A spend of $42 billion, without criticism, without public scrutiny and without proper examination is simply irresponsible. The Senate and the coalition have taken this opportunity to more seriously consider this proposition. The new spending package—‘spending spree’ it is being called—is too big in our view at this stage and not properly thought through.

As I said at the beginning, the objective must be to protect and create jobs, to support small business and to strengthen our economy. This package will not achieve that. Instead, it will leave a legacy of debt for the nation’s children and grandchildren to pay off.

Senator FERGUSON (South Australia) (5.56 pm)—When this debate on the Appropriation (Nation Building and Jobs) Bill (No. 1) 2008-2009 and associated bills commenced last Friday, I am quite sure none of us expected it to be continuing today following probably one of the worst tragedies this country has faced in its whole lifetime, certainly since Federation. The debate has continued but it is pretty hard to call it a debate—it is a rather loose term because it generally takes two sides to debate and we have seen only one side of this chamber prepared to put their views and their expressions about this package in Hansard. Not one Labor senator is prepared to place their support for this package of bills on the record. It means, of course, that they have their own doubts about the wisdom of this big spend, which is going to send our country spiralling into debt. If no-one is prepared on that side of the chamber to support this package of bills, perhaps they do not support them as
wholeheartedly as we have been led to believe.

I had a mate back on Yorke Peninsula who was born the same year as me, 1943, which is a fair while ago now. He owned a couple of pubs on the peninsula. He said to me a few years ago ‘Fergie, I always vote for you so-and-sos but I am buggered if I know why,’ I said, ‘What makes you say that?’ He said, ‘In those few times we have had Labor governments since I have owned hotels, I’ve always done much better because they throw money around like a drunken sailor. I enjoy the good times while they last because I know that when you blokes get in you’ll spend half your life paying off the debt.’ It seems this is what we have in store for us today.

I started primary school in 1949, the year that Bob Menzies was elected to lead the Liberal Party, and for the next 16 years he was Prime Minister. Of the last 60 years since I started school the coalitions have been in government for 43 years and the Labor Party for 17. There have been only three periods of Labor government in that time. The first was the three years of the Whitlam disaster from 1972 to 1975, and I well remember it because we had 18 per cent inflation on the farm at that time. It was not easy—18 per cent inflation was not easy for anybody to handle during those three disastrous years.

I have never quite understood why the Labor Party put Gough Whitlam on such a pedestal. I guess it had a lot to do with his demise in 1975. But during that three-year period we saw the Labor government of the day taking the extraordinary measure of trying to borrow money from overseas to pay off debt. Then we got to 1983. We had 13 years of a Labor government. During those 13 years, I worked on the farm with my brother and we paid 24 per cent interest.

**Senator Ferguson**—Senator Williams assures me that he paid 25 per cent. He must have more debt than me, I think; I cannot remember. We went through those terrible times when the country went into debt again—so much so that by 1996, when the Howard government took over, we had $96 billion worth of government debt. That has been well documented. You do not need me to remind you of all of those things. But here we are, a little over 12 months into the next Labor government—the Rudd Labor government—and we have gone from a surplus of $22 billion, which this government inherited, to a debt which may grow to anything up to $200 billion.

It was only this time last year that coming into this chamber we were castigated by Senator Conroy and other people over that side for letting the inflation genie out of the bottle. For six months, they talked about inflation monsters and the inflation genie. We received terrible criticism from those opposite about our record when in fact all we had done for the Labor Party was to leave them $22 billion of surplus. And they soon chewed that up. We have the third Labor government since 1949 and what are they doing? History is repeating itself again and we are going into serious debt—and I mean serious debt.

One of the things that I can always remember from 1996 is that the Howard government decided that it would pay off the $96 billion worth of government debt and pay off the $10 billion deficit in the current account at that stage as soon as was humanly possible. And we did. We as a government not only paid off the debt but also set up funds for the future which had assets of some $60 billion or $70 billion.

Here we are presented with a package of bills which they initially wanted us to pass through this parliament in 48 hours. Just imagine what those opposite would have said...
if we had tried to pass a set of bills with the magnitude of this expenditure in 48 hours when we were in government. I see Senator Carr sitting there. He would have been one of the greatest critics of us in government if we had tried to do exactly that. It was only because of the commonsense of the minor parties and the Greens that we are able to make sure that these bills were looked at closely and properly so that any flaws were able to be brought to the public’s attention.

The fact that the very large spending package that has come before has now been questioned has meant that many people in the public are now also starting to question the wisdom of giving away cash. As the previous speaker, Senator Payne, said, we had $10.4 billion given out in December. That was supposed to create 75,000 jobs. Where on earth did the Prime Minister get the figure of 75,000 jobs from? He must be totally embarrassed at having made that statement in December; to have suggested that by spending $10.4 billion—by that stage, they had got rid of the surplus—he would create 75,000 jobs. Some people in the Australian community believed what he said. But in fact no jobs—to the best of our knowledge—were created. Senator O’Brien was probably very lucky, he was in New York at that time, because he has some insulation from what was going on in Australia.

Senator O’Brien—I needed insulation in New York—it was cold.

Senator FERGUSON—Of course you did; I am sure you needed insulation. I pose this question: where are these jobs? Now we have the new package—some $42 billion, a large amount of money by any standards—and they are not promising that it will create one job. So $10.4 billion was supposed to create 75,000 jobs, but the $42 billion that we have now will not create one job.

I find it very strange that this government could put the budget on course towards four consecutive massive budget deficits, totalling almost $120 billion. It is almost beyond belief that any government would do that. It has taken days and days to get answers from Senator Conroy and Treasury as to what the interest repayments would be. We know find out that it will be somewhere around $9 billion—that is the last figure that I heard—

Senator Coonan—$7 billion.

Senator FERGUSON—Thank you, Senator Coonan: $7 billion. That is $7 billion that will now not be available to the Australian taxpayer. Many people in the community fall into the fallacy of thinking that—if they are getting money from the government it does not cost anybody anything; the government have this big bucket of money that they can give away to the ordinary consumer in Australian society and it does not cost anything. In fact, Australian taxpayers need to know that it is their money that this government is borrowing and it is their money that will have to pay off the debt. Governments do not have money; they only have taxpayers’ money.

Parts of this package, such as some of the infrastructure investments, are things that should be done anyway. They are things that this government has promised that it will try and do in the future. Money that is spent on infrastructure for long-term investment has generally proven to be wise investment. But throwing cash at people? I have a daughter, a grand-daughter and her partner who will be recipients of this cash. They probably think it will be very handy at the time, because they are on reasonably low incomes, until such time as we say, ‘Of course, this has to be paid back, you know.’

When we stop and think what this government is doing to the Australian people, we
need to think carefully about what the money is being spent on. What are we spending this money on? Pink Batts? Surely a sure supply of water to South Australia through some infrastructure spending is far more important than insulation of homes. I lived in a home without insulation for the first 60 years of my life, and we survived—it had no air conditioning, either! But to consider putting insulation into every home that does not have it ahead of the water needs of South Australia and those downstream of the River Murray I think shows an appalling sense of priority. I hope that some reconsideration will be given to this aspect of the package, should it pass this chamber.

Just for the record, I think we should highlight the fact that, when the coalition left government, Labor inherited a world-class regulatory system with a strong banking and financial sector. The regulations that were put in place by Peter Costello and the Howard government insulated this country against the worst excesses that have affected other countries around the world. Senator O’Brien, you have been to the US. You know what it is like in the United States, and that the lack of a good, strong regulatory system may have been the catalyst—

Senator O’Brien interjecting—

Senator FERGUSON—It does not matter who put it there. It may have been the catalyst for the breakdown we have seen in the financial sector. The coalition ensured that Australian banks were well capitalised, they were highly profitable and they were well regulated. Major reforms of the finance sector by the coalition about 10 years ago ensured that Australian banks did not engage to the same extent in the types of risky lending practices that occurred in the United States. So this government has a lot to be thankful for with respect to the efforts of the past government, the Howard government, in putting all of that regulation in place.

When you think back to the position that this government were left with in November 2007, when they won government, this government ought to pay some consideration to what they are doing to Australia by plunging us so unnecessarily into such debt. One knows that when times are tough there sometimes is a need to go into debt—but it is about the size of the debt, the size of the package; it is about the way the priorities have been put in place for the spending of money in this package. There is nothing for public transport. To the best of my knowledge, there is actually no cash in this package for self-funded retirees, who are suffering terribly.

Senator O’Brien interjecting—

Senator FERGUSON—There are some self-funded retirees who will receive nothing, and they are suffering the most from the drop in the return on their investments, both interest and otherwise.

So can I say that the coalition is opposing this package purely because of the priorities that it contains and the magnitude of the package, which we believe is far larger than is necessary to provide some stimulus to our economy. We look forward with interest to see just what sort of negotiations might take place with the Greens and the minor players in this chamber in order to see what sort of package might eventuate for the Australian people. But I want to place on record my support for our opposition to this package as it stands, because I believe its priorities are wrong and it is condemning my grandchildren—of which I have nearly six—and my children to having to pay off a debt over the next number of years. Who knows how long it will be before this debt is ever paid off?

Senator COONAN (New South Wales) (6.12 pm)—This is an historic debate on the
Appropriation (Nation Building and Jobs) Bill (No. 1) 2008-2009 and related package of bills. Not only are we debating a spending spree of measures, the magnitude of which is breathtaking in its size of $42 billion, but we are also debating the level of debt that will be visited on Australians, both old and young, in the future should the government be authorised to borrow $200 billion without a clear plan to repay it and to rebuild the budget surplus.

This does come at a time of great sadness and grief, as the nation mourns the loss of life and livelihoods and the devastation and destruction wrought by the bushfires in Victoria. I think we do need, because of these factors, to put this debate into perspective. The full extent of the bushfire horror is not yet known; some of the fires are still raging. The nation will need to stand with those affected and be ready to rebuild a large and important part of this country, which will require billions of dollars. This only serves to underscore the point that we do not always know what is ahead of us and we do not always know what calls will be made on the budget, on the taxpayer, to meet legitimate and unforeseen demands and urgent expenditure in the national interest.

The coalition, as previous speakers have said, has resolved to vote against these measures. As one of the senators who agreed to a dissenting report for the inquiry of the Senate Standing Committee on Finance and Public Administration into the bills, I endorse our conclusions on the package:

- will not achieve the objectives the Government claims;
- is too big at this time, leaving little scope for further measures if needed later—and we certainly know that there will be calls on us to meet urgent expenditure later——
- is poorly thought through and a poor quality use——

or spend——
- of the $42 billion of taxpayers’ money;
- lacks ingredients that should be part of packages of this kind—measures to increase employment, productivity—confidence—
- efficiency and competitiveness; and
- commits Australia to record amounts of debt (the Government seeks authority to borrow $200 billion)—as I mentioned—endangering the nation’s long-term economic security.

Unfortunately, economic conditions around the world have deteriorated—we all know that—and the G7 countries in particular are in recession. Australia is in a significantly stronger position and better able to withstand the global financial crisis, as countless of us intone from time to time. As the Senate dissenting report states:

A major reason is a long series of economic reforms... floating of the dollar in 1983 with bipartisan support from the Coalition which then accelerated under the Howard/Costello Government.

These macroeconomic and microeconomic reforms included, of course, the liberalisation of trade and the liberalisation of capital markets. We know that a sustained period of improved regulation of the corporate and financial sector contributed, as Treasury said in their evidence. Enhancements to competition, freeing up the labour market and those sorts of measures made Australia’s economy stronger, more resilient and more dynamic, and we know that this has added immeasurably to Australians’ prosperity and living standards.

So the real question is: why, if our economy is so strong compared to those of all of the other industrialised nations—as we are reminded daily—do we need to spend more on stimulus measures than all the other in-
dustrial nations, with the exception of China, most of which are in recession? It is a really sobering question. Keeping in mind that the United States GDP contracted to 3.8 per cent in the December quarter last year and they urgently need a stimulus package, why do we, Australia, need to spend more on our stimulus package than the United States? Why do we need a larger stimulus package than all the other industrialised nations that are currently in recession? The other concerning fact is that all the other industrialised nations’ stimulus packages include tax cuts. Australia’s did not. Why is this? Why is it that, despite Australia having a far stronger economy than most industrialised nations, we have to spend more on a stimulus plan but do not have any tax relief for the taxpayers who will actually shoulder the burden of increased debt into the future?

The Prime Minister would have been better to observe the French Prime Minister, for example, whose stimulus package is much more prudent and responsible. The French stimulus package is only 1.5 per cent of GDP, and it includes spending on trains, universities, an electricity grid, power stations, roads and tunnels, courthouses and the like. It also includes business tax credits. It is a far more effective package that does not waste hard-earned taxpayers’ money on temporary and ineffective cash splashes.

We think that the government are misguided in their approach to this package. They have panicked, they are rattled, and they have tried to rush this package through without properly considering its impact. The coalition senators and indeed every non-government senator in this place rightly objected to this unseemly stampede to get these bills through. We did so because it is our job to scrutinise legislation brought forward and particularly because our children will have to bear the consequences of the mistakes this government are making.

Faced with global and domestic pressures, the government has reacted with a number of policy decisions since the May budget that have run up government debt. The Updated Economic Financial Outlook shows that accumulated deficits in 2008-09 are projected to be $118 billion. The current spending package follows earlier measures which together total almost $75 billion. A comparison of fiscal stimulus packages around the world in 2008-09 tabled by Treasury at the hearing shows that Australia’s stimulus package, at 4.9 per cent of GDP, is four times the size of the US stimulus as a proportion of GDP. The UK’s stimulus package was at 1.4 per cent of GDP, Germany’s was at 2.6 per cent, Japan’s was at 2.6 per cent and France’s was at 1.4 per cent.

One of the big downsides of borrowing money is having to pay the annual interest bill, as was highlighted by the coalition having to pay in the vicinity of $8 billion of interest per annum on the $96 billion worth of debt we inherited from Labor in 1996. While Senator Conroy claimed last week that the cost of funds used to finance the deficits would be $2.66 billion, he was only ever referring to net debt. When we talk about net debt, we mean that the amount of interest liability left after subtracting income from the government’s financial investments. Because of the strong economic management by the previous, coalition government, Labor inherited large financial investments, such as the Future Fund. These funds are profitable for the government, but the main point is that the funds are not able to be accessed by the government but are, rather, locked up to help to fund the previously unfunded superannuation entitlements of Commonwealth public servants. The simple fact is that income from investments such as the Future Fund should not be used to hide the true interest bill from government borrowing as Future Fund returns are locked up to cover a specific con-
tangible liability. Reporter David Crowe summarises this in today’s Financial Review, in which he calculates that the actual gross interest bill to meet the government borrowing will amount to at least $7 billion a year. That amount over six years comes to $42 billion alone in an interest expense. That $42 billion is a very familiar figure to everyone who has participated in this debate.

The Commonwealth Inscribed Stock Amendment Bill 2009 is only a page long but it is far and away, in my view, the most dangerous one in this bundle of bills. If passed, this bill will allow the government to increase its borrowing limit from $70 billion to $200 billion. And $200 billion represents $9,500 of debt for every man, woman and child in Australia—and, indeed, Senator Ferguson’s approaching sixth grandchild. This is quite an amount of debt to be issued. Mr Nigel Ray of Treasury told the Senate Standing Committee on Finance and Public Administration last Thursday that the funds appropriated by the bills have already been allocated for use. The evidence confirms that $200 billion in debt is to be issued over the forward estimates. So effectively what does this mean? It means that the government has already maxed out the nation’s credit card and, as I said, lumped every man, woman and child with a debt of $9,500 each, leaving nothing in the kitty for further stimulus down the track if needed. And, as I said, it surely will be needed.

With the $200 billion debt ceiling already reached by this government—with the national credit card already maxed out—there is nothing left, no backup and certainly no plan B. The government’s willingness to enter into this level of debt, even though the Prime Minister knows this is not a silver bullet—as he has conceded—is deeply worrying. This government has failed the people of Australia because it has absolutely no plan to fall back on and no other funds to spend in the latter part of the year. It is economic mismanagement of the worst kind. The coalition, being the parties of balanced budgets, would not have allowed the budget to go into such a sustained deficit that would allow $118 billion in deficit spending over the forward estimates. Unlike Labor we do have runs on the board in terms of strong fiscal management. During the previous government the coalition’s temporary deficit in 2001-02 was just that—temporary. Unlike Labor we returned to surplus the next year despite a number of our major trading partners being in recession.

Labor’s supposed temporary deficit simply has no concrete plan to return the budget to surplus and there is no end in sight. If you need proof of this you only have to look at the deficit forecasts in the Updated Economic and Fiscal Outlook. The coalition senators did try valiantly to try to ascertain Treasury’s modelling of the stimulus package. We are concerned that the government is unable to provide evidence on whether or not the $10.4 billion cash splash before Christmas was successful. A lot of speakers have referred to this. The government claimed that it created up to 75,000 jobs and yet Treasury conceded that data on household saving and consumption of the October package would not be available until March 2009.

So we certainly cannot point to any evidence of jobs being created, but we do know that the cost of jobs under this package would be $139,000 per job. Senators would appreciate that despite not really knowing whether or not the earlier package met the mark—we certainly do not think it did—we are now being asked to vote for a package four times that size. This is a leap in the dark. This package claims to support and maintain 90,000 jobs, and we simply have no idea whether it will have the claimed effect. Treasury certainly was in no position to provide that reassurance. This package of $41.5
billion will cost $230,500 per job per year. What we know with certainty is that unemployment is rising, with 100,000 more unemployed to be added by June this year, and 300,000 in prospect.

The $42 billion that is proposed in these bills actually constitutes the second stimulus package announced by the government, and it follows on from the $10.4 billion cash-splash giveaway before Christmas. So we know that Treasury has not been able to provide evidence on whether or not the stimulus package has been effective, yet we are being asked to simply take a leap in the dark with regard to a much bigger package with a much greater outlay. We do not know whether people saved it or used it to pay off debt. We had a government that was continually forecasting gloom and doom, so no doubt a lot of people saved it because they simply did not know what they were facing.

Much has been made about arguments from economists in support of increased demand via government spending. It is interesting that in America an open letter to President Obama appeared in, I think, the New York Times, signed by a number of very significant economists, about the US stimulus package. It reinforces our view that the form of fiscal activism that is put forward in these bills is not the best policy option available.

In the letter the economists state:

... it is a triumph of hope over experience to believe that more government spending will help the U.S. today. To improve the economy, policymakers should focus on reforms that remove impediments to work, saving, investment and production. Lower tax rates and a reduction in the burden of government are the best ways of using fiscal policy to boost growth.

The government would be wise to at least consider some of these alternative economic proposals from some pre-eminent economists both overseas and in Australia. I do not have time to go through all of them. The coalition agrees that we need to use a package to support jobs growth as a priority. Only policies that remove impediments to hiring and retaining workers, restoring confidence and encouraging investment will have the desired effect.

A serious failure on the part of the government is their unwillingness to consider the positive stimulatory effect of tax cuts as part of the package. Many leading economists support the use of tax cuts as a more effective way of stimulating economic activity than increasing expenditure. Tax cuts form part of the stimulus packages, as I said a little earlier, of all the major industrialised economies with the exception of Australia. Even the IMF conceded this in the October 2008 World Economic Outlook, which concludes:

... revenue-based stimulus measures seem to be more effective in boosting real GDP than expenditure-based measures ...

Why then did the government not include tax cuts in the stimulus plan? It seems that the government is instead more interested in pursuing spending measures. If that is the case then it is important that the government chooses to spend money on important capacity-building projects. If you commit spending of $42 billion then you need to make sure that it is a quality spend. Some people refer to this as getting bang for your buck.

Infrastructure spending is rightly acknowledged as being a vital investment, as it builds supply side capacity in the economy. This package spends a lot on housing insulation, for example, but little on economic infrastructure like roads, rail, ports, water or public transport. While there may be merit in Pink Batts and boom gates, there is little doubt in anyone’s mind that bridges, roads and tunnels add more to the economy’s productive output. Economic infrastructure would, of course, be a better priority than the
now infamous Pink Batts. Let me be clear about this. While the coalition believes in investing in schools and housing, there was no serious attempt by Treasury to explain why $21 billion was to be preferred as infrastructure projects. Is the government really so bereft of ideas that the best it could come up with for a $21 billion spend was assembly halls, gyms, social housing, black spots and boom gates? Who are they kidding? The quality of this spend is being rightly criticised as being unlikely to add to the total economic wellbeing of Australians.

As will be clear from my remarks and those of my coalition colleagues, we consider that this massive spending package is fundamentally flawed. The government should start again and, with the benefit of hindsight, construct a stimulus package that provides a better assessment of what is required to meet the objectives of increasing productivity and creating jobs to better withstand the economic downturn.

The government has been unable to demonstrate that the October 2008 package succeeded in creating 75,000 jobs. Chasing one discredited cash splash with an even bigger spending package and saddling the nation with an enormous debt will not likely restore confidence in the government’s ability to handle the economy in difficult times. The coalition has always stood for low or no debt and budget surpluses over the economic cycle. After 12 years of careful and skilful economic management by the coalition, we had hoped that huge government debt was not going to burden the next generation of Australian taxpayers. Debt and deficit is the calling card of Labor governments, and the Rudd government is no exception. The Senate should vote against these bills.

Senator FIELDING (Victoria—Leader of the Family First Party) (6.32 pm)—Australia’s economy is about to break, but so too are our communities. The Rudd government’s $42 billion plan, under the Appropriation (Nation Building and Jobs) Bill (No. 1) 2008-2009 and related package of bills, offers stimulus to the economy but little sympathy to help the innocent victims of this crisis—namely, Australian families and communities who lose their jobs. If this is a war against recession, then we might say that a team of economists has meticulously planned a battle to end the war but has forgotten to help the inevitable human casualties of the war itself. Getting the economics of government right is important but, while multipliers, deflation and equilibrium are vital, so too is remembering the importance of security, confidence and compassion in our lives and in our local communities.

Everyone seems to agree that, no matter what we do, hundreds of thousands of Australians are about to lose their jobs. These are real flesh-and-blood people. They are mums and dads who will determine the confidence, cohesion and productivity of their families and therefore of Australia. There is no doubt this $42 billion should be targeted at easing the economic crisis, but surely some of it should also be targeted at easing the inevitable human tragedy over the next two years. This is my concern with the stimulus package.

The British philosopher Isaiah Berlin once declared that all thinkers have an ‘inner citadel’ of firmly held core beliefs around which all other thoughts are constructed. Our nation should be proud that our Prime Minister can easily write an essay on how current economic circumstances can be interpreted through a prism of political philosophy. However, both the PM’s essay and his proposed $42 billion stimulus package can be seen to reflect an inner citadel of beliefs which I believe display a worrying defect. The Rudd government is not infallible, which is why we have the timeless wisdom
of the democratic process. We are all fallible. From time to time we can all be wrong. We are just human. Often very intelligent people believe that being smarter than others is the same as always being correct. This is a dangerously false belief. As the Irish philosopher Edmund Burke reminded us:

I have never yet seen any plan which has not been mended by the observations of those who were much inferior in understanding to the person who took the lead in the business.

The Rudd government clearly set out to create a stimulus package that would save jobs, and I applaud them for their efforts. However, as they are only human, they missed something. They forgot they would also need to address those thousands and thousands and thousands of people who are going to lose their jobs anyway, with little hope of finding another job. If we are going to go into debt to spend $42 billion to alleviate the effects of the upcoming recession, then we must surely spend some of that money helping those very people most affected by it. We should use the money to bring security, confidence and hope to those families trying to make it through the next couple of years.

In a plan which gives $950 handouts to even the well-off, surely we should be more targeted in identifying those in true need. In a plan which spends $3.9 billion on roof insulation and solar panels which will take 2½ years to fully install, surely we can find better ways to utilise the ingenuity of the great Aussie battlers soon to be unemployed. The flawed economic thinking of the neoliberals was faulty precisely because they believed they could not be wrong. Many warned the former Chairman of the Federal Reserve, Alan Greenspan, and former President George Bush, but these critics were ignored, sidelined and ridiculed.

Mr Rudd says that his policy is ‘supported by practically all responsible economists’, but what he does not say is that one year ago both he and nearly all the same economists thought the complete opposite. The world was not flat because the majority of people thought it was. The millennium bug was not a threat to the world order just because the majority of people panicked over it. The Rudd government’s rejection of all those who wished to review his plan as ‘standing in the road’ of progress is a worrying indication of a government that believes economics cannot be wrong. When the Rudd government demanded that parliament approve a $42 billion package with only 48 hours notice, it suggested that the Rudd government did not accept the possibility that it could have made a mistake. I respectfully ask the government to work with people’s elected representatives, not to force us into approving the package. As the economist Henry Ergas said this week:

Parliamentary scrutiny of spending decisions is fundamental to democracy. With so many important questions unanswered, the Senate should insist on doing its job, and on having the time to do it well.

I wish that parliament had been given the opportunity to hold a Senate inquiry into the current Iraq war. I suspect the Senate would have discovered that there was no postwar plan and so have saved many lives. As James Surowiecki famously wrote, there is not just wisdom in individuals; there is also great wisdom in crowds. This wisdom of crowds is the power of democracy itself. The Nobel Prize winning economist Amartya Sen wrote that ‘a free press and an active political opposition constitute the best early warning system a country threatened by famine can have’. This is because an eclectic crowd of journalists and parliamentarians can find it much easier to spot flaws and sound the warning of government mistakes.

The Senate is not a rubber stamp. It is there to keep the bastards honest and to cor-
rect the mistakes of the government. Indeed, one of my crossbench colleagues has already reported finding a multibillion dollar typo in the stimulus package documentation. The government has made a mistake in ignoring the hundreds of thousands of soon-to-be-unemployed Australians and should allow senators to help fix the stimulus package, ensuring it offers the maximum and best targeted help possible to save Australian families and communities. The Rudd government must respect the institution of parliament, even though institutions are not a very easy concept to spin and sell. They are essential to constitutional democracy, which has protected us over our history. Respecting these democratic institutions will be essential to protecting Australians through these very tough times.

I also ask the Prime Minister to contemplate the importance of communities and how, with the stimulus package, we might better protect and help them to heal themselves. The Prime Minister says that neoliberalism has failed, and I agree with him. In fact, that was the topic of my first speech in the Senate more than three years ago. I warned that Australia had taken on some of the values of the unfettered free market economy and that we would have to ditch those and focus back on community life and a savings culture. Neoliberalism’s failure is partly because it became infested with a market fundamentalism that could see only individuals and was blind to the importance of communities and altruism. Yes, I am an individual, but I am also a father, a husband, a boss, a parliamentarian and an okay soccer player. In other words, we are not islands; we are all connected in a web of social interaction which is central to our lives and our identities. When I lost my job in 1992, the biggest factor in whether I could cope, adapt and overcome my circumstances was the support I received from my family and community. As the love and support we receive from our friends and family is impossible to quantify in Treasury modelling, it is too often just ignored by economists trying to tackle recessions. To ignore our emotions, friends and families because they cannot be defined in a calculator or counted in GDP is absolutely foolish.

If good, honest people lose their jobs and cannot find another, they suffer more than the loss of their wage; they can also lose their pride, confidence and hope. They might also lose their home, which will rip their families from their local emotional support network—their community—at the time they need it most. Giving Aussie families a heart full of hope is as important as giving them a pocket full of cash. Amongst the hundreds of thousands of unemployed people will be countless mums and dads who, through no fault of their own, will find themselves out of work with little prospect of finding another job. These people will be our families, friends and the neighbours down the street. They will be hardworking, skilled and innovative people. They will be ordinary people—but people that count. Recently, economists have highlighted risks to our homes because some people cannot claim unemployment benefits if they have savings or property. This law threatens to rip communities apart. We cannot let that happen to our fellow Australians.

I have recently asked the Prime Minister and Treasurer to consider how they might be able to better use 10 per cent of the proposed $42 billion package in a plan that both creates jobs and strengthens our communities. I believe this plan could restore our newly unemployed battlers’ finances, hopes and dignity by awarding grants to local councils and charitable organisations that already exist in our communities. By using these existing structures the government can get cash straight into the system. Most importantly,
once armed with this money, local councils and charities can put people in their community back to work on projects which are targeted to help heal those communities in some way. This would empower social entrepreneurs, charities and local councils to heal the problems in our communities. This creates not just thousands of jobs but also a sense of self worth, confidence and hope amongst our communities.

Some charities will no doubt use the grants to employ people to work on environmental projects. Some will be employed to give care to the elderly. Some will be employed to provide after-school projects for our children. Some projects will employ people to clean up our neighbourhoods. Some projects will employ people to offer health services and some will be employed to educate remote communities. The types of projects will be limited only by our imagination.

Amongst these established organisations, like charities and local councils, there is more knowledge of what needs to be done to build and strengthen our communities than could ever be dreamt of in a centralised government bureaucracy. Amongst the soon-to-be-unemployed Aussie battlers there will be the ingenuity to deliver these projects and where training is needed then there is already money in the current package set aside for this training.

I am only one senator in this place entitled to a very small number of staff, so I submitted a paper to the Prime Minister and Treasurer on Friday asking the Treasury to model Family First’s Get Communities Working plan and our projection that this could create up to 100,000 jobs. The Treasury’s response was to come back to say that Family First’s Get Communities Working plan would create 25,000 to 33,000 jobs. Therefore, even by Treasury estimates, the Family First’s plan, which only needs 10 per cent of the total stimulus package—about $4 billion—will create far more jobs per dollar spent than the Rudd government’s plan. For every 10 per cent of the Rudd government’s stimulus package, Treasury estimates an average of up to 9,000 jobs will be supported and sustained. Treasury estimates the Family First plan will create 25,000 to 30,000 jobs with the same amount of money.

Family First’s Get Communities Working plan can also find common ground between all parties. The coalition might like the idea as it allows local social entrepreneurs—not central governments—to decide how best to use the money to benefit their communities. The Greens might see the potential for green projects, and the government already endorsed the concept when it implemented the idea to fund local councils on a much smaller scale last year. Speaking last year Mr Rudd said, ‘Local governments have the capacity to roll out smaller-scale infrastructure projects quickly.’

Equally, when Mr Rudd spoke at the launch of the Australian Council of Local Government he told us it was a ‘framework for future coordination’, believing that last year’s comparable $300 million scheme would ‘create thousands of jobs for tradespeople, engineers and administrators’. This scheme would mean that, far from the decrees of the government telling us exactly what needs to be done in our communities, we could allow the experience of the forgotten ‘third sector’ and local government to show us what needs to be improved in the communities they live in. And, of course, in giving local governments and charities the money to employ people, they can not only build and strengthen the community but also stimulate the economy. This plan can turn the innocent casualties of this crisis into the heroes of their communities.
This message has, of course, been brought home to us this last weekend. Some of this money should go directly to the Victorian communities devastated by fires. It should leverage existing charities and local government organisations to find the jobs and projects in these local communities which will best help them. It would allow an opportunity for those who will be without work to be productive and help rebuild their local community. It would harness that Australian spirit of mateship and soldiering on despite adversity that has again and again come to the fore when Australia has faced difficult challenges. If the Prime Minister wishes for me to vote for this $42 billion package, he should take a more conciliatory approach and welcome ideas from the crossbenches, especially ones which will create thousands of jobs for Australians at no extra cost to the taxpayer. I look forward to his response.

Senator XENOPHON (South Australia) (6.50 pm)—I rise to support this second reading of this package of the Appropriation (Nation Building and Jobs) Bill (No. 1) 2008-2009 and related bills, but reserve my position in relation to the third reading. We are living in extraordinary times both globally and locally. Already nearly half the nations of the world are in recession, with seven of our top 10 trading partners expected to be in recession by the end of 2009. The forecast for global growth next year has fallen by 3.5 per cent in the past few months. Americans are losing their jobs in unprecedented numbers and losing their homes at unprecedented levels. One of the largest buyers of Australia’s bulk export commodities, China, is seeing its economic growth slowing dramatically. Another major trading partner, India, is set to see its growth halved over the next 12 months. Japan’s economy will contract by 2.6 per cent, while the United Kingdom’s economy will decline by 2.8 per cent.

The OECD’s most recent official forecast is for unemployment to rise over the next 18 months in the OECD countries to a peak of 7.3 per cent in the second quarter of 2010. The World Bank predicts that in 2009 growth will fall below five per cent in developing countries for the first time since the downturn of the early 1990s. The World Bank also predicts that world trade will decline by 2.1 per cent during 2009, the first such fall-off since 1982. Put simply, the world economy is in uncharted, turbulent waters. While in Australia we are faring better than most other nations, we cannot afford to be complacent. Our nation faces enormous challenges.

By the 2009-10 financial year, unemployment in Australia is projected to grow to seven per cent—another 300,000 Australians whose lives will be turned upside down by the spectre of unemployment. Business investment will fall by 15.5 per cent. GDP will flatline, while gross national expenditure will fall by 0.25 per cent. Growth in exports will fall from 4.3 per cent last year to 0.25 per cent in the next financial year. The terms of trade will plunge by 20 per cent this year, cutting 9.75 per cent off corporate profits and driving business down by 15.5 per cent in the next financial year. And these Treasury based estimates are considered optimistic by many economists. The truth is we do not know how bad things are going to get. So, given these dire domestic forecasts, the question before us is how best to respond.

Some economists argue that we should let the market do what the market does and these difficulties are just a natural correction for the excesses of the last decade. I disagree. Why should we rely solely on market forces? After all, unbridled, under-regulated market forces got us into this mess in the first place. I believe governments must intervene to protect their citizens. What is needed is to seriously consider a careful, balanced and effective intervention to provide eco-
nomic stimulus. This is why it was so important to have a Senate committee inquiry process into these bills. But we also have to ask the question: do you want a quick plan or do you want a plan that actually works? I supported the Senate finance and public administration and community affairs committees’ inquiries into these bills because the best decisions are evidence based; but such decisions are hard to make if there are less than 48 hours to work through six bills, as the government would have liked us to do last week.

To say the situation we face is uncertain is an understatement. I had hoped the committee process would add some degree of certainty. It has and it has not. It felt like the more questions were answered the more questions I had—questions such as, ‘How could debit cards with restrictions on cash withdrawals or poker machine use encourage a swifter and stronger cash stimulus?’ I note that there are different views on this from behavioural economists, but I am grateful for the response given by Treasury officials last night in the committee process. That referred to US studies in relation to this, as well as a new study, by Jonathan Parker from the Kellogg School of Management and Christian Broda from the University of Chicago, which tracked the spending of bonuses in the United States. That study seems to indicate that cash bonuses, depending on how they are categorised—as bonuses rather than rebates—could actually have a positive effect in the context of additional spending.

But what I am critical of is that there are simply has not been sufficient analysis here domestically by Treasury in relation to previous cash handouts, nor adequate household expenditure surveys of that type—that sort of research and those sorts of surveys—to indicate how such packages could best be targeted. We need these independent surveys to work out how cash handouts, how bonus payments, can best stimulate the economy. I think it is important that we give consideration to the views of behavioural economists as to which approach would work best.

These are just a few of the questions I raised, and the answers I received were far from conclusive. There are all sorts of jokes about economists—and I respect that profession—but some say that, if you get 100 economists in a room, you can end up with 200 answers. I think we also need to reflect on the issue of debt, which is something that has troubled me, and I think the Senate committee inquiry process has been useful. I am worried about debt and I will refer to that in more detail later.

I think it is important to make reference to Saul Eslake, the chief economist of the Australia and New Zealand Banking Group, and his submission to the committee inquiry last night, which he emphasised was in a private capacity. Mr Eslake commented on the budget deficits envisaged in the Updated Economic and Fiscal Outlook, saying that the UEFO forecasts the budget deficit will peak at 2.9 per cent of GDP in 2009-10, compared with peaks during previous recessions of 4.1 per cent in 1992-93 and 3.3 per cent in 1984-85, while the OECD’s most recent forecast is for OECD budget deficits to peak at 4.1 per cent of GDP in 2010—a forecast which does not include the stimulus that is now being proposed in the United States. Mr Eslake also made the point that ‘the UEFO forecasts that net public debt will reach 5.2 per cent of GDP’ by the end of June 2012 and said:

Again, it could easily be more than that, especially if the $200 billion borrowing limit envisaged in the legislation—presented to the parliament—is fully utilised.

But the UEFO projection, he continued:
… compares with a previous peak of 18.5 per cent of GDP in 1995-96 and with OECD forecasts of net government debt of 48 per cent of GDP for the OECD area as a whole, a forecast which is also likely to be an underestimate.

I think it is important to put that in perspective in the context of this current package.

I seek leave to continue my remarks later.

Leave granted; debate adjourned.

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

Sitting suspended from 6.58 pm to 7.30 pm

COMMITTEES
Finance and Public Administration Committee
Report
Senator POLLEY (Tasmania) (7.30 pm)—I present the report of the Senate Standing Committee on Finance and Public Administration on the provisions of the Appropriation (Nation Building and Jobs) Bill (No. 1) 2008-2009 and five related bills, together with the Hansard record of proceedings and documents presented to the committee.

Ordered that the report be printed.

Community Affairs Committee
Report
Senator MOORE (Queensland) (7.31 pm)—I present the report of the Senate Standing Committee on Community Affairs on the provisions of the Appropriation (Nation Building and Jobs) Bill (No. 1) 2008-2009, together with the Hansard record of proceedings and documents presented to the committee.

Ordered that the report be printed.
seeking unity and answers, the opposition’s approach may have set the headlines, but it also set up a stalemate. The two major parties were so convinced they were right that they ended up doing the wrong thing by us all. Surely this week of all weeks, we must be able to see that in times of genuine national crisis it is better to work together and not to use politics to drive us further apart.

Do I support the package? My biggest concern about the package has been not simply what we are spending but also what we are buying. I do know that targeted infrastructure spending will serve generations to come, which is important because, if future generations are going to pay off this debt, the deal we do now must benefit them too. When faced with complex global crises and equally complex economic responses as we deal with this response package, it is important to be clear about what we know, what we do not know and what we cannot know. I believe this is an important point to make even if I risk sounding a little like Donald Rumsfeld.

The one thing I do know is that for generations the plight of the Murray-Darling Basin has been ignored. This crisis directly affects Queensland, New South Wales, the ACT, Victoria and South Australia. Arguably, this is the most important infrastructure system in the country with the basin holding approximately 40 per cent of the nation’s farmland and producing over 50 per cent of its food. That is to say nothing of its extraordinary environmental value, yet it has been neglected and abused almost to the point of no return. Another thing we know is that we have just experienced almost two decades of unprecedented economic growth. Our economy has expanded, our national and personal wealth have risen and deficit budgets have become a thing of memory—until now. Did we spend this money to prepare for bad times? We all know the answer to that.

While I concede a time of economic decline may not be the easiest time to fight for environmental and social bottom lines, I believe we have no choice. Labor or Liberal governments could have acted on these things in the boom years, but they did not. Instead, they ran the river into recession and river communities into deficit. While past governments piled up taxes and piled out the handouts, they also piled on the environmental debt. As the government talks short-term deficits to be redressed by future surpluses, there are no surpluses on the horizon for the Murray-Darling Basin. The river is dying. The Lower Lakes are taking their last gasp. River communities are on the brink. Within weeks, even good rains, if they ever come, will be too late for some along the river. That is why we must act now. I point to work by Professor Quentin Grafton of the Australian National University who has argued that spending on infrastructure in the Murray-Darling Basin would result in significant productivity, infrastructure and environmental returns.

That is why I believe it is important to consider a practical four-point plan. Step 1: there is currently $3.1 billion allocated for water buyback under the government’s previously announced Restoring the Balance in the Murray-Darling Basin program. Water experts such as Professor Mike Young, one of Australia’s leading water economists, from the University of Adelaide, believe this money should be spent as a matter of urgency. This would facilitate a rapid buyback process of between three and six months rather than the years that are projected now. It would allow irrigators to sell their water swiftly and inject cash into their local economies. It would also allow unviable irrigators to leave their land with dignity immediately by selling their water to the federal government to gain a small, but important, premium. This will provide not only a rapid
flow of funds but also greater environmental flows. This would help every remaining irrigator right along the Murray-Darling Basin become more viable, and it would help the environment. None of this is new money.

Step 2: there are also a number of water infrastructure projects that are funded, approved and ready to go. What is needed is for the federal government to turn the wheels of bureaucracy much faster. Already $5.8 billion has been budgeted over 10 years as part of the Commonwealth’s water plan, but $2 billion of this can be easily brought forward. This $2 billion is for shovel-ready projects that will see on-farm water savings right along the basin. This money can also fund bioremediation in the Lower Lakes and stressed wetlands throughout the basin, which will provide significant immediate stimulation to rural economies as well as doing the right thing by the environment. This also is not new money.

Step 3: there is currently $250 million in federal funding allocated to the piloting of stormwater projects through the National Water Security Plan for Towns and Cities. Stormwater harvesting can significantly reduce urban dependency on the river system at a fraction of the cost of other measures, such as desalination plants. In my state of South Australia, the water we could reclaim, water that we let out to sea each year, could help wean Adelaide off the Murray. That is why I believe this stormwater funding should be brought forward as a matter of urgency. Again, this is money to be brought forward, not new money.

Step 4 involves new money: the $3.1 billion water buybacks will require up to $2 billion of new money to help regional communities to adjust to the changes that will result. This money will allow for once-in-a-generation transitional spending, helping rural economies to cope with a reduction in farming in their area. Madam Acting Deputy President, when you consider that 1.3 million people live in the basin, you must acknowledge its productive capacity and the precarious nature of our permanent plantings, because once they are gone they are gone and there will be no recovery for those communities and for their citrus trees, their almond trees, their stone fruit trees and their vineyards. Once all that has gone there is no point of recovery. Once those permanent plantings die, that is it. That is why it is important that we consider the economic impact and the social impact in dealing with this crisis now, rather than letting communities die the death of a thousand cuts, to actually give them some real hope and some real economic and environmental benefits. People are going to need money to start new businesses. Others will need money to relocate. This money will provide jobs as communities restructure and rebuild their towns. This money could also involve the expansion of the current $150,000 exit packages to properties of currently up to 15 hectares whose owners sell all their water. While I do commend the Rudd government for changing those exit packages last year to ensure that people do not actually have to leave their homes, I note that 15 hectares is simply too low for people to consider it. It should be on a much larger basis. Rural economies, though helped by the cash injection of the water buybacks, will still need further assistance to adjust, and this is what up to $2 billion will provide.

What underpins this four-point plan is a simple premise: the less water we waste in the basin system, the more viable the basin becomes both economically and environmentally. I point out findings from the work that has been done just in one part of the river system. An economic impact analysis that PKF Australia, a consulting firm, did not so long ago estimated that there could be up
to 10,000 jobs lost in the Riverland region if we do not act, if we do not do things differently, if we do not provide that level of assistance. That would be equivalent to an unemployment rate of 30-plus per cent—a Great Depression level—in the Riverland alone. That would be replicated in regions throughout the Murray-Darling Basin unless we act now, unless we use the money that has already been allocated but not spent, to stimulate communities to give them real hope and a real chance of survival.

This plan will be good for rural economies and therefore will be good for rural communities. That leads me to the fundamental question: will the overall package do what it is meant to do? After all, this is meant to be a stimulus package in terms of economic viability. It is meant to protect jobs. For days, like my fellow senators, I have listened to the experts and the economists, and the truth is they are uncertain, which means ultimately none of us can really know. And there is no point being political about this. In essence, to my mind, it comes down to this. If you find yourself in a sinking ship, do you grab a bucket and start bailing out water, even though it is going to be hard work and the plan might not work, or do you sit back and say, ‘We’re going to sink anyway, so I’ll do nothing’? This is the dilemma that faces the Senate. The plan might succeed; it might fail. Future generations will pay for the decisions we all make this week, which means future generations will judge us on the decisions we all make this week. My only hope is that, whatever we decide, future generations in the Murray-Darling Basin will judge us kindly. I support the second reading of this legislation, but I reserve my position on the third reading.

Senator CONROY (Victoria—Minister for Broadband, Communications and the Digital Economy) (7.42 pm)—The government has announced a significant plan for our nation. It is a necessary response to the global economic recession, and it has received widespread support. The ANZ Bank, in its assessment of the plan, stated:

The moves have been decisive and pre-emptive; thus giving policy the best chance of minimising the damage to employment from the downturn in the global economy.

Our action has been widely supported by economists, business leaders and industry. In a Senate inquiry hearing only yesterday, Mr Greg Evans, from the Australian Chamber of Commerce and Industry, said:

The size of the package at two per cent of GDP in 2009 is appropriate and in line with our own estimate of what is required.

Yet despite this support—and at odds with the advice of governments, economic authorities and experts around the world—those opposite continue to delay the delivering of funding to millions of Australians, families, schools and local communities. In delaying this package they are costing Australians jobs.

Throughout the global financial crisis, the government has responded to volatile market conditions swiftly, calmly and methodically. The government has heeded international advice, such as that of the IMF. The chief economist for the IMF has stated:

Above all, adopt clear policies and act decisively … Delays in financial packages have cost a lot already. Further rounds of debate will stoke uncertainty and make things worse.

By opposing these bills the opposition are condemning Australian families, workers and small businesses to the full devastating impact of the global recession. The government’s strategy is already delivering positive benefits. The retail figures for the month of December, following the government’s Economic Security Strategy, show that the economic stimulus provided by the government has boosted consumption at a time when our
The December retail trade figures show that retail sales increased by 3.8 per cent in December, the biggest monthly increase since August 2000. This data dispels the claims made by opponents of this package. Claims that the package is too large are ignorant of the scale of the global crisis at hand and its impact on the lives of Australians. Opponents fail to appreciate the massive decline in revenues resulting from the global recession, the slowing of China and the unwinding of the mining boom, which has wiped $115 billion from budget revenues and pushed the budget into temporary deficit.

Delay ignores the need for an immediate boost to jobs and businesses. The government's plan will contribute to our long-term productivity reform agenda, an agenda that embraces the education revolution, investing in advanced infrastructure, COAG reform and making the transition to the low carbon economy of the future. The government’s plan is substantial, but it is also appropriate. It includes the modernisation of all Australian schools, with $14.7 billion invested in our children and their schools. It tackles the crisis in affordable housing inherited by this government after years of underinvestment, with $6 billion to fund the construction of approximately 20,000 new dwellings. It makes an additional $890 million investment in roads, rail safety and regional infrastructure. And, significantly, it provides a $2.7 billion time-limited investment in the modernisation of Australia’s housing stock, with energy efficient measures to insulate homes and access solar hot water. These investments will support jobs and growth.

A key part of the government’s Nation Building and Jobs Plan is to provide financial support to taxpayers. The government is providing cash payments and tax bonuses to immediately support jobs and strengthen the Australian economy during a severe global recession. The tax bonus for working Australians provides immediate economic stimulus to boost demand and support jobs through a one-off payment to low- and middle-income earners.

The household stimulus package provides five key bonuses: the back-to-school bonus, which will assist over 1.5 million families and 2.8 million children in meeting the costs of education during these difficult times; the single-income family bonus, which will provide a $950 one-off payment to approximately 1.5 million families who are entitled to family tax benefit B; the training and learning bonus, which will further support education and training through a $511 million training and learning bonus; and our farmer hardship bonus, which will provide support for growth and jobs in rural and regional areas already experiencing difficult times. This includes $20.4 million in 2008-09 for a one-off bonus payment of $950 to farmers and small business owners receiving exceptional circumstances related income support payments. These payments will benefit approximately 21,500 recipients.

These one-off bonuses are necessary to provide an immediate stimulus to the economy, given the severity of the global downturn, until investment projects kick in. Our plans will provide an immediate boost to jobs and businesses and provide lasting benefits to communities through funding of schools, roads and other community infrastructure. Those who oppose this plan should be asked to go to every P&C and P&F committee around Australia to explain to them why they do not think they need decent libraries, halls or refurbishments. They should also be asked to explain why small businesses, farmers and families are not receiving the support available to them in the government’s plans. The Nation Building and Jobs Plan is the right plan for the time. It delivers the support to growth and jobs that...
is so important to our country at this time of
global crisis. The government’s plan pro-
vides the investment necessary to help see
our nation come through this global reces-
sion stronger. I commend the bills to the
Senate.

Debate (on motion by Senator Conroy)
adjourned.

ADJOURNMENT

Senator CONROY (Victoria—Minister
for Broadband, Communications and the
Digital Economy) (7.50 pm)—I move:
That the Senate do now adjourn.

Victorian Bushfires

Senator MARSHALL (Victoria) (7.50
pm)—It is difficult to get up here tonight and
talk of the tragedy that has befallen Victoria.
The immensity of human loss leaves us
shocked and deeply saddened. That shock
and sadness at the unfolding tragedy in Vic-
toria has been felt across the Australian
community, yet it is truly heartening to hear
that the public response was heartfelt and
immediate. Reflecting the organic and genu-
ine nature of the public support for those
effected so terribly by the ongoing tragedy,
Australians have immediately rallied behind
those directly affected. From the outset, we
have all recognised that this tragedy is a
tragedy for our entire community, our entire
country. So far, we understand that over 170
people have died, hundreds of homes have
been destroyed and 25 fires still remain out
of control. When the scale of a disaster like
this dawns upon us, it brings into stark focus
the harsh realities of the landscape in which
we live.

In 1851 Victoria experienced its first taste
of the terrible potential bushfires had in Aus-
tralia’s south-east. Then, with 12 dead and
over five million hectares burned, the cycle
of drought and fire that we have seen culmi-
nate over the course of the weekend was
made brutally clear to the early Victorians. It
is therefore understandable that early Austra-
lians had trouble appreciating the beauty of
the Australian countryside. The hot and dry
climate to which they were exposed wit-
nessed frequent droughts and frequent fires.
Thankfully, as Australia matured as a nation,
the beauty of the continent became more
apparent to those generations that followed.
We now have a deep and genuine affection
for the land on which we live. Yet our collec-
tive history has been marked by the fierce
potential that underscores our continent’s
beauty. The events of the weekend make this
terribly clear.

This morning I was in touch with the Vic-
torian Ambulance Union. I know what a
close-knit community the ambos are, and I
wanted to inquire into the welfare of those
out there working beyond the call of duty for
our community. I was given a snapshot of the
personal sacrifice and commitment that
members of our community have made and
continue to make as we speak. I was told of
the example of Andrew. His story is just one
example amongst many thousands, but it is
the kind of act of bravery that has marked
our community’s collective response to this
terrible tragedy. At any other time Andrew’s
story would be remarkable, but over the last
few days I have been grateful to hear that
Andrew’s story is not the exception to the
rule but has been repeated in various forms
throughout our Victoria.

Andrew is a long-serving ambo, he is a
family man, he lives in Marysville and he is
an upstanding member of his community. He
has asked me not to mention his last name.
He does not want any personal attention. As
he made clear, he was ‘just part of a team’—
a typical Australian attitude. A warning from
the Country Fire Authority meant that An-
drew was able to begin the evacuation of his
family in time to be ahead of the fire front as
it sped towards Marysville. While on the way
to the evacuation point, Andrew stopped to help a woman who was trapped after a tree had fallen on the roof of her car. He sent his wife and children on ahead to the safety of the evacuation point and waited for assistance without transport of his own. Soon, a Rural Ambulance vehicle turned up and together the ambos rushed the lady to Buxton. Halfway there, the lady was transferred to another emergency vehicle and, as a result, was safely on her way to medical treatment.

Andrew, now with only the ambulance as transport, went back to join his family while the other Ambulance Community Officers, with transport of their own, did the same. Knowing that there were a lot of children and elderly at the Marysville evacuation point, Andrew knew that he could be of some assistance. After helping in the evacuation of others to the relative safety of Alexandra and with his family safely on the way, he took the ambulance and followed on. When they reached Alexandra, Andrew was joined by another ambo. It became apparent to both of them that the Rural Ambulance and the local hospital were both straining under pressure of the crisis. With this in mind, the two ambos then spent the night providing assistance to the wounded evacuees. These two professionals were primarily concerned with doing what they could to avoid overburdening the local hospital and making sure that those around them were safe.

Andrew’s story is one of selfless bravery, but what impressed me so much about Andrew was that he, like the thousands of others that contributed all that they could, was at pains to highlight the contribution of others. When retelling his story, Andrew’s primary concern was that I not talk simply of his deeds. He said that his work throughout the night at Alexandra was again ‘just part of team’. Andrew strongly commended the local station officer for his leadership. He noted how the other professionals and volunteers focused their entire efforts totally on the safety of others. But, above all, Andrew noted the contribution of the community in Alexandra. He said: ‘We were treated like royalty by the local community. They fed us. They clothed us. They washed us. They bent over backwards for us.’ Throughout this crisis, it has been Victoria’s communities that have shone.

Andrew is a part of this community and his acts symbolise what we as a community have the potential to achieve. Like many of those around him, Andrew’s home was destroyed by the fire while he was out helping to save the lives of others. Yet Andrew was very grateful that, unlike a shocking number of the others from his community, his family escaped alive. Tonight they will sleep safely at his parents’ house. Without the efforts of the thousands of Victorians like Andrew, the shocking number of lives lost so far could have been so much greater.

It is therefore with a great sense of pride that I note that the response of the government has been swift and has been totally supported by all sides of politics. Centrelink family liaison officers will be made available in relief centres in Victoria to provide counselling services. Social workers will be deployed in consultation with the Victorian Department of Human Services. The Australian Government Disaster Recovery Payment will be made available to those people adversely affected by the fires. It is $1,000 for eligible adults and an extra $400 per child. This payment will be made to those seriously injured and hospitalised, as well as to those who have lost their homes or whose principal place of residence has been destroyed or seriously damaged as a direct result of the bushfires. The payment will also be available to an immediate family member of those who, sadly, have lost their lives. We will provide funeral assistance for the immediate family of a person who has lost their life as a
result of the fires. This assistance will be up to $5,000.

The Commonwealth Government Disaster Response Plan has been activated. Under COMDISPLAN, authorisation has been provided to deploy Army bulldozers and support crews to help fire protection efforts near Yea in north-east Victoria. The Defence Force personnel will help build containment lines surrounding the town, which is being seriously threatened with fire. Under COMDISPLAN, the Australian government is also providing hundreds of portable beds and mattresses to relief centres in the Baw Baw shire in West Gippsland. This is to provide emergency workers with facilities to get sufficient rest to continue their tireless and brave work.

The federal and Victorian governments are working closely together to ensure that the people and emergency workers in Victoria have all the support they require during this difficult time. Again, I note the bipartisan support of all parties in allowing us to move so quickly. Assistance will also be provided by the Australian government under the longstanding Natural Disaster Relief and Recovery Arrangements. These include a range of assistance measures including partial reimbursement to the Victorian government to provide assistance such as grants for food, clothing, accommodation, emergency housing repairs and expenditure on public infrastructure restoration. The government has agreed with the Victorian government to establish the $10 million Community Recovery Fund to assist the recovery effort in affected communities. The Community Recovery Fund will cover immediate costs of clean-up and the removal of debris. It will also cover the restoration of community infrastructure damaged or destroyed in the fires, above and beyond the replacement of essential public assets.

The Australian Red Cross is accepting blood donations, especially to help burns victims. We understand that the response of the community has been incredible, but we must remember that the need is ongoing. In the midst of this immense tragedy we have seen the best our communities have to offer. Now it is our collective responsibility as a national community to do our best to help them rebuild their lives—a task that will be with us for years to come.

Victorian Bushfires

Senator TROETH (Victoria) (7.59 pm)—I too rise to comment on the terrible tragedy that has hit Victoria, my home state, in the last few days. I would like people to imagine themselves in Victoria on Saturday, when it had reached 40 degrees by noon. At 3 pm I went outside my house and realised that the sun was hotter on my skin than I had ever known it. The wind was swirling in strong gusts. If it swirled in suburban Melbourne, I can only begin to think what it was like in country areas.

To me, it brought back memories of Ash Wednesday in 1983, when I lived in south-west Victoria near the South Australian border. I was teaching in Portland and the school was shut when the temperature reached 41 degrees. I travelled the Henty Highway to Haywood. The west wind was so strong that it moved the vehicle continually from the left-hand side of the road to the right-hand side. I collected my two youngest sons from primary school and took them home to the farm and we sat inside with the pets and waited. We were between the Warrnambool fires and the Mount Gambier fires. The air was smoky and the sun was a huge yellow orb in the west.

Fortunately, both of those fires were contained but not after terrible loss of human life—a tragic loss of 47 lives in Victoria and more in South Australia, where they took an
equally terrible toll. Those fires came at the end of a very long drought period. All the vegetation on our farm was timber dry. The combination of great heat, strong winds and fuel to feed the fire proved lethal. That day is remembered as Ash Wednesday. Such a combination was also present last Saturday, 7 February. And the combination proved lethal as well, but with a much higher death rate, which, at last count, stands at 181 people.

We should remember that as Victorians we live in one of the world’s most hazardous bushfire zones and since the early days of European settlement Victoria has suffered regular and devastating fires. In February 1851—no doubt at the end of a long dry spell—Victoria endured Black Thursday. As detailed by Geoffrey Blainey in the Melbourne Herald Sun yesterday, bushfires were recorded regularly after the turn of the century—in 1919, 1926, 1932, 1939 and 1944. More than 70 Victorians died on Black Friday in 1939.

This summer has been no different, with a long period of extreme dry weather and searing temperatures. But the difference in 2008 was that the areas of Kinglake and Marysville, to name two of the towns that have been so badly affected, are more closely settled, with larger populations because of people seeking to escape the pressures of urban life in Melbourne. Both areas are also densely forested.

Perhaps I should mention the particular charms of Marysville, which has always held a certain magic for Victorians. It was established as a stopping point on the way to the Woods Point goldfields, with the post office established in 1865. With a permanent population of 519 people, the primary industry by far is tourism. There were numerous cafes, art galleries, restaurants and craft shops. Both the Cumberland and Maryland guesthouses, which were recently converted to modern day spas—were well known to generations of Victorians and favourite honeymoon destinations. The town was a base for the skiing industry, with the population doubling or tripling during winter as tourists visited Lake Mountain. Other natural attractions included bushwalks and Stevenson’s Falls, one of Victoria’s highest waterfalls. It is a scenic and peaceful place—or was—very close to Melbourne.

Many of the residents interviewed in the last few days have said that they will rebuild, and I do not doubt their passion and determination to do that. But one must ask: what will become of these towns with no economic driver to sustain them and with the process of rebuilding to take a very long time? Our hearts go out to the residents of Marysville, Kinglake and all the other towns so devastated by the fires. To have one’s life turned upside down by the loss of family, home and livelihood is something that is difficult to comprehend for outsiders. We can only try to offer help at every level to ease the pain while people rebuild their lives and their homes.

I also wish to acknowledge and applaud the heroic acts of all the agencies involved in the firefighting and the rehabilitation, such as the CFA volunteer firefighters in those brigades, paramedics, doctors, nurses and all those citizens who fought so hard for so long to try to save people, homes and animals and who tried to conquer the forces of wind and fire which raged against them. Australians are renowned for mateship in times of disaster and this was such a time. To survivors and workers: we are all thinking of you and the will is there to assist you to rebuild in every sense of the word.
Like the previous speaker, I rise to first of all express my sincere condolences to the victims of the tragic Victorian bushfires. I understand the deep pain and tragedy bushfires cause. My uncle lost his house in Yanigin Road in Greenhill in the Ash Wednesday fires in 1983. The first year that I lived in my house in Waterfall Gully we had a terrible fire in that area. My thoughts and prayers are with those who have lost loved ones, their homes and their livelihoods in this unfathomable tragedy.

I also rise tonight to speak about the global economic crisis that we face and the fact that this crisis is the most severe since the Great Depression. History tells us that the first signal of economic turmoil is a collapse in the stock market. In the United States the Dow Jones Industrial Average has tumbled from a high of 14,164 points on 9 October 2007 to close last night at 8,280 points, a fall of 41.5 per cent from its peak. In Japan, one of our largest trading partners, the Nikkei 225 index has fallen from 18,262 points on 9 July 2007 to just 7,969 points, a fall of 56.4 per cent. At home the All Ordinaries index has almost halved from a peak of 6,853 points on 1 November 2007 to just 3,445 points at its close yesterday. Falls on the stock market have only been matched by falls in consumer sentiment and business confidence. The Westpac-Melbourne Institute Survey of Consumer Sentiment has declined 32 per cent from the peak level and the NAB business confidence index has fallen 60 per cent from the peak level.

With such overwhelming statistics it is easy to become wrapped up in the sheer enormity of the numbers and forget about the pain that economic turmoil inflicts on working families, particularly those who were never all that well-off to begin with. For kids, when mum or dad loses their job, it is particularly tough. Their parents may try to hide their endless worry and maintain a facade of normality, but the stress and heartbreak of unemployment, the sudden switch from a life of comparative plenty to struggling to get by from day to day, will make a mark on any child’s life. For Labor, a strong economy is not simply about delivering a growing gross domestic product or triple-A credit ratings, though these things are important. For Labor, and social democrats throughout the world, building and protecting a strong and stable economy is about ensuring a dignified life for working people.

This is not the first time that Australia has faced global economic turmoil, and unfortunately it is unlikely to be the last. However, it is important to remember the lessons that can be learned from the darkest hours in Australia’s economic history, to avoid the mistakes made by policymakers and our predecessors in this place and to ensure the economic security of Australians in the weeks, months and years to come. Many of the most important lessons to learn are from the time of the Great Depression.

This evening I seek to draw the attention of the Senate to the legacy of Ted Theodore, known as ‘Red Ted’, the Treasurer for much of the Scullin Labor government. Like many great figures in Australia’s history, Theodore was born in Adelaide—like Senator Birmingham over there. He attended a public school before moving to Queensland. Dissatisfied with the conditions faced by workers in the Chillagoe mines, he became an active trade unionist and went on to become the state president of that great union in your home state, Mr President, the Australian Workers Union, in 1913. Theodore became active in Queensland politics and entered the state parliament, where he was Premier of...
Queensland between 1919 and 1925, when he attempted to enter federal parliament but lost. However, in 1927 he was successful in winning the inner-Sydney seat of Dalley.

After James Scullin defeated Stanley Bruce, the first PM to lose his seat in parliament, Scullin led Labor to win the October 1929 election. Theodore was elected Deputy Leader of the Federal Parliamentary Labor Party and Treasurer of Australia. I think, as even the most politically partisan member opposite will agree—that is you, Senator Ronaldson—

Senator Birmingham—We’ll fight for that one!

Senator Farrell—Oh, sorry—there are two of you there! I did not see you there!

The President—Order!

Senator Farrell—Being elected Treasurer in 1929 meant that poor Mr Theodore was handed the most poisoned of poisoned chalices in Australia’s peacetime political history. The Great Depression was an immense challenge for the government and it was a recession the likes of which no-one throughout the world had ever seen. Theodore, a student of John Maynard Keynes—he had a copy of Keynes flown to Australia—and then-recent theories of demand economics, proposed a then-radical scheme encapsulated principally in the Fiduciary Notes Bill 1931. To perhaps oversimplify the operation of the proposed scheme, it proposed that the Commonwealth government reinvest £18 million in the capital markets through a scheme of fiduciary notes to provide ready capital to farmers and small- to medium-sized business operators. It would have had the effect of the government going into deficit in order to pump-prime the economy.

While Keynesian theories on economics are now taught in first year macroeconomics classes, Theodore’s plan was claimed to be radical at the time. Conservatives believed that it would wreak further havoc, and establishment figures like Bank of England director Sir Otto Niemeyer proposed that Australia slash and burn government spending, cutting support to pensioners and the unemployed, plus abolish the industrial arbitration system. Joe Lyons, who quit Labor in 1932 to lead the United Australia Party, described the Fiduciary Notes Bill as one of Theodore’s ‘crazy schemes for the creation of unreal money’. Other people described it as ‘funny money’. Theodore also copped it from his own side of politics, with Jack Lang labelling a him a crony for the capitalists and calling for absurdly oversimplified and shortsighted plans like repudiating Australia’s foreign debt. Eventually, the bill failed in the Senate and the government was forced into following supposedly orthodox economic policies embodied in the Premiers’ Plan agreed at the premiers conference in 1931, including the slashing of Commonwealth expenditure by 20 per cent. There is now almost no doubt that the Premiers’ Plan did nothing to assist the economy and was a likely factor lengthening the depression.

There are many differences between the challenges that we now face and the Great Depression. We live in a much more interconnected world and the crisis of confidence that we currently face is nowhere near as deep yet. Of course, we will not once again see queues along the Hungry Mile in Sydney and there is no chance that Facebook-addicted young people living in Adelaide’s suburbs will be forced to travel from town to town as jackeroos. However, there is one grave factor that the current crisis shares with the turbulence that our nation faced in the early 1930s. The shared factor is that the conservative opposition has stubbornly failed to grasp the magnitude of the problem that our nation faces and refuses to make the sensible decisions that our nation needs to avoid a long-lasting recession.
While I am sure that no senator or member of the other place would will a recession on the Australian people, I fear that many of those opposite are so ideologically attached to radical neoliberalism that they are unable to accept that Australia needs to take immediate and decisive action. I read a piece in yesterday’s *Adelaide Advertiser* by Mr Alexander Downer, the former foreign minister, describing the government’s economic stimulus package as an ‘extravagance’ and a ‘spending spree’. I have no doubt that this view reaches all the way to the top of the opposition, to the Leader of the Opposition’s office, which is now headed by Mr Downer’s former chief of staff Mr Chris Kenny. That makes it no surprise that the member for Wentworth and the member for Curtin stubbornly fight the old war for the ideas of Milton Friedman and all those other radical right-wing economists who searched for a better justification for lower taxes and less social investment. According to the member for Wentworth, Australians need tax cuts for wealthy Australians and little for everyone else, a tokenistic ‘trickle down’ package which soaks the rich with cash without even making working families, pensioners and students damp. *(Time expired)*

**Victorian Bushfires**

**Nation Building and Jobs Plan**

**Senator BIRMINGHAM** (South Australia) (8.16 pm)—Thank you, Mr President, for the opportunity to say a few words during this adjournment debate. It is a pleasure to follow on from Senator Farrell. At the outset of my contribution can I restate the comments I made earlier today in an address to the chamber about the sympathies that I, and all South Australians and Australians, extend to those in Victoria. I particularly praise Senator Marshall and Senator Troeth for the contributions that they made earlier in that debate.

I say it is a pleasure to follow on from Senator Farrell because it is nice to see that Senator Farrell has been let off the leash. It would of course have been nice to have seen Senator Farrell, or indeed any member of those opposite, make a contribution to the hour upon hour of debate we had about the $42 billion spending spree package. Unfortunately, for some unknown reason, none of them could; none of them would; none of them did. I am sure Senator Farrell would have made a most worthwhile contribution to that debate had he decided to do so, had he not been instructed or at least had it suggested to him that it would be wise not to do so.

I find it quite amazing that, as we seek to spend some $42 billion through this place, not one of those opposite could make a contribution. Senator Farrell obviously has such passion that he wished to make a contribution as the second last speaker in the adjournment debate tonight—he was clearly stymied from doing so throughout the hours of debate that occurred last week and this week on this most important measure.

**Senator Ronaldson**—Wait until the whip gets hold of him!

**Senator BIRMINGHAM**—Indeed, Senator Ronaldson—wait until the whip gets hold of him or the party leaders see that he actually dared to voice an opinion on the $42 billion package, which obviously none of the other Labor Party members—

**Senator Wong**—You’re really stretching this, Simon!

**Senator BIRMINGHAM**—are allowed to do. Senator Wong, I note, wishes to interject. We would have welcomed, of course—

**The PRESIDENT**—Senator Birmingham, just address your comments to the chair.
Senator BIRMINGHAM—I shall, Mr President. I would have welcomed Senator Wong’s contribution as well.

The PRESIDENT—And ignore the interjections; they are disorderly.

Senator BIRMINGHAM—Certainly. Thank you, Mr President. I wish to continue some remarks that I made in relation to this spending spree of the Rudd government. One thing that has struck me is the number of people who have contacted me over the last week suggesting not just their views on why spending this money is irresponsible but also far more sensible, considered and thoughtful alternatives that the government could have pursued. I have had letter upon letter and many emails from constituents in South Australia and around Australia who have laid their views on the table, such as Miss Rebecca Watts, who said:

Long-term investments in education, health and infrastructure would instead increase the wealth and productivity of the nation.

She said this as someone who is a potential recipient of the $950 handout. She says this as someone who could receive the largesse of Mr Rudd, Mr Swan and the Rudd government, but she can see the benefit in the money going elsewhere.

The health and aged-care sectors, areas that have been totally left out of this spending spree, can certainly see that if some of it were redirected to them it could be usefully spent. Ms Joanne Stringer, who has approached me with her concerns, says she is:

… concerned and bewildered that aged care is to receive none of the proposed funding.

She goes on to argue:

We need to be able to pass on something worthwhile and tangible to future generations who will have the responsibility of repaying this massive proposed debt.

She stands not alone in thinking that there is great potential in the aged-care sector, a sector very needy and worthy of additional support in Australia. I had personal representations last week from Mr Alan Graham, the Chief Executive Officer of Aged and Community Services South Australia and Northern Territory. Mr Graham proposed that, rather than the very isolated parts of the government’s package, such as the insulation package, which I know Senator Wong will be intimately involved with, some funding could have been allocated to greening aged-care facilities—reducing their reliance on energy, reducing their energy usage and making them more water efficient. There are a raft of proposals that could have been made available to a sector that has been totally neglected in this enormous spending spree.

Many people have come forward with environmental concerns. I was particularly taken by Mr Graham Channels, a constituent from Queensland—your home state, Mr President—who wrote with a very thoughtful contribution about how the Caring for our Country program could have been extended under this proposal. The Caring for our Country program has been designed, allegedly, to replace the Natural Heritage Trust program but is seeing many environmental groups around Australia struggling to sustain themselves and struggling to access the money required to continue their good work. He makes the point—a very valid point—that bids and applications under Caring for our Country close on 6 March 2009 and that there will be many unsuccessful applicants but that these are applicants who will have programs ready to roll. These are applicants who will have applications before the government that, with additional funding to that program, could have been approved. The program could have approved applications that would have delivered sound, on-the-ground, environmental benefits and helped to employ people quite directly in their application and development. But there was no con-
consideration of extending Caring for our Country or making up for the deficit that the government has created in that area.

Ms Heather Sizer contacted me about energy investment. She suggested:
Instead of handing out hundreds of thousands to schools of less than 50 students for rebuilding wouldn’t it be better to use the money to put solar panels for electricity generation and water heating on the roofs of all schools and feed the surplus energy into the grid? This would create jobs in the solar industry, lessen carbon emissions and save costs.

She saw it as a benefit for the schools involved, the environment and the economy. She is another good, hard-thinking Australian, coming up with ideas that are quite clearly beyond the Rudd government in their very narrow assessment of what they think might pump-prime the economy rather than necessarily provide some sorts of tangible and lasting benefits.

Unsurprisingly many, many constituents, especially from South Australia, have contacted me about water—people like Mr John Clayfield of Happy Valley, Ms Linda Knock of Broadview and Mr Philip Grudnoff of Norwood, each of whom have urged that some of this money, if it were spent, be spent on measures to revive the River Murray, on measures to see faster spending on infrastructure along the River Murray than is currently the case and on measures that could give greater water security to urban areas, particularly urban Adelaide. These are people who think that, if we were to go into debt and spend some of this $42 billion, perhaps we should be doing so in true nation-building ways—in ways that leave real productive benefit for the country, in ways that give us the opportunity to increase investment and productivity in the future, and in ways that will leave lasting benefits which will not be derived from the types of $950 handouts that the government is proposing.

Overwhelmingly those constituents who have approached me, written to me and spoken to me make it very clear that they think the handouts-driven policy of this government is wrong and that it will see, potentially at best, a blip in consumer spending or a short-term staving off of any negative economic growth for another month or two but will not avert the real challenges we face. They believe that it will leave no lasting legacy, aside from the debt that generation after generation will be forced to repay in the future.

That is why I urge the government once again to reconsider this package, to consider having less debt but consider doing tangible things that will leave lasting productive benefits for the Australian economy—benefits that future generations can enjoy, rather than debt that they will have to repay.

Senate adjourned at 8.26 pm

DOCUMENTS
Tabling
The following government documents were tabled:
Australian Livestock Export Corporation Limited (LiveCorp)—Report for 2007-08.
Civil Aviation Safety Authority (CASA)—Corporate plan 2008-09 to 2010-11.
Department of the Prime Minister and Cabinet—Expenditure on travel by former Governors-General paid by the department for the period 1 January to 30 June 2008.
Tabling
The following documents were tabled by the Clerk:

[Legislative instruments are identified by a Federal Register of Legislative Instruments (FRLI) number]

Agricultural and Veterinary Chemicals Code Act—Select Legislative Instrument 2009 No. 1—Agricultural and Veterinary Chemicals Code Amendment Regulations 2009 (No. 1) [F2009L00269]*.

Airports Act—Select Legislative Instrument 2009 No. 8—Airports Amendment Regulations 2009 (No. 1) [F2009L00254]*.

Australian Prudential Regulation Authority Act—Australian Prudential Regulation Authority (Confidentiality) Determination No. 2 of 2009—Information provided by general insurers under certain reporting standards [F2009L00251]*.


Civil Aviation Act—Civil Aviation Regulations—Instrument No. CASA 50/09—Instructions – for approved use of P-RNAV procedures [F2009L00160]*.

Civil Aviation Safety Regulations—Airworthiness Directives—Part—105—

AD/B737/352—Air Conditioning Outlet Extrusion Support Brackets [F2009L00272]*.

AD/Baе 146/136—Fixed Wing Leading Edge and

Front Spar Structure [F2009L00274]*.

AD/BELL 47/31—Lateral Cyclic Torque Tube Safety Washers [F2009L00151]*.

AD/BELL 47/34—Stewart Warner 439212 Fuel Quantity Gauge Unit – Modification and Replacement [F2009L00153]*.

AD/BELL 47/87 Amdt 1—Stabiliser Bar Damper Frame Clamp [F2009L00159]*.

AD/DA40/6 Amdt 1—Nose Landing Gear Leg [F2009L00276]*.

AD/PA-23/62—Engine Lower Air Scoops and Fairings – Fluid Drainage Provision [F2009L00197]*.

AD/PA-23/80—Fuel Line and Electrical Harness – Inspection [F2009L00205]*.

AD/PA-23/83—Heater Fuel Regulator Valve Shroud – Drain Modification [F2009L00206]*.

AD/PA-23/86—Ammeter Cable Clamp – Inspection and Replacement [F2009L00217]*.

AD/P-23/87—Fuselage Mounted Main Fuel Tank Filler Cap – Modification [F2009L00218]*.

AD/S-PUMA/78 Amdt 2—Main Rotor Blade De-Icing System Clamps [F2009L00283]*.

AD/SWSA226/93—Rudder Gust Lock [F2009L00219]*.

AD/TBM 700/50 Amdt 1—Alternator and Vapour Cy-
cle Cooling System Pulley Drive Assembly [F2009L00220]*.
107—
AD/ELECT/12—Briggs and Stratton AAF Type B5 Ignition Switches – Modification [F2009L00171]*.
AD/FSM/31 Amdt 2—Fuel Injection Servo Plugs [F2009L00247]*.

Instruments Nos CASA—
82/09—Directions – Qantas Airways Limited [F2009L00302]*.
EX06/09—Exemption – use of radio-navigation aids by Airservices Australia [F2009L00133]*.
Commissioner of Taxation—Public Rulings—Taxation Rulings—
Old series—Notice of Withdrawal—IT 2138.

TR 2009/1.

Commonwealth Authorities and Companies Act—Select Legislative Instrument 2009 No. 5—Commonwealth Authorities and Companies Amendment Regulations 2009 (No. 1) [F2009L00250]*.

Corporations Act—Select Legislative Instrument 2009 No. 12—Corporations Amendment Regulations 2009 (No. 1) [F2009L00288]*.

Crimes Act—Select Legislative Instrument 2009 No. 3—Crimes Amendment Regulations 2009 (No. 1) [F2009L00231]*.

Defence Act—Determinations under section 58B—Defence Determinations—
2009/6—Deployment allowance and additional risk insurance – amendment.
2009/7—Disturbance allowance and vehicle allowance – amendment.
2009/8—Choice accommodation – amendment.
2009/9—Post indexes – amendment.

Family Law Act—Select Legislative Instruments 2009 Nos—
17—Family Law Amendment Regulations 2009 (No. 1) [F2009L00262]*.
18—Family Law (Family Dispute Resolution Practitioners) Amendment Regulations 2009 (No. 1) [F2009L00291]*.
19—Family Law (Superannuation) Amendment Regulations 2009 (No. 1) [F2009L00263]*.

Financial Management and Accountability Act—Determination 2009/3—Section 32 (Transfer of functions from ACCC to Treasury) [F2009L00266]*.

Fisheries Levy Act—Select Legislative Instrument 2009 No. 2—Fisheries Levy (Torres Strait Prawn Fishery) Amendment Regulations 2009 (No. 1) [F2009L00237]*.


Lands Acquisition Act—Statement describing property acquired by agreement for specified public purposes under section 125.

Marine Navigation Collection Act—Select Legislative Instrument 2009 No. 9—Marine Navigation Levy Collection Amendment Regulations 2009 (No. 1) [F2009L00286]*.

Marine Navigation (Regulatory Functions) Levy Collection Act—Select Legislative Instrument 2009 No. 10—Marine Navigation (Regulatory Functions) Levy Collection Amendment Regulations 2009 (No. 1) [F2009L00287]*.


Ozone Protection and Synthetic Greenhouse Gas Management Act—Select Legislative Instrument 2009 No. 4—Ozone Protection and Synthetic Greenhouse Gas Management Amendment Regulations 2009 (No. 1) [F2009L00224]*.

Private Health Insurance Act—Private Health Insurance (Prostheses) Rules 2009 (No. 1) [F2009L00265]*.

Radiocommunications Act—Radiocommunications (Trading Rules for Spectrum Licences) Amendment Determination 2009 (No. 1) [F2009L00280]*.

Retirement Savings Accounts Act—Select Legislative Instrument 2009 No. 14—Retirement Savings Accounts Amendment Regulations 2009 (No. 1) [F2009L00257]*.

Superannuation Industry (Supervision) Act—Select Legislative Instrument 2009 No. 15—Superannuation Industry (Supervision) Amendment Regulations 2009 (No. 1) [F2009L00258]*.

Superannuation (Unclaimed Money and Lost Members) Act—Select Legislative Instrument 2009 No. 16—Superannuation (Unclaimed Money and Lost Members) Amendment Regulations 2009 (No. 1) [F2009L00255]*.

Sydney Airport Curfew Act—Dispensation Report 02/09.

Governor-General’s Proclamation—Commencement of provisions of Acts

Family Law Amendment (De Facto Financial Matters and Other Measures) Act 2008—Items 1 to 4 of Schedule 1 and item 1 of Schedule 4—1 March 2009 [F2009L00264]*.

Interstate Road Transport Charge Amendment Act (No. 2) 2008—Schedule 1—12 February 2009 [F2009L00278]*.


* Explanatory statement tabled with legislative instrument.

**Departmental and Agency Appointments**

The following document was tabled pursuant to the order of the Senate of 24 June 2008:


**Departmental and Agency Grants**

The following document was tabled pursuant to the order of the Senate of 24 June 2008:

QUESTIONS ON NOTICE

The following answers to questions were circulated:

**Beijing Olympic Games**
*(Question Nos 655, 675, 676 and 683)*

**Senator Minchin** asked the Minister representing the Treasurer, upon notice, on 25 August 2008:

1. Did the Minister or Parliamentary Secretary within the Minister’s portfolio attend any event at the Beijing Olympic Games; if so, which events did the Minister/Parliamentary Secretary attend.
2. Was the Minister/Parliamentary Secretary accompanied by: (a) family; (b) personal staff; and (c) departmental officials; if so, how many.
3. Did any officials from the department attend the Beijing Olympic Games in their capacity as an employee of the Australian Government; if so, how many and in what capacity did they attend.
4. In regard to the attendance by the Minister/Parliamentary Secretary and/or departmental officials at the Beijing Olympic Games, what was the total cost of: (a) travel; (b) accommodation; and (c) any other expenses.

**Senator Conroy**—The Treasurer has provided the following answer to the honourable senator’s question:

1. No.
2. Please refer to the response provided to Senate question 711, 712 and 719, which covers all overseas travel for July and August (the period of the Beijing Olympic Games).
3. Please refer to the response provided to Senate question 711, 712 and 719.
4. Please refer to the response provided to Senate question 711, 712 and 719.

**Beijing Olympic Games**
*(Question No. 664)*

**Senator Minchin** asked the Minister representing the Minister for Infrastructure, Transport, Regional Development and Local Government, upon notice, on 25 August 2008:

1. Did the Minister or Parliamentary Secretary within the Minister’s portfolio attend any event at the Beijing Olympic Games; if so, which events did the Minister/Parliamentary Secretary attend.
2. Was the Minister/Parliamentary Secretary accompanied by: (a) family; (b) personal staff; and (c) departmental officials; if so, how many.
3. Did any officials from the department attend the Beijing Olympic Games in their capacity as an employee of the Australian Government; if so, how many and in what capacity did they attend.
4. In regard to the attendance by the Minister/Parliamentary Secretary and/or departmental officials at the Beijing Olympic Games, what was the total cost of: (a) travel; (b) accommodation; and (c) any other expenses.

**Senator Conroy**—The Minister for Infrastructure, Transport, Regional Development and Local Government has provided the following answer to the honourable senator’s question:

1. Neither the Minister nor the Parliamentary Secretary attended the Beijing Olympic Games.
2. Not applicable.
3. No. No officials from the Department attended the Beijing Olympic Games.
4. Not applicable.
Prime Minister and Cabinet: Media Contracts  
(Question Nos 746 and 748)

Senator Ronaldson asked the Minister representing the Prime Minister, upon notice, on 25 September 2008:

With reference to the department and all agencies in the Minister’s portfolio:

(1) How many contracts has the department or agency engaged in for the provision of media services since November 2007.
(2) What was the total cost of these contracts.
(3) What work have the contractors engaged in specifically or what work do they expect to undertake.
(4) Was the contractor selected by tender; if so, was the tender select or open; if not, why not.

Senator Chris Evans—The Prime Minister has provided the following answer to the honourable senator’s question:

I am advised that:

Department of the Prime Minister and Cabinet

(1) One
(2) The estimated total cost of this contract is $60,000 (incl GST). Actual expenditure as at 30 September 2008 was $36,152.03 (incl GST).
(3) Media monitoring services.
(4) The services supplied under this contract were direct sourced. The total cost of the contract is under the $80,000 threshold for an open tender process. The contract is an interim arrangement while the Department finalises an open approach to the market for media monitoring services. The open tender for this service was advertised on AusTender on 12 November 2008.

National Archives of Australia

(1) One
(2) The estimated actual expenditure of this contract as at 30 September 2008 was $13,661 (incl GST).
(3) Media monitoring services.
(4) The services supplied under this contract were direct sourced. This contract is a 12-month arrangement and is under the $80,000 threshold for an open tender process.

No other PM&C portfolio agencies have signed contracts for media monitoring services since November 2007.

Department of Climate Change

(1) One
(2) The estimated total cost of this contract is up to $132,000 (incl GST). Actual expenditure as at 30 September 2008 was $9,049 (incl GST).
(3) Media monitoring services.
(4) The services supplied under this contract were direct sourced. The justification for this method of procurement was under then paragraph 8.65(b) of the Commonwealth Procurement Guidelines “where, for reasons of extreme urgency brought about by events unforeseen by the agency, the property or services could not be obtained in time under open tendering procedures”. The Department had been using an existing contract between the Commonwealth, represented by the Department of the Environment, Water, Heritage and the Arts (DEWHA), and Media Monitors Australia Pty Ltd, but was unable to continue using the contract because of potential copyright issues. The
contract is an interim arrangement and the Department will make use of the panel contract currently being finalised by PM&C for media monitoring services.

Finance and Deregulation: Commonwealth Credit Cards
(Question No. 976)

Senator Ronaldson asked the Special Minister of State, upon notice, on 25 November 2008:

(1) How many Commonwealth credit cards have been issued to departmental and agency staff within the Minister’s portfolio.

(2) How many Commonwealth credit cards have been issued to departmental and agency staff that fall within the responsibility of the Minister’s associated Parliamentary Secretary or Secretaries.

(3) Within the Minister’s portfolio, how many Commonwealth credit cards have been issued to: (a) staff employed under the Members of Parliament (Staff) Act 1984; (b) the Minister; and (c) the Minister’s associated Parliamentary Secretary or Secretaries.

(4) For each Commonwealth credit card issued in (3) above, what was the date of its issue.

Senator Faulkner—The answer to the honourable senator’s question is as follows:

(1) to (4) Please refer to the response to QON 982 asked of the Minister representing the Minister for Finance and Deregulation.

Finance and Deregulation: Commonwealth Credit Cards
(Question No. 982)

Senator Ronaldson asked the Minister representing the Minister for Finance and Deregulation, upon notice, on 25 November 2008:

(1) How many Commonwealth credit cards have been issued to departmental and agency staff within the Minister’s portfolio.

(2) How many Commonwealth credit cards have been issued to departmental and agency staff that fall within the responsibility of the Minister’s associated Parliamentary Secretary or Secretaries.

(3) Within the Minister’s portfolio, how many Commonwealth credit cards have been issued to: (a) staff employed under the Members of Parliament (Staff) Act 1984; (b) the Minister; and (c) the Minister’s associated Parliamentary Secretary or Secretaries.

(4) For each Commonwealth credit card issued in (3) above, what was the date of its issue.

Senator Sherry—The Minister for Finance and Deregulation has supplied the following answer to the honourable senator’s question:

(1) As of 1 December 2008, 588 credit cards were issued to departmental and agency staff.

(2) Nil.

(3) (a-c) Nil.

(4) Not applicable.

Human Services: Commonwealth Credit Cards
(Question No. 987)

Senator Ronaldson asked the Minister for Human Services, upon notice, on 25 November 2008:

(1) How many Commonwealth credit cards have been issued to departmental and agency staff within the Minister’s portfolio.
(2) How many Commonwealth credit cards have been issued to departmental and agency staff that fall within the responsibility of the Minister’s associated Parliamentary Secretary or Secretaries.

(3) Within the Minister’s portfolio, how many Commonwealth credit cards have been issued to: (a) staff employed under the *Members of Parliament (Staff) Act 1984*; (b) the Minister; and (c) the Minister’s associated Parliamentary Secretary or Secretaries.

(4) For each Commonwealth credit card issued in (3) above, what was the date of its issue.

**Senator Ludwig**—The answer to the honourable senator’s question is as follows:

(1)

<table>
<thead>
<tr>
<th>Department</th>
<th>Count</th>
</tr>
</thead>
<tbody>
<tr>
<td>Department of Human Services (excluding CRS Australia)</td>
<td>224</td>
</tr>
<tr>
<td>CRS Australia</td>
<td>242</td>
</tr>
<tr>
<td>Centrelink</td>
<td>1,316</td>
</tr>
<tr>
<td>Medicare Australia</td>
<td>694</td>
</tr>
<tr>
<td>Australian Hearing</td>
<td>202</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>2,678</strong></td>
</tr>
</tbody>
</table>

(2) Not applicable.

(3) Not applicable.

(4) Not applicable.

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**Casual Horticultural Workers**

*(Question No. 1204)*

**Senator Milne** asked the Minister for Superannuation and Corporate Law, upon notice, on 23 December 2008:

(1) On what basis has the Government determined the income taxation rates for non-Australian casual horticultural workers on working holiday visas.

(2) What mechanisms, levers and incentives are in place to encourage non-Australian casual horticultural workers to undertake casual work when visiting Australia on a working holiday visa.

(3) What does the Government view as some of the deterrents to non-Australian workers on working holiday visas undertaking casual horticulture work.

(4) Over the past 5 years, what is the estimated dollar value of all superannuation funds belonging to non-Australian horticultural workers on a working holiday visa that have not been claimed or collected.

(5) Over the past 5 years, what is the estimated dollar value loss to non-Australian horticultural workers’ (on working holiday visas) superannuation funds from the payment of superannuation management fees and other costs.

(6) Given the majority of superannuation payments that are made to itinerant horticultural workers are either not claimed or rarely collected, why are employers required to pay superannuation to non-Australian horticultural workers on a working holiday visa.

(7) Why are non-Australian horticultural workers on a working holiday visa not able to access and spend their accrued superannuation as those funds are accrued in Australia.

(8) Are there any mechanisms in place enabling non-Australian horticultural workers on a working holiday visa to access their superannuation funds as those funds are accrued in Australia.

(9) What does the Government view as the critical success factors in ensuring that Australian fruit growers remain internationally competitive.

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**QUESTIONS ON NOTICE**
(10) (a) What does the Government view as some of the impediments to strong growth in Australian fruit growers export markets; and (b) what actions will the Government undertake to remove such impediments.

Senator Sherry—The answer to the honourable senator’s question is as follows:

(1) Non-residents have tax withheld at a rate of 29 per cent from their first dollar earned up to $30,000. Above $30,000 the marginal tax rates for residents and non-residents are the same, although non-residents are exempt from paying the Medicare levy. Generally, tax collected from non-residents acts as a credit toward their tax liability in their country of residence, which taxes them on their world-wide income. Normally casual horticultural workers who are Australian residents have a 13 per cent withholding rate. However the 13 per cent rate is an interim rate with the worker still being subject to the resident marginal tax rates when their tax return is assessed by the Australian Taxation Office. A withholding rate of 29 per cent for non-residents is a long standing feature of the tax system. A withholding rate of 29 per cent acts as an incentive for non-residents to lodge a tax return to receive a refund where they have earned $30,000 or less. If non-residents had 13 per cent tax withheld as applies to resident horticultural workers, there would be little incentive for non-residents to lodge a tax return before they returned to their country of residence.

(2) The Australian Government cannot direct the employment preferences of working holiday visa holders who are not sponsored by Australian employers. However, policy changes combined with an increase in the number of agreement countries whose youth are eligible to access the working holiday arrangements, have increased the pool of working holiday visa holders available to primary industry employers (including those in the horticulture sector).

These policy changes include the 1 November 2005 introduction of a second 12 month visa for working holiday visa holders who have completed three months employment with a primary industry employer in regional Australia and an expansion (from 3 to 6 months) to the period of employment allowed with any one employer.

The Australian Government has in place programs to encourage Australians, in particular unemployed Australians and working holiday visa holders to participate in harvest-related work. DEEWR plays an important role in addressing the seasonal harvest labour needs of the horticulture industry through the Harvest Labour Scheme (HLS) and the National Harvest Labour Information Service.

HLS providers assist horticultural employers by mobilising labour in harvest areas where considerable numbers of out-of-area workers are required during peak harvest times. HLS providers offer a free service matching all job seekers eligible to work in Australia, including working holiday visa holders, with growers requiring out-of-area harvest labour.

The Government also encourages working holiday visa holders to participate in harvest-related work, through including a link to the Harvest Trail website on all electronic working holiday visas issued since November 2005.

(3) Published research on the working holiday visa arrangement has not examined the factors influencing the employment decisions of working holiday visa holders. However, the factors which may act as a deterrent to Australians undertaking casual horticultural work (such as remoteness, transport difficulties, uncertainty in employment and earnings, lack of suitable accommodation at a reasonable price, lack of support services, and the availability of alternative employment at a higher hourly salary) may also influence the decisions of working holiday visa holders and other temporary visa holders with a work right.

(4) Current taxation and superannuation data do not record the visa class of temporary residents. Accordingly it is not possible to give an estimate of the superannuation assets belonging to
non-Australian horticultural workers on a working holiday visa that have not been claimed or collected.

(5) Current taxation and superannuation data do not record the visa class of temporary residents. Additionally government data sources on superannuation hold fee and cost data at the fund rather than individual level. Accordingly it is not possible to give an estimate of the loss in the value of superannuation assets belonging to non-Australian horticultural workers on a working holiday visa from the payment of superannuation management fees and other costs.

(6) To exempt non-Australian workers from superannuation guarantee entitlements would distort the cost of non-Australians’ labour relative to that of permanent residents, which would in turn create labour market distortions.

(7) Non-Australian workers can access their superannuation once they have met a condition of release. To treat on-shore non-Australian workers differently from Australian workers would create labour market distortions and introduce significant administration costs for superannuation funds. These costs could be borne by all members.

(8) Non-Australians are able to access their superannuation when a condition of release is met. From 1 April 2009 the conditions which can be met by an onshore non-Australian are: death; permanent incapacity; temporary incapacity; and terminal medical condition. Once a non-Australian has departed Australia and their visa has ceased, they are able to request a departing Australia superannuation payment from their superannuation provider.

(9) The Government views the critical success factors as an ability to compete in the global marketplace, the development of an industry strategic plan, industry leadership, successful marketing programs, maintaining market access and overcoming trade barriers, and the capacity to gain new knowledge through relevant research and development (R&D).

Australian fruit industries compete in a highly competitive global market. Returns received by growers can vary considerably from year to year in line with world supply and demand. While Australian fruit growers have comparative advantages in natural resource endowments, high levels of technological development and an educated workforce, they compete against growers in developing countries which have comparative advantages in labour and other costs. Competitive advantages vary over time due to a number of factors including movements in exchange rates, changes in costs of production and climatic influences.

Horticulture Australia Limited (HAL) is the industry owned company that provides marketing and R&D services for the benefit of the horticulture industry. The company has been declared the industry services body under the Horticulture Marketing and Research and Development Services Act 2000. HAL receives statutory levies and voluntary contributions from 40 horticultural industries. The company also receives matching funding from the Government for eligible R&D expenditure up to 0.5 percent of horticulture’s gross value of production (wine grapes are excluded). Its total budget in 2007-2008 was $90.8 million, with its expenditure on R&D programs $63.8 million (including matching funding) and expenditure on its marketing programs $10.4 million.

The horticulture industry is developing a strategic plan known as “Future Focus” to position the industry to address future challenges and provide a strategic path for future growth. The draft plan identifies the drivers of opportunities and challenges most likely to influence the industry’s future out to 2020. The draft strategy has identified the potential to generate an extra $2.45 billion a year in whole-of-industry profit by 2020. The strategy is expected to be launched in May 2009.

(10) At the industry level, the biggest impediments to strong growth in Australian fruit exports are barriers imposed by our trading partners, such as quarantine and inspection measures as well as tariffs and quotas. In the past exporters tended to focus on markets with minimal quarantine and other non-tariff measures, but several of these markets have now established more rigorous import re-
gimes. Examples of trading partners that have tightened their quarantine regimes in the last two years include Taiwan, Indonesia, Thailand and Malaysia. In this environment, maintaining or re-establishing access can be as challenging as achieving new market access and requires strategic negotiation and research.

Trading partners are entitled to require that measures and treatments proposed by Australia to address their pest and disease concerns are underpinned by sound science. With the exception of citrus, mango and, more recently, stone fruit and cherries, most horticultural industries have undertaken little research into pest control treatments for export. Given the absence of a number of plant pests and diseases endemic to Australia in many trading partners, it is often necessary to demonstrate the effectiveness and efficacy of regional freedom arrangements and/or treatments on different types of fruits to trading partners to achieve access. For example due to the presence of fruit fly in parts of Australia (Queensland Fruit Fly in eastern Australia and Mediterranean Fruit Fly in Western Australia) and other pests of significance (such as codling moth, light brown apple moth and Fuller’s Rose Weevil) there are often pest treatments required for our exports. These treatments have to be agreed by trading partners to achieve access.

Many trading partners will only deal with one or two import requests from Australia at any one time and often have long and complex approval processes. It is important that industry and government have a clear understanding of the relative priority of the horticultural industry’s market access requests. Market access priorities are established by the Horticultural Market Access Committee which is chaired by industry and in which the Government actively participates. The Government then negotiates with individual trading partners to give priority to our highest ranked access requests in the trading partner’s import assessment programs.

The Government maintains diplomatic representation with most trading partners. In several Australian overseas missions Department of Foreign Affairs and Trade staff are supplemented by specialist officers from the Department of Agriculture Fisheries and Forestry (DAFF), whose role is to pursue agricultural market access priorities with trading partners. There are presently 16 DAFF officers posted overseas.

Australia is also an active member of the International Plant Protection Convention (IPPC). The IPPC sets the baseline requirements for the safe trade in horticultural products between international trading partners. Australia’s active participation ensures that these standards reflect Australia’s horticultural production system and as such do not become impediments to our horticultural trade.

Such participation has been successful in securing recent access for lychees to New Zealand, improved access for Tasmanian cherries to Japan, improved access for citrus into Taiwan, access for mangoes to Korea, acceptance of new cold disinfestation treatments for citrus to Japan and the recognition by Indonesia of fruit fly area freedom for horticultural producers in the Riverland, Sunraysia, the Riverina and Tasmania.

The Government recently released its preliminary response to the report it commissioned into Australia’s biosecurity arrangements – ‘One Biosecurity – A Working Partnership’. The implementation of this response will enhance the Government’s ability to gain, maintain, and improve Australia’s agricultural market access.

The Government also regards improving market access by negotiating improved tariff and quota regimes applied to Australia’s agricultural exports as a high priority. In this regard the Government sees the successful conclusion of the World Trade Organisation’s Doha Development Round as very important. The pursuit of improved tariff and quota regimes is also an objective of bilateral and plurilateral free trade agreement negotiations.

Increasing Australian horticultural exports will also be well served by maintaining a strong domestic economy. The Government has taken decisive action to support growth and jobs across the
economy, in the face of the most challenging global economic environment in decades. The Government has introduced the Economic Security Strategy to boost growth, principally through supporting household consumption.

The Government has also introduced its Nation Building package representing an investment of $4.7 billion in the nation’s infrastructure. The package will help expand the Australian economy’s future productive capacity, including enhancing Australia’s export capacity.

Another component ensuring support and competitiveness for the nation’s fruit growers is Australia’s flexible exchange rate, which has been in place since December 1983. The Australian dollar has depreciated by around 30 per cent since its July 2008 peak, providing assistance to fruit exporters by improving the price competitiveness of Australian exports. The recent depreciation in the exchange rate also provides an important mechanism to support the Australian economy during the global financial crisis and subsequent deterioration in the global economy by supporting exports and making domestic import-competing industries more competitive.

The benefits of flexibility in the exchange rate in assisting the economy to adjust to difficult conditions and in assisting improved export competitiveness are important reasons why the Government does not believe it would be appropriate to return to a fixed exchange rate regime.