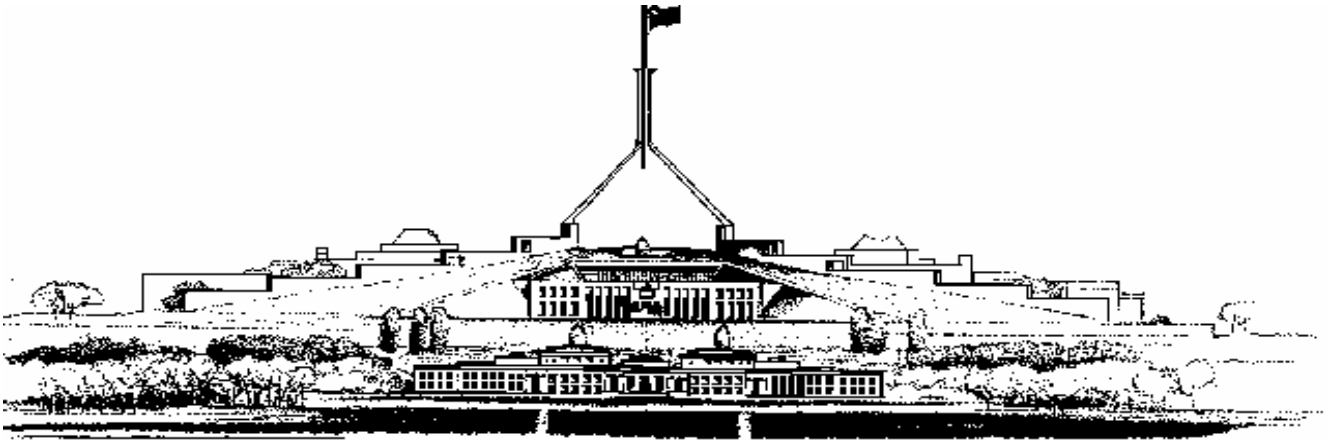




COMMONWEALTH OF AUSTRALIA

PARLIAMENTARY DEBATES



House of Representatives

Official Hansard

No. 7, 2008

Monday, 2 June 2008

FORTY-SECOND PARLIAMENT
FIRST SESSION—SECOND PERIOD

BY AUTHORITY OF THE HOUSE OF REPRESENTATIVES

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SITTING DAYS—2008

Month	Date
February	12, 13, 14, 18, 19, 20, 21, 22
March	11, 12, 13, 17, 18, 19, 20
May	13, 14, 15, 26, 27, 28, 29
June	2, 3, 4, 5, 16, 17, 18, 19, 23, 24, 25, 26
August	26, 27, 28
September	1, 2, 3, 4, 15, 16, 17, 18, 22, 23, 24, 25
October	13, 14, 15, 16, 20, 21, 22, 23
November	10, 11, 12, 13, 24, 25, 26, 27
December	1, 2, 3, 4

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**FORTY-SECOND PARLIAMENT
FIRST SESSION—SECOND PERIOD**

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Manager of Opposition Business—Hon. Joseph Benedict Hockey MP

Deputy Manager of Opposition Business—Mr Luke Hartsuyker MP

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Deputy Leader—Hon. Julia Eileen Gillard MP

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Liberal Party of Australia

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Deputy Leader—Hon. Julie Isabel Bishop MP

Chief Opposition Whip—Hon. Alex Somlyay MP

Opposition Whip—Mr Michael Andrew Johnson MP

Deputy Opposition Whip—Ms Nola Bethwyn Marino MP

The Nationals

Leader—Hon. Warren Errol Truss MP

Chief Whip—Mrs Kay Elizabeth Hull MP

Whip—Mr Paul Christopher Neville MP

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Members of the House of Representatives

Members	Division	Party
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Adams, Hon. Dick Godfrey Harry	Lyons, Tas	ALP
Albanese, Hon. Anthony Norman	Grayndler, NSW	ALP
Andrews, Hon. Kevin James	Menzies, Vic	LP
Bailey, Hon. Frances Esther	McEwen, Vic	LP
Baldwin, Hon. Robert Charles	Paterson, NSW	LP
Bevis, Hon. Archibald Ronald	Brisbane, Qld	ALP
Bidgood, James Mark	Dawson, Qld	ALP
Billson, Hon. Bruce Fredrick	Dunkley, Vic	LP
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Bishop, Hon. Bronwyn Kathleen	Mackellar, NSW	LP
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Byrne, Hon. Anthony Michael	Holt, Vic	ALP
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Clare, Jason Dean	Blaxland, NSW	ALP
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Elliot, Hon. Maria Justine	Richmond, NSW	ALP
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Ellis, Hon. Katherine Margaret	Adelaide, SA	ALP
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Ferguson, Hon. Martin John, AM	Batman, Vic	ALP
Fitzgibbon, Hon. Joel Andrew	Hunter, NSW	ALP
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Garrett, Hon. Peter Robert, AM	Kingsford Smith, NSW	ALP
Gash, Joanna	Gilmore, NSW	LP
Georganas, Steven	Hindmarsh, SA	ALP

Members of the House of Representatives

Members	Division	Party
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Gillard, Hon. Julia Eileen	Lalor, Vic	ALP
Gray, Hon. Gary, AO	Brand, WA	ALP
Grierson, Sharon Joy	Newcastle, NSW	ALP
Griffin, Hon. Alan Peter	Bruce, Vic	ALP
Haase, Barry Wayne	Kalgoorlie, WA	LP
Hale, Damian Francis	Solomon, NT	ALP
Hall, Jill Griffiths	Shortland, NSW	ALP
Hartsuyker, Luke	Cowper, NSW	Nats
Hawke, Alexander George	Mitchell, NSW	LP
Hawker, Hon. David Peter Maxwell	Wannon, Vic	LP
Hayes, Christopher Patrick	Werriwa, NSW	ALP
Hockey, Hon. Joseph Benedict	North Sydney, NSW	LP
Hull, Kay Elizabeth	Riverina, NSW	Nats
Hunt, Hon. Gregory Andrew	Flinders, Vic	LP
Irons, Stephen James	Swan, WA	LP
Irwin, Julia Claire	Fowler, NSW	ALP
Jackson, Sharryn Maree	Hasluck, WA	ALP
Jenkins, Henry Alfred	Scullin, Vic	ALP
Jensen, Dennis Geoffrey	Tangney, WA	LP
Johnson, Michael Andrew	Ryan, Qld	LP
Katter, Hon. Robert Carl	Kennedy, Qld	Ind
Keenan, Michael Fayat	Stirling, WA	LP
Kelly, Hon. Michael Joseph, AM	Eden-Monaro, NSW	ALP
Kerr, Hon. Duncan James Colquhoun, SC	Denison, Tas	ALP
King, Catherine Fiona	Ballarat, Vic	ALP
Laming, Andrew Charles	Bowman, Qld	LP
Ley, Hon. Sussan Penelope	Farrer, NSW	LP
Lindsay, Hon. Peter John	Herbert, Qld	LP
Livermore, Kirsten Fiona	Capricornia, Qld	ALP
McClelland, Hon. Robert Bruce	Barton, NSW	ALP
Macfarlane, Hon. Ian Elgin	Groom, Qld	LP
McKew, Hon. Maxine Margaret	Bennelong, NSW	ALP
Macklin, Hon. Jennifer Louise	Jagajaga, Vic	ALP
McMullan, Hon. Robert Francis	Fraser, ACT	ALP
Marino, Nola Bethwyn	Forrest, WA	LP
Markus, Louise Elizabeth	Greenway, NSW	LP
Marles, Richard Donald	Corio, Vic	ALP
May, Margaret Ann	McPherson, Qld	LP
Melham, Daryl	Banks, NSW	ALP
Mirabella, Sophie	Indi, Vic	LP
Morrison, Scott John	Cook, NSW	LP
Moylan, Hon. Judith Eleanor	Pearce, WA	LP
Murphy, Hon. John Paul	Lowe, NSW	ALP
Neal, Belinda Jane	Robertson, NSW	ALP
Nelson, Hon. Brendan John	Bradfield, NSW	LP
Neumann, Shayne Kenneth	Blair, Qld	ALP

Members of the House of Representatives

Members	Division	Party
Neville, Paul Christopher	Hinkler, Qld	Nats
O'Connor, Hon. Brendan Patrick John	Gorton, Vic	ALP
Owens, Julie Ann	Parramatta, NSW	ALP
Parke, Melissa	Fremantle, WA	ALP
Pearce, Hon. Christopher John	Aston, Vic	LP
Perrett, Graham Douglas	Moreton, Qld	ALP
Plibersek, Hon. Tanya Joan	Sydney, NSW	ALP
Price, Hon. Leo Roger Spurway	Chifley, NSW	ALP
Pyne, Hon. Christopher Maurice	Sturt, SA	LP
Raguse, Brett Blair	Forde, Qld	ALP
Ramsey, Rowan Eric	Grey, SA	LP
Randall, Don James	Canning, WA	LP
Rea, Kerry Marie	Bonner, Qld	ALP
Ripoll, Bernard Fernand	Oxley, Qld	ALP
Rishworth, Amanda Louise	Kingston, SA	ALP
Robb, Hon. Andrew John, AO	Goldstein, Vic	LP
Robert, Stuart Rowland	Fadden, Qld	LP
Roxon, Hon. Nicola Louise	Gellibrand, Vic	ALP
Rudd, Hon. Kevin Michael	Griffith, Qld	ALP
Ruddock, Hon. Philip Maxwell	Berowra, NSW	LP
Saffin, Janelle Anne	Page, NSW	ALP
Schultz, Albert John	Hume, NSW	LP
Scott, Hon. Bruce Craig	Maranoa, Qld	NP
Secker, Patrick Damien	Barker, SA	LP
Shorten, Hon. William Richard	Maribyrnong, Vic	ALP
Sidebottom, Peter Sid	Braddon, Tas	ALP
Simpkins, Luke Xavier Linton	Cowan, WA	LP
Slipper, Hon. Peter Neil	Fisher, Qld	LP
Smith, Hon. Anthony David Hawthorn	Casey, Vic	LP
Smith, Hon. Stephen Francis	Perth, WA	ALP
Snowdon, Hon. Warren Edward	Lingiari, NT	ALP
Somlyay, Hon. Alexander Michael	Fairfax, Qld	LP
Southcott, Andrew John	Boothby, SA	LP
Stone, Hon. Sharman Nancy	Murray, Vic	LP
Sullivan, Jonathan Harold	Longman, Qld	ALP
Swan, Hon. Wayne Maxwell	Lilley, Qld	ALP
Symon, Michael Stuart	Deakin, Vic	ALP
Tanner, Hon. Lindsay James	Melbourne, Vic	ALP
Thomson, Craig Robert	Dobell, NSW	ALP
Thomson, Kelvin John	Wills, Vic	ALP
Trevor, Chris Allan	Flynn, Qld	ALP
Truss, Hon. Warren Errol	Wide Bay, Qld	Nats
Tuckey, Hon. Charles Wilson	O'Connor, WA	LP
Turnbull, Hon. Malcolm Bligh	Wentworth, NSW	LP
Turnour, James Pearce	Leichhardt, Qld	ALP
Vaile, Hon. Mark Anthony James	Lyne, NSW	Nats
Vale, Hon. Danna Sue	Hughes, NSW	LP
Vamvakinou, Maria	Calwell, Vic	ALP
Washer, Malcolm James	Moore, WA	LP

Members of the House of Representatives

Members	Division	Party
Windsor, Anthony Harold Curties	New England, NSW	Ind
Wood, Jason Peter	La Trobe, Vic	LP
Zappia, Tony	Makin, SA	ALP

PARTY ABBREVIATIONS

ALP—Australian Labor Party; LP—Liberal Party of Australia;
Nats—The Nationals; Ind—Independent

Heads of Parliamentary Departments

Clerk of the Senate—H Evans
Clerk of the House of Representatives—IC Harris AO
Secretary, Department of Parliamentary Services—A Thompson

RUDD MINISTRY

Prime Minister	Hon. Kevin Rudd, MP
Deputy Prime Minister, Minister for Education, Minister for Employment and Workplace Relations and Minister for Social Inclusion	Hon. Julia Gillard, MP
Treasurer	Hon. Wayne Swan MP
Minister for Immigration and Citizenship and Leader of the Government in the Senate	Senator Hon. Chris Evans
Special Minister of State, Cabinet Secretary and Vice President of the Executive Council	Senator Hon. John Faulkner
Minister for Trade	Hon. Simon Crean MP
Minister for Foreign Affairs	Hon. Stephen Smith MP
Minister for Defence	Hon. Joel Fitzgibbon MP
Minister for Health and Ageing	Hon. Nicola Roxon MP
Minister for Families, Housing, Community Services and Indigenous Affairs	Hon. Jenny Macklin MP
Minister for Finance and Deregulation	Hon. Lindsay Tanner MP
Minister for Infrastructure, Transport, Regional Development and Local Government and Leader of the House	Hon. Anthony Albanese MP
Minister for Broadband, Communications and the Digital Economy and Deputy Leader of the Government in the Senate	Senator Hon. Stephen Conroy
Minister for Innovation, Industry, Science and Research	Senator Hon. Kim Carr
Minister for Climate Change and Water	Senator Hon. Penny Wong
Minister for the Environment, Heritage and the Arts	Hon. Peter Garrett AM, MP
Attorney-General	Hon. Robert McClelland MP
Minister for Human Services and Manager of Government Business in the Senate	Senator Hon. Joe Ludwig
Minister for Agriculture, Fisheries and Forestry	Hon. Tony Burke MP
Minister for Resources and Energy and Minister for Tourism	Hon. Martin Ferguson AM, MP

[The above ministers constitute the cabinet]

RUDD MINISTRY—*continued*

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

SHADOW MINISTRY

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

[The above constitute the shadow cabinet]

SHADOW MINISTRY—*continued*

Shadow Minister for Justice and Border Protection; Assisting Shadow Minister for Immigration and Citizenship	Hon. Chris Pyne MP
Shadow Special Minister of State	Senator Hon. Michael Ronaldson
Shadow Minister for Small Business, the Service Economy and Tourism	Steven Ciobo MP
Shadow Minister for Environment, Heritage, the Arts and Indigenous Affairs	Hon. Sharman Stone MP
Shadow Assistant Treasurer and Shadow Minister for Superannuation and Corporate Governance	Michael Keenan MP
Shadow Minister for Ageing	Margaret May MP
Shadow Minister for Defence Science, Personnel; Assisting Shadow Minister for Defence	Hon. Bob Baldwin MP
Deputy Manager of Opposition Business in the House and Shadow Minister for Business Development, Independent Contractors and Consumer Affairs	Luke Hartsuyker MP
Shadow Minister for Veterans' Affairs	Hon. Bronwyn Bishop MP
Shadow Minister for Employment Participation and Apprenticeships and Training	Andrew Southcott MP
Shadow Minister for Housing and Shadow Minister for Status of Women	Hon. Sussan Ley MP
Shadow Minister for Youth and Sport	Hon. Pat Farmer MP
Shadow Parliamentary Secretary Assisting the Leader of the Opposition and Shadow Cabinet Secretary	Don Randall MP
Shadow Parliamentary Secretary Assisting the Leader of the Opposition in the Senate and Shadow Parliamentary Secretary for Northern Australia	Senator Hon. Ian Macdonald
Shadow Parliamentary Secretary for Health	Senator Hon. Richard Colbeck
Shadow Parliamentary Secretary for Education	Senator Hon. Brett Mason
Shadow Parliamentary Secretary for Defence	Hon. Peter Lindsay MP
Shadow Parliamentary Secretary for Infrastructure, Roads and Transport	Barry Haase MP
Shadow Parliamentary Secretary for Trade	John Forrest MP
Shadow Parliamentary Secretary for Immigration and Citizenship	Louise Markus MP
Shadow Parliamentary Secretary for Local Government	Sophie Mirabella MP
Shadow Parliamentary Secretary for Tourism	Jo Gash MP
Shadow Parliamentary Secretary for Ageing and the Voluntary Sector	Mark Coulton MP
Shadow Parliamentary Secretary for Foreign Affairs	Senator Marise Payne
Shadow Parliamentary Secretary for Families and Community Services	Senator Cory Bernardi

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Monday, 2 June 2008

The SPEAKER (Mr Harry Jenkins) took the chair at 12 pm and read prayers.

MAIN COMMITTEE

Private Members' Motions

The SPEAKER—In accordance with standing order 41(h) and the recommendations of the whips adopted by the House on 28 May 2008, I present copies of the terms of motions for which notice has been given by the members for Werriwa, Cook and Maranoa. These items will be considered in the Main Committee later today.

BUSINESS

Rearrangement

Mr COMBET (Charlton—Parliamentary Secretary for Defence Procurement) (12.01 pm)—I move:

That business intervening before order of the day No. 6, government business, be postponed until a later hour this day.

Question agreed to.

EXCISE TARIFF AMENDMENT (CONDENSATE) BILL 2008

Cognate bill:

EXCISE LEGISLATION AMENDMENT (CONDENSATE) BILL 2008

Second Reading

Debate resumed from 15 May, on motion by **Mr Bowen**:

That this bill be now read a second time.

Mr KEENAN (Stirling) (12.02 pm)—Australians are feeling cheated and conned, and they are feeling like they have been defrauded by this government, defrauded by Labor. At the election Labor said they were offering a government that would be putting downward pressure on inflation. They held themselves out on many different occasions as having fresh ideas. But what have Aus-

tralian got? They have a government whose very first budget has been to up taxes, to increase spending and to forecast, for the first time in a long while, a rise in unemployment. This is a government that is backward looking, a government that is returning to old Labor, a government that brings in new taxes, increases spending and puts jobs at risk. This is hardly a budget that delivers on the Treasurer's rhetoric that he would deliver a budget that would put downward pressure on inflation. It is not a budget that Governor Stevens at the Reserve Bank would have been hoping for. It is not a budget that puts downward pressure on interest rates. For all the Treasurer's hairy-chested rhetoric, what we actually have is a budget that increases spending, increases taxes and increases unemployment. It is a budget that will—and this is a word that seems to be doing the rounds at the moment—'whack' all Australians: pensioners, singles, families and businesses.

The decision contained in this bill to impose excise on condensate is another of the inflationary measures that are contained within this budget. Condensate is a form of light crude oil that is associated with gas accumulations. It is a type of crude oil that is produced as a by-product when natural gas is extracted from the earth. Condensate is used for, among other things, making plastics and cosmetics. In 1977 condensate produced in Australia or produced separately from a crude oil stream was made exempt from excise. This action was taken to encourage the exploration of and production from onshore and offshore predominantly gas fields that did not have the same profitability of the mainly crude oil producing Bass Strait. This action was taken to encourage the development of petroleum resources in the mainly gas-producing areas in the Cooper Basin and on the North West Shelf. The North West Shelf partners comprise BHP Billiton, Wood-

side, BP, Chevron, Shell and a Japanese consortium. This is very important. This was the policy that those partners initially signed up to. This is part of the reason they explored the North West Shelf. The policy of exempting the production of condensate from crude oil excise has remained in place since 1977.

It is much more viable to extract gas from a reserve when the reserve also has condensate. The industry argues that the least viable gas reserves have no condensate. Making condensate more expensive will make gas exploration and extraction less viable, and it is also very likely to increase the domestic price of gas. The consumers of this gas include power stations and industry but also mums and dads with gas stoves and gas heaters and motorists using LPG. The cost increases will ultimately spread across the entire economy further feeding inflation, allegedly the main target of this budget. It is another classic example of this government not having a full understanding of the consequences of the decisions that they take.

The Excise Tariff Amendment (Condensate) Bill 2008 and the Excise Legislation Amendment (Condensate) Bill 2008 show just how brazenly and shamelessly this government has gone about increasing taxes. These bills are expected to raise a massive \$2½ billion over the forward estimates, and they kicked in from midnight on budget night. Despite Labor's I think disingenuous view that this tax impost will not ultimately flow on to consumers, I note that the *Sydney Morning Herald* has reported that the removal of the excise exemption will cost Woodside Petroleum, one of the joint venture partners, up to five per cent of its annual profits. And we have the Prime Minister calling this measure an exercise in financial integrity.

Let us pause for a moment here and look at what the Prime Minister says in this House

about this measure in these bills before us. If you recall, last week the member for Curtin, the Deputy Leader of the Opposition, asked the following question of the Prime Minister:

Can the Prime Minister guarantee that his new \$2.5 billion tax will not drive up the price of domestic gas and electricity for pensioners, households and businesses in Western Australia?

All members will recall that, not surprisingly, the Prime Minister did not answer that question, but I think his response is very instructive. He said:

On the condensate arrangement, it was actually instituted back then in order to provide for the industry to start with. That is the first point.

He went on:

Secondly, that is quite a long time ago, and since that time the industry has not only become profitable and been established; if you look at the return to the industry concerned, its actual profits in recent years have been not just in the hundreds of millions of dollars but in the billions of dollars. What this seeks to do is to actually close a tax loophole which has existed for a long, long time ...

It was not a tax loophole that was being closed; it was an agreement the joint venture partners made with the government in the late 1970s about how they could appropriately do business in Australia. The Prime Minister's response seems to imply that, if you are doing business in Australia and you are making a windfall profit, you can expect the government just to come in over the top and slap a new tax on whatever it is you do. This is a pretty serious risk for businesses doing business in Australia. What we have with this measure is the re-emergence of sovereign risk.

What we see from the operations of a government that seeks to impose a measure like this without any consultation, without any discussion and without any notice is a government that does not really understand the consequences of what it does. From mid-

night on budget night the producer became liable for excise. What sort of message does this send to local or foreign investors about their ability to do business in Australia with confidence and in an environment of certainty? How can investors plan in confidence exploration and production projects that can take literally years to come on stream, and cost tens or perhaps hundreds of millions of dollars, when the government can simply at a whim, without talking to them, change the goalposts?

Let me describe the reaction of Woodside to the measures in these bills, because I think it is very important. Woodside is an operator of the North West Shelf liquefied natural gas project, Australia's largest liquefied natural gas facility which has a current production capacity of 11.9 million tonnes per annum and produced 24.2 million barrels of condensate in 2007. Woodside managing director and CEO Mr Don Volte said in response to this ill-thought-out measure:

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

Mr Volte well understands the history behind the excise treatment of condensate. As I have outlined, this exemption was an incentive to the industry to explore these untapped reserves. It is not a loophole, as the Prime Minister has tried to pretend in this place. This exemption was not some sort of escape clause or some trick for avoiding excise. This is an exemption that was granted by the government of the day for the express purpose of encouraging exploration of these gas deposits. I fully endorse what Mr Volte has said. He has gone on to say:

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

To similar effect to the comments from Woodside are the comments of Ms Belinda Robinson, who is the Chief Executive of APPEA, the Australian Petroleum Production and Exploration Association. They have rightly been concerned about this sudden change in policy and the total and complete absence of any consultation with the industry. She has said:

Given the magnitude of the investments involved and the important contribution of this industry to the Australian economy, a strong partnership between industry and government is critical. Investment decisions are made on the basis of certainty that fiscal frameworks agreed with governments will underpin the long term viability of projects.

The industry sees the government's lack of consultation as sending very dangerous signals. These signals have the potential to impact across all of the industry. The industry states that the exemption provided an important incentive for the exploration of gas because condensate occurs in association with natural gas. The production of condensate is important in underpinning the economics of many gas projects. This excise hike may lead some energy companies to reduce exploration and extraction because they are afraid that an arbitrary tax on them can be imposed without any warning.

There is a second reason why these measures warrant further consideration. It was a reason that was raised with us when Treasury came to brief us on this legislation—an offer that was generously made by the Assistant Treasurer that I was very happy to take up. Treasury were completely and utterly unable to rule out whether these measures will firstly have an impact on gas prices in my home state of Western Australia and ultimately feed into gas prices across the country.

I will remind the House of what I said earlier. The Prime Minister was asked in this

chamber last week, ‘Will these measures make gas more expensive for consumers in Western Australia?’ and he was completely unable to rule that out. We in this House and in this parliament need to look at these bills further to really get an understanding about what these measures may actually do. It is clear the government have no understanding about what these measures might actually do. If they did have an understanding, then maybe they would have been able to say whether or not they are going to put upward pressure on gas prices. It makes sense that these bills get further illumination. I would certainly like the industry to be able to have a chance to comment on these bills, as you would have expected the government would have allowed them to do prior to actually introducing and announcing these measures. That is certainly what the previous government would have done. That is what any sensible government would do: go and talk to the people who operate in the industry, who know about the economics of the industry. They will be able to give you feedback about the consequences of the actions that you are taking. With that in mind, I move:

That all words after “That” be omitted with a view to substituting the following words: “while not declining to give the bill a second reading, the House expresses its concern that the Government’s decisions reflected in this bill have been made without consultation with business or other interested groups and calls on the Government to support reference of this bill and the Excise Legislation Amendment (Condensate) Bill 2008 to the Senate Economics Committee for inquiry so as to permit consultation with those with practical expertise and responsibility in this vital industry”.

This is a \$2½ billion tax take. It was announced without consultation with industry, who were shocked, quite frankly, to read about it on budget night. They have been operating since the late 1970s on the understanding that they had some certainty in their taxation arrangements and that they actually

had an agreement with the Australian government—a government that actually lives up to its words and its commitments. Now we find that, if you are making windfall profit, apparently the government can just come in over the top of you and reap that back in tax. I think that is something that is extraordinary.

Secondly, this is a measure that has the potential to make gas in Australia more expensive. I think it is reasonable that the government rule that out if they have any understanding of what this measure might actually do. It makes sense that the Senate Standing Committee on Economics have the opportunity to look at these bills. I would certainly encourage them to go to Western Australia and talk to some of the joint venture partners on the North West Shelf about what this might do and what this means for their business—and, importantly, talk to them about what it means for gas consumers in Western Australia. Does it mean higher bills? I urge the government to seriously consider joining with the opposition in allowing the Senate economics committee to get an understanding about what these measures might do.

The SPEAKER—Is the amendment seconded?

Mr Coulton—I second the amendment and reserve my right to speak.

Mr RIPOLL (Oxley) (12.18 pm)—I rise with pleasure to speak on the Excise Tariff Amendment (Condensate) Bill 2008, which amends the Excise Tariff Act 1921, because it actually is good news. Contrary to what the shadow minister has been talking about, this bill is good news for consumers and it is good news for the taxpayer because it gives them the opportunity to have a windfall of \$2½ billion from what is rightfully their resource and be compensated for private interests reaping rewards from the use of that resource. It actually is a good thing.

I will start with the amendment that the opposition moved. It seems to be broken down into three parts. One, they seem to be very concerned about consultation. They ought to be, because in the nearly 12 years they were in government that was the last thing on their minds and the last thing they ever did on absolutely anything at all. But if they never consulted with anyone in particular, let me just say that they never consulted with the taxpayer. They may have consulted with big oil—that they did plenty of—but when it came to consultation with the consumer and the taxpayer, then there was none. It is that one-sided street and one-sided argument you get from this mob, which used to be in government. When they talk about consultation, it was just consultation for the big oil companies, which is what they were interested in. If you listen to the speech made by the honourable member for Stirling, that was all he was talking about. He was talking about a \$2.5 billion tax take. I remind him that it is not actually a tax take from the taxpayer; it is actually a tax take from oil companies from a resource which rightfully belongs to the Australian taxpayer and the Australian community. They are the people who should be sharing in that reward. Again, he got that one wrong, and I thought he most disingenuously represented the actual position of this bill and the position of the government.

He did raise one other issue, which was that gas or the price of petrol might become more expensive. Again, that was very disingenuous. Having been given a briefing from the Treasury, they would understand that Treasury is not going to rule one way or the other or give a decision; the reality is nobody can do that. The reality also is that there is such a thing as price parity. Everyone in Australia understands, and we have made very clear to people—and certainly the opposition did when they were in government—that we

are price takers in Australia. We belong to a global oil market, and we pay the same price that is available on the global market. This so-called imposition of a tax is not actually an imposition of a tax; it is an equalisation of a tax where the industry, since 1977, has actually benefited to the tune of over \$1 billion. That is \$1 billion of Australian taxpayers' dollars. There was a very good reason that that exemption from the excise was in place and why it dates back to 1977, but the environment and the conditions have changed.

The reason I am happy to speak on this bill today is that it is an adjustment, it is an equalisation. It is a bill about fairness for the Australian taxpayer and the use of their resource. This condensate gas and oil does not belong to the oil companies. They certainly are more than welcome to extract it and to make profits from it. We do not have an issue about the profits, but there should be fair compensation to the Australian community, the Australian public and the Australian taxpayer for the use of that resource by that oil company. And that is what this bill does. This bill is about fairness, so I am very pleased to be speaking on it.

This bill amends and removes the excise exemption from condensate for crude oil under the crude oil excise regime. This measure was applied from 13 May 2008. Currently, oil excise applies to crude oil that is produced from petroleum fields that are located in the North West Shelf project area off the coast of Western Australia and onshore Australia. By making this amendment, we now equalise what happens with condensate under what was the previous exemption regime. Currently, the excise is levied at a percentage of the value of the crude oil that is produced from the petroleum fields, but the first 30 million barrels of crude oil produced are still exempt under the crude oil excise regime and they will continue to be. In fact, I do not know there should be too

much concern or any concern at all from the oil industry. In my view, it is quite a reasonable regime, and a regime that was fully supported by the previous government, now in opposition. They are making plenty of noise about how unfair all of this is. This is an Australian resource. I suppose the next thing we will be hearing from the shadow minister is there should not be any excise at all. Again, they are ripping away taxpayers' funds that are coming in from their own resources but not explaining how the money will be replaced. How does the shadow minister and the opposition expect that that taxpayer money, that \$2.5 billion, be replaced?

The reality is there will be zero excise for annual production of 500 megalitres or less; 10 per cent for annual production between 501 and 600 megalitres, which is about 3.8 million barrels; 15 per cent for annual production for up to 4.4 million barrels; 20 per cent for up to five million barrels; and 30 per cent for annual production that is over 800 megalitres or five million barrels. That brings into line condensate. There is no reason today, in today's environment, for condensate to be treated differently to any other resource—be it oil, gas or any other. Why should it be that there is a special exclusion, an exemption, on this one particular product in today's environment, in 2008, with global pressure on our resources and record profits being made—welcome record profits by the oil company? I certainly do not begrudge the profits they make, but by the same token they should not begrudge paying a fair share of those profits to the Australian community. That is who the money is going to. It is not going to the government; it is going to the Australian taxpayers, back to them. I am a bit bewildered by why the opposition would come in here and argue against that. Why would they argue against an Australian community resource not being properly taxed and excised so that the community can

reap the benefit? Perhaps, when the shadow minister has another opportunity, he can explain where else he would get \$2.5 billion to add to the budget to help all Australians if he believes this discount, which has existed since 1977, should continue.

The reality is this is good fiscal discipline. This is exactly what we were elected to do as a government. We were elected to run a strong economy, a responsible budget position, and to be responsible in making sure that oil companies and resource companies are properly taxed on the Australian resources so that all Australians can share in that benefit. I think that is more than fair and more than amply done by this very good amendment bill. The amendment that was moved by the opposition—I do not have a copy, as I said earlier—seemed to cover three areas: consultation, the amount of tax that will be of benefit and reaped for Australian taxpayers, and cost. I was curious to hear that the opposition, who complain every day about inquiries, task forces and so forth, are calling for another one themselves. Now they want the Senate Standing Committee on Economics to have another inquiry. Which way is it going to be? The shadow minister, the member for Groom, is at the table and he is shaking his head. I would too! I have no idea what you guys want to do. Every day of the week you come in here and make plenty of bluster and noise about inquiries, but here you are in the House asking for another inquiry. There is no need to have an inquiry, because this is a really good measure. This is a good measure for the Australian taxpayer because this \$2.5 billion is going to them. We are not taking it from them; we are giving it to them. This is an Australian community resource that needs to be properly and equally treated, and this is exactly what is taking place with this bill and in this House today. This bill, as I said, is a good bill and I commend it to the House.

Mr IAN MACFARLANE (Groom) (12.28 pm)—Mr Speaker, I listened with—

Mr Ripoll—Be kind to me, Macca!

Mr IAN MACFARLANE—As the member for Oxley leaves the chamber he asks me to be kind to him. After that speech, it would be difficult to be anything else out of sheer sympathy for his lack of understanding of what goes on in this chamber, in the Senate chamber or in fact anywhere in the business community in Australia. While he did say on a number of occasions during his speech how delighted he was to be able to speak on the measure, it is my understanding that he is the only one on that side of the House to do so—an indication of perhaps just how uncomfortable some on that side are about this legislation.

I am surprised, I have to say, because I believe in being what you are and that what you have been is what you are. I think it is unusual, to say the least, that someone who would know a lot about this bill and how it may affect those companies involved in the North West Shelf has not put his name up to speak on this bill. The member for Brand, with his background, would understand all the issues that I am about to raise in regard to how important are investment certainty and a consistent approach by government, and how the risks that resource companies take, both in exploring and developing resources, work. Yet all we heard from the member for Oxley was a rambling five-minute speech with a beg for mercy at its end. There was really no explanation of what the thinking was from the government behind this. We have, of course, heard the normal words: ‘This is a windfall profit that needs to be taxed. It is a loophole that needs to be taxed. These are big oil companies.’ Any time you are in trouble, roll out the words ‘big oil’. ‘They are naturally evil, evil companies’: that is understood by those on the other side of the

House. The fact that some of these companies have Australian shareholders—some of whom are self-funded retirees saving the public purse the need for support—and the fact that these shareholders’ incomes will be affected by this decision are of no consequence to those on the other side of the House. They would no doubt categorise those self-funded retirees, and those working families who receive a dividend from these companies, as ‘undeserving rich’ or something similar.

The thing that worries me most is this continual refusal by those who sit opposite to give a categorical assurance to gas consumers. I know the member for Oxley got a little confused as to what that issue was about, but for his benefit, and for the benefit of those on that side of the House who do not understand the issue, the North West Shelf supplies all the gas in Western Australia for both domestic consumers and industry. It is a key source of Western Australia’s economic growth and neither the member for Oxley nor the Prime Minister when he was asked by the Deputy Leader of the Opposition nor Treasury apparently, now that they have been drawn into the debate, are able to give an answer as to whether or not this measure will increase the price of gas in the Western Australian domestic market.

I do not have an answer for that, but I am damned concern about it because, at a time when energy prices are increasing around the world, those people in Western Australia who see the company they buy their gas from suddenly facing this inordinately large tax bill would quite rightly want an answer to that question. So let us hear it. Let us hear it from the minister who has introduced this legislation or let us hear it from the resources minister or from the finance minister. Let us get an answer to that, because I think that it is an issue that needs an answer: is this measure, that has been introduced out of the

blue and without consultation, going to increase the price of gas to industry consumers, to households in Western Australia and to the users of electricity in Western Australia, bearing in mind that most of the electricity in Western Australia is, of course, produced from gas?

There is absolutely no justification for saying that this is a fairness issue. The member for Oxley displayed an absolutely breathtaking lack of understanding of what it takes to get a resource project up and an absolutely breathtaking lack of understanding of what the conditions were back in 1975 when the then Whitlam government introduced excise. In 1977 when this measure was introduced there was a climate where the sorts of dollars involved in getting these projects off the ground and the risk that the company and its shareholders would have had to take would have meant that this gas would most likely still be lying in the ground on the North West Shelf. The tremendous growth that it has brought to not only Western Australia but also the nation as a whole would never have occurred. This measure was introduced solely as an incentive, an inducement, almost a bribe, to get the companies to take the risks that had to be taken to get this gas and its associated condensate and oil out of the ground, into the industry and into the export ships.

We have heard a lot from the Minister for Resources and Energy lately on a whole range of topics, all of which are very interesting. More pertinently, however, we hear his suggestion that in this day and age, with our low self-sufficiency in oil and petroleum products, we need to put in place more incentives to get companies to go out into what are known as 'frontier regions' to explore and to pursue new deposits. That is a good idea. It is not a new idea; in fact, it is a very old idea. When I was resources minister I did something similar and I certainly say, 'All

power to the arm of the resources minister if he is going to improve on that.' If we go back in time we come back to this issue. This was put in place as a measure to encourage the development of a field which, as I say, is a long way from any major population centre in Western Australia, let alone the rest of Australia. Without this inducement, without this incentive, without this concession—which it is—that field probably would not have been developed.

The crude oil excise, as I said, was introduced by those renowned socialists and economic vandals, the Whitlam government. I am starting to wonder whether or not this sort of activity, which the Whitlam government was renowned for, is going to be copied by the current Rudd Labor government. The exemption on the condensate for excise was then introduced in 1977, around about the same time as world parity pricing for oil—and I only mention that as an aside, because even with world parity pricing the development of the North West Shelf would not have proceeded without other incentives.

What this bill proposes is typical of Labor, and it shows that they have not changed their way at all. They might call themselves economic conservatives, but underneath it all they are just simple, old-fashioned Labor—that is, they are socialist in policy, they attack the achievers of Australia and they attack the so-called big companies. Companies that were started decades ago in Australia are now apparently the targets of those who sit opposite. It just shows that the Labor Party have not changed at all since the Whitlam days. This bill is incomprehensible in the context of developments over the past decade that have seen Australia's economy become the envy of the rest of the world. It is an economy driven by innovation and investment that has helped drive unemployment to record lows. But the con end of the bill is more the stuff of Third World econo-

mies, where investments are made by multinational companies and then snatched away by governments the moment they tap into a rich resource or become profitable.

I guess we could hope that this will be a oncer. We could hope that, in its dash for cash, this government has decided that this is just something it has to do. But this morning we awoke to headlines that another Labor government—one not very far from here that is running up an enormous debt, as Labor governments do—has decided to do the same thing to the coal industry in Queensland. Time will not permit me to speak on that issue; but it is inherent in the Labor philosophy that the moment anyone has anything it grabs it. It is a philosophy which, as I say, would be far more at home in a Third World country somewhere else in the world. The Rudd Labor government is again trashing Australia’s reputation and dragging it through the mud as well, just for good measure, all for the sake of a grubby tax grab. The government is showing it has absolutely no idea when it comes to steering the Australian economy or ensuring investment opportunities remain attractive. Stability in the way companies are treated is essential. Those companies are not just essential; they are absolutely essential. Are you going to cut me off?

Mr Albanese—When you’re finished.

Mr IAN MACFARLANE—Okay. I thought that meant time out. You’re not going to allow the other people to speak?

Mr ALBANESE (Grayndler—Leader of the House) (12.39 pm)—I move:

That the question be now put.

Question put.

The House divided. [12.44 pm]

(The Deputy Speaker—Ms AE Burke)

Ayes.....	71
Noes.....	59
Majority.....	12

AYES

Adams, D.G.H.	Albanese, A.N.
Bevis, A.R.	Bidgood, J.
Bird, S.	Bowen, C.
Bradbury, D.J.	Butler, M.C.
Byrne, A.M.	Campbell, J.
Champion, N.	Cheeseman, D.L.
Clare, J.D.	Collins, J.M.
Combet, G.	D’Ath, Y.M.
Debus, B.	Dreyfus, M.A.
Elliot, J.	Ellis, A.L.
Ellis, K.	Emerson, C.A.
Ferguson, L.D.T.	Ferguson, M.J.
Fitzgibbon, J.A.	Garrett, P.
Georganas, S.	George, J.
Gibbons, S.W.	Gray, G.
Grierson, S.J.	Griffin, A.P.
Hall, J.G. *	Hayes, C.P. *
Irwin, J.	Jackson, S.M.
Kelly, M.J.	Kerr, D.J.C.
Livermore, K.F.	Macklin, J.L.
Marles, R.D.	McClelland, R.B.
McKew, M.	McMullan, R.F.
Melham, D.	Murphy, J.
Neal, B.J.	Neumann, S.K.
O’Connor, B.P.	Owens, J.
Parke, M.	Perrett, G.D.
Plibersek, T.	Price, L.R.S.
Raguse, B.B.	Rea, K.M.
Ripoll, B.F.	Rishworth, A.L.
Roxon, N.L.	Saffin, J.A.
Sidebottom, S.	Snowdon, W.E.
Sullivan, J.	Swan, W.M.
Symon, M.	Tanner, L.
Thomson, C.	Thomson, K.J.
Turnour, J.P.	Vamvakinou, M.
Zappia, A.	

NOES

Abbott, A.J.	Andrews, K.J.
Bailey, F.E.	Baldwin, R.C.
Billson, B.F.	Bishop, B.K.
Bishop, J.I.	Broadbent, R.
Ciobo, S.M.	Cobb, J.K.
Costello, P.H.	Coulton, M.
Downer, A.J.G.	Dutton, P.C.

Forrest, J.A.	Gash, J.
Georgiou, P.	Haase, B.W.
Hartsuyker, L.	Hawke, A.
Hawker, D.P.M.	Hockey, J.B.
Hull, K.E. *	Hunt, G.A.
Irons, S.J.	Jensen, D.
Johnson, M.A. *	Katter, R.C.
Keenan, M.	Ley, S.P.
Macfarlane, I.E.	Marino, N.B.
Markus, L.E.	May, M.A.
Morrison, S.J.	Neville, P.C.
Pearce, C.J.	Pyne, C.
Ramsey, R.	Randall, D.J.
Robb, A.	Robert, S.R.
Ruddock, P.M.	Schultz, A.
Scott, B.C.	Secker, P.D.
Simpkins, L.	Slipper, P.N.
Smith, A.D.H.	Somlyay, A.M.
Southcott, A.J.	Stone, S.N.
Truss, W.E.	Tuckey, C.W.
Turnbull, M.	Vaile, M.A.J.
Vale, D.S.	Washer, M.J.
Wood, J.	

* denotes teller

Question agreed to.

The DEPUTY SPEAKER (Ms AE Burke)—The original question was that this bill be now read a second time. To this the honourable member for Stirling has moved as an amendment that all words after ‘That’ be omitted with a view to substituting other words. The question now is that the words proposed to be omitted stand part of the question.

Question agreed to.

Original question agreed to.

Bill read a second time.

Consideration in Detail

Bill—by leave—taken as a whole.

Mr BOWEN (Prospect—Minister for Competition Policy and Consumer Affairs, and Assistant Treasurer) (12.50 pm)—I present a supplementary explanatory memorandum to the bill. I move the government amendment as circulated:

(1) Schedule 1, item 27, page 14 (after line 10), after subsection 6CA(13), insert:

(13A) Despite section 169 of the *Excise Act 1901*, a by-law prescribing a condensate production area may have the effect of imposing duty, in relation to condensate entered for home consumption before the date on which the by-law is published in the *Gazette*, at a rate higher than the rate of duty payable in respect of the condensate on the day on which the condensate was entered for home consumption.

This amendment adds a new provision to the Excise Tariff Amendment (Condensate) Bill 2008. In particular, the amendment authorises the Commissioner of Taxation to make a by-law prescribing a condensate production area with effect from a date before the date the by-law is published in the Commonwealth *Gazette*. The amendment removes any doubt as to whether the commissioner can do this. This amendment is consistent with item 27 of the Excise Tariff Amendment (Condensate) Bill 2008. This item allows the Commissioner of Taxation to make a by-law prescribing a condensate production area to take effect from a date before the by-law is registered under the Legislative Instruments Act 2003.

Mr KEENAN (Stirling) (12.51 pm)—I would like to note that this is the government’s own legislation. It has been in this House for only a number of days and we are already talking about amending it. This was just tabled then. I will take the Assistant Treasurer’s word that it is a technical amendment. Quite frankly, like for a lot of these things, it would be helpful if we were given notice and given time to consider things. Somebody up the back laughs. When we are debating things in this parliament, it is perfectly reasonable for us to have a chance to reasonably consider them. We are not going to oppose the amendment. But, like with a lot of these things, it would have

been nice to have had a little bit of notice and some time to consider it in the interests of getting the best legislative outcome for the people of Australia.

Mrs BRONWYN BISHOP (Mackellar) (12.52 pm)—I am interested to see this amendment brought in to this bill. There is only one copy of the supplementary explanatory memorandum, which the Clerk has at the present time and which I have had an opportunity only to have a cursory look at. The question needs to be asked. It seems to be that there is an intention by the government to be able to do things by regulation, rather than by primary legislation in this House, where it can be contested and debated. I would like the government to answer the question: is that the purpose of the amendment?

Mr BOWEN (Prospect—Minister for Competition Policy and Consumer Affairs, and Assistant Treasurer) (12.53 pm)—This amendment clarifies and removes beyond doubt that the policy announcement made by the Treasurer on budget night will be implemented as a technical amendment which removes doubt and confirms the ability of the Commissioner of Taxation to make a by-law. This is not a minister making a regulation; it is the Commissioner of Taxation making a by-law, as is commonly understood to be the case. It simply confirms and removes doubt, for clarification purposes.

Mrs BRONWYN BISHOP (Mackellar) (12.53 pm)—I now have a copy of the supplementary explanatory memorandum. It says:

The amendment authorises the Commissioner of Taxation to make a by-law—

as you have just explained. However, it goes on to say:

As a result, it removes any doubt as to whether the Bill overrides section 169 of the *Excise Act 1901*. This is necessary to allow the Commis-

sioner of Taxation to make a by-law prescribing a condensate production area, with effect from a date before the by-law is published ... in circumstances where the by-law has the effect of imposing a higher rate of excise duty on condensate entered into home consumption.

I do not have the Excise Act in my hands. Would the minister please inform the House what section 169 of the Excise Act says so that we can be informed as to precisely what the intent of the amendment is.

Mr BOWEN (Prospect—Minister for Competition Policy and Consumer Affairs, and Assistant Treasurer) (12.54 pm)—I have already explained the intent of the amendment to the House. It is to clarify and remove beyond doubt the powers of the Commissioner of Taxation to implement the law as he sees appropriate.

Mrs BRONWYN BISHOP (Mackellar) (12.54 pm)—When the explanatory memorandum, as amended, says that the intent is to remove any doubt as to whether the bill overrides section 169 of the Excise Act, as this has been brought into the House in an unexpected manner, I think it is incumbent upon the minister to know precisely what this bill is overriding and to inform the House of precisely that. If that is the act, please read it out.

Mr BOWEN (Prospect—Minister for Competition Policy and Consumer Affairs, and Assistant Treasurer) (12.55 pm)—I was not going to go into detail but as this is being made into an issue I can inform the House that this amendment was circulated on 29 May. It was not just moved by me without notice and I must say that the shadow minister's office was advised of this last week.

Mrs BRONWYN BISHOP (Mackellar) (12.55 pm)—I would be interested to know what time on 29 May. It was the last time we sat, if I recall, to put that into context. Nonetheless, you are the minister, you ought to

know what it is that your amendment is amending and you ought to be able to tell us what section 169 of the Excise Act says.

Mr BOWEN (Prospect—Minister for Competition Policy and Consumer Affairs, and Assistant Treasurer) (12.56 pm)—The answer to the honourable member's question is 10.40 am.

Mrs BRONWYN BISHOP (Mackellar) (12.56 pm)—The question outstanding is: will the minister please tell us what section 169, the one you are amending, says? As the minister, you are supposed to have knowledge of it. If you do not know the answer to the question and you do not know what the section is that you are amending, because you have not been briefed or you have not bothered to look yourself, would you mind telling the House that you are unable to tell the House what you are in charge of and should know, and do not know.

Mr BOWEN (Prospect—Minister for Competition Policy and Consumer Affairs, and Assistant Treasurer) (12.56 pm)—I refer the honourable member to the comments I made on numerous occasions explaining the purpose of this amendment. It is quite clear. It was circulated at 10.40 am—before 11 o'clock—on 29 May. There has been plenty of time for the honourable member or any other honourable member to contact my office for clarification. My understanding is that none have. It is a perfectly clear, technical amendment and the situation remains as per my previous comments.

Mrs BRONWYN BISHOP (Mackellar) (12.57 pm)—It is becoming quite apparent that the minister does not know what it is that he is amending, that he is simply dodging the question. If he does not know, he has advisers up in his box—could he please send one of them to find out what section 169 says. You are the minister; you are in government; you are supposed to know. If you

do not know the answer, please just rise and say, 'I do not know,' and send someone out to get it and then you can tell us when they come back.

The DEPUTY SPEAKER (Ms AE Burke)—Is anybody additional seeking the call? If not, I will put the question.

Mrs BRONWYN BISHOP (Mackellar) (12.58 pm)—Could I ask the minister if he has asked one of his advisers to go and get section 169 so that he can tell us what it is he is amending?

Mr BOWEN (Prospect—Minister for Competition Policy and Consumer Affairs, and Assistant Treasurer) (12.58 pm)—I have made it quite clear what this amendment deals with. I have made it quite clear which section of the act it amends and which section of the bill it amends. If the honourable member concerned wants to get further advice I am more than happy for her to seek that advice. I am not going to go and get a copy of the act for me to read into the *Hansard* when it is quite clear what this amendment does.

Mrs BRONWYN BISHOP (Mackellar) (12.58 pm)—I will not intervene further after this because it is now quite apparent to the House and to anybody who is listening to the broadcast that the minister who purports to know what he is about is unable to tell the House what it is he is amending and he was unable to 'fess up to the fact he did not know, unless that piece of paper he has just been handed tells him what section 169 of the Excise Act says. I will not intervene further unless he has got some extra information to give us. It is very disappointing to see that the Assistant Treasurer of this government is not across his brief and simply is not up to doing the job that he is supposed to do.

Question agreed to.

Bill, as amended, agreed to.

(Quorum formed)

Third Reading

Mr BOWEN (Prospect—Minister for Competition Policy and Consumer Affairs, and Assistant Treasurer) (1.02 pm)—by leave—I move:

That this bill be now read a third time.

Question agreed to.

Bill read a third time.

**EXCISE LEGISLATION AMENDMENT
(CONDENSATE) BILL 2008**

Second Reading

Debate resumed from 15 May, on motion by **Mr Bowen**:

That this bill be now read a second time.

Question agreed to.

Bill read a second time.

Third Reading

Mr BOWEN (Prospect—Minister for Competition Policy and Consumer Affairs, and Assistant Treasurer) (1.03 pm)—by leave—I move:

That this bill be now read a third time.

Question agreed to.

Bill read a third time.

**FIRST HOME SAVER ACCOUNTS
BILL 2008**

Cognate bills:

**INCOME TAX (FIRST HOME SAVER
ACCOUNTS MISUSE TAX) BILL 2008**

**FIRST HOME SAVER ACCOUNTS
(CONSEQUENTIAL AMENDMENTS)
BILL 2008**

Second Reading

Debate resumed from 29 May, on motion by **Mr Swan**:

That this bill be now read a second time.

Ms LEY (Farrer) (1.04 pm)—I appreciate the opportunity to continue my remarks on the First Home Saver Accounts Bill 2008,

the Income Tax (First Home Saver Accounts Misuse Tax) Bill 2008 and the First Home Saver Accounts (Consequential Amendments) Bill 2008, which I commenced in the last sitting of parliament. Those remarks focused on the reasons we in the opposition believe that this First Home Saver Accounts measure is unlikely to do much to help the housing affordability crisis in Australia today. I remind the Treasurer and the Prime Minister of the following real reasons for the worsening housing affordability problem. Limited land supply induced by restrictive land release policies of state and local governments is the main reason for rising housing costs. Government taxes, fees, levies, charges and compliance costs are adding enormously to the cost of new housing and now represent a quarter to a third of the cost of a new house and land package.

Not much more than a month ago the Housing Industry Association reminded us of the housing supply crisis when they said there should now be a united focus and interest by all governments in increasing the supply of affordable housing. Housing finance and a range of other leading indicators suggest a further widening in the gap between housing supply and demand. HIA contends that the housing industry should be building at least 175,000 new residential dwellings each year to satisfy existing demand. In my earlier remarks I contended that others have said that the under-building rate is 30,000. I agree with the HIA: it is much, much more.

In my earlier remarks I talked about the way the first home saver account addresses the demand side of the housing affordability equation and does nothing for the supply side, and I said that we would not be opposing the measure because anything that encourages young people to save for their first home—or, in fact, save at all—has got to be a good thing. I mentioned the example, which caused some amusement to those op-

posite, of plasma televisions. I mentioned that because they are still the most demanded consumer item in Australia today. But we have seen them come down in price from about \$14,000 five years ago to about \$1,500 today—for the simple reason that the supply has kept up with the demand. This is pretty basic stuff. The supply of land to build entry-level first homes is in no way keeping up with the demand. So, by adding more dollars to the demand side of the equation, you are giving people more money to spend in an already extremely tight housing market.

I will anticipate some of what the housing minister may say in her remarks. She may talk about the supply side and the things that the government is doing to address that. There are in fact two measures on the table: the Housing Affordability Fund and the National Rental Affordability Scheme. Anyone who tuned in to Senate estimates this morning would have found some very interesting material on the likely effectiveness of both of those schemes. I was able to watch some questions and answers on the Housing Affordability Fund and it reinforced to me that there is a generational divide without comparison in the way we do development applications in this country and in the way that local government produces first homes for first home buyers. So, if you live in the leafy North Shore of Sydney you would pay far, far less than somebody starting out in the western suburbs of Sydney, where sometimes the development applications take three years to process through council.

The Housing Affordability Fund is, I think, \$500 million—it may be \$600 million. I would be unkind but I need to be: I am going to call it a slush fund that local and state governments are allowed to apply to. So here we have the federal government providing a fund which state governments can dip into in order to relieve the housing affordability crisis. Thirty million dollars has been released

to help develop a website where you can track the progress of your development application—a so-called electronic development application website. I noticed that there was a development assessment forum brought together in 1998 to talk about this, and clearly they are just still talking. If we have the delays that we are hearing about, with the holding costs for developers and ultimately for first home owners, it is just not good enough. Why should the federal government provide \$500 million for state governments to dip into to do the things that they should be doing anyway? It is incumbent upon them to release land in a progressive and orderly fashion and in a way which allows first home owners to build.

The fact that there is no affordable land on the fringes of our major cities is an indictment of us all. I have told the House before about the reasons why: state treasuries must maximise the returns to themselves from the land that they own and from the stamp duty they get from first home owners. Yes, there are some concessions in some states, but overall they get money from first home owners through stamp duty. State treasuries say: 'Well, we have to maximise the land, so we will release it in a suitably slow fashion so that we get as much money as possible.' But the people who are stuck at the end of this are the first home owners not able to get an affordable home.

When the matter was discussed in Senate estimates this morning, they also covered the National Rental Affordability Scheme. It was interesting to see officers from the housing branch of the department of family and community services essentially say that what they are doing is implementing the government's election commitment—that that is what their work is focused on. So, with the National Rental Affordability Scheme, there will be 3,500 houses in 2008-09, 7,500 in 2009-10, 14,000 in 2010-11 and 25,000 by

the time we get to 2011-12. But, when the senators quizzed the department on sound evidence and research to demonstrate the rate at which these housing incentives would be taken up or why they would work or the details of the scheme, they kept coming back to the answer: 'We are focused on implementing the government's election commitments.' They did not say there was a reason why they would not work, but they could not tell the Senate committee why they would work.

This has been my point about the National Rental Affordability Scheme. It is fine to offer incentives to developers. I will remind the House that that is what it does. As a developer you are entitled to a \$6,000 tax credit from the federal government and a \$2,000 tax credit from the state government, either in dollars or in kind, and that is over a period of 10 years. As a developer you are then required to build an affordable home—the style of the home, of course, is up to the developer—but the requirement is that it is rented out for 20 per cent below the market rent of the geographic area.

The questions that the senators quite reasonably asked were: how do you determine the geographic market area; how do you police such a scheme; what happens if somebody within one of these homes moves out or their circumstances change—do they suddenly break through the threshold and have to leave? But, more importantly, what was focused on and what I believe is important is that this is actually not going to address the supply-side problem that we face. There will be 3,500 houses if we are lucky this year—

Mr Kerr—Madam Deputy Speaker Burke, I rise on a point of order. If I could draw your attention to the subject matter of the legislation, it does seem to be drawing quite a long bow to be discussing these mat-

ters, which are not at all at issue in the legislation.

The DEPUTY SPEAKER (Ms AE Burke)—The member for Farrer will return to the bill before the House.

Ms LEY—I know it may appear to the government that these are not relevant, but I think they are. This is a bill that discusses housing affordability—

The DEPUTY SPEAKER—Can I just point out to the member for Farrer: it is not whether the government thinks it is relevant; it is whether the person occupying the chair finds it relevant, and I have asked you to return to the bill before the House.

Ms LEY—I will quickly conclude my remarks on this part of what I wanted to say. What I really wanted to say is that, as is demonstrated all over this place at the moment—in Senate committees, in conversations that are being had, in admissions by government officers—the measures that the government is proposing on the supply side of the housing affordability equation are unlikely to work. They are untested, unresponsive and unlikely to work. I want to make that point because I am not sure whether those measures are coming before the House in any legislation. I think that, while we have something that is being presented as a reason—

Mr Kerr—Madam Deputy Speaker, on a point of order: I appreciate the attempt of the honourable member to continue to do what the chair has directed her not to do, but I ask the chair to make certain that we do not digress further and that we actually do return to the subject matter of the legislation.

The DEPUTY SPEAKER—Member for Farrer, I ask you to address the bill before the House.

Ms LEY—It is clear that the minister for housing does not want me to actually expand

on the reasons why the two other supply-side measures are not going to work.

Mr Kerr—Madam Deputy Speaker, I rise on a point of order. I am not the minister for housing, and it is the request of the Deputy Speaker that the member return to the subject matter of the legislation.

The DEPUTY SPEAKER—Member for Farrer, I again remind you that it is not the government asking you to do this; standing orders require you to be relevant to the legislation before the parliament, and I ask you to return to the bill before the House.

Ms LEY—Madam Deputy Speaker, I appreciate that you are in a frustrating position and I will try to make it less frustrating for you. No doubt, I will have another opportunity to talk about the Housing Affordability Fund and the National Rental Affordability Scheme.

As I reminded the House earlier, the opposition are not opposing first home saver accounts, because we appreciate that any opportunity young people have to save is a good thing. However, if the measure is successful, the principal reason for it being successful will be that people change their saving habits. A relatively modest government co-contribution—\$850—is the most one could receive and then you would have to save \$5,000. That is difficult for a young person in any situation these days. If you saved \$1,000 you would get a government co-contribution of \$150. Add that to the enormous complications surrounding the rules that govern the accounts—that have been admitted to be quite inflexible and quite onerous—a young person considering whether to go ahead and take up a first home saver account, should the financial institutions offer them in a competitive way, and we have yet to see that, may well decide to use other savings options. They may well decide that the small advantage they would

accrue over the time they held their first home saver account would be quickly outstripped by the rising costs of housing in Australia. If nothing is done to address the supply-side factors I expect that that is exactly what will happen.

I conclude my remarks on this bill by reminding us all of those who do not have a roof over their head. We talk about houses, but there are some Australians who will never own their own home and there are many Australians who are homeless and sleep on the street each night. During the last sitting of parliament the Salvation Army was here. I would like to place on record my strong support for their programs. I assisted them in the launch of the Red Shield Appeal in Cairns relatively recently. I could not believe the individual work that they do for the homeless and the quality of the advice and support they provide. So I think it was quite difficult for Salvation Army Captain Paul Moulds to warn the government—yes, there has been a great focus on the homeless issue, which is much appreciated by those who help the homeless—‘I don’t think there has been one additional homeless person that has yet been helped.’ It is very important when expectations are this high that we do not continue with reviews, green papers, white papers, committees and discussions that actually do not give the dollars to the people who need them—the people who know very well what is required.

The DEPUTY SPEAKER—The member for Farrer is again straying significantly from the bill before the House. I have allowed her a great deal of latitude.

Ms LEY—Thank you. I have concluded my remarks.

Ms PLIBERSEK (Sydney—Minister for Housing and Minister for the Status of Women) (1.18 pm)—I am almost speechless to hear representatives of the former gov-

ernment that presided over 12 years of inactivity and inaction on housing affordability and homelessness now getting up and urging a new government in office for six months to do more on an issue that they ignored for over a decade. The extraordinary hide of the shadow minister getting up and saying we have done nothing—when we have spent \$150 million already on crisis accommodation, have backed RecLink Australia to roll out their programs nationally, have backed the soccer Homeless World Cup, have released our green paper on homelessness and are now anticipating a white paper in September, which is a very fast turnaround time for anyone who understands how the green paper and white paper process works—after 12 years of neglect by the previous government, is absolutely extraordinary.

We see it also in these arguments about the first home saver accounts. I think the shadow minister's most damning indictment was when she said, 'We have a responsibility to fix this.' What a damning indictment of the previous government. Yes, there is a housing affordability crisis that the shadow minister mentioned half-a-dozen times or a dozen times in her speech. Did this housing affordability crisis evolve in six months? Was housing perfectly affordable on 25 November last year but now, suddenly, there is a housing affordability crisis? This crisis has evolved because we have not been building enough homes—I perfectly agree with the shadow minister on that. We are 30,000 homes short. The shadow minister believes that this is probably an underestimate. I think it is probably an underestimate too. How many years has this been going on? What action did the previous government take to improve housing affordability? Name one thing. Impossible.

We have had various criticisms. The first that the shadow minister raised when she started speaking in our past sitting period

was that money saved through the first home saver accounts would be capitalised into higher housing prices. That is curious because that was not the approach the previous government took when they introduced the first home owners grant. They did not believe that at the time. There is a very clear difference between the first home saver accounts and the first home owners grant. The first home savers account, as the shadow minister understands, has a minimum lock-in period that she has also criticised. They have a minimum lock-in period because we do not want this extra money to flow through in one lump and push up housing prices. That is a design feature for the very reason that we do not want additional money punching the market all in one go and pushing up house prices.

Many people who start saving in their first home saver accounts this year will not be ready to buy a house in four or five years time. It might take them six, seven or eight years to save a deposit, so we will not have the inflationary impact of all of this money coming through at once. We also give ourselves the time to start to address some of the critical—(*Quorum formed*) The shadow minister several times made a point about this government not doing enough to address housing supply. I really need to take issue with this. The first home saver account is one measure out of a range of measures such as the Housing Affordability Fund, the National Rental Affordability Scheme and the reforms that we are engaging in with our state and local government colleagues. All of these are designed to begin to turn around the critical housing supply shortage we have.

We have a housing supply shortage. The shadow minister is absolutely right in saying that. And the reason that we are engaging with the housing affordability problem in a range of ways is so that we help young people save a deposit for their first home and

also make sure that there are more affordable homes being built. That is what the Housing Affordability Fund and the National Rental Affordability Scheme will help with.

The shadow minister also said that the first home saver account will increase demand. That means more young people will want to buy their first homes. What a scandalous idea: that more young people would want to buy their first homes! If this increases demand for first homes then I will be the first to be pleased about that. We have seen a declining proportion of all loans going to first home buyers because they have been priced out of the market, and a critical factor in that is that they cannot afford the deposit on their first home anymore. This is partly because they are paying so much more for their rent. So if demand goes up for first homes, I will be the first to be excited about that.

The shadow minister says this is a small measure. It is a modest measure. We think it will help about half a million people save a deposit for their first homes. I think that is substantial. The shadow minister argued that the measures here should be more tightly targeted. I think, from someone who was in a government where 270 millionaires were paid \$3½ thousand each in family payments in the last two years, that an argument about tighter targeting is one that is difficult to sustain publicly.

She criticised the minimum lock-in period. The minimum lock-in period is vital because we want people to change their culture of saving. We also do not want a flood of money to hit the market before our supply measures begin to work. She was worried about what would happen to joint accounts when people split up. There are not any joint accounts, so we do not need to worry about that. She was worried about what would happen if the savings that people were mak-

ing were outstripped by price increases. So the logical argument is that people should go now and borrow 100 per cent of the purchase price of a new home and get themselves into exactly the sort of trouble that we are seeing, with people defaulting on loans in record numbers, because we do not want people waiting around to save a deposit. That is the kookiest logic I have heard in some time when it comes to talking about saving a deposit.

The shadow minister puts all of the problems down to land supply, taxes and charges. According to her, it is all the fault of the states, it is all the fault of local government and there is nothing the previous government could have ever done from a federal level. It could not have released Commonwealth land like the states were asking, for example. It could not have done any of that.

I will finish commenting on the shadow minister's points with this one last point. The shadow minister was critical of the Housing Affordability Fund and talked about how the \$30 million for electronic development applications was for a website. She clearly misunderstands that this is about a substantial reform, not just to how people interact with the system but to the system itself, to give the ability to process applications much faster.

She mentioned that the Development Assessment Forum have been around since 1998. They gave the same advice to the previous government as they have given to us—that there needs to be massive reform—and we have actually taken that advice and started to move on it. The fact that they could not get anyone to listen to them for 10 years, the fact that the only measures in this area undertaken by the previous government had no accountability measures at all and the fact that they had no interoperability so that any changes made to electronic development

around the states or between local government areas could not work together properly have not been mentioned at all.

Mr Sullivan—Who was there, Housing Minister?

Ms PLIBERSEK—Let me think!

The DEPUTY SPEAKER (Hon. BC Scott)—The minister will not respond to interjections.

Ms PLIBERSEK—That is right. They did not have a housing minister so it would be impossible to name a housing minister. It shows how important they thought this was.

The homebuyers have been shut out of the housing market. We know that now, across Australia, they account for barely one in six of all home purchases. The figure was 16.4 per cent in March 2008 compared with over one-quarter of home purchases five years ago. The size of the typical first home mortgage has more than doubled in 10 years, from \$104,000 in December 1997 to \$230,000 in March 2008. According to the Real Estate Institute, median house prices continue to escalate and increased by 12 per cent across Australia in 2007. That is great for people who own their own homes already. What we are missing is an entry-level product and the ability for first home buyers to enter the market at that affordable level. I get letters all the time from people who despair of ever being able to own their own home or indeed parents and grandparents who despair of their ability to see their children and grandchildren own their own homes. One letter was from a lady in Perth who wrote to the Prime Minister. She said:

Myself and everyone I know can not believe how much the prices of houses ... are at the moment. It is a really sad thing, as I am happily married with a beautiful baby and would love to have a house of our own, as we live with my parents. Our dream is to have our own house, but ... I doubt it if we will ever have a house of our own. My hus-

band works long hours, 7 days a week ... but there is still no hope. So, it would be absolutely fantastic if the government could do more to help with first home buyers ...

Well, we are. First home saver accounts will help aspiring homebuyers like this young family from Perth to save a bigger deposit. The new accounts will be available from October this year. The shadow minister criticised that as well, asking: why only from October? You could ask: why not from last October or the October before or the October before that?

The government will provide a 17 per cent contribution on the first \$5,000 of individual contributions made each year. That means someone who manages to save \$5,000, which I agree is a lot of money to save, will receive an \$850 deposit from the government. The thing is that, if you are not able to save those bigger amounts, it will be hard to save for a deposit and pay your mortgage down the track. We do have to encourage people to engage in serious saving if they aspire to own their own homes.

I notice that the shadow minister is now critical of the flat rate because it benefits an apprentice on \$10,000 a year more than it does a person earning \$180,000 a year. The point to make here is that the apprentice is more likely to save for a number of years. If you start saving when you are 18 or 19 you might be saving for eight, nine or 10 years but, when you are in a position to pay the mortgage on your property, you will have saved a substantially greater deposit. That young person might be able to put away hundreds of dollars every year from the government contribution. Someone on \$180,000 a year is not going to save for 10 years to buy a house. In fact, they might not even take up these new accounts—and we accept that—because they might think: ‘I don’t really need to save for four years; I can put away a lot more money over the next two or

three years, and I'm going to go down that path.' Good luck to them if they can manage without us.

The 15 per cent tax on contributions as they are accumulating interest within the account is a terrific measure. It means that the accounts will be more tax effective as the money collects in them than if they had the money in an ordinary savings account. It is the same amount as if they were older people putting money into their superannuation, and I think that that is a very fair approach to take in helping these young couples save for their first home. A couple on average incomes that save 10 per cent of their incomes would be able to save a deposit of more than \$88,000 after five years. I understand that it is a big ask for people to save that proportion of their income, but what I also need to say is that we find a lot of young people who set themselves the target of saving for their first home are very prepared to make some sacrifices. The government seeks to help and reward them along the way so that, instead of being caught in a rental cycle as more and more young Australians are today, these young couples and young individuals will be able to begin to save a deposit for their own home. This is not just good for individuals, for couples and for families but also very, very important for our national savings. We need to encourage people to get into a regular habit of saving. We all know that having a mortgage come out of your weekly pay packet and being in the habit of living within your means is much easier than taking the initial step of saving the deposit in the first place. So we hope that this will encourage a culture of saving. We expect that people will save and that, by 2012, the government contribution will have accumulated to about \$6½ billion.

This is absolutely vital in our efforts to bring down the inflationary pressures in the Australian economy. We do not just need

these individual savings, though it is very important to encourage a culture of saving. To increase our national savings by \$6.5 billion by 2012 is phenomenally responsible, well-judged policy that does reflect our commitment before the last election.

I thought it was very curious that the shadow minister was somehow criticising public servants for saying that they are in the business of helping the government to deliver on election commitments. I thought that is what the people of Australia would expect of the government: to deliver on our election commitments. This was one of our election commitments. It was designed to help young Australians who are increasingly finding it difficult to buy their first home save a bigger deposit with a little bit of government help. I am very proud of that aim and very proud that this policy delivers on it.

Mrs VALE (Hughes) (1.38 pm)—I rise to address these three bills, the First Home Saver Accounts Bill 2008, the First Home Saver Accounts (Consequential Amendments) Bill 2008 and the Income Tax (First Home Saver Accounts Misuse Tax) Bill 2008. First, all the business that was put before the House last week has demonstrated that this government is forcing through its legislative agenda with insolent disregard to the well-established parliamentary convention here in this place. For decades this practice has allowed the various parties and Independent members the opportunity to scrutinise legislation in the true exercise of the democratic process as it moves through the threshold of initial consideration by this House. The process is essential for the transparency and accountability that our fellow Australians have rightly come to expect from us here in this chamber. Unfortunately for my constituents, there has been no opportunity to fully apprehend the details of several bills that went through the House last week, and these bills were virtually dumped on

them by the government late last Tuesday night.

Fortunately, these three bills relating to housing affordability measures were held over to this week and I wish to take this opportunity to speak on the bills because they are aimed at an issue which has engaged my interest for some time and one that is of concern to many of my fellow Australians, especially Indigenous and disadvantaged Australians, who see themselves as locked out of the great Australian dream of owning their own home. The First Home Saver Accounts Bill 2008 is not a supply-side solution; it is a demand-side measure and a modest measure at that, but I do not oppose the measure. It does establish first home saver accounts, it governs their operation, it provides for the payment of government contributions for account holders and it provides for the prudential regulation of account providers. The First Home Saver Accounts (Consequential Amendments) Bill 2008 provides consequential amendments to other Commonwealth laws, chiefly the taxation and corporations law. Finally, the Income Tax (First Home Saver Accounts Misuse Tax) Bill 2008 imposes the misuse tax to claw back benefits obtained by an account holder who inappropriately uses the account.

I note that the government's proposed model has significantly changed since the announcement of the budget. Pre-budget, the government was to pay a variable contribution of between 15 and 30 per cent of the first \$5,000 per annum, depending on the account holder's marginal tax rate. This would have resulted in higher income earners receiving a significantly larger government contribution than lower income earners, which would have been grossly unfair. It was a point made a number of times in this chamber during question time, to which the minister never provided a straight answer but which we now note has been addressed in

this legislation. I am now advised that the first \$5,000 per annum saved in a first home saver account will attract a 17 per cent contribution from the Australian government and earnings on the account will be taxed at a low 15 per cent. The overall account balance limit has also been increased to \$75,000 indexed, after which no further personal contributions can be made. Withdrawals can only be made after contributions of at least \$1,000 have been made in the last four separate financial years, and withdrawals are tax free when the money is used to buy or build a first home in which the couple lives.

During the last election the coalition policy regarding homeownership proposed to introduce tax-free home saver accounts to provide a simple, tax effective way to help Australians to save for their first home. A key difference in the coalition policy is that it was proposed to have two types of accounts: one a tax-free home saver account for children and the other a tax-free home saver account for adults. Tax-free home saver accounts for children were to be available to all Australians under 18 years of age. Parents, grandparents and others wishing to contribute up to a total of \$1,000 between them each year could place money into an account. The enticement of this initiative is that these contributions would have been tax deductible and savings in the account would have been available to purchase a first home anytime after the account holder turned 18 years of age. Other initiatives proposed by the coalition last year included shared equity schemes. This included providing a capital gains exemption to individuals who shared equity in a home occupied by a family member and which is the family member's first time home.

This legislation now before the House represents the Rudd government's response to the crisis in housing affordability and I repeat that it includes three measures: the

Housing Affordability Fund, the National Rental Affordability Scheme and the first home saver account. However, as Australians well know, the major drivers in the housing affordability crisis include the restrictive land release policies of state and local governments, and government taxes, fees, levies, charges and compliance costs which are borne by the new homeowner. These charges make up more than a quarter of the cost of a new house and land package.

I note that the report from the Senate Select Committee on Housing Affordability is due to be presented in mid-June this year. While this government is looking at these three measures to address the current housing affordability crisis, we all know that they will not solve the core problem. It seems to me that what is really required here is that we take a objective, fresh and honest look at the issue, which is a problem that impacts on the most disadvantaged Australians, and find a solution that provides equity and equality in homeownership for disadvantaged Australian families, including Indigenous Australian families. It is possible that such a solution could be framed to be a supply-side solution flexible enough to address, at the same time, several key portfolio areas of concern and, further, be implemented at considerable savings to the government.

If I ruled the world, I would want such a solution to provide affordable housing for our disadvantaged Australians, our disadvantaged Indigenous Australians, as well as mainstream Australians. I take the opportunity provided by this debate to outline a framework that would include three important benchmarks in addressing affordable housing ownership, particularly ownership by my fellow Australians: one, it must provide homeownership for disadvantaged Australian families; two, it must pay for itself through savings in recurrent outlays; and, three, it must include Indigenous Australians.

Members may not be aware, but the federal government spends around \$3 billion a year on rental assistance. This is in payments for rental assistance through Centrelink and housing assistance to the states. This is \$3 billion a year. It is spent by the government simply to keep people as renters. The Australian government can do much better than this. Home affordability is an issue in all the states and, evidenced by these bills, it is an issue also for the federal government. If this government is serious about addressing this issue, it needs to set in place a national structural change agenda that systematically addresses the reasons for the emergence of home affordability as an issue in the states and one that provides for coordinated and economically responsible long-term solutions.

The idea is this: the federal government should adopt a national housing policy framework to allow it to take a direct leadership position in stimulating the supply of affordable housing through a private-public partnership approach and at the same time address the causes of home affordability issues that have emerged in the states. Let's face it, the piecemeal approach adopted by the states has proved to be an abject failure. We are all aware that the explosion of state fees and charges on land is one of the main causes of the increase in the cost of housing. Mindful that the federal government contributes around \$3 billion each year to keep people as renters, it could allocate a portion of this to fund up to 20 per cent of the cost of a house and land package constructed for a price—let us say, \$250,000—and sold to approved applicants who are currently on state government public housing waiting lists or for other low-income earners—

Mr Kerr—Mr Deputy Speaker, I rise on a point of order. I apologise to the member for Hughes for the discourtesy of asking her to address the subject matter of this legislation,

but she is very far from this particular bill and it was a matter that your predecessor in the chair drew attention to earlier today.

The DEPUTY SPEAKER (Hon. BC Scott)—What is your point of order?

Mr Kerr—I would simply ask that the member address the actual subject matter of the legislation rather than the generality of issues that she is addressing presently.

The DEPUTY SPEAKER—There is no point of order. I have been listening to the member for Hughes. She is talking about housing affordability. I think she is also putting forward some suggestions as part of her speech. I call the member for Hughes.

Mrs VALE—Thank you, Mr Deputy Speaker. Indeed, I am—I could not be more focused on a particular policy or a particular piece of legislation. As I was saying, the federal government could allocate a portion of the \$3 billion a year that it spends to keep people as renters to fund up to 20 per cent of the cost of a house and land package constructed for a price—and let us say, \$250,000—and that would be sold to approved applicants who are currently on state government public housing waiting lists or other low-income earners who may wish to buy in. Three-quarters of this 20 per cent could be allocated as a co-contribution to the approved purchaser as a deposit on the \$250,000 house and land package. The remaining quarter could be allocated to the developer as an incentive to provide housing in the market sector.

Mr Kerr—Mr Deputy Speaker, I rise on a point of order. This is a very interesting excursus into what a policy might be on an area not covered by the legislation.

The DEPUTY SPEAKER—There is no point of order. The member for Hughes is talking about housing affordability. I call the member for Hughes.

Mrs VALE—Thank you, Mr Deputy Speaker. I certainly am. I am talking about housing affordability for our most disadvantaged Australians, and it is appropriate that it be addressed in this particular legislation. Mr Deputy Speaker, you will have noticed that this is a supply-side solution. It is about building a family home for a price. Yes, the approved purchaser would have to source their own house financing, perhaps via the new shared equity mortgage products that are currently appearing on the market, or perhaps cashed-up baby boomers would run with the opportunity to equity-share with a grandchild now that the grandchild has access to a home deposit, especially if the government provides that there would be no tax liability for the other party on any future sale of the property.

The federal government is in a position to allocate crown land or surplus Defence land to a developer on commercial terms or perhaps offset the co-contribution, where appropriate, to target areas in particular need of affordable housing. Most importantly, this framework would provide a return on the investment to the public purse, which might be of interest to the member at the table. On a \$250,000 house package, the cost to the government is \$50,000.

Mr Kerr—Mr Deputy Speaker, I rise on a point of order. It is of interest to the member at the table, but it is simply not relevant to the legislation under discussion. Mr Deputy Speaker, you do have a responsibility of holding speakers to the subject matter of the legislation before the House. This is not legislation addressed generally to the subject of housing; it is legislation—

The DEPUTY SPEAKER—The parliamentary secretary has made his point of order.

Mr Kerr—which is very specific, and it would be helpful to at least have one or two

comments from the member for Hughes on the legislation.

The DEPUTY SPEAKER—The parliamentary secretary will resume his seat. I also listened to the minister herself, who spoke about the previous government's inaction, as she termed it, which I do not think was referred to in the bill. We listened to that. I have ruled on the point of order. The member for Hughes has the call.

Mrs VALE—Most importantly, this framework would provide a return on the investment to the public purse. On a \$250,000 house and land package, the cost to the government is \$50,000. Of this amount, \$12,500 would be assigned to the developer and \$37,500 to the approved purchaser. These figures are indicative. For example, for a person in public housing receiving rent assistance of about \$130 a week, the pay-back period is under eight years and in this time the approved purchaser is a winner in Australia's economic stability and not a victim of it.

One of the key positive outcomes of this approach is that in providing a solution to those communities needing homeownership support, it creates the greatest long-term and short-term return—that is, by providing homeownership support to a family with two or more children, the social benefits for the family are immediate and as such families attract the highest government rent assistance, the long-term economic benefit is high. This framework would pay for itself in eight years and return about 12 per cent on the investment to our government. This is a national solution to a national problem, and with homeownership as the key driver to increased supply, we enable people to get out of the rental trap and allow the federal government to rebalance federal housing funding by either implementing national long-term

solutions or maintaining the currently failing systems of state public housing.

It also provides leverage. For every \$1 of public money we get \$5 worth of increasing affordable housing and the affordable housing is in the form of homeownership, not bigger and fatter landlords. This means that the \$15 billion allocated over the next five years by the federal government to the states for housing and rental assistance could be leveraged to \$75 billion by putting disadvantaged Australians into their own homes. I refer to an article in the *Herald Sun* on 14 August last year called 'Rental relief 'flimsy'' where the then Treasurer, Peter Costello, said the federal government would be spending the equivalent of \$15 billion on homes for low-income earners and on rental aid over the next five-year period.

The federal government would then be in a position to undertake a long-term program of balancing federal housing funds between providing increased homeownership and/or the current state public housing. This program would allow the government to target housing solutions to rural and remote areas or to key areas within towns and cities. But what can this framework deliver for the people of Australia? Several cross-portfolio opportunities present themselves, like the opportunity to implement a national building code and the ability to address the current skills shortage. Also, the program will honour Indigenous Australians and assist with the process of reconciliation in a positive way. But most importantly, such a national structural change will also beget social attitudinal changes. Those federal funds that currently pay to keep low-income Australians in the rent trap will be available to contribute to many of those same Australians becoming homeowners with all the positive social ramifications that homeownership is known to generate.

With an opportunity to implement a national building code, the government would be in a position to assist in driving down the associated building costs of housing which can be part of its solution for affordable housing. Driving down the cost of building houses is important as a long-term strategy, but it would also provide increased certainty to the housing industry and help level out the bust and boom cycles. Further, a national building code could call for all the individual cost components for land to be itemised so that the consumer can see exactly how much of the price is due to value-add by the developer or builder, and how much is fees and charges by state and local governments. Many an Australian family would be vitally interested in knowing such details that go to the cost of their home. I think this is important and it is something that was raised by previous speakers on this bill.

This framework would also allow the government to address another key cost driver in the housing industry—that is, the skills shortage. A new national trades accreditation regime by the federal government could be based on trainees having their year 12 plus a two-year traineeship program. Already, some school students are undertaking vocational training as part of the HSC. But when we understand that even to be a tiler is a four-year training program, it is ridiculous in the greater scheme of things. The federal government would be in a position to introduce a national TAFE training and accreditation program to address this issue. A national trades accreditation regime means mobility of the workforce and increased supply. It would encourage more trainees and, in particular, it would remove key barriers to mature age people taking up a trade.

A national regime would also encourage—

The DEPUTY SPEAKER—The member for Hughes is straying from the subject at the moment by talking about skilling Australians. She will come back to the bill before the House.

Mrs VALE—Thank you, Mr Deputy Speaker. No doubt, the government would find that other opportunities would present themselves in this framework. It is a practical suggestion regarding housing affordability that is driven by the supply of housing built for a price for disadvantaged Australians who may never have the opportunity to share in the great Australian dream of homeownership. I will be putting this framework for affordable housing to the Senate Select Committee on Housing Affordability in Australia for the committee's consideration. I thank the House.

Mr RAGUSE (Forde) (1.57 pm)—In the time given to me in the next few minutes, I will give my introductory views on this bill. I certainly rise to speak in favour of the First Home Saver Accounts Bill 2008 and the associated bills that form that set. In my electorate of Forde there is no one issue that is more important than housing—housing availability, housing affordability. It is interesting to listen to the opposition today and their discussions about what alternative legislation would bring to this place, but the reality is that these particular bills are not just about housing to get a person into a house; they are also about the overall economic conditions under which we are placed.

The interesting thing for us is that when we talk about south-east Queensland, where the seat of Forde is, it is an area that is experiencing an enormous rate of growth. The pressures there are more specific to the economic concerns we have across the country simply because of the demand. It is, as the opposition have said, a supply and demand issue. But as our Prime Minister has said,

silver bullet solutions just do not exist. This is a case of making a raft of options available, and certainly our first home saver accounts scheme is about bringing young people into the culture of saving. We have heard it many times this morning, certainly from the opposition. Interestingly enough, the opposition essentially agree with this bill. They agree so much that they had to talk about their alternatives. The reality is this is the bill before the House; it is important that this bill gets passage through this House because it is part of some relief for those young people who are attempting to buy their first homes. When I say 'young people' I certainly include other people who are classified under that arrangement, but it is about people having the opportunity to buy their first home.

The seat of Forde is an area that is in such demand that people who once had affordable housing in some of the areas are now not able to even find rental accommodation. The pressure is such that the demand for rental accommodation is outstripping supply. We have areas that have had huge rental increases—up to 70 per cent increases—simply because the supply of housing is not there. Mr Speaker, I obviously commend this bill because of its ability to provide—

Debate interrupted.

The SPEAKER—Order! It being 2.00 pm, the debate is interrupted in accordance with standing order 97. The debate may be resumed at a later hour and the member will have leave to continue speaking when the debate is resumed.

CONDOLENCES

Mr Leonard Thomas Devine

The SPEAKER (2.00 pm)—I inform the House of the death on Thursday, 29 May 2008 of Leonard Thomas Devine, a member of this House for the division of East Sydney from 1963 to 1969. As a mark of respect to

the memory of Mr Devine, I invite honourable members to rise in their places.

Honourable members having stood in their places—

The SPEAKER—I thank the House.

MINISTERIAL STATEMENTS

Iraq

Mr RUDD (Griffith—Prime Minister) (2.01 pm)—by leave—I rise to inform the House that Australian combat troops have lowered the flag at the conclusion of their mission in southern Iraq. The government, in bringing this about, is delivering on its commitment to the Australian people to withdraw our combat troops from Iraq. The Overwatch Battle Group (West) and Australian Army Training Team Iraq formally ceased operations at a ceremony in Camp Terendak, Talil a few hours ago. Iraqi, American and British commanders publicly thanked Australia, and the Australian troops, for their contribution during Sunday's ceremony.

Australia's commitment to southern Iraq included the deployment of an infantry and cavalry battle group for more than three years and a dedicated training team for almost four years. The training team commitment commenced in July 2003 but began in earnest with the formation of the Australian Army Training Team—Iraq in October 2004. The Australian Defence Force deployed a task group to al-Muthanna province in April 2005, initially to work with the Japanese Self-Defence Forces. Later, the group transitioned to an overwatch role and began providing convoy escorts and security for reconstruction projects, as well as training and mentoring for the Iraqi security forces in al-Muthanna and Dhi Qar provinces in the second half of 2006.

A total of 3,700 Australian Defence Force personnel proudly served in the battle group

and training team and thankfully, only six were wounded during this commitment. In addition, specialist training has been provided in logistics management, combat service support and, importantly, effective counter-insurgency operations. The Australian contribution to the Iraqi army's Counter Insurgency Academy is one of the lasting legacies of our commitment. The success of recent Iraqi security operations in southern Iraq is in part thanks to the dedicated and professional role of this Australian training team.

Over the period of their commitment, our soldiers have faced and responded to multiple improvised explosive device, indirect and direct-fire attacks. Australian infantry and cavalry soldiers have been courageous and resolute in response. Iraq remains a dangerous place—as recently as two weeks ago, an Australian soldier was seriously wounded in an improvised explosive device attack on an Australian armoured vehicle.

Australian forces have been especially recognised for the way they have been able to work so successfully with the local population in helping to improve their lives, including through the provision of about \$9 million in funding for civil infrastructure projects such as redevelopment of schools, sanitation programs and enhancement of health facilities.

About 550 Australian Defence Force personnel are now preparing to—or are in the process of—withdrawing from Iraq. They have performed their mission superbly in a complex, dangerous and unpredictable environment. In the great tradition of the Australia Defence Force, they have responded with absolute professionalism to the demands of the democratically elected government of the day in Australia and discharged their mission with distinction.

However, this withdrawal does not signal an end to the Australian Defence Force's mission. Australian Defence Force personnel will, of course, continue to support the rehabilitation and reconstruction of Iraq through a variety of important roles:

- the Royal Australian Navy will continue maritime security operations in the Arabian Gulf, guarding oil platforms crucial to Iraq's economy—part of a continuing Australian naval presence in the Gulf going back to the first Gulf War;
- the Royal Australian Air Force will support the coalition through vital transport, sustainment and maritime patrol tasks;
- the Australian Army will protect Australian diplomats, other civilian staff and senior visitors to Baghdad; and
- the Australian Defence Force will also maintain headquarters, logistics and embedded support elements.

The Australian Defence Force will continue operations elsewhere in the Middle East Area of Operations—in particular in support of our operations in Afghanistan.

The decision to go to war in Iraq

Notwithstanding our government's pride and appreciation for the service and sacrifice of our troops in Iraq, we on this side of the House did not support the decision to go to war. I presented the reasons for our opposition to the decision to go to war back in March 2003, as the then shadow foreign minister. Nor did we support the decision of the previous government to abandon its commitment prior to the 2004 election of no additional troops to Iraq and after the election to then send a further 450 troops to Iraq. The former Prime Minister presented four reasons in explaining his decision to go to war:

- to prevent further terrorist attacks;

- to prevent Iraq giving weapons of mass destruction to terrorists;
- to prevent other rogue states giving weapons of mass destruction to terrorists; and
- to put an end to the humanitarian crisis in Iraq.

On every count we on this side of the House rejected these arguments then, as we continue to reject them now. Have further terrorist attacks been prevented? No, they have not been, as the victims of the Madrid train bombing will attest. Has any evidence of a link between weapons of mass destruction and the former Iraqi regime and terrorists been found? No. Have the actions of rogue states like Iran been moderated? No.

We are now informed that Syria has been building a nuclear capacity with North Korean assistance. Those reports remain to be fully conformed. And Iran's nuclear ambitions remain a fundamental challenge. After five years, has the humanitarian crisis in Iraq been removed? No, it has not.

Of most concern to this government was the manner in which the decision to go to war was made: the abuse of intelligence information, a failure to disclose to the Australian people the qualified nature of that intelligence—for example, the pre-war warning that an attack on Iraq would increase the terrorist threat, not decrease it—and a view that our alliance with the United States mandated our military participation in the invasion.

Our alliance with the United States is the first of the three pillars of our foreign policy. As I have said in previous parliamentary debate:

I come to this debate as a longstanding and passionate supporter of the US alliance, an alliance formed by Labor in 1941, an alliance that has delivered great benefit to this nation, to the region and to the world, and an alliance that continues to deliver great benefit ...

That is why at the time it caused me great pain as a longstanding friend of America to fundamentally part company with this administration's policy on Iraq and the policy of global military pre-emption on which that policy was based.

This analysis is not unique to the Australian Labor Party. It is shared by many people of goodwill throughout the world, by many allies of the United States and by many who continue to see, as we do, the United States as overwhelmingly a force for good in the world.

I have said before and I will say again: this government does not believe that our alliance with the United States mandates automatic compliance with every element of United States foreign policy. Notwithstanding our opposition to this war, the government has consulted closely with the United States and our other partners in withdrawing our combat forces from Iraq both prior to the election and subsequent to the election. Such a process of consultation is the responsible course of action of any ally.

Intelligence on WMD

Mr Speaker, we must learn from Australia's experience in the lead-up to going to war with Iraq and not repeat the same mistakes in the future. The decision to go to war was taken without a full and proper assessment by the government of its consequences. A decision to commit Australian forces to such a fundamental course of action as going to war must involve a careful and deliberate assessment by government on the basis of the most rigorous assessment by the intelligence agencies and government departments of the consequences of such an action. This was not done.

In 2004 the former head of the Office of National Assessments was appointed to review the conduct of the Australian intelligence community in the lead-up to the war.

He found that the lack of a national assessment or a formal intelligence estimate about Iraq and the implications of war 'was regrettable'. It was particularly regrettable because we now know that the decision to go to war was based on flawed intelligence.

In 2003, the Parliamentary Joint Committee on the Australian Security Intelligence Organisation, the Australian Secret Intelligence Service and the Defence Signals Directorate made the following finding:

There was an expectation created prior to the war that actual weapons of mass destruction would be found and found in sufficient quantities to pose a clear and present danger requiring immediate pre-emptive action.

After initial military operations, it became evident that Iraq had not reconstituted its weapons of mass destruction program. The Iraq Survey Group (ISG) concluded that there was no evidence to suggest concerted efforts by Iraq to restart its nuclear, chemical or biological weapons programs.

The Australian intelligence community, along with the international community, failed to judge accurately the extent and nature of Iraq's WMD programs. The previous government's own inquiry made the following finding:

There has been a failure of intelligence on Iraq WMD. Intelligence was thin, ambiguous and incomplete. Australia shared in the allied intelligence failure on the key question of WMD stockpiles ...

The government will continue to monitor the implementation of the recommendations of the various inquiries commissioned by the previous government. The Australian government relies on the Australian intelligence community to prepare fully independent, professional and unbiased assessments. To do so, the intelligence community must be appropriately resourced. It must also be appropriately coordinated. And, on something as crucial as going to war, it should not sim-

ply be delivered with a pre-determined political decision.

We will continue to review and make adjustments to our intelligence arrangements, as and when required, to ensure the Australian government is always supported by the best possible intelligence. These agencies are a frontline in our nation's defence.

The consequences of the decision to go to war

Mr Speaker, the decision to go to war has had a number of consequences for the nation:

- The precedent created at international law;
- The cost to Australia and Australians;
- The suffering of Iraqi civilians; and
- The obligations we have incurred to help post-war reconstruction.

The former government said that its actions in Iraq were justified under international law. We on this side of the House challenged the impact that the decision to go to war had on the integrity of the international system. Adherence to international law offers us great opportunities for a stable, global rules based order. Australia has a strong interest in those rules being upheld, as a middle power. In fact, Australia helped shape these rules back in 1945.

The UN Charter recognises two legal justifications for the use of force:

- firstly, Article 42 of the UN Charter, which indicates that you can act together with other states once the action has been explicitly authorised by the United Nations Security Council—this did not happen in the case of Iraq; and
- secondly, Article 51, which is about the right to self-defence—nor did that apply in the case of Iraq.

There is a further emerging principle surrounding the debate on the responsibility to

protect, but that too in the current debate is centred again on the deliberations of the council.

Australia has to be very mindful of new precedents being established at international law and practice which justify the invasion of one state by another in the absence of any reference to these principles.

The cost of the war in Iraq

Thankfully, no Australian Defence Force personnel have been killed in action in Iraq since the commencement of operations in 2003. We offer genuine thanks for that. However, sadly, the Australian Defence Force has suffered two non-battle deaths:

- Warrant Officer Class 2 Dave Nary, of the Special Air Service Regiment, was killed while undertaking battle preparation for a protective security task in the area of operations on 6 November 2005; and
- Private Jake Kovco, serving with the embassy security detachment, died in a firearm incident on 21 April 2006 in Baghdad.

About 27 Australian Defence Force personnel have been physically wounded in Iraq.

The government is determined to ensure that those service personnel who have suffered from their service, and their families, are appropriately cared for. They deserve nothing less. The consequences of a decision to go to war are never simple, without suffering or without expense. In a financial sense, the net additional cost of our military commitment to the war in Iraq since 2003 has been \$2.314 billion. Estimates of Iraqi civilian deaths that have occurred as a result of the war vary greatly. There is no 'official' statistic. The UK based Iraq Body Count currently estimates civilian deaths at between 84,000 and 91,000. Other figures range from

50,000 to more than half a million. Saddam Hussein led a regime that was brutal, repressive and murderous.

Despite recent successes, the Iraqi government, the coalition and the international community continue to confront significant challenges in providing the economic, security and humanitarian circumstances that the Iraqi people deserve. This is where our efforts must now turn, and our presence there now, in contrast to our initial commitment to the war, has clear international legal authority. That presence is at the request of the government of Iraq and has also been authorised by successive UN Security Council resolutions adopted since the conflict commenced.

Australia will remain a friend to the Iraqi people for the long term in the postwar reconstruction of their country. Even if we disagreed with the decision to go to war, we will continue to discharge our responsibilities to aid that reconstruction. Our responsibilities to help the people of Iraq come about from the various UN resolutions on Iraq and our role as one of the initial countries to participate in the invasion. These responsibilities cannot be handed off to another power. In committing to the war, Australia also committed to the reconstruction. This will be a long-term project requiring the assistance of many countries over an extended period of time and, equally importantly, it will require the commitment and goodwill of all Iraqis, particularly Iraq's leaders.

Where to now?

The 2008-09 budget provided a significantly expanded Australian program of assistance to Iraq. Total development assistance will increase to \$313.4 million, including: first, the provision of a third and final tranche of debt relief of \$238 million; second, an expanded program of assistance through AusAID of \$60 million; third, \$10

million to support Iraqi refugees, provided by the Department of Immigration and Citizenship; and, fourth, \$5 million to increase police capacity building by the Australian Federal Police.

The AusAID program will be focused on key sectors which will contribute to progress against the United Nations Millennium Development Goals. In the first year, one-third of the program—\$20 million—will be directed towards humanitarian relief. This will enable Australia to make a more significant contribution to international relief efforts, with an emphasis on vulnerable women and children.

Food insecurity remains a critical problem for the Iraqi population. We will make an additional food aid contribution this year, which will complement Australia's work in the agricultural sector and will be in partnership with the World Food Program and the UN's Food and Agriculture Organisation. The remaining program will include reconstruction and support of infrastructure including better water, better sanitation and rural development. Importantly, it will also include building the capacity within Iraqi institutions. We will continue to support the clearance of landmines and unexploded ordnance.

When I was in Baghdad just before Christmas last year, I offered to assist the Iraqi agriculture sector through 100 agriculture scholarships for training in Australia. This was in direct response to a request from my Iraqi counterpart when I simply asked him, 'How can we help for the future?' The first Iraqi students in this program are due to commence language training later this year and postgraduate studies in January 2009.

National security decision-making processes

Australia's commitment in recent years to a wide range of military operations, in places

as diverse as East Timor, the Solomons, Afghanistan, Iraq and the Sudan, are a reminder of the breadth of our engagement and the complexity and the danger of the world in which we live. They also remind us, as a government, that we must be clear and rigorous in our understanding of the national interests which might lead us to commit military forces to such an operation, because there is no more fundamental decision a government can make than taking Australia to war.

Getting our national security right is the first responsibility of any government. Our government is committed to ensuring that our national security arrangements are focused, coordinated and effective and that the actions of government are accountable. To that end, the government is preparing Australia's first national security statement, which we will soon present to the parliament. It will set out a broad, comprehensive and integrated approach to our national security—an approach capable of meeting the breadth and complexity of the security challenges that our nation will face in the 21st century.

We live in a complex, highly connected and changing world, which holds great opportunities, equally great challenges and some threats for Australia. National security spans many strands of government, industry and the community. We must ensure that all the necessary sinews of this country are harnessed and coordinated to produce the most appropriate, affordable and effective national security preparations possible. Australia must also play an active, positive and energetic role in the affairs of the world and the affairs of our own region—and, where our interests are engaged, we will continue to work with allies and partners to prevent or respond to threats that undermine our national security or our collective security.

To ensure that the Commonwealth's domestic security arrangements are as effective as possible, upon taking office the government commissioned the former Secretary of Defence to examine the better coordination of our national security arrangements. That report will be presented next month. We are also well underway with the preparation of a new Defence white paper. The white paper will take a comprehensive look at our strategic interests, our military and defence capabilities, and the arrangements we have in place to build and sustain a modern, capable Australian Defence Force. We are determined that the Australian Defence Force will remain a force able to protect Australia, and Australia's interests, well into the future. That is why the government has committed to the forward provision of a three per cent real increase on average per annum for Defence out to 2018.

In combination, the National Security Statement, the Defence white paper and the review of Australia's national security decision-making processes will establish the foundation for the pursuit of Australia's long-term national interests.

Conclusion

Australian troops comprising Overwatch Battle Group West ceased formal operations on 1 June, and the last of our combat troops are scheduled to depart Iraq by the middle of June. They have performed magnificently in a difficult and dangerous environment and fully achieved the mission they were assigned in the finest traditions of the Australian military.

But Australia's commitment to Iraq does not end with the departure of our combat troops. We will continue to help the people of Iraq rebuild their country in the difficult decade that lies ahead. And we will continue to work in this effort with our partners, including the United States and the United

Kingdom, and the United Nations and the international community more generally. Our aim is to build a relationship with Iraq anchored in economic, training and humanitarian initiatives to help the people of Iraq so bloodied by this war and their recent history to stand on their own two feet.

Mr Speaker, I salute the men and women of the Australian Defence Force, who once again have done this nation proud. The nation will have the opportunity to salute them in an official welcome home parade later this month. We commend their service to the House and the nation.

Mr Albanese—Mr Speaker, on a point of order: I draw your attention to whether the member for Mayo was in fact in breach of standing order 91(f) for most of the Prime Minister's statement to the House.

Mr ALBANESE (Grayndler—Leader of the House) (2.23 pm)—by leave—I move:

That so much of the standing and sessional orders be suspended as would prevent Dr Nelson (Leader of the Opposition) speaking for a period not exceeding 22 minutes.

Question agreed to.

Dr NELSON (Bradfield—Leader of the Opposition) (2.24 pm)—I rise to support the resolution but not all of that which was said by the Prime Minister. On 11 September 2001, the world changed. It changed irrevocably for many people throughout the world and for none more so than the citizens of the United States of America when 3,000 civilians, innocent people, were murdered in a terrorist attack on New York and Washington. In response to that, only a matter of days later, when our then Prime Minister, John Howard, was in Washington, the ANZUS treaty was invoked. It is a matter of record that not so long after that the United States, Australia and other countries went into Afghanistan to remove the Taliban from power.

The heinous events of 11 September 2001 divided the lives of many Americans into

two halves: that which had been lived prior to September 11 and everything that would come after. What then happened was that the United States realised that September 11 was the escalatory event of more than a decade of increasing terrorist attacks throughout the world principally but not only against America interests, from the attack on the World Trade Centre in 1993 to the attacks on US embassies in Kenya and Tanzania, the attack on the USS *Cole*, the Marriott Hotel bombing, the Russian parade ground bombing and many other incidents. By September 11, clearly that was enough.

The United States and its allies, then looking out throughout the world for where future terrorist attacks might subsequently come, looked no further than Iraq. The decision was made by the United States and the United Kingdom—both of which asked Australia to consider participation—to remove Saddam Hussein from power. It is a matter of fact that Saddam Hussein had been in breach of 17 United Nations Security Council resolutions at that time. It was known that he did have weapons of mass destruction but that he was playing cat and mouse with the weapons inspectors and the question was whether he still had them. In fact, there were many who argued that in fact he did still have them.

Our now Prime Minister, then the opposition foreign affairs spokesman, said on 9 September 2002:

I've said repeatedly that there is a significant threat of weapons of mass destruction from Iraq.

Only three weeks later to the State Zionist Council annual assembly on 15 October 2002, he further said:

Saddam Hussein possesses weapons of mass destruction ... That is a matter of empirical fact. If you don't believe the intelligence assessments, you simply read the most recent bulletin from the Federation of American Scientists, which list Iraq among a number of states in possession of chemi-

cal ... biological weapons and with the capacity to develop a nuclear program.

It is further a matter of fact that under Saddam Hussein over a 15-year period an average of 70,000 people were tortured, murdered and killed, including in two wars. Five thousand Kurds lost their lives in 1988 in the gassing at Halabja. Many of us would remember the photograph of the father in rigor mortis with his baby in swaddling clothes, one of the 5,000 victims that day. We also remember the attempted genocide of the Arabs in the southern marshes and arguably the greatest act of human environmental vandalism in the draining of those marshes.

All of that meant that by the early part of this decade the decision was taken that the world would indeed be a safer place without Saddam Hussein in government brutally controlling his people and that, in a post-September 11 world, the risk could not be taken that he still had weapons of mass destruction. It is equally a matter of fact that, following the removal of Saddam Hussein from office, large collections and storage of weapons of mass destruction were not found, but there have been, according to US authorities, 260 mass graves found with as many as 300,000 dead Iraqis within them.

It is easy to look back in hindsight on what has happened since the removal of Saddam Hussein. In that first year, there was the 'deBaathification' of the Iraqi public service, the dismantling of the Iraqi army, the provision of basic Iraqi services, principally from Western contractors—US ones in particular. Those and other things, in hindsight, would be done differently.

But none of us who live in a relatively comfortable and peaceful part of the world, who too often take for granted the things most important to us in our lives—including our freedoms, Australian citizenship and a passport—should ever forget that 12 million

Iraqis risked their lives to vote and elect their own government. Since 2003, Iraqis have been the subject of terrorist attacks, and Americans and other allies have given their lives in the name of Iraqi freedom, Iraqi democracy and the values that we in Australia hold dear and for which we stand.

Our generation must understand that we are facing a resurgent totalitarianism throughout the world in the form of Islamic extremism. We are facing people that are not only virulently anti-American but committed to building a violent political utopia which denies fundamental political and religious freedoms and which has an attitude to the treatment of women which is incompatible with a civil society, much less a peaceful world. We are dealing with people who see education and the liberating power it brings to those who are oppressed as things which should be fundamentally opposed. Not only are these extremists throughout the Middle East, and not only have they done everything they possibly can to oppose Iraqi democracy and peace, but they go through North Africa, through almost all of Europe and down into South-East Asia, in our part of the world. We have responsibilities in this case to the Iraqi people, to their democratically elected government, to the nations in the region surrounding Iraq, to our key ally the United States of America, and to stand up for our fundamental values and see the job through for the Iraqi people.

I remind those who have argued for and at times sought to make political capital from withdrawal of troops from Iraq that al-Zawahiri, Osama bin Laden's No. 2, when he wrote in July 2005 to Abu al-Zarqawi, the now deceased but then head of al-Qaeda in Iraq, to set out al-Qaeda's agenda for Iraq, said it was: firstly, to remove the United States forces from Iraq; secondly, to build an Islamic authority and take it to the level of a caliphate; thirdly—to use his words—to take

the Islamic jihad to the secular states in the region; and, fourthly, to confront the state of Israel.

We are immensely proud of what Australian troops—members of the Royal Australian Navy, the Royal Australian Air Force and the Australian Army—have done and continue to do in Iraq on our behalf, in our name, under our flag and for our values in support of the Iraqi people and Australia's strategic interests in the region and throughout the world.

As a matter of record it should be understood that the Overwatch Battle Group—originally the deployment of some 450 Australian troops in April 2005—was, paradoxically for some Australians, to protect Japanese engineers undertaking important civilian and military engineering projects in Al Muthanna province in central southern Iraq. As progress was made, we made the decision, at the request of the Iraqis and of US and British allies, that we would move to an overwatch posture that required us to increase the number of troops that we had deployed and change the composition to make it sufficiently robust, and that is why we opposed vehemently the notion of a phased withdrawal of combat troops, as argued by the government, then in opposition, in 2007.

Those men and women over four rotations of the battle group have performed superbly, as the Prime Minister said. We have suffered six casualties—six were wounded—and thankfully no men or women in our uniform have been killed doing overwatch operations, engaging the Iraqis locally, undertaking training of the Iraqi forces or providing security of the most robust nature should the Iraqis, whom we have been training, not be able to undertake the tasks of security themselves. The Australian Army training team has done a superb job based in Dhi Qar province, along with the operational Overwatch

Battle Group in Tallil, overseeing operations in Dhi Qar and Al Muthanna and contributing to the training of what are now 33,000 Iraqi security forces that have been trained by the Australian Army.

The position of the Liberal and National parties, in government and in opposition, remains the same—that is, in all of our deployments we remain there until the job is done. That means that when the government in the country where we are deployed is confident that its own forces are able to provide for its own security then it is time for us to leave. That should always be subject to conditions on the ground. We made the decision last year, in looking to the future, that if the conditions were to be right on the ground in 2008, as they now are, then it would be appropriate to bring the battle group home but to replace it with a training capability which would of course include a force protection element. In other words, there is still much more training of the Iraqi security forces to be done, even though an enormous amount of progress has been made.

It is worth the House and Australians remembering that progress has been made in Iraq because of the leadership of the US President and his key military advisers late in 2006, making the decision for a surge of US military forces. There was significant criticism of that decision here in Australia, both in the political arena and in the commentariat. To put an additional 30,000 American troops into Iraq, into Baghdad, to take it to 20 brigade combat teams was a significant step on the part of the US President but one considered necessary to bring improvement to the security situation in Baghdad and in Iraq generally.

As a result of that, the leadership of Nouri al-Maliki and the democratically elected government of Iraq, the improvement of the provision of services and the efforts of coun-

tries like Australia and the United Kingdom and other nations in areas of Iraq outside of Baghdad, significant progress has been made. So, in al-Anbar province—which had been the home of al-Qaeda in Iraq—where in October 2006 we had 3,200 terrorist events, we now have in the order of 100 a month. We have had whole days with no terrorist incidents at all. Ramadi, Fallujah and many other areas of Iraq are areas where once an Abrams tank would have been required to go through them but where now instead there is much more order, good governance, peace and cooperation.

Australians, when they see their soldiers come back from Tallil in central southern Iraq, can be proud in the knowledge that not only have they done the job that they were asked to do but, by doing what they have in southern Iraq, they have contributed significantly to the effort which has allowed the Americans, particularly militarily in Baghdad, to do the heavy lifting which has brought significant progress in Iraq.

The battle group, which is the fourth of those that was deployed to Iraq, has engaged in many things, but we are very proud of the fact that they built the bridge at Samawah. They have assisted with veterinary clinics, ambulance facilities, electricity, roads and the refurbishment of schools and hospitals. For all of these things, as one soldier said to me at one stage during one of my visits as then Minister for Defence:

The Iraqi people seem to appreciate greatly what we are doing for them.

I might also say to Australians, who were led to believe last year that, if there were to be a change of government, Australian troops would leave Iraq, that the battle group is leaving and, were it up to us, we would be replacing it with a suitably equipped training facility for central southern Iraq, because we believe that the job still remains to be done.

There remain about 1,000 Defence Force personnel across the theatre of Iraq. We have the P3 Orions, which provide essential surveillance activity, particularly over the gulf, and the frigate, which is in the gulf, as part of a task force of 10 coalition ships protecting two vital Iraqi oil terminals. We have got the security detachment in Baghdad, comprising 110 troops. We also have our C130 Hercules, which do an absolutely extraordinary job transferring equipment and our people throughout the operational theatre. We have a logistics operation. We have a joint headquarters task force. We are in the multinational forces task force. In all, we will still have about 1,000 of our men and women across the theatre of Iraq, and we are immensely proud of them.

It also ought to be remembered that Michael Hayden, the Director of the CIA, only last week pointed out that, as a result of all this, we are now close to the defeat of al-Qaeda in Iraq. There would have been very few—particularly very few on the government benches—who only six or 12 months ago would have even hoped that that would be the case. Thank God we have made progress. Further to that, the Simon Fraser University in Canada has documented that deaths from terrorist acts since 2001 outside of Iraq have declined 40 per cent. There are three principal reasons why we have made considerable progress globally against terrorism. The first is the battle in Afghanistan, to which we are strongly committed and should remain so for the foreseeable future. The second is that the Sunni insurgents, and in particular al-Qaeda, have attacked both Shiite and Sunni targets in Iraq and throughout the world, and the Muslim world is starting to stand up to this. The third reason is the surge in Baghdad, and the courage and determination of not only the United States but also the United Kingdom and Australia to stand by the Iraqis and to make sure that we

were able to see that terrorism would not be able to take root in Iraq and that al-Qaeda would not be able to run operations within Iraq, in the region, or indeed throughout the world.

It is often said by Australians who are well-meaning that we have been lucky, that our soldiers have been lucky—and indeed there has been luck involved in this. But the reason we have not sustained the casualties of some of our allies—although there are a number—is principally because of the outstanding leadership of the men and women who lead at all levels in the Australian Defence Force. It is, secondly, the judicious planning, both militarily and at a government level, for the operations we have undertaken. Thirdly, it is the level of equipment and the nature of equipment provided to our troops, which I consider to be better than any of our allies. It is, fourthly, the training which is undertaken by Australian Defence Force personnel. Fifthly, there is something about the Australian character. In my experience, even 20-year-old privates see themselves not only as soldiers but as educators, diplomats, aid workers and teachers. If every Australian could only see them whether in Iraq or in other parts of the world they would be even more proud of them than they already are.

In concluding, I understand that there will be some sort of tickertape parade to welcome home the soldiers from Iraq. That is something which is to be supported. But I also remind the government that, yes, there have been 3,700 Australian Defence Force personnel that have served in these four Over-watch Battle Group rotations, but every Australian Defence Force person, man and woman, from each of the three services, whether they have served on a frigate, whether they have worked in dust storms in 55 degree heat trying to keep a C130 in the air, whether they have been part of a security detachment, whether they have been a mili-

tary lawyer working in Baghdad—all of those men and women, whatever the task they have undertaken—should be equally recognised for the job that they have done, in our name, in our uniform, under our flag. We have made enormous progress in Iraq. There is still quite some way to go and, from our perspective, we think the job must be seen through.

QUESTIONS WITHOUT NOTICE

Fuel Prices

Mr PYNE (2.44 pm)—My question is to the Attorney-General. Can the Attorney-General advise the House how the government's Fuelwatch scheme will apply to unincorporated small fuel retailers?

Mr McCLELLAND—I thank the honourable member for his question. The extent to which that matter is being considered by the government is a question that we will address through the implementation of the policy. The extent to which the Constitution permits the federal government to legislate and regulate the affairs of unincorporated bodies, including small businesses, partnerships, sole traders and the like, is obviously one to explore in the development and implementation—

Mr Dutton—If you haven't thought about it, just say so!

The SPEAKER—Order! Member for Dickson, a question has been asked; the Attorney-General has the call.

Mr McCLELLAND—but the government will ensure that Fuelwatch applies across the board and that the full gamut of constitutional powers will be utilised to ensure that it applies to corporations, unincorporated bodies, partnerships, sole traders and the like and, if it be necessary to discuss the matter with state governments, ensure that there are necessary arrangements in place. The arrangements will apply across the

board to all those bodies—being corporations, sole traders or partnerships—selling petrol. That will be done utilising the full scope of the federal Corporations Law. It will be done using the full gamut of constitutional arrangements and it will be done in consultation with the states.

MINISTERIAL ARRANGEMENTS

Mr RUDD (Griffith—Prime Minister) (2.46 pm)—I inform the House that the Minister for Trade will be absent from question time this week as he is overseas attending APEC, the AUSFTA and OECD meetings. The Minister for Resources and Energy and Minister for Tourism will answer questions on his behalf. I also inform the House that the Minister for Foreign Affairs will be absent from question time this week as he is attending the UN Food and Agriculture Organisation's high-level meeting on food security in Rome and then going to the United Kingdom for bilaterals. The Minister for Infrastructure, Transport, Regional Development and Local Government will answer questions on his behalf.

QUESTIONS WITHOUT NOTICE

Iraq

Mr TURNOUR (2.47 pm)—My question is to the Minister for Defence. Will the minister please inform the House of the progress of the withdrawal of Australian combat forces from Iraq?

Mr FITZGIBBON—I thank the member for Leichhardt for the opportunity to acknowledge his deep interest in the welfare of the men and women of the Australian Defence Force and for the opportunity to share with the House a little more information about the logistics of our withdrawal from Iraq. I also thank the Leader of the Opposition, who, during his earlier statement, confirmed what former Prime Minister Howard said this morning—that is, if the coalition had won the last election, our combat troops

would be remaining in Iraq. This is now a stark difference between us and the opposition.

Opposition members interjecting—

Mr FITZGIBBON—I am about to clarify this point. The coalition seem confused. They agree on one hand that the job is done in southern Iraq but then argue that more needs to be done.

Mr Pearce—On a point of order, Mr Speaker: the minister was not asked for alternative policies or any other discussion; he was asked a direct question.

The SPEAKER—The member for Aston will resume his seat. The Minister for Defence has been asked to indicate to the House the progress of the withdrawal of troops from Iraq. The minister will respond to the question.

Mr FITZGIBBON—Thank you, Mr Speaker. I am just making the point that the Leader of the Opposition said they would be retaining trainers in Iraq and that that would require force protection. Force protection comes from combat troops. I join the Prime Minister in acknowledging the fact that in recent years the Australian Defence Force has been working hard in southern Iraq to ensure that we provide the Iraqi people with the security and stability they need to take control of their own destiny. Members of the Australian Army training team and the Overwatch Battle Group have now bedded down security in both Al Muthanna province and Dhi Qar province. At the same time, they have been training and building capacity within the Iraqi security forces, giving them the skills they need to enforce the rule of law in their own country.

A ceremony to mark the completion of the mission was held yesterday at our base in Tallil. Importantly, the ceremony was attended by the governors of both Al Muthanna and Dhi Qar provinces. Also there

was the commander of the Iraqi Army's 10th Division, the commanders of Multi-National Force Iraq and Multi-National Security Transition Command Iraq and the commander of Multi-National Division (South-East). Dhi Qar becomes the second province handed over to Iraqi security forces, the first being Al Muthanna. Our soldiers have worked to ensure that the Iraqi people can look to their future with optimism.

Our forces are now well into the process of packing up the extensive infrastructure we have established in Iraq and they are beginning to return home. Indeed, some of them have already returned home. They will continue to withdraw in groups over the course of this month, culminating in an official welcome home ceremony in Brisbane on 28 June. I ask all Australians to keep them in mind. The extraction process is not one without risk.

The Australian government remains committed to a secure and stable Iraq. Our frigate in the gulf will continue to protect the sea lanes and Iraq's oil infrastructure. Our P3s will continue their surveillance work and our security detachment will continue to protect our diplomats and others in Baghdad. These elements, along with some headquarters logistics liaison staff, reflect our continued commitment to Iraq and to the Iraqi people.

Today I join with the Prime Minister and, I am sure, with all members of the House in paying tribute to the men and women of the Australian Defence Force. I thank them for their commitment, dedication, courage and sacrifices. I also thank their families for their sacrifices and the anxiety they have lived with and suffered while their loved ones were away facing danger on a daily basis. We look forward to joining them on 28 June to welcome our troops home safely. All Australians can and should be proud of them.

Fuel Prices

Dr NELSON (2.52 pm)—My question is to the Attorney-General. Has the Attorney-General sought legal advice on the constitutional validity of Fuelwatch and will he release that advice?

Mr McCLELLAND—I thank the honourable Leader of the Opposition for his question. The Attorney-General's Department has not sought that advice. I understand that the advice has been sought, however, by Treasury and the Assistant Treasurer. The advice is that, insofar as unincorporated associations, partnerships and sole traders deal with fuel companies, which are in turn corporations, there is sufficient constitutional power to implement the Fuelwatch scheme.

Iraq

Mr RAGUSE (2.53 pm)—My question is to the Minister for Home Affairs. Will the minister update the House on how the government will assist the Iraqi police service?

Mr DEBUS—I thank the honourable member for his question. As the House would be aware, the government has provided nearly \$14 million of support for the Iraqi police service in the recent budget. That funding is to provide for forensic and technical training and for the development of management and leadership skills for up to 243 members of the Iraqi police service. Each year over the next three years approximately 81 Iraqi police service members will receive training under two courses, one in forensics and one in management.

In the forensics stream, they will learn how to better manage crime scenes to identify, record and collect evidence so that it will not be contaminated when it is finally analysed. In other words, they will learn to become better at police work. Annually, 51 officers will undertake forensic and technical training in Canberra, with access to the specialist expertise of the AFP's forensic scien-

tists. The AFP has come to be highly regarded for its ability to help law enforcement bodies in various countries to improve their investigatory techniques. It has provided training across our region in dealing with transnational crimes, including people smuggling, human trafficking and child sex tourism, and in surveillance techniques and disaster victim identification. Thirty Iraqi police—middle and senior level officers—each year for the next three years will also receive management and leadership training delivered through the Australian Institute of Police Management at Manly in Sydney.

A team of four specialist AFP personnel went to Baghdad earlier this year to determine the feasibility of providing this training and a program management team is now being established in Australia to coordinate the training that will begin later in the year. Australia is continuing to support Iraq with reconstruction and humanitarian assistance. It is obvious enough that the establishment of strong law enforcement capacity will help Iraq achieve stability for its postwar reconstruction. In conclusion, there are significant challenges for this program to provide the Iraqi police force with improved skills. But they will be able to take those skills home and use them to train local police into the future, and we look forward to providing that support.

Fuel Prices

Mr HUNT (2.56 pm)—My question is to the Minister for the Environment, Heritage and the Arts. Does the minister want petrol prices in Australia to go up or down?

The SPEAKER—The word 'want' means that the question is seeking an expression of an opinion. I give the member for Flinders the opportunity to put the question in order by rephrasing it.

Mr HUNT—Is it the minister's policy position that increased petrol prices will lead to a desirable environmental outcome?

Mr Albanese—That question is still out of order. I suggest that he be given a third go.

Mr GARRETT—Mr Speaker, I think that the question is out of order, but I do not propose to make any more mention of your ruling.

The SPEAKER—That is a very good point of view.

Mr GARRETT—I thank the honourable member for trying to ask this question a second time. I infer from it that the member thinks that the government's policy or my views are somehow intended to be a vote of confidence for the increase in petrol prices. I want to ask this of the shadow minister: is this the best question that he can come up with? Why isn't he asking me a question about the environment? Furthermore, why isn't he asking a question about climate change? If he wants to ask a question—

Opposition members interjecting—

The SPEAKER—Order! When the House comes to order we can continue. The minister has the call.

Mr GARRETT—Mr Speaker, those opposite have run out of substantial questions to ask. I refer to the shadow minister's question and say the following: in relation to the matters that any government would want to bring forward to deal with the question of petrol prices, this government has delivered. That is the first thing I would say. The second thing I would say is: in the absence of any concrete policy being advanced by the opposition on the wider matters of what likely costs or otherwise there may be in dealing with matters of climate change or the environment, you have had nothing to add to this point in time. You have just wasted your question.

Iraq

Ms VAMVAKINO (3.00 pm)—My question is to the Minister for Agriculture, Fisheries and Forestry. Will the minister inform the House of Australian government assistance to the development of a more prosperous and productive agriculture sector in Iraq?

Mr BURKE—I thank the honourable member for the question. There could be few things more important in helping a nation recover from a difficult period than actually doing something about helping them provide food for their population. The Prime Minister during his visit to Iraq made the commitment for 100 Australian agricultural scholarships. Earlier this year, in January, we had a visit from my counterpart the Iraqi Minister for Agriculture, Dr Ali Husayn Kadim al-Bahadili. He referred in our meeting here to there being a history of agricultural cooperation between our nations spanning all the way back to the 1970s. The reasons are clear: we face many of the same challenges. Both Australia and Iraq have very high levels of evaporation, particular soil problems and soils and plants that lose the moisture they do obtain from what little rain they receive. Much of the Iraqi vegetation is, as a result, reliant on irrigation. For that reason our assistance to them with dryland agriculture has been of critical importance.

For every economy at a time of world food shortage, this sort of cooperation is important. While agriculture is only seven per cent of Iraq's GDP, it does employ more than a quarter of their workforce. The minister, in his comments to me, identified Australia's expertise and referred to a number of Australian universities which he believed would be well placed to deliver courses which might be of assistance. Since then, such courses have been announced at the University of Western Australia, Curtin University, the

University of Adelaide and the University of Queensland. They will be starting in September at a cost of \$8.5 million.

In addition to that, \$50 million has been provided to facilitate transition to an open, market based economy through helping restore agricultural services and boosting agricultural production. Boosting skills and the capacity of a further 180 Iraqi officials who are working in the sector and in the field, supporting their veterinary services, implementing projects targeting good crop management and also assisting them with pest control practices in areas such as wheat and barley are all part of the equation in trying to make sure that we can help rebuild a better community for the Iraqi people.

Fuel Prices

Dr NELSON (3.03 pm)—My question is to the Prime Minister. Prime Minister, diesel has now crashed through \$1.90 a litre. Aside from the government's new road user charge, which will tax trucks and put upward pressure on grocery prices, what is the Prime Minister's plan to provide relief for users of diesel?

Mr RUDD—Interestingly on the question of diesel, the previous government, being in office for 12 years, did not have a sterling track record of acting on this. The assumption therefore, both on petrol prices and on diesel prices, is that in a matter of six months the newly elected government can turn around and undo what has occurred with movements on petrol prices and diesel prices over the last 12 years. I find this a remarkable statement, given that they had the reins of power for so long.

Secondly, I would say this. When you look at our approach to a long-term response to the challenges of energy policy and petrol policy, it goes to these factors. One, global demand factors. What can be done when it comes to efficiency measures in developing

countries, because when you have got the rise of China and of India you are pushing ahead with the impact on overall global energy prices? Then there are supply factors—and we have been debating the Iraq war here—and other factors which impact on supply. Then you go down to alternative fuels. Then you go down to fuel-efficient cars, and that includes diesel. It includes greater fuel efficiency in those cars which use petrol. It includes greater dependence on what we can do in a whole range of other measures which can assist fuel efficiency. On top of the above, you can also deal with the range of taxation imposts on families and motorists as well.

These constitute the elements of a long-term policy to deal with what is a global problem affecting motorists and governments right around the world. What the government has embarked upon is a long-term response along each of these measures. It is not embarking on a course of action such as those opposite: cherry pick a piece here, cherry pick a piece there, turn to rank populism the next day, and hope that that constitutes a policy.

Economy

Mr SYMON (3.05 pm)—My question is to the Prime Minister. Will the Prime Minister update the House on recent developments in the Australian economy, and what is the government's response?

Mr RUDD—Our economy in Australia is greatly shaped by developments across the world. We have seen since last August the unfolding of the global financial crisis, the roll-on effect in North America and western Europe and the United Kingdom, as well as what is happening in our own hemisphere and in Australia. You see also the impact which that has had not just on confidence but also in terms of real economic numbers. For example, I draw the House's attention to data

released on Friday showing that consumer confidence in the United States has now fallen to its lowest level in 28 years. Furthermore, the US economy is also suffering from the worst decline in its housing market in a quarter of a century. And this all occurs at the same time as we have global oil prices running at near record levels.

We all know the roll-on impact for Australia is significant, not just the impact in terms of global financial markets and confidence within the global financial services community but also, beyond that, the impact on the real economy. If we look at the flow-through impact on prices for Australian families, there is data released today in the *TD Securities-Melbourne Institute Monthly Inflation Gauge* which says that it rose by 0.3 per cent in May to be 4.5 per cent higher than a year ago. What this represents is a challenge not just for the economy overall but acutely for families struggling with cost of living pressures. And that, of course, forms the benchmark for how the government itself chooses to respond, because the enemy to all working families, all Australians doing it tough, all working Australians, is inflation and, in turn, its upward pressure on interest rates.

When this government was elected, we had interest rates running at 16-year highs. We had an inflation rate running at 16-year highs and as a consequence there was a flow-through impact on rates. On the question of rates, we have had 12 consecutive interest rate rises, two of which have occurred since the election.

We did not make an irresponsible promise at the last election—unlike the promise made by those opposite at the previous election—about keeping interest rates at record lows. But we understand this: to make it possible to bring downward pressure on rates, one of the important things is to ensure you bring about downward pressure on inflation. One

of the important ingredients in that respect is to make sure you are prosecuting a responsible fiscal policy. That is why the budget brought down by the Treasurer and by the government, more broadly, is anchored in a \$22 billion budget surplus. That is the cornerstone of economic responsibility: to ensure that the expenditure measures we adopted, and which were new, were funded by savings and, furthermore, to ensure that tax is now lower as a percentage of GDP than it was before and that expenditure as a proportion of GDP is now the lowest it has been since 1989-90. The alternative offered by those opposite is to conduct a \$22 billion raid on the surplus, and that has one huge consequence for families: it flows through in terms of overall demand in the economy; it flows through in terms of inflation; and it flows through in terms of upward pressure on interest rates.

Inflation remains the cornerstone of dealing effectively with the macroeconomic circumstances in Australia. This government believes in fighting the fight against inflation; the cornerstone of it is a \$22 billion surplus. The cornerstone for the economic policies advanced by those opposite is instead a \$22 billion raid on the surplus. I say this: as each one of the budget measures passes through this House and is debated in this House in the weeks ahead, those opposite will be faced with a single responsibility—that is, as you conduct one raid after another on the surplus, as you seek to vote against and pull out one further budget measure after another, the responsibility of those opposite is to identify what is the alternative source of savings. The failure to identify the alternative source of savings means one thing: that you will raid the surplus, put greater upward pressure on inflation and greater upward pressure on interest rates.

So as members opposite vote against and vote down these revenue measures, or vote against or vote on the budget measures, their core responsibility in terms of economic discipline is this: what are the alternative savings measures? Failure to deliver them will result in one equation: walking away from working families and working Australians and saying that the 10 interest rate rises in a row that they delivered to families are of no consequence because they simply want to fuel the inflation fires further. Our response is one of responsible economic management. Our response is to make sure that we stand by a \$22 billion budget surplus. Our response has its fundamentals in an attitude to economic management which says, 'Let's look after families, not just for the short term but for the long term, and deal effectively with the inflation monster, because if the inflation monster—

Opposition members interjecting—

Mr RUDD—which is obviously the object of great mirth on the part of those opposite—begins to wreak havoc on interest rates into the future, those opposite will be dealing with the consequences of their irresponsible actions one after another as they go in idle pursuit of political populism over economic responsibility.

Fuel Prices

Mr HARTSUYKER (3.11 pm)—My question is addressed to the Assistant Treasurer. Is the Assistant Treasurer aware that the ACCC's modelling of FuelWatch covers the period before the 24-hour rule became fully operational in Western Australia? Doesn't this further undermine the ACCC's modelling of the effectiveness of FuelWatch?

Mr BOWEN—I thank the honourable member for his question. What I am aware of is that informed sources this morning released an analysis of the independent analysis by the ACCC. I am also aware that in-

formed sources, whose business model depends, frankly, on the asymmetry of information between consumers and retailers, alleged that the ACCC's analysis did not take into account that period.

I was informed by the ACCC today that those informed sources are wrong. I am informed that the ACCC's econometric work tested FuelWatch effectively starting in September 2001, as well as in January 2001. They found a lower price in the west, relative to the eastern capitals, whether FuelWatch was considered to have started on January 2001 or on September 2001. The ACCC is on the side of motorists. It always pays to take independent advice that is rigorously done by those who are paid to stand up for Australian consumers.

Mr Pearce—Would the Assistant Treasurer table the document from which he was reading?

The SPEAKER—Order! Was the Assistant Treasurer reading from a document?

Mr Bowen—Yes, I was.

The SPEAKER—Is the document confidential?

Mr Bowen—Mr Speaker, I am happy to table the document as it relates to all the criticisms made by informed sources today, and it deals with the ACCC's data.

Economy

Mr CHEESEMAN (3.13 pm)—My question is to the Treasurer. Will the Treasurer update the House on recent inflation data and the importance of responsible budgeting in the current inflationary environment?

Mr SWAN—I thank the honourable member for his question. Responsible economic management is central to the fight against inflation. We have some data that came out today from TD—their monthly inflation gauge—and this is what they had to say:

Inflation remains the most pressing issue facing Australian policy makers.

We on this side of the House understand that. We understand that responsible budgeting and investment in the future is needed to fight inflation. That is why we did deliver a responsible budget—a budget that cut back spending, a budget that began the vital task of investing in the future and addressing the capacity constraints that are putting upward pressure on inflation after years and years of neglect.

The opposition on the other hand are content to try and blow a \$22 billion hole in the surplus thereby putting further upward pressure on inflation and further upward pressure on interest rates. This is what the shadow Treasurer had to say on the *Sunday* program, just after the budget:

Mr Oakes: There is not a single suggestion in Dr Nelson's speech of a saving.

Mr Turnbull: ... that's true. There is no suggestion of a saving there, that's right ...

And, of course, it is right. They have no credibility in this House when they pout around with supposed alternatives, because they cannot make a budget add up. The shadow Treasurer has had a bit more to say. This is what he said last week:

We recognise there is an overall impact on the budget, and that is something that we ... take into account.

How can you take it into account if you do not cost your policies? You cannot do it. The shadow Treasurer and the Leader of the Opposition are blowing a very big hole in the Liberal Party's economic credibility, and it is nothing more than a smoking ruin.

Fuel Prices

Mr TURNBULL (3.15 pm)—My question is addressed to the Treasurer. I refer the Treasurer to the recent paper by Professor Sinclair Davidson of RMIT which demonstrates major flaws in the methodology used

by the ACCC in its analysis of Fuelwatch. Given the mounting expert evidence that Fuelwatch is likely to increase petrol prices, will the Treasurer release the complete ACCC model to the public for peer review and ask his own department to check that ACCC analysis and make the results of that Treasury appraisal public also?

Mr SWAN—The gentleman referred to by the shadow Treasurer is not independent. I have been reading his material for some time. I cannot understand it—he appears to be a fan of the shadow Treasurer. He obviously has not been following the debate in the House. We have comprehensive, credible modelling from the ACCC and we stand by it.

Education Funding

Ms COLLINS (3.16 pm)—My question is to the Minister for Education, the Minister for Employment and Workplace Relations and the Minister for Social Inclusion. What is the Rudd Labor government doing to lay the foundations of the education revolution?

Ms GILLARD—I thank the member for Franklin for her question, and I know about her deep concern for education in her electorate and for the future of the children in her electorate. I would like to answer the honourable member's question by referring to just two aspects of the Rudd Labor government's education revolution. This is a government that believes in delivering on its promises, and this is a government that believes in investing for the future, in ensuring that we equip this nation for the challenges of the future. With our education revolution we are doing both—delivering our promises and equipping this nation for the challenges of the future and particularly the challenge to lift productivity and participation. We are doing this across the board in education, but I want to say a few brief words about what we are doing in early childhood education

and what we are doing to renew our vocational education and training sector and our universities. Of course, the education revolution includes schools as well, but I would like to briefly focus on early childhood education.

This is a government that will deliver an additional \$533.5 million over five years to support early childhood education—funding that supports our commitment to ensuring that every Australian child has access to an early learning program delivered by a university qualified teacher for 15 hours a week, 40 weeks a year in the year before formal schooling. This work is being led by the Parliamentary Secretary for Early Childhood Education and Childcare, the member for Bennelong. We believe it is vital, and all of the world research shows that if you can intervene early you can make a difference for life chances. Gone are the days when a Prime Minister—as the former Prime Minister did—would say early intervention is a big part of the answer and then do nothing. Gone are those days. Gone are the days when the former education minister, the now Deputy Leader of the Opposition, could say in one breath, ‘Investment in early childhood is very, very important,’ and in the very next breath disavow any Commonwealth responsibility for funding. We are investing because we believe in the best possible start for Australian children. We are also investing to make child care more affordable with our increases in the childcare tax rebate from 30 per cent to 50 per cent of out-of-pocket costs. This measure comes into effect on 1 July. I make it very clear that the government will be watching and the government will not tolerate unfair pricing practices amongst childcare providers related to the new rebate being delivered. The government will canvass all options to act if there is any evidence of unfair pricing practices.

Our agenda—our education revolution—goes from the early years all the way through. This is a government that has invested \$11 billion in our Education Investment Fund to renew our universities and our vocational education and training sector. This is a fund with \$6 billion coming from the former Higher Education Endowment Fund joined by a new investment of \$5 billion to enable renewal of the capital infrastructure of universities and vocational education and training. In the words of the Vice-Chancellor of the ANU, Ian Chubb, this new Education Investment Fund will ‘allow us to draw down from the capital. That will make an enormous difference to the size and scope of the projects we do. We go from spending on maintenance to being able to plan for a world-class future’.

Also gone are the days when an education minister—as the former education minister, the current Deputy Leader of the Opposition, did—can say, ‘Our universities are in the best financial shape they’ve been in.’ This government and ministers on this side of the House will not be making statements like that, and they ought not to be made, when this nation watched, under the Howard government, public investment in tertiary education decline by four per cent between 1995 and 2004 while in other OECD countries it increased by an average of 49 per cent. Those days of neglect of our education system are over. The legacy of the former government to the nation is one of slipping standards and a skills crisis. Our education revolution is there to invest in the future.

I have watched as this House in recent days has canvassed a number of issues, and it has intrigued me that the opposition is now pretending to care about petrol prices when in government it did not care about them at all. The opposition is now pretending to care about cost-of-living pressures on families

when in government it did not care about them at all.

Interestingly, in opposition they do not even pretend to care about education. Here we are in June and I am still waiting to be asked the very first question by the shadow minister for education—the Marcel Marceau of Australian politics, still trying to work his way out of that imaginary glass box. Now presumably he will be seen in mimic eating—

Opposition members interjecting—

The SPEAKER—Order! The Deputy Prime Minister will assume her seat. Has she concluded her answer?

Ms GILLARD—I am happy to conclude at that point.

Opposition members interjecting—

Mr Anthony Smith—Mr Speaker—

The SPEAKER—The member for Casey will resume his seat.

Infrastructure

Ms LIVERMORE (3.23 pm)—My question is to the Minister for Infrastructure, Transport, Regional Development and Local Government.

Opposition members interjecting—

The SPEAKER—Order! The last time this happened, it was the member for Capricornia. I am not playing favourites. I am quite happy on this occasion to give the opposition two questions in a row to square it up. But I simply say to them: there was a very long pause before somebody rose on the left. I am happy to square it up. The member for Capricornia has the call.

Ms LIVERMORE—My question is to the Minister for Infrastructure, Transport, Regional Development and Local Government. Will the minister outline progress with the government's infrastructure agenda, and

when will Infrastructure Australia hold its first meeting?

Mr ALBANESE—I thank the member for Capricornia for her question. The Commonwealth is engaging in infrastructure development after 12 years of neglect. We have already had three meetings of the COAG infrastructure working group, which is working through issues between the Commonwealth and the states to make sure that we get greater harmonisation of regulation to improve efficiency and productivity. For the first time, however, we are not just working between the Commonwealth and the states; we are engaging directly with the private sector to ensure there is national coordination of infrastructure. That is why we have established Infrastructure Australia, which I am pleased to report will have its first meeting this Wednesday here in Canberra.

The council will be chaired by Sir Rod Eddington, who brings broad experience from the aviation, resources, energy and finance sectors. The advisory council's inaugural members bring a wealth of experience from planning, financing and regulation through to the construction and maintenance of infrastructure. The inaugural members include Ms Heather Ridout, the Chief Executive of the Australian Industry Group—

Opposition members interjecting—

Mr ALBANESE—who somehow is opposed by those opposite, it would appear.

Mr Hockey interjecting—

Mr ALBANESE—The member for North Sydney is suggesting that Heather Ridout is biased. That is an interesting observation from the member for North Sydney.

The SPEAKER—Order! The minister will ignore interjections. The member for North Sydney will not interject.

Mr ALBANESE—I am sure the Australian Industry Group, whose members take in

the construction and manufacturing industry, will be interested to hear that. Other members include Mr Phil Hennessy, the Queensland Chairman of KPMG; Mr Ross Rolfe, Senior Executive, Infrastructure, Babcock and Brown; Garry Weaven, the Chair of Industry Funds Management and also a director of Members Equity and of Pacific Hydro; and the Hon. Mark Birrell, a former minister in the Kennett government and Chairman of Infrastructure Partnerships Australia, which comprises both public and private sector organisations engaged in the infrastructure industry. In addition, they will be joined by Professor Peter Newman, the Professor of Sustainability at Curtin University in Western Australia, Mr Terry Moran, Dr Ken Henry, Mr Jim Hallion, Mr Anthony Kannis and Dr Kerry Schott. Showing just how serious the government is about infrastructure investment, we have made an unprecedented commitment of \$20 billion for the Building Australia Fund to invest in critical economic infrastructure.

Infrastructure Australia's advice based on a rigorous analysis of costs and benefits will feed into the government's decisions about allocations from the Building Australia Fund. The government understands that a considered approach is vital to ensuring a well targeted investment strategy that boosts productivity, captures private sector investment funds and makes efficient use of existing infrastructure.

Fuel Prices

Mr DUTTON (3.27 pm)—On indulgence, to start with, I understood that the Deputy Prime Minister had not completed her answer before, and I was waiting for her to get the call. That is by way of explanation to the House. My question is to the Prime Minister. I refer the Prime Minister to his own regulatory impact statement on Fuel-

watch released reluctantly late last week. Specifically, I refer him to the statement:

... it remains unclear whether option one—

that is, Fuelwatch

would be successful in delivering lower retail petrol prices.

If the Prime Minister will not rule out higher petrol prices as a result of Fuelwatch, why is the Prime Minister proceeding with bad legislation?

Mr RUDD—I draw the honourable member's attention to the further econometric analysis undertaken by the ACCC, which was released last week, and its conclusions:

The purpose of this econometric analysis has been to satisfy the ACCC that the introduction of a Fuelwatch scheme nationally would not, based on the experience in Western Australia, lead to consumers paying higher prices for petrol.

From the econometric analysis, on a conservative basis, the ACCC can say that there is no evidence that the introduction of Fuelwatch in Western Australia led to any increase in prices and it appears to have resulted in a small price decrease overall.

The government's position on this is as we have said before: based on this advice from the ACCC, drawing from the WA experience and based on this econometric modelling, the advice which was provided to us is that this actually represents up to a 2c a litre advantage to motorists. Secondly, and most importantly, it gives motorists choice. Within a metro area, where you have price variations on a given day of between 15c and 20c a litre, the consumer should have the same choice as the big oil companies. That is, consumers should have the power and information available to them to make the choices about where to get the best price for the day. Whereas those opposite argue that that power should uniquely be held by big oil, we stand up for consumer choice. Those opposite stand up for big oil.

Economy

Dr NELSON (3.30 pm)—My question is to the Prime Minister. I refer the Prime Minister to his government's decision to set up 'grocerywatch'. Prime Minister, will grocery stores be forced to lock in the price of groceries 24 hours in advance, and will they be fined for lowering prices during the day?

Mr RUDD—On 22 January 2008 the government directed the ACCC to commence a formal inquiry into grocery prices and report its findings by 31 July 2008. From the farm gate to the checkout counter we thought it was the right thing to make sure that working families are getting a fair deal at the supermarket. The ACCC is considering the industry's current structure and the nature of competition.

Dr Nelson—Mr Speaker, I rise on a point of order. The Prime Minister's own budget puts \$12 million into 'grocery watch'.

The SPEAKER—Order! There is no point of order and I will not entertain calling people on points of order where they are entering into a debate.

Opposition members interjecting—

The SPEAKER—Order! I have ruled on the point of order.

Mr RUDD—That ACCC inquiry was launched in January 2008 and it is to report by 31 July. The government has also asked the ACCC to undertake a monthly survey of grocery prices for a typical shopping basket of goods across Australia, and to establish a dedicated website on grocery prices. Also in April the government agreed to extend the time frames for the development of vacant commercial land under Australian foreign investment policy from 12 months to five years, as the government's interest in introducing—

Mr Hockey—Mr Speaker, I rise on a point of order. The question was specifically

about 'grocery watch', which is a separate initiative in the budget to anything being undertaken by the ACCC.

The SPEAKER—The Prime Minister will respond to the question.

Mr RUDD—I just referred in the second part of my answer to the ACCC undertaking a monthly survey of grocery prices—if those opposite bothered to listen to the answer. The third part relates to how you go about bringing greater competition into Australia's grocery sector. As we indicated in April, we are dealing with how to make it easier for foreign investors who are bringing greater competition into the Australian retail grocery sector. One of the challenges we face here is the concentration within the sector. Major retailers such as Woolies and Coles are estimated to have a combined market share of over 70 per cent in some segments. The annual average growth in food prices in the 10 years to the March quarter 2008 was 3.9 per cent across the CPI headline of three per cent. Given that those opposite were in power for over a decade, what did they actually do on the question of greater competition power in the grocery sector? Let us go to some other data. In the 12 months to March 2008, food prices increased by 5.7 per cent, due to strong increases in dairy and other related products, and that contrasted, of course, with a lower CPI figure for the overall period. The question is: what did those opposite do about that increase?

Mr Dutton—Mr Speaker, I raise a point of order on relevance. Can the Prime Minister cut the price? The Assistant Treasurer said—

Mr Albanese—Mr Speaker, I rise on a point of order: that is the third interruption of the Prime Minister's answer to a question that was clearly outside of standing order 100(d) and the second question in a row from that side of the House.

The SPEAKER—Order! There is no point of order.

Mr RUDD—The challenge for us is how to bring about greater competition and greater information for consumers—like on the question of petrol and like on the question of groceries. We stand on the side of consumers, as opposed to being on the side of big business—whether it is in the grocery sector or, in the case of ‘big oil’, whether it is in the petroleum sector. The figures show that over a decade there was a 3.9 per cent on average increase in excess of CPI in the price of food. Those opposite were in power for that period. Over the previous two years there was a 5.1 per cent increase in food compared with a CPI of 3.3 per cent. That was over the last two years. What did those opposite do about it? Nothing. In the 12 months to March 2008 food went up by 5.7 per cent. What did those opposite do about the price of groceries in that period of time? Nothing. The government actually stand for having a go. We stand for giving consumers some of the purchasing power within the marketplace which those opposite seem very happy extending only to those opposite. What we have here is a Liberal Party standing up for the distillery companies and alcopops, for the big oil companies when it comes to petrol prices and for the supermarkets when it comes to grocery prices. They stand condemned.

Disability Services

Mr ZAPPIA (3.36 pm)—My question is to the Minister for Families, Housing, Community Services and Indigenous Affairs. Will the minister update the House on outcomes from the meeting of disability ministers, and how has the government’s new approach been received?

Ms MACKLIN—I thank the member for Makin for his question. On Friday in Sydney, with the Parliamentary Secretary for Dis-

abilities and Children’s Services, the member for Maribyrnong, I attended a meeting of Commonwealth, state and territory disability ministers. It was a very productive meeting. In fact, it was one of the most productive meetings that has taken place for many, many years in this area. It marked a new era of cooperation, the type of cooperation that Australia needs—particularly people with disabilities, their families and their carers—if we are to move beyond the divisions of the past to make sure that we can deliver the services that vulnerable groups in our community need.

Thousands of people with a disability, their families and their carers will benefit from the \$1.9 billion boost in funding that was agreed on Friday. State and territory disability ministers agreed to deliver \$900 million in funding on top of the Australian government’s \$1 billion commitment. The good news is that this is money on top of the service provision in the last Commonwealth state/territory disability agreement. This is a very significant step forward for Australia’s disability system, and I want to highlight the particular improvements to services that will result.

The \$1.9 billion is going to deliver around 2,300 in-home support services, 2,300 supported accommodation places, 9,900 individual support packages and, very importantly, 10,000 much-needed respite places in a range of forms across Australia. Ministers also agreed to start delivering immediately the 309 new supported accommodation places with the \$100 million in capital that the Prime Minister announced on 4 May would be given to the states and territories for this purpose. So in total there are going to be 24,500 places that will begin to ease the anxiety of people with disabilities, their families and their carers, many of whom have waited far too long for this support.

There have been some positive responses to the announcement and the agreement that we arrived at on Friday. The convenor of the disability advocacy group the CSTDA Alliance, Sue Harris, said on Friday, 'It gives people hope.' Carers Australia said in a statement:

... the new agreement will bring greater certainty to the lives of families who had been left floundering for far too long.

Carers Australia President Pam Webster went on to say:

This is a fantastic achievement for everyone concerned. We would like to acknowledge all the hard work that has produced this important milestone.

I echo those remarks and, in particular, give my thanks to our state and territory colleagues and to the parliamentary secretary for disabilities—who, I have to say, is an outstanding advocate for people with a disability. It really does demonstrate what can be delivered when people work together.

I would note, however, that Pam Webster did go on to say—and I think she is right:

While this is a very significant announcement, the continual growth in the need for carer support means the job is not yet done.

We agree. The government do understand that this is just a first step. More does need to be done. There were other measures in the budget. In particular, I want to draw the House's attention to the fairer rules for carer payment (child). This will help 19,000 parents of children with profound disabilities, something they also had been waiting a very long time to receive. Unfortunately, under the previous government, we had disability ministers meetings completely breaking down, with ministers unable to come to an agreement. And, of course, it was always descending into the blame game. The new government have an approach based on co-operation. We intend to get things done—to

deliver for people with disabilities, for their families and for their carers.

Prime Ministerial Staff

Ms JULIE BISHOP (3.41 pm)—My question is to the Prime Minister. I refer to recent reports that the Prime Minister has employed at least six different diary secretaries within six months. Why has the Prime Minister had such significant staff turnover in his own office?

Mr RUDD—When a new government takes over, one of the first things that happens is that PM&C provides you with temporary staff. It occurred in our case, and I am sure it occurred when you guys took over back in 1996—that is the first point. I am glad, though, that you raised the question of staff, because what we have done is actually slash the number of ministerial staff by 30 per cent. Do you know what that saves the taxpayer? It is \$15.4 million in the current financial year. We stand for saving the taxpayer some dollars; you stand for wasting the taxpayers' dollars.

War Graves

Mr DANBY (3.43 pm)—My question is to the Minister for Defence Science and Personnel. Would the minister further update the House on excavation activities at the site of the Battle of Fromelles in France?

Mr SNOWDON—I thank the member for Melbourne Ports for his question. Since last Thursday, the excavation at Fromelles has continued in five pits. Also since that time I have spoken to Major General O'Brien, the project manager, who briefed me on the progress of the excavations and the discussions with local authorities. He also confirmed with me the difficulties involved with the excavation as well as the higher level of media interest.

I have subsequently been advised that remains of up to three individuals have been

found in pit 1 and of five in pit 5. I hasten to add, though, that these remains are bones; there is no body tissue. As well as bones in the pits, many artefacts have been found, including buttons, which we understand may have been from German groundsheets in which bodies may have been wrapped; a bayonet scabbard of an Allied type; and some live rounds of .303 ammunition—none of which is distinctly Australian. Work is continuing carefully, particularly given some of the risks that more ordnance might be uncovered.

As well as continuing to remove the clay from the top of the pits, a trench will be dug beside the pits, conditions permitting, to allow a cross-sectional view which will help assess the condition of any remains and the possible number of individuals buried at the site. I say ‘conditions permitting’ because this ground is waterlogged and there are serious safety issues for trenching which have to be dealt with. With respect to the future, I wish to thank all of those relatives, some 80 thus far, who have registered their family name on the Defence website. I can also advise that my colleague the Minister for Defence spoke to his British counterpart in Singapore over the weekend about this issue. Clearly, that is important, given the fact that we believe a majority of the bodies that are at this site may well be British. With respect to options for the future, the Fromelles Evaluation Group, comprising Australian and British officials, will continue to consider the options for detailed advice in due course.

Also, on the matter of identity, I can advise that we do have a German list of names of those buried by the German army after the battle, we believe, at this site. While this list is considered authentic, some reconciliation is needed, though we may never know, obviously, the exact identities of the Australians buried, let alone those of the British. I have said that it is too early to consider the issue

of the possible identification and fate of each individual until technical advice is available and detailed consideration is given by the Australian, British and French governments. I repeat, however, that there are also 410 unknown Australians buried in a mass grave at VC Corner, just down the road, as well as some 7,243 unmarked graves in France, Belgium and Gallipoli. Like these, it is possible the identity of those at the Fromelles site may remain known only to God.

Australian Public Service

Ms JULIE BISHOP (3.47 pm)—My question is to the Minister for Finance and Deregulation. I refer to the minister’s comments yesterday on the ABC *Insiders* program that some public servants think it normal to sit around ‘not doing very much’. Will the minister identify the public servants he says sit around not doing very much?

Mr Albanese—Mr Speaker, I rise on a point of order. The question is out of order under standing order 100(d)(ii).

Ms JULIE BISHOP—On the point of order, Mr Speaker: these are the words of the minister for finance. He referred to some public servants who think it normal to ‘not do very much’.

The SPEAKER—The Deputy Leader of the Opposition will resume her seat and the Leader of the House will resume his seat. I am glad that he has found the standing orders at 100(d), but the question is in order.

Mr TANNER—I did not say that at all. I did not make a statement of that kind with respect to public servants. In fact, the statement I made was with respect to the work ethic of the former government, actually asking the question of why it is that the Rudd government is setting a very strong agenda. The answer is very simple, and that is that there is an awful lot to do. The thrust of my comments yesterday related to the former government and that, if there were public

servants struggling with additional work under the new government, the reason is that the former government did not do very much. My predecessor sat around and watched the cows come home. In the last four budgets, there were not any savings at all—no savings in the last four budgets. What was the Minister for Finance doing in the former government? Where were the savings? There is just one example. The Rudd government have a big, nation-building, reforming agenda. We are committed to working hard. We have a lot of things to do. The former government did very little and that is what my comments on *Insiders* were directed to.

Ms Julie Bishop—Mr Speaker, I rise on a point of order. The words ‘people in areas of the Public Service to think that not doing—’

Honourable members interjecting—

Ms Julie Bishop—Mr Speaker, I am seeking leave to table the transcript with the words ‘people in areas of the Public Service to think that not doing very much was normal’. I seek leave to table that.

Leave not granted.

Wheat Exports

Mr BUTLER (3.50 pm)—My question is to the Minister for Agriculture, Fisheries and Forestry. Will the minister outline to the House what progress is being made to implement the government’s commitment to reform Australia’s wheat marketing arrangements, and are there any obstacles to achieving these reforms?

Mr BURKE—I thank the honourable member for his question. There is a very simple question at the heart of the government’s commitment to reforming wheat legislation and wheat marketing, and it is this: should wheat growers be allowed to choose who they sell their wheat to? The National Party has decided that the answer to that is

no, but the problem is that we have to provide certainty to wheat growers. Wheat growers are now at a time when many of them either have planted or are about to plant and, understandably, want some certainty in what the marketing rules will be for the next harvest. Against that, we have the unusual situation where the shadow minister does not speak on behalf of the opposition.

Mr Secker—Mr Speaker, I rise on a point of order in relation to standing order 100(e). This bill is before the House and the minister should not be debating it.

The SPEAKER—There is no point of order.

Mr BURKE—What has not been understood by the members of the National Party is that the current legislation, post 30 June, changes everything. After 30 June this year, if we as a parliament do not change the current rules, all the protections that the National Party believe they want to keep in place will disappear. The ministerial veto will go. The concept of the single desk that the National Party are claiming they want to keep will actually disappear under the current legislation. The current legislation leaves us with the worst of all worlds, so the National Party have said, ‘We’ll take that one.’ Unfortunately, we have now waited for months and months to find out whether or not that reflects the position of the opposition in order to be able to provide certainty for wheat growers.

On 20 March, I wrote to every member of the opposition guaranteeing that they could have private briefings with my department. Those briefings were provided on a confidential basis and remain so. But the question remains: do the Liberals agree with the Nationals? An exposure draft was put out and we still could not find out. There was a report from the Independent Expert Group, but we still could not find out if the Liberals

agreed with the Nationals. Then Liberal senators added comments to the end of a Senate report and we still could not find out whether the comments of those Liberal senators matched the position of the Liberal Party. So not only do we not know whether the Liberals agree with the Nationals; we still at this moment do not know whether or not the Liberals agree with the Liberals.

We have been trying to work out what on earth it is that unites those opposite. Then Senator Sue Boyce let us know. In a particularly impressive publication called 'Effective Opposition', which surprisingly was made by a member of the opposition in the federal parliament, Senator Sue Boyce let us know what the main game was. She said, 'It's full of tips and strategies to help maintain our focus at branch and SEC level on the main game—beating the Labor Party.'

What happened to the main game being a plan for the future? What happened to the main game being providing choice for people who grow wheat? It is actually their wheat; it does not belong to the National Party. It is their wheat and they should have the choice of who they sell it to. Who they export their wheat to is a choice that the government believes they should have. It is a choice that the National Party believes should be denied to them. It is a choice that one day, if there is any interest in providing certainty for wheat growers, the opposition will declare a position on.

Mr Rudd—Mr Speaker, I ask that further questions be placed on the *Notice Paper*.

QUESTIONS TO THE SPEAKER

Hansard

Mr RANDALL (3.55 pm)—Mr Speaker, I have a question for you. Is it in order for members to approach Hansard staff while the House is in session in order to hand them material?

The SPEAKER—There are standard procedures for Hansard that are well known.

Mr RANDALL—Mr Speaker, I have another question.

The SPEAKER—Is it on the same point or is it a different question?

Mr RANDALL—It is similar to that question. Isn't it more appropriate to be handing this sort of material to the attendants rather than directly to Hansard staff? Will you answer my question, Mr Speaker?

The SPEAKER—I think it is up to members. I do not see this as one of the greatest issues ever.

Mr Randall interjecting—

The SPEAKER—Whilst not giving an advisory ruling, there is a lot of movement in the chamber, let alone people dropping off messages to Hansard.

Mr Randall interjecting—

The SPEAKER—The member for Canning had two goes at raising a question. There is no need for him to continue it.

CONDOLENCES

Mr Leonard Thomas Devine

Ms PLIBERSEK (Sydney—Minister for Housing and Minister for the Status of Women) (3.56 pm)—Mr Speaker, I seek your indulgence to say a few words about the death of Len Devine last week. Leonard Thomas Devine was born on 14 October 1923 and was 84 when he died. In March this year, he celebrated his 60th wedding anniversary with his wife, Barbara. I know that his children, Diane and Leslie, and his grandchildren will miss him very much. He was the member for East Sydney from 1963, elected in a by-election, until 1969, when he retired. Barbara and Len Devine and Len's brother-in-law Fred Miller and his wife, Rose, were very important figures in the ALP

in the inner city at a very tumultuous time for the Labor Party. I just want to acknowledge Leonard Devine's passing.

Dr NELSON (Bradfield—Leader of the Opposition) (3.57 pm)—Mr Speaker, on indulgence: I join the Minister for Housing in supporting those remarks of condolence to Leonard Devine's family. We would have appreciated being notified of this so that we could have had the opportunity to prepare some remarks.

BUSINESS

Days and Hours of Meeting

Mr ALBANESE (Grayndler—Leader of the House) (3.57 pm)—I move:

That the House, at its rising, adjourn until 12 noon on Tuesday, 3 June 2008, unless the Speaker or, in the event of the Speaker being unavailable, the Deputy Speaker, fixes an alternative day or hour of meeting, and for government business to take precedence from 12 noon until 2 pm on that day.

I have done this now rather than at the end of the day so that all members can be notified of what is planned for tomorrow. The intention of the government, in consultation with the opposition, is that from 12 noon tomorrow until 2 pm the debate on the Fuelwatch legislation will continue. It has also been agreed that there will not be any interruptions to that debate. The parliament is likely to sit late tomorrow evening. That is on the basis that members have suggested that they would rather sit late on Tuesday night than Wednesday night when there are various functions that people have to attend. The government does have 22 bills that it needs to get through the House of Representatives this week so that they can be ready for the Senate when we return in two weeks time.

Mr HOCKEY (North Sydney—Manager of Opposition Business) (3.59 pm)—In dialogue with the Leader of the House, we are trying to be as accommodating as we can be.

But I say to the Leader of the House that the way bills are being rammed through this chamber at this moment is quite simply unprofessional. Last year 11 bills were guillotined; five of them were related to the Northern Territory intervention. So far, the Labor Party in government have guillotined three bills and indicated they are going to guillotine other bills throughout the course of this week. As a result, we are now finding out more about the Fuelwatch bill, for example, through sources other than debate in the chamber. I say to the Leader of the House: getting legislation through this chamber is difficult at the best of times but, if this is going to be an unholy mess, we will ensure that the government are held accountable for it. If they are not organised, we will make sure that that disorganisation has a price.

Question agreed to.

MINISTERIAL STATEMENTS

Financial Stability

Mr SWAN (Lilley—Treasurer) (4.01 pm)—by leave—A year ago this month, shares in the Bear Stearns investment bank were still trading on the New York Stock Exchange at around \$150; the US federal funds rate had reached 5.25 per cent after 17 successive increases; the Bank of England was looking to increase the cash rate; and both the United States and the United Kingdom were completing one of the most robust quarters of growth that either had experienced for some years. It was widely and rightly said then that over the previous five years the global economy had experienced a boom the likes of which had never been seen in human history.

In the year since then, a great deal has changed. Last week the remnants of Bear Stearns were formally merged into JPMorgan Chase, ending the existence of an investment bank which had, in its 85 years, survived the

Great Depression, World War II and innumerable financial crises in Latin America, Russia and Asia to be brought down not by a financial collapse in emerging markets, not by a global recession and not by a clever hedge fund or derivative strategy gone wrong but by the consequences of poor home lending standards in the American heartlands of Florida, Michigan and California.

Bear Stearns was, of course, only a small instance of the damage wrought by what we have come to call the US subprime financial crisis. Since mid-September last year the US central bank has found it necessary to cut the cash rate seven times, US consumer confidence is close to a 15-year low and, partly because of that decline in confidence, the downturn in the US housing market, which explains so much of the downturn in the US economy overall, continues to deepen. The total announced asset write-downs and credit losses as a result of the global credit crisis for US financial institutions and global banks are now estimated to be \$380 billion. Through its impact on financial markets and investment banking centred in London, the UK has also been affected by the US subprime crisis. Through losses sustained by global banks based here, Europe too has felt the chill of this long and difficult financial episode. Although to a much lesser extent, Australia also saw some of the impact of this financial crisis and within days of its appearance in the United States. Because of the global uncertainty, Australian banks also became reluctant to part with liquidity. In July last year the spread between the cash rate maintained by the Reserve Bank and the three-month bank bill swap rate sharply increased. Although subprime lending is only a very small proportion of overall Australian mortgage lending, by December the market for high-quality securitised Australian mortgages, which is largely offshore, was as dead as the market for US securitised mortgages

infected with subprime risk. And though Australian business profits were strong and corporations were not highly leveraged, it became difficult for even the best names to borrow on reasonable terms directly in financial markets. Our banks found that the global market for term funding was harder to access and very expensive. They discovered, as banks abroad discovered, that at exactly the same time as they encountered new difficulties in funding for their balance sheets they also encountered sudden new demand for credit from borrowers who found it hard to obtain it elsewhere. All this occurred, I must emphasise, despite the fact that major Australian financial institutions had not then and have not now any significant exposure to US subprime debt or, indeed, had not then and have not since then experienced any significant increase in bad debt.

I can report to the House that the Australian government agencies responsible for the health of our financial system performed their duties well in minimising the impact of this global crisis on the Australian economy. APRA has conducted a rigorous program of risk evaluation and inspection in the years leading up to this crisis—a program which discouraged institutions from reckless lending. It also moved quickly to step up its monitoring activities as the impacts of the financial turmoil hit our shores. The Reserve Bank of Australia moved quickly in recognising the unusual and immediate liquidity needs of the Australian banking system. It also recognised early that, in the peculiar circumstances of this particular financial crisis, it needed to extend the range of financial instruments which it would accept as collateral in its lending operations. The prompt action by the RBA in respect of both overnight and term funding stabilised the Australian financial system, maintained confidence and permitted Australian banks to expand both their assets and their liabilities

to match the new demands placed on them by business and household borrowers.

The banks themselves also responded to the US subprime crisis in a timely manner. They were able to rapidly expand their retail deposit liabilities in the second half of last year, for example, and in the first quarter of this year their high credit standing and strong global reputations permitted them to continue to access global debt markets, this time on a considerable scale.

There are certainly also problems that we encountered here during the crisis. Because the market for residential mortgage backed securities remains dormant, it has been difficult for many smaller mortgage originators to continue to compete. Highly leveraged businesses with illiquid assets have found that their model no longer works as it did when credit was more plentiful and spreads were narrower. The sharp fall in equity prices since the middle of last year has exposed the perils of speculation funded by margin lending. Though still markedly higher than they were a year ago, credit spreads are today narrower than they were a few months ago and have continued to decline in recent weeks.

Credit growth in Australia has slowed, consistent with the rise in domestic interest rates over the past three years and tighter credit conditions. But we have not seen a significant increase in bad debts. Output growth and employment remain quite firm. There have also been some positive signs in international credit markets, but I do not wish to suggest that it is all now plain sailing in the global economy. The US economy remains very weak, and it is quite possible that further credit defaults and in different areas will be exposed as a result of the deterioration in business conditions in that economy. Lending growth has slowed in that economy, credit spreads remain elevated and

the lenders' appetite for risk is much diminished.

All of this is occurring at a time of very high oil and other commodity prices, rising food prices and global inflation. In the past year the benchmark price for global crude oil has doubled while the IMF's measure of global food prices has risen by almost 50 per cent. Pressure on global oil prices in particular is set to continue. Ongoing strong economic growth in much of the developing world, in particular China and India, is putting upward pressure on global oil prices. At the same time, supply is struggling to keep up, due to significant underinvestment in exploration and development as well as uncertainty about the security of supply from important oil producer countries, not least in the Middle East. This will continue to put pressure on family budgets right around the world, not least here at home, and constrain growth in major consumer nations.

This strong economic growth in emergent countries and the associated higher oil prices are also putting pressure on world food prices. We are addressing this at home through measures to increase competition in the supermarket sector. The government is also assisting the world's poorest people through \$30 million in emergency assistance to countries most affected by steep rises in the prices of essential food supplies.

The impact of higher commodity prices, in particular oil and food, will be a central theme of my discussion overseas, in particular at the G8 finance ministers outreach meeting in Osaka. We will discuss how to address the root causes of food insecurity in developing countries and the role Australia can play through increased development assistance, constructive participation in multi-lateral processes and the continued advocacy for international trade policy reform.

As a major world food producer, Australia also has a central role to play in addressing this global challenge. These are not circumstances in which we can relax or declare the financial problems of last year or their impacts now completely behind us. We only need to look at the forecasts in last month's budget to appreciate the impacts that slower world growth combined with higher domestic interest rates will have on our economy. These also demonstrate that much of the impact on the real economy is yet to be felt.

Though we have come through the last year in reasonable shape, the government is still attentive to some sensible things it can do to further strengthen our financial system against the inevitable shocks of the kind evident in the last year. Nor are we concerned only about our own regulatory framework. We experienced here many of the effects of the US subprime financial crisis, despite our financial institutions not sharing any of its causes. That experience reminds us that, however sound our own financial system, we also need to do whatever we can to support a sound global financial system.

Both I and the Prime Minister have been in close contact with US, UK and European government leaders, with central bankers and with the heads of the major international agencies who have been grappling with the financial crisis. In the international forums in which we participate, including the Financial Stability Forum, the G20 and the IMF, Australia has pressed a firm view in support of international cooperation in addressing the crisis, greater transparency in the disclosure of risk and strengthened systems for providing early warning of emerging global financial risk.

We ourselves have responded to the recommendations of these global forums. The Financial Stability Forum, for example, has recommended strengthened prudential over-

sight of capital, liquidity and risk management; enhancing transparency and valuation; changes in the role and uses of credit ratings; strengthening the authorities' responsiveness to risk; and robust arrangements for dealing with stress in the financial system. I have asked the financial regulators and my department to work closely together on the recommendations and to keep me regularly informed of the developments.

The government has also been developing two measures to strengthen our financial system. The first is the increased issuance of Commonwealth government securities, which I announced last month. This action will support market liquidity and ensure sufficient market depth in three- and 10-year parts of the government bond yield curve to support consistent pricing in the Australian market for long-term debt. There will, of course, be no increase in the net debt of the Commonwealth, because the increase in government bonds outstanding will be matched by the acquisition of new financial assets. The government is also broadening the range of securities that the Australian Office of Financial Management may invest in and accept as collateral for its securities-lending facility.

The other change which I am announcing today follows a proposal from the Council of Financial Regulators for dealing with financial institutions experiencing difficulties. The government intends to establish a financial claims scheme to give depositors in an authorised deposit-taking institution—or ADI, as the legislation describes it—prompt access to funds in the unlikely event that such a financial institution should fail. The financial claims scheme will also cover general insurance claims by households, small businesses and not-for-profit entities where the insurer has failed.

At the same time, the government will enhance the existing tools that Australia's regulators have to effectively manage an institution in difficulty. This risk of failure of a bank, credit union or building society is, I must say, a very small one. Our framework is designed to minimise the likelihood that any institution regulated by the Australian Prudential Regulation Authority could fail. That is not to say that the rules will prevent a regulated financial institution making a loss, which is something that all businesses risk, but it is to say that the rules are designed to minimise the likelihood that a regulated institution could make a loss substantially bigger than its capital reserves or its capacity to replenish those reserves. Even where the loss threatened the financial viability of the institution, the Australian government and its agencies would seek a commercial solution to see both the remaining assets and the deposit liabilities assumed by another entity.

The outright failure of a regulated bank is, I think, very unlikely, and indeed the history of the Australian financial system shows that such failures are rare events. Were it to occur, honourable members will know that under the Banking Act depositors have first call on the assets of the failed institution. They have priority over all other creditors. This means that in the unlikely event that an ADI failed, liabilities to depositors would be paid out before any other liabilities were met. I am advised that it is difficult to envisage circumstances in which the totality of these deposits would not be more than matched by the remaining assets of the failed institution. In my view, however, it is not enough to know that depositors would very likely eventually get their money back through the liquidation process.

Many depositors, especially households and small businesses, depend on their funds in their bank accounts for day-to-day needs and would suffer considerable hardship if

they were unable to access those funds for some months while an institution was wound up. Most people, for example, have their wage paid into a bank and draw it down as required. Pensioners and superannuants have their pensions paid into a bank. Students have their allowances paid into a bank. The Australian government, by and large, these days pays family allowances and so forth through banks, preferably directly into the account. It would cause considerable distress if these depositors were unable to access their funds for a considerable period of time.

We now propose that the Australian government will establish a scheme under which depositors in a failed institution would, within weeks of a failure, be refunded their deposit up to the limit, per person, of \$20,000. The scheme will include chequing deposits, savings deposits and term deposits. It will cover banks, credit unions and building societies which are regulated by APRA. The scheme will be administered by APRA and, were it ever necessary to activate the scheme, the Treasurer would seek advice from APRA, the RBA and the Treasury.

These proposals are not new. They have had a long period of time in development, both under the previous government and under our government. I would also like to assure the House and through it the Australian people that these proposals are not a response to any concerns with Australia's ADIs. As I have said, they have weathered the current turbulence well. The proposed scheme is part of a comprehensive and thoughtful package of reforms proposed by the Council of Financial Regulators and agreed by the government.

The scheme I am announcing today had its genesis in policy reviews following the failure of HIH and in the 2003 study of financial system guarantees by Professor Ken Davis. These are changes that were sup-

ported in the IMF's financial sector assessment of Australia and have been carefully considered by our leading financial regulators. The Australian government will fund the operation of the scheme in the first instance, with taxpayers' contributions recouped through the liquidation of the failed institution or, in the event that it was insufficient, by a levy on relevant financial institutions, which will be authorised in legislation accompanying the establishment of the scheme.

Honourable members will readily understand that this scheme is limited and designed to be limited. Its essential purpose is to have a reliable means of quickly giving retail depositors access to funds they need for their day-to-day expenses should an institution fail. It will fully cover the deposits of the vast majority of depositors in a failed institution. I am advised that approximately four-fifths of depositors have balances of less than \$20,000. It should be noted, however, that a small number of large depositors with balances over \$20,000 account for well over half of the volume of deposits in most institutions. These larger depositors would have access to only \$20,000 under the scheme and would have access to the remainder of funds in the usual way—through liquidation. This is not and is not intended to be a general deposit insurance scheme. We are not seeking to protect large-scale investors from risk, nor to burden the banking industry with a pre-funded scheme that may never be used.

What I am announcing is a simple plan to minimise the distress for working families, pensioners and students in the very unlikely event that an Australian ADI fails. It will give them an assurance that they will get their money and get it quickly. There is nothing in this scheme which will reduce the incentive for large depositors to prudently examine the circumstances of the institutions in which they have deposited money. Nor is

there anything in this scheme which abridges or circumscribes the ability of the Reserve Bank of Australia to offer liquidity facilities to an otherwise sound institution which, for one reason or another, is experiencing withdrawal of deposits at a faster rate than it can realise assets to meet those withdrawals.

Australia and New Zealand are alone among OECD nations in not having a predetermined scheme to assist depositors in the event of a financial failure of a depository institution. This scheme I announce today meets that need and in a manner appropriate to Australia's circumstances, and that reflects the sound and successful arrangements already in place. It is designed to minimise the cost to taxpayers and the burden on existing financial institutions.

It is important to note, particularly given the most recent failure of a regulated institution in this country was the HIH collapse, that the government is also introducing measures to protect general insurance policyholders. If an APRA regulated general insurer fails, the scheme would compensate policyholders for the full amount of any valid claim under their policy. In the same way as the scheme is intended to apply in relation to banks, the focus will be on those least able to bear the losses, with eligibility limited to individuals, small businesses and not-for-profit entities. The scheme will not cover life insurance, superannuation or market linked investment products where investors are motivated to increase their returns by taking greater risks. Nor will the scheme apply to institutions which are not regulated by APRA.

In reviewing Australia's crisis management arrangements in the financial sector, the Council of Financial Regulators also considered the suite of powers available to regulators for managing financial instability and distressed financial institutions. The council

has identified a number of reforms which would enhance the ability of regulators to effectively manage a distressed financial institution and to maintain financial stability. These reforms include providing consistent arrangements for the transfer of business across banking, general insurance and life insurance, with the appropriate oversight by the courts and the regulators.

The reforms will also provide for the judicial management of general insurers and bring non-operating holding companies in the life insurance sector into the regulatory net and remove potential legal barriers to the recapitalisation of a failing institution. These are sensible enhancements to our existing regulatory arrangements, and the government will bring forward legislation to enact these proposals as part of the package of measures that I am announcing today. It is important that the government ensures that APRA and the RBA have the tools they need to act swiftly and effectively to resolve and, if possible, to avoid any crisis in a regulated institution. This is particularly important with our key financial institutions, where instability in one can quickly spread through the system and create instability in other, otherwise sound, entities.

As I mentioned, our financial system and our regulatory structures have weathered the financial turmoil of the past year well. I have had my differences with the major Australian banks, and I do not apologise for that. But there is no doubt about the strength and soundness of the Australian banking system over the last year. I do not propose to say anything today about the proposed merger between Westpac and St George, which, as honourable members will know, will be subject to scrutiny by the ACCC and APRA, as well as by me and my department. We will review the facts which emerge from this scrutiny and make our decision based on those facts.

But I want to say that in my view the issue of whether or not the merger is approved does not bear on the four pillars policy, which has been maintained in one form or another by four successive Prime Ministers and seven successive Treasurers over nearly two decades. Indeed, I take our experience over the last year as a demonstration of the soundness of the four pillars policy. These are banks which have performed as well as or better than any banks in the world during an exceptionally difficult period. Quite apart from the need to sustain competition in the banking market, I would not be at all comfortable if the soundness of our banking system depended not on the strength and risk management skills of four banks but on the strength and risk management skills of a lesser number. Whatever may be the outcome of the banking merger now under consideration, this government sees no case for changing the four pillars policy, which has served Australia well.

The Australian government is committed to working with the financial services sector to build Australia's regional presence as a financial services centre. Innovative Australian providers of financial services have achieved considerable success in global markets in recent years. But the potential is even greater, as financial service markets in our region continue their rapid expansion. The government looks forward to working with the industry on a range of matters, including education and training, overseas market access and tax and regulatory arrangements to strengthen Australia's competitiveness in regional and global markets for financial services.

As I mentioned earlier, Australia has been actively pressing for stronger international cooperation and an enhanced international early warning system for financial and economic risks to diminish the risks of future crises. I propose to pursue this reform

agenda in visits to London later this week, to Beijing and then on to the G8 meeting in Osaka the following week.

At the same time, I will be taking to the global financial markets of London and to the leaders of the major economies in Osaka a clear message about Australia's experience in the global financial crisis of the last year and about our prospects for coming years. I will be telling the world that we have weathered the last 12 months of financial crisis well. I will be saying that this is not because our financial system is closed against the influences of the global financial system, not because we have limited our engagement in the international economy but because we have sound financial institutions with good risk management practices, supported by a strong prudential regulatory framework and an adroit central bank. I will be saying that, after 17 years of uninterrupted expansion, the central economic objective of this government is now to use our fiscal strength to invest in infrastructure, education, skills and training—areas we think essential to support our continued expansion and which have been for too long neglected. I will be saying that Australia is and—under this government—will remain an exemplar of openness, of engagement with the global economy and of willingness to invest of our own future. I thank the House.

I seek leave to move a motion to enable the member for Wentworth to speak for 26½ minutes.

Leave granted.

Mr SWAN—I move:

That so much of the standing and sessional orders be suspended as would prevent Mr Turnbull speaking for a period not exceeding 26½ minutes.

Question agreed to.

Mr TURNBULL (Wentworth) (4.28 pm)—The Australian financial system is a robust and resilient one. It has withstood the

turbulence of the subprime crisis, as the Treasurer has noted, because of more prudent lending practices in Australia and the very disciplined regulation of our financial sector. The numbers tell the story. In the United States, subprime loans represent around 13 per cent of all outstanding mortgages; in Australia, they represent less than one per cent. While there are some areas in Australia where there are significant default rates and very significant declines in property values—I cite some suburbs of south-western Sydney as examples of that—by and large our default rates are low historically and relative to other countries, the United States in particular.

So it is, as the Treasurer intimated, somewhat unfair that the Australian financial system has been tarred with the same brush. The securitisation markets for mortgages have been, as he said, as closed to Australian issuers as they have been to those emanating from the United States. That has obviously reduced the ability of Australian financial institutions to outsource their balance sheets, effectively, and this has had a particularly harsh impact on the smaller Australian lenders, the smaller banks and the mortgage brokers, and the various intermediaries whose presence in the market has done so much to improve competition and to reduce the cost of mortgage finance or at least the margins on mortgage finance for Australian borrowers. That has been the consequence of the subprime crisis in the United States.

It has also had an impact in that there has been a flight to quality. That has happened right across the system. The difference in the borrowing cost by a bank rated 'A', a smaller Australian bank, and one of the big four—a bank rated 'AA'—has increased significantly. In other words, one of the factors no doubt underlining the thinking of the directors of St George Bank in its discussions with Westpac is that as a lower rated bank, in

terms of its credit rating, than Westpac it now has to pay relatively more—relative to Westpac—to borrow money that it on-lends to customers than it did a year or two ago. And of course that works all the way through the system. Nonetheless, the system is strong and it is likely, indeed almost certain—there are no certainties in finance—to remain so.

The Treasurer has outlined a number of measures in his statement which we welcome in principle. We will need to see the detail of them all, and I am sure he will make those available in due course. I have seen no more than the Treasurer's statement so I cannot speak to the detail of what he is proposing. But the proposal on the \$20,000 guarantee—I suppose the best way to describe it is as a guarantee—per customer for deposits in a failed deposit-taking institution is one that, in principle, the previous government supported but had chosen not to announce because of a concern that, in the credit market prevailing towards the end of last year, the announcement of that measure might have created more uncertainty than it would remedy. Having said that, there are some important design features associated with this guarantee that we need to discuss now, and it is very important that the Treasurer addresses these.

Any guarantee of this kind carries with it a moral hazard; that goes with the territory. I can give you a classic example with which I had some personal experience nearly 20 years ago, and that was with the savings and loans industry in the United States. These were in effect what we would call building societies or credit unions. For many years, from time immemorial, they had had very strict prudential limits on what they could invest their money in. But there was also a \$100,000 guarantee for depositors: the first \$100,000 of every depositor's account was guaranteed by the federal government. The congress decided to relax the prudential re-

quirements but left the guarantee in place. What that meant of course—this is the classic example of a moral hazard—was that depositors knew that as long as their deposit was \$100,000 or less they would get their money back no matter how risky the activities of the savings and loans company might be. So there was, if you like, an indifference on the part of depositors to risky activities by S&Ls and, as we know, many of them did engage in extremely risky activities in terms of investments—investing in junk bonds and highly leveraged real estate transactions—in order to chase yield and be able to offer higher deposit rates to their depositors. The consequence was that a great many of these S&Ls went into bankruptcy and they ended up being taken over by the US government through a vehicle called the Resolution Trust Corporation, which in my previous profession I represented in a very large bankruptcy. That was a classic case of the moral hazard going wrong. In fact it was said at the time, with the benefit of hindsight, that the government should have either left the guarantee in place and left the prudential limitations in place or alternatively, if it was going to relax the potential limitations, removed the guarantee. Doing one and not the other created that problem.

In the context of this proposal by the Treasurer here, there is a very important question which he has not answered and not addressed in sufficient detail, in his ministerial statement, and I would encourage him to do that. The question is this: does the guarantee or the assurance of a timely return of \$20,000 for each depositor mean that deposits up to \$20,000 have a priority in an insolvency over deposits greater than \$20,000? One can readily see where the problem might arise. The Treasurer himself notes that in many of these institutions up to half of the total value of deposits is taken up by a smaller number of large deposits—of well in

excess of \$20,000—but the vast bulk of depositors have deposits of \$20,000 or less. If for example, in a nightmare situation, there is only 50c in the dollar available to return to depositors and if all depositors have a priority, a first claim, as to the first \$20,000 in their deposit, that would mean that a depositor with a \$20,000 account could get 100c in the dollar back but a depositor with more than \$20,000 could get considerably less than what his or her pro rata entitlement might otherwise be.

Why is that important? It is very important in the Australian context because our deposit-taking institutions have different profiles in terms of their funding base. Professor Kevin Davis noted in his report on financial guarantees following the HIH collapse back in 2004 that the credit unions and building societies have a much larger percentage of their funding base coming from what we would call retail deposits. It is a very high percentage, whereas the larger banks have a lower percentage because they access the wholesale markets for funding. In the inconceivable scenario of a major bank going into insolvency, the depositors would rank ahead of the providers of wholesale money. In those circumstances, if you like, they have a lot of headroom above other liabilities. With a credit union or a building society, that is simply not the case.

This issue is one that has been of concern to regulators, commentators and reviewers for a long time. I note that there was a good description of it in the Wallis report back in 1997. Mr Wallis makes this observation about capping depositor preference, which is what the Treasurer is talking about—capping the preference for depositors at \$20,000:

Capping depositor preference is an approach adopted in most deposit insurance schemes. Under such an arrangement, depositor preference would operate in two tiers: first preference would apply up to the cap and second preference would

apply to all other deposits. However, smaller DTIs which have a much heavier reliance on deposits for their funding than larger institutions could have difficulty attracting larger deposits under such a restriction and would be relatively disadvantaged in the marketplace by an arrangement designed to deal only with circumstances that are likely to arise rarely, if at all.

He goes on to say:

On balance, the Committee concluded that there should be no cap placed on the value of deposits subject to preference.

The point is a very powerful one, and it is something that we simply do not know, based on what the Treasurer said. We do not know whether the Treasurer is saying that deposits of \$20,000 or less have a preference so that they all have to be returned, up to \$20,000, before any remaining funds are divided between other deposit holders, or whether all of the funds available to depositors are distributed *pari passu*—proportionately to their interest—so, if there is 50c in the dollar available, everyone gets 50c, but the government would only step in to top up those deposits up to the level of \$20,000.

The difference is a very important one because, plainly, if it is the first scenario, those depositors with sums in excess of \$20,000 will, firstly, be inclined to open up several different accounts and break them up into accounts of \$20,000 or less and, secondly, there will be a clear incentive for a depositor with, say, \$200,000 to take that deposit to a larger institution whose funding base is composed of a smaller percentage of retail funds. It would mean taking that deposit from, say, a small bank, a building society or a credit union, and taking it to one of the big four. That flight to quality is already happening to some degree and this could exacerbate it. That is something the Treasurer should take into account. I urge the Treasurer to clarify

precisely how this \$20,000 guarantee is going to work.

Having said that—and that is purely a question of clarity and clarification—it is vital always for the Treasurer and the government to project confidence about our financial system. We have a very strong financial system here in Australia and we should tell that to the world. I am delighted that he is going to be travelling abroad and doing so, but he should mend his ways. Now the budget is done, he does not need to keep talking down the Australian economy, which he was doing for the first six months of his tenure. It is very important that the Treasurer of the Commonwealth of Australia speak strictly accurately and confidently about our financial system.

In that sense, it is also important to speak fairly. In the last few sitting days we have seen an extraordinary performance of venous denigration of those people in the financial community who dare to disagree with the government and with the Treasurer. You may recall that last week, in the context of debating Fuelwatch, I quoted Michael Luscombe, the chief executive of Woolworths, who had said in a call with analysts that their margins on petrol were higher in Western Australia than in anywhere else in the country, thanks to FuelWatch. Mr Luscombe is the chief executive of a very large public listed company. As the Treasurer knows, the consequences of a CEO of a listed company making misstatements about its financial affairs are extremely serious, and nobody would do that wantonly or recklessly or deliberately if they valued their reputation and that of their company.

I cited that simply to make the point that the argument that Fuelwatch would be better for motorists and would bring down prices really flew in the face of a great deal of evidence. That was one piece of evidence. The

Assistant Treasurer's response was to interject: 'If you believe that, you will believe anything.' In other words, Mr Luscombe was a man not to be believed. That is an extraordinary thing for the Assistant Treasurer to say. There has been no apology, no correction, no retraction—nothing. Today I cited a report by a very distinguished economist called Sinclair Davidson, from RMIT in Melbourne, criticising the methodology—insofar as it is understood—used by the ACCC in assessing Fuelwatch. The Treasurer's immediate response was to attack the man and to say that Professor Sinclair Davidson was biased. He attacked his credibility not on the basis of what he had written and not on the basis of any of his arguments or any of his algorithms but rather by saying that he cannot be believed; he is a political confederate of the shadow Treasurer.

Then we had similar criticisms of the ACCC's work by the expert petrol industry data provider, Informed Sources, which came out today and which really undermines the credibility and the methodology of the ACCC in a very profound way. This is an expert group. They know more about petrol price data, patterns, markets and cycles than any other group in Australia. Their data is relied on by everybody, including the ACCC. They have expressed their very grave concern about it, and the answer again from the Assistant Treasurer was to attack Informed Sources' credibility and say that they are biased too. That type of conduct undermines the credibility of the Australian government and undermines international financial markets' faith in the Australian financial system. It is vital that we have a Treasurer, an Assistant Treasurer and a Prime Minister who speak confidently, positively, accurately and fairly about financial issues in Australia.

If people criticise a decision of the government and go to the trouble of producing a paper—a mathematical analysis full of alge-

bra and algorithms and setting out all of the assumptions—the appropriate response for the government is to take that on board, take it on its merits and if they believe it is wrong, to demonstrate why it is wrong. The government employs more economists than anyone else in Australia, so there is no shortage of people who can be set to work to pick holes in any analysis that is presented out of the business world. Instead, the reaction was to denigrate, to attack and to sneer. That is very damaging. It gives the impression of a government that is not interested in an accurate, well-regulated financial market but simply wants to play politics. We saw that with the Treasurer's notorious remark, which we hope we will never see again, when, the day before the Reserve Bank met, he held that extraordinary press conference and said, 'The inflation genie is out of the bottle.'

That made headlines around the world. The headlines and stories were saying—in the *Financial Times*, for example, and in the other great financial newspapers of the world—that the Australian Treasurer thinks inflation is out of control in his country. Plainly, inflation is a very serious challenge. It is a very serious global challenge and it is a very serious challenge in Australia. It has been so for some time. We recognise that, and we regularly debate the appropriateness of different measures and approaches to dealing with it. But to say that inflation is out of control was an extraordinary thing to do because that undermined confidence in our economy and, above all, it undermined confidence in our central bank. That was why when the Reserve Bank Governor, Glenn Stevens, was asked about this when he testified before the House of Representatives economics committee not so long ago, he very testily responded, 'Inflation is not out of control.' It is his job to manage inflation, and he has—just as the previous government had—a very proud record of managing infla-

tion precisely in accordance with the inflation-targeting objectives of monetary policy: that is to say, between two and three per cent on average over the cycle.

It is fine for the Treasurer to stand up here today and talk about enhancing the stability and credibility of the Australian financial system, but, as with so many aspects of this government, he has to do more than talk the talk—he has to walk the walk. He has to move beyond the spin and actually demonstrate that he has a commitment, a real commitment, to the type of confident, accurate and disciplined economic management that is expected from the Treasurer of a great country and a strong economy like Australia. We have seen far too much spin from this government, and much of it has been very damaging—not just to the government in a political sense but also to Australia. He also needs to be quite precise as to how this \$20,000 guarantee is going to work, because the lack of clarity there, for the reasons I described, could have very significant implications for Australian deposit-taking institutions, particularly the smaller deposit-taking institutions whose funding is much more heavily dominated by retail deposits. It would be a great pity if a lack of clarity from the Treasurer resulted in a decline in deposits in excess of \$20,000 in institutions of this kind, because that would put those institutions under more pressure. They are under considerable pressure at the moment for the reasons I described at the outset of my response. I thank the House.

PETITIONS

The DEPUTY SPEAKER (Dr MJ Washer)—I present petitions in accordance with standing order 207.

The Clerk—Petitions from certain citizens have been lodged as follows:

Immigration: Asylum Seekers

To the Honourable the Speaker and Members of the House of Representatives assembled in Parliament.

Whereas the 1998 Synod of the Anglican Diocese of Melbourne carried without dissent the following Motion:

‘That this Synod regrets the Government’s adoption of procedures for certain people seeking political asylum in Australia which exclude them from all public income support while withholding permission to work, thereby creating a group of beggars dependent on the Churches and charities for food and the necessities of life;

and calls upon the Federal government to review such procedures immediately and remove all practices which are manifestly inhumane and in some cases in contravention of our national obligations as a signatory of the UN Covenant on Civil and Political Rights.’

We, therefore, the individual, undersigned Attendees at Holy Trinity Anglican Church, Hampton 3188; St James’ Anglican Church, Drysdale VIC 3222; St Paul’s Anglican Church, St Leonards VIC 3223; St John’s Anglican Church, Portarlington VIC 3223, and Monash Church of Christ, Glen Waverley VIC 3150, petition the House of Representatives in support of the above mentioned Motion.

AND we, as in duty bound will ever pray &c.

by **The SPEAKER** (from 50 citizens)

Australia Post

To the Honourable the Speaker and Members of the House of Representatives assembled in Parliament.

This petition of concerned residents of Australia draws the attention of the House the need for a Post Office in Jewells. We the undersigned believe that there should be a Post Office in the Jewellstown Shopping Centre Your petitioners therefore respectfully request the House to consider the opening of a Post Office at Jewells, as this area has the population to support their own service.

by **The SPEAKER** (from 1,176 citizens)

Homelessness

To the Honourable the Speaker and Members of the House of Representatives assembled in Parliament.

The petition of residents of Australia draws to the attention of the House the issue of the decline in affordable housing and the growing number of people who are homeless. The overall increase in general living expenses including a considerable increase in the cost of housing; both to buy or rent, has put considerable strain on people and is contributing to the overall increase in homelessness.

Further to this, over the last several years there has been a decline in real funding for the Supported Accommodation Assistance Program (SAAP), emergency accommodation and public housing adding to this issue.

Your petitioners therefore request the House invest a proportion of the government’s vast surplus to provide further funding for SAAP services, emergency accommodation and public housing to ensure safe and affordable accommodation for all citizens because Housing is a Human Right!

by **The SPEAKER** (from 1,498 citizens)

Townsville

To the Honourable the Speaker and Members of the House of Representatives assembled in Parliament.

The petition of certain residents of Townsville draws to the attention of the House that there is a proposal to build a V8 Supercar racetrack in Reid Park in the centre of Townsville. This proposal can proceed only if the Federal Government provides \$10,000,000.00 funding.

Your petitioners believe that it is not appropriate to use this central open parkland in the centre of Townsville for a V8 Supercar Racing facility. The Park is central to existing residential suburbs, proposed high-density housing, community centres and the Townsville High School. Your petitioners further state that the amount of Local, State and Federal funds (\$41Million) being used for an inner city race track that will be used for only one week a year is a poor use of the people’s money.

Your petitioners therefore request the House do NOT fund the proposal for the V8 Supercar race-track in Reid Park, Townsville.

by **The SPEAKER** (from 5 citizens)

Cluster Munitions

To the Honourable the Speaker and Members of the House of Representatives assembled in Parliament.

The petition of certain citizens of Australia draws to the attention of the House: That unexploded cluster submunitions disproportionately kill and maim civilians, including a high percentage of children, delay relief efforts in post-conflict countries as well as disrupting long-term development, and continue to kill and maim long after they are deployed and the conflict has ended. We note that Australia does not possess cluster munitions and does not use them. Your petitioners therefore ask the House to

- Legislate a ban on the production, transfer, stockpiling and use of cluster munitions that cause unacceptable harm to civilians;
- Pass a motion supporting the Oslo Declaration committing Australia to working towards an international treaty that would ban the production, transfer, stockpiling and use of cluster munitions that cause unacceptable harm to civilians globally.

by **The SPEAKER** (from 2,194 citizens)

Petitions received.

Responses

The Clerk—Ministerial responses to petitions previously presented to the House have been received as follows:

Cluster Munitions

Dear Mrs Irwin

Mrs Julia Irwin MP Member for Fowler Chair Standing Committee on Petitions Parliament House CANBERRA ACT 2600

Thank you for your letters dated 17 March 2008 about a petition on cluster munitions and a petition on anti-vehicle mines made to the Standing Committee on Petitions. I note that the Minister for Defence, the Hon Joel Fitzgibbon MP, has

responsibility for anti-vehicle mines, and he will reply to the Committee on this issue.

Regarding cluster munitions, I note that the Senate Standing Committee on Foreign Affairs, Defence and Trade reviewed Senator Lyn Allison's Cluster Munitions (Prohibition) Bill 2006 in 2007. I draw that Standing Committee's report on cluster munitions to the attention of the Standing Committee on Petitions.

Australia strongly supports the humanitarian goal of banning cluster munitions that cause unacceptable harm to civilians, and to that end participates actively in both the negotiations taking place under the "Oslo process" and the United Nations-based Certain Conventional Weapons Convention.

Australia will work to conclude the text of a treaty to ban cluster munitions that cause unacceptable harm to civilians at the diplomatic conference in Dublin in May 2008. To maximise its effectiveness, the treaty must be widely supported and needs to take into account core national security concerns. The Dublin conference is to negotiate the final text of a cluster munitions treaty.

The ability to retain representative samples of cluster munitions for clearance training and to develop counter-measures is a security concern for Australia. This is to enable Australian forces to protect personnel and civilians against attacks using cluster munitions, and to facilitate battlefield and humanitarian clearance. Stocks would be minimised and not be for operational use.

Another security concern for Australia and other countries is interoperability. Australia engages in coalition operations with partners that are not "Oslo process" participants. This includes missions mandated by the United Nations to restore peace and security, and humanitarian operations. It is important that a cluster munitions treaty not jeopardise such operations.

Australia supports integrated approaches to mine action to improve the livelihoods of landmine and explosive remnants of war survivors, their families and communities, including in Afghanistan, Angola, Cambodia, Iraq, Laos, Uganda and Vietnam. We fund survivor assistance and mine action (\$8.5 million in 2006-07), and in addition, have

provided \$2.5 million to the United Nations Mine Action Service in Lebanon.

I trust this information is of assistance to the Standing Committee on Petitions.

From the **Minister for Foreign Affairs, Mr Stephen Smith**, to a petition presented on 17 March by **the Speaker** (from 48 citizens).

**CROSS-BORDER INSOLVENCY
BILL 2008**

**FINANCIAL SECTOR LEGISLATION
AMENDMENT (REVIEW OF
PRUDENTIAL DECISIONS) BILL 2008**

**TELECOMMUNICATIONS
LEGISLATION AMENDMENT
(NATIONAL BROADBAND NETWORK)
BILL 2008**

Assent

Messages from the Governor-General reported informing the House of assent to the bills.

BUSINESS

Rearrangement

Mr PRICE (Chifley) (4.54 pm)—I move:

That, unless otherwise ordered, at the commencement of the Main Committee meeting tomorrow, the first item of business shall be Members' statements, each for no longer than three minutes, with the item of business continuing for 30 minutes irrespective of suspensions for divisions in the House.

Question agreed to.

**FIRST HOME SAVER ACCOUNTS
BILL 2008**

Cognate bills:

**INCOME TAX (FIRST HOME SAVER
ACCOUNTS MISUSE TAX) BILL 2008**

**FIRST HOME SAVER ACCOUNTS
(CONSEQUENTIAL AMENDMENTS)
BILL 2008**

Second Reading

Debate resumed.

Mr RAGUSE (Forde) (4.55 pm)—I will continue my remarks on the First Home Saver Accounts Bill 2008 and related bills, which I commenced prior to question time. In doing that I will not go through a range of points but I will continue on the theme of the importance of this particular legislation for the electorate of Forde. It is an area in south-east Queensland that is under intense development and there is a lot of economic activity. We are seeing what I would suggest are some of the worst examples of the lack of home availability and affordability.

This bill will go some way towards relieving some of the pressures, certainly on young families. It is very much about providing solutions. I will reiterate some of the features of the bill before I give relevance to the concerns within my electorate. This is about the Australian dream—people getting into their own homes and having the ability to save their deposits. Essentially, the price rises in Queensland in particular have been quite horrendous. The criteria in this bill cover more than just young people; they cover all people who qualify to buy their first home. The biggest hurdle for those wishing to buy is saving for their deposit. The Rudd government recognises this and will provide \$1.2 billion over four years to help first home buyers save for their first home. First home saver accounts will provide a simple, straightforward and effective way for Australians to save for their first home. I will give a little detail about the bill before I talk about the benefits of this legislation.

The first \$5,000 of individual contributions to these accounts each year will attract a 17 per cent government contribution, providing more assistance to average income earners—a great incentive for our next generation of home buyers who may currently feel denied the opportunity. They have felt the pressure of trying to get a start in the

market. For every \$1,000 contributed the government will provide \$170 tax free. Earnings will be taxed at a low rate of 15 per cent and withdrawals will be tax free when used to buy or build a first home in which to live. The accounts will allow a couple, each on average earnings and saving 10 per cent of their incomes, to accumulate a deposit of \$88,500 after five years. This is about \$12,600 more than would have been possible by saving for the deposit on their own. I am so concerned about these issues of housing generally that I have a separate motion before the House to discuss them further at some stage. The relevance of this bill is that it allows the government to give some relief to young families.

It is all about the great Australian dream—owning your own home. I bought my first home when I was 21. It cost me \$19,000 and I was on a salary of about \$15,000. So the house price was a little more than one year's salary. Today house prices are about seven times annual salary. This is particularly true for the residents of my electorate who are finding it very difficult to enter the market. We should also understand that this is a raft and clarifies very much the Rudd government's approach to young families and families who need relief. It is a piece of the jigsaw to give relief to workers and their families. The Howard government probably ignored these warning signs. I know that for a long time we called for a relief in public housing in Queensland. Even that would have certainly given us some relief. I heard the opposition speaking this morning about rent assistance and how rent assistance funds should be channelled into some other scheme. Essentially, we are stuck with that process—people who are dependent on that particular rent assistance scheme. This is another era; this is a complete approach to providing affordable housing through savings.

We have heard many times in the debate over the budget—we hear it from our Prime Minister and from our Treasurer—that it is very much about putting downward pressure on inflation, which is then going to put downward pressure on interest rates. In that environment the culture of saving is very, very important. Re-engaging young people with the ability to buy their home through an assisted program of savings has to take top marks. It is interesting to note that the opposition probably do not quite understand that our total approach to this is about providing a whole range of approaches. One of the challenges, of course, is that the availability of land is always going to have an effect on the prices of houses. It was suggested that maybe the government should look at plans. We have done that.

Our raft of proposals in this bill and in other legislation talks about our first home saver accounts, which I have just spoken about. We also have our Housing Affordability Fund, which will increase housing supply by providing money for local infrastructure and by giving state and local governments incentives to lower development charges. That is directly in response to some of the challenges that were made this morning by the opposition. We have the National Rental Affordability Scheme, which will provide investors with tax incentives to increase the supply of new affordable rental properties across Australia, saving 50,000 low- to middle-income families 20 per cent of their rental bills. Further to that we have a better approach to land release, with Commonwealth surplus land being freed for housing development or community infrastructure.

The pressure is no more obvious than in south-east Queensland where, with the economic boom—the resources boom—and a lot of people moving to Queensland, this whole raft of options will give us in Queen-

sland and certainly in the seat of Forde some relief. We really are looking for solutions but there is negativity coming from the opposition. While generally they support this plan, they want to pick off individual points and drill down into some of the aspects of the bill without understanding that this is part of those four other proposals that I mentioned. As an example, in my own family I was very pleased that on 31 May my nephew and his wife, Mitchell and Jess Raguse, had their first child. They are a young family who want to get their own home. I know that they were very, very excited by the prospect of this particular piece of legislation. They are already trying to save furiously for their first home, so this bill is certainly going to give them some relief on that.

I mentioned that this is not only about the mortgage stress but about the whole supply and demand. The opposition challenged us today by talking about the bill as not being a solution to supply. The reality is that it is all about providing new housing. Young people will have the option to buy an existing home or to build their own home. Of course, one reason we have major issues with rental property and rental availability is that there are just not enough properties available. So any encouragement to build more homes to get young people and others into their own homes will then free up that rental market. In fact the rental market in my electorate of Forde has probably been most affected, with increases of up to 60 per cent in 18 months. It is quite phenomenal. The First Home Savers Accounts Bill and associated bills are an important start for young Australians and for working families who want to make the great Australian dream of owning their own home a reality. This bill will, I believe, promote the culture of saving, which is a necessary tool to help put downward pressure on interest rates and inflation while giving Australians an opportunity to own their own homes. For

these reasons, I commend these bills to the House.

Mr HAWKE (Mitchell) (5.03 pm)—I rise to speak on the First Home Saver Accounts Bill 2008, the First Home Saver Accounts (Consequential Amendments) Bill 2008 and the Income Tax (First Home Saver Accounts Misuse Tax) Bill 2008 before the House, as a matter of vital importance to my electorate of Mitchell is the issue of affordable housing. It is a fact that one of the main contributors to unaffordable housing in Australia is state and local government taxes and charges. Also, as new-found conservatives on the benches opposite will note—understanding conservative economics as they do, with all their new-found interest in such topics—you cannot escape supply and demand inequities in the market. One of the biggest shortfalls of the legislation before the House today is that it does nothing to address supply problems.

The 2006 census showed that my electorate of Mitchell has one of the highest proportions of mortgage owners, one of the highest proportions of McMansions and one of the highest rates of couples with dependent children in Australia. Indeed, Western Sydney and north-western Sydney are facing housing affordability issues. Whilst this bill is a very small step and may help some Australians obtain their own house in the future, it is going to produce results that are, at a minimum, four years away. It is not going to do anything to address the very serious problems with supply and demand now, and they are the pressures that are pushing up housing prices. Indeed it would not be unfair to say that this legislation is tinkering around the edges of this problem rather than tackling some of the big picture issues related to affordable housing.

The Minister for Families, Housing, Community Services and Indigenous Affairs, in her presentation to the House, mentioned that she had received some letters despairing about unaffordable housing in Australia and referred to it as a crisis. Indeed there is a crisis. I was on the phone to a real estate agent in my electorate today who was advising me that they were despairing for older Australians and for people who were already struggling with rental problems in Sydney. The minister argued that she would welcome increased demand and that it would be a good thing. I think that is a great ignorance of supply and demand and market economies, because you cannot welcome increased demand in the current environment in Australia for housing without addressing supply issues. In the current environment in Sydney, where there is a rental crisis and a housing affordability crisis, it is extraordinary for a minister to say that there should be an increase in demand without addressing supply-side problems. In fact, you could observe that it would be a disastrous effect of this legislation if that were to take place. However, we do recognise that this bill is a small step that will, down the track, have some impact upon this problem.

The members opposite have spent some time outlining their view that the former government really did not do a whole lot in relation to this issue. I say to you, Mr Deputy Speaker, that this crisis has come about as a direct result of the policies of state and local governments and has been a while in the making. This problem has been building, and the first home owners grant was one step that the Howard government took in relation to addressing unaffordable housing at the time. Of course, we now know that it has not overcome state and local government charges and levies, which we know are almost a third of the cost of a new house in Sydney. I will say that again, Mr Deputy Speaker, because I

think it is worth saying again: the crisis in affordable housing is such that a third of a cost of obtaining a new house in Sydney is government taxes and charges—a full third.

If you take into account the second third of costs, which I think would be the result of state government policies of underbuilding, of urban consolidation without thought for the expansion of the population and how you meet that expansion—in other words, we are underbuilding housing; we are not releasing enough land—you could almost estimate that half of the cost of a new house would be the direct result of state government policies. In this bill, while we have some very fine measures to encourage a culture of savings—which goes to the heart of how we change the long-term thinking of Australians, how we get them to think ahead about their needs in the future in terms of housing and owning their own houses—they do nothing to address those issues of land release and underbuilding.

My electorate of Mitchell has gone through this whole ideological obsession of state Labor governments across Australia—and their environmental departments, which I might make some reference to—with locking up land under this contention that we have somehow run out of land in this country, that somehow we have such a huge population and our cities are expanding at such a rate that we have to do something to curtail growth. We have heard a lot about this. We have heard a lot about urban planning that says that if we do not curtail the size of cities our country will be overwhelmed with undesirable greenhouse gases and other elements.

I saw a very good and effective presentation by an urban planning expert, Wendell Cox, who demonstrated on a map of Australia that if you condensed all of the urban land into what it represents it is a small circle on

the map of Australia—so small that it is quite amazing to think that state governments have contended for so long that we have to do something to curtail the expansion of our cities. In fact, if you look at the problems in many countries overseas, such as the United States and other areas, you will note that we have no problems with density or urban planning that some of the state government planning departments contend.

At the moment there are hearings underway in which the Senate Select Committee on Housing Affordability in Australia is taking evidence that relates to some of the provisions in this bill and what the problems are that this bill is attempting to deal with. In it you will hear that areas like Campbelltown and other large areas in Western Sydney are really suffering under this crisis. A proposal which says that in four years time you may be able to access some money that you have saved and some money that the government has given you to reward you for saving and that will somehow alleviate those pressures that are there in Western Sydney right now is not realistic by itself to deal with some of those problems.

Indeed, if you look at Sydney today, an average mortgage is around half a million dollars. We know that about 30 per cent of income can often be paid in rent or to service mortgages. There are many challenges in the suburbs of outer Sydney, and I sometimes think that the Minister for Housing and, indeed, the member for Grayndler, who come from inner city electorates, do not understand that out in the suburbs—out in the suburbs of Western Sydney, in the north-west and in the south-west—there is a real challenge associated with the cost of living. That challenge includes transportation costs. We know the member for Grayndler is funding a western metro line in his electorate through the budget at the expense of the outer suburbs of

Sydney—the north-west, the south-west and Western Sydney.

One of the other problems that this legislation does not address is the public housing stock. We also know that state governments have been reducing the size of the public housing stock across Australia. Much public housing has been sold off. It has not been replaced. Indeed, in the Senate select committee hearings on housing affordability we are hearing about some of those problems, which are also adding pressure to the housing affordability crisis.

In looking at the specific provisions of the legislation it is important to note that there is a lot of complexity in some of the arrangements for these accounts. There are some confusing settings. If you asked an Australian family at the moment to put aside money to save for their future so that they could buy their first home, and you said, 'We ask you to put aside a minimum of \$1,000 a year'—this bill provides that it has to be \$1,000 per year, every year, for four years—even if something happens to your circumstances that alters your ability to do that,' from what I have heard so far I am not sure and not clear what the intention would be for them suffering a penalty for a change in their circumstances.

We know that people's circumstances change rapidly in the modern world. Some years people can afford to put aside money one year. In other years they may not be able to do so. Our modern world moves at an enormous pace, and I think if you also said to that same person or family putting aside money, 'You will not be able to access that money at any time during those four years; you will have to wait until the end of that process, until you had lodged your tax return at the end of the year, to access that money,' then that again would be an unrealistic impost upon families and people who are doing

it hard and looking for a solution to the affordable housing crisis.

Those provisions of this legislation could have been improved because, if you allowed more flexibility into those arrangements, people who are genuinely struggling would appreciate the ability to contribute one year but not contribute the next year. Perhaps they could take an average of people's contributions over the years. But not being able to access that money earlier will mean that there is no alleviation of the circumstances that are there at the moment. The pressures are real. They are substantial. They exist today. Indeed, I do not think this legislation will go to addressing those pressures that are there right now.

Without the flexibility to access the money earlier, what if a person finds within the four years a house that is affordable and within their target income or wealth level, something they would like to invest in? Again, I think the settings are quite confusing about what the government is willing to support and not support. I do not know that we should be penalising people for not waiting out the four years and therefore not accessing the government contribution.

One of the other statements the minister made was that one of the problems was that the Howard government did not release enough land in its past 11 years. I consider that to be an extraordinary statement from the Minister for Housing. I had the opportunity to check with the Parliamentary Library as to how much Commonwealth land there is which could be released for use by the Commonwealth, not regarding land that is already locked up. They had to get back to me and did so quite quickly—as they do. Sheepishly they indicated that there was no reliable figure for how much land the Commonwealth owns in Australia and that, furthermore, this was something the Howard

government was looking at inquiring into to put together a comprehensive and detailed package so that people would know. I would ask the minister what she was referring to when she said that the Howard government would not release land over its 11 years in office. The Parliamentary Library cannot tell us how much land there is under Commonwealth management, as no reliable assessment has been done. An old valuation put it at \$7.4 billion, they inform me, but that valuation must be well out of date, because the Sydney airport—just the airport alone—which recently sold, went for almost \$5.6 billion. I do not think that that comment by the minister added anything to the debate in general about this issue. I think the Howard government's attempts through the First Home Owner Grant, which was the first of its kind—an innovation in government policy—went a long way to recognising that we had some building problems because of state governments and we were attempting to address them. Certainly there is a further attempt to address this through this scheme but, again, for some of the reasons I have highlighted, it fails to address the supply-side problems, state government regulation and state government taxes and charges and to immediately tackle some of the problems that are facing people who have problems with their incomes and affordable housing at this time.

If you look at some of the other measures before us today, you will see that Labor has not put a lot of thought into this scheme in the sense that it is long on spin and short on detail, something we are becoming quite used to from this government. Housing affordability has put many Australian families into crisis. The scheme the government is proposing today could be seen as an administrative nightmare, because it is a very complicated mess. There has been some contention that it could drive up rents for Australian

families. The National Rental Affordability Scheme, which has also been proposed, has a lot of detail in it that may well add to the problems in the rental market at the moment, and that is of grave concern. I mentioned that when speaking to real estate agents in my electorate, and there is a sense that people who are facing a severe crisis with their rents and who have to make some very difficult choices are already on the breadline, so anything that adds to the problems in the rental market at the moment should be avoided. You really do not want programs or measures which, you could argue, will add to the cost of housing and the cost of the rental market rather than address the supply-side issues.

So, really, it is very simple. My central contention today to those members sitting opposite is that, as economic conservatives, having come across and joined us in supporting the operation of the free market and rejecting the socialist objective that for so long they have held so dear, they would understand that you cannot support demand-side policies without increasing supply. The supply of housing stock is critical. The minister's statement that the demand going up was a welcome development is an extraordinary statement in the context of this legislation. We cannot welcome extra demand on the housing market at this time without addressing supply-side measures. I think the opposition spokesperson on housing's comments in relation to supply-side schemes are very important and something members opposite should take notice of as supporters of the operation of the free market. Supply and demand are very important and, if you do not have supply and demand in check, when you have massive demand for housing and massive demand for rental properties but not enough supply, you will put pressure on price. That is just a quick summary for those members opposite who may be new to mar-

ket economics about what happens when you have demand out of control and supply—

Government members interjecting—

Mr HAWKE—Yes, you are struggling with supply. Price goes up. So, when we are thinking about future legislation and looking at measures we can take to address the housing affordability crisis that has been created by state Labor governments, we ought to look at supply-side measures that will deliver real downward pressure on price. An increase in supply will mean a matching with demand, which means the price will even out. Let us think about those sorts of things.

As I said, my electorate of Mitchell has one of the highest proportions of couples with dependent children, one of the highest proportions of mortgages in Australia and one of the highest proportions of what are termed McMansions. Housing affordability is a real concern to those people in my electorate. The rental crisis is striking fear into the hearts of many people across Sydney, especially Western Sydney, and we need to take measures in this parliament to address those problems and really take over the jobs of the states, which have failed badly in ensuring that there is sufficient supply in Australian housing markets to ensure we do not have a crisis. I will be supporting these bills because they take a very small step towards dealing with this problem. It will be four years down the track, but anything that encourages greater savings and encourages people to think about their future housing requirements and to understand that with a lack of supply they are going to have to take their saving responsibilities very seriously is something that I support as the member for Mitchell and that I know the opposition supports.

So I would strongly say in conclusion that without a complex response to this problem, without thinking about all of the supply-side

legislative issues, we may not make a big dent on the housing affordability crisis quickly enough for the likes of many people in the outer suburbs of our metropolitan areas and those families that are doing it tough. But that ought not to stop us from supporting these bills and trying those very small measures that this government has been able to come up with. But I would recommend a handbook on market economics to those opposite for future measures.

Mr BUTLER (Port Adelaide) (5.23 pm)—I thank the member for Mitchell for that short course in market economics. The First Home Saver Accounts Bill 2008 and related will begin to rescue the Australian dream of homeownership from the wreckage of the Howard government. Housing affordability, whether in the form of homeownership or rental accommodation, plummeted under the previous government. It is a simple matter of record. True to form, that one-trick pony of a government could think of little more by way of a response than a lump sum cash handout without paying any regard to the complex factors at play in this question and without paying any regard whatsoever to the challenges faced by renters.

Australia is by no means alone over recent years in having to grapple with a housing bubble. After the dotcom bubble burst and share market investment became temporarily less attractive, low interest rates around the world drew money into the residential property market. The *Economist* magazine tells us that residential property prices in the developed world rose by over US\$30 trillion from 2000 to 2005. That increase was equivalent to about 100 per cent of the combined GDP of those countries and represents in percentage terms the biggest asset bubble in history. We know that Australia's price increases were right at the top of that table when measured in percentage terms.

By any measure, this period caused housing in Australia to become overvalued, a great benefit no doubt to those who managed to get over the rope bridge before it burned through but the core of the challenge that we now face for so many other Australians, particularly in younger generations. The standard method of measuring whether housing stock is over- or under-valued is using the price-rent ratio, the property market's equivalent of the price-earnings ratio used in the share market. By 2005 the price-rent ratio for Australian residential property was 70 per cent higher than the 25-year average to 2000, an increase in the ratio that far outstripped other overheated property markets such as in the US or in the UK. Logic and experience tell us what happens when the price-rent ratio is so far from the average. Prices stagnate or even fall, or rents rise, or perhaps there is a combination of those.

While some overseas markets have seen prices begin to fall, in some cases quite dramatically, by and large in aggregate terms the effect in Australia has been more on rents. Unfortunately for aspiring homeowners, though, the moderation in the housing market that started a few years ago came just at the time that the Howard government's run of 11 interest rate rises on the trot was beginning. As a result the housing affordability index continued to fall under the previous government's housing policy. The most recent index published by the Housing Industry Association and the Commonwealth Bank saw a record low result. The HIA reports that the average home loan repayment across Australia is now \$2,799 per month or \$33,588 of post-tax income every year. While repayments at that rate are simply out of the question for many working families, the deposit now needed for an average house has also become a major barrier to entering the market. Using the traditional deposit rate of 15 per cent, the average Sydney house

now needs a deposit of \$83,000, the average house in Melbourne requires a potential buyer to find a deposit of \$69,000 and in my own home town of Adelaide you will need \$54,000.

As one would have predicted looking at the price-rent ratio in 2005, we have also started to see very significant rises in rents. This impacts negatively on two groups: firstly, those Australians who are long-term renters; and, secondly, those who would follow the traditional path in this country of renting while you save a deposit to buy. Higher rents, combined with higher prices for consumer goods, generally make it harder again to young Australians to save a deposit to get into the market.

This budget and these bills in particular provide new hope to those Australians who are struggling to find affordable rental accommodation and struggling to save a deposit to buy. These bills constitute an important element of a \$2.2 billion package contained in the budget targeting housing affordability. The centrepiece of the package reflected in these bills is the enhanced first home saver accounts. This policy will help Australians saving to buy to build their deposit in a tax effective way. The first \$5,000 of individual contributions to these accounts will be matched by a government contribution of 17 per cent or \$850, or \$1,700 for a couple who are both making that level of contribution. Earnings from the account will be taxed at the discounted rate of 15 per cent and withdrawals will be tax free when used to buy a home or to build one. A young couple both making such a contribution would over five years or so be able to benefit by well over \$10,000 towards their deposit.

The second element to the package is the National Rental Affordability Scheme. That scheme commits \$623 million over four years to encouraging the construction of

rental housing priced at least 20 per cent below the market rate. It is clear, in spite of the member for Mitchell's lecture on market economics, that government intervention or at least support is needed to stimulate growth in affordable housing. In my own state of South Australia, the Rann government has legislated a quota of 15 per cent affordable housing in new large housing developments. This scheme will build on schemes like South Australia's to ease the pressure on renters.

Finally, the housing package outlined in the budget contains a number of measures to boost supply. We know that supply has been running well below demand in recent years under the leadership of the Howard government. We also know that the previous government paid no real attention to supply-side measures. True to form, they preferred to sit on their hands, point the finger at state governments and avoid any real leadership. But, given the shadow minister's exposition on supply-side economics earlier on in this debate, that might actually have been a blessing. I was not sure that I had heard the member for Farrer correctly, so I checked the *Hansard*. Indeed, it does appear that the shadow minister thinks we should draw a lesson on housing supply from the plasma TV market: everyone wants one, demand has been skyrocketing, but prices have come right down on plasma TVs, so why doesn't it happen in housing?

On this side of the chamber we suspect the question of housing supply might be a little more complex. Some time ago, the new government announced a review of its land holdings to identify new housing opportunities and assist the member for Mitchell on the question he asked the Parliamentary Library. The budget also delivers \$500 million over five years to cutting a range of supply-side costs. These are meaningful supply-side policies. Australians will look back on the

Rudd government's housing affordability package as the first step in bringing the dream of homeownership back from the brink. These bills constitute the centrepiece of that package, and I commend them to the House.

Mr ROBERT (Fadden) (5.31 pm)—I rise to not oppose the passage of the First Home Saver Accounts Bill 2008 and related bills, despite their limitations, as anything that encourages people to save is a welcome and good thing. The facts of the bill are that you must be 18 years old to have one of these new first home saver accounts. There is no restriction on who can make a contribution to your account, although all contributions must be made in post-tax amounts. To ensure that the taxation incentives are appropriately targeted, there is an overall balance cap of \$75,000, noting it is indexed annually by \$5,000. Government contributions are only paid on the first \$5,000 each year—indexed, of course. Payments can only be made from a savings account to purchase a first home if personal contributions of at least \$1,000 have been made in at least four consecutive financial years. You cannot use the funds from this account for at least four years. A government contribution is payable for an individual for a financial year on personal contributions up to \$5,000 indexed per annum, and the rate of contribution by the government is 17 per cent. Funds are taxed at 15 per cent.

They are the facts. That is the basis of the government's proposal. Whilst we will not oppose it, as all savings are good, I think that the government has missed the mark and not provided the full potential that this bill could possibly bring. For a start, the bill the government brings to the table deals with the demand side of the equation. And whilst I am sure the Labor government believes in big government—it believes in giving outcomes to people—we believe in giving people op-

portunities, getting them to the door, giving them as much incentive as possible and allowing market forces to rule. There is no commensurate supply-side equation in the bill, and the supply-side equation is fundamental.

The Labor states must release more land. It is a statement of the absolute bleedingly obvious. I am faced with the farcical situation in my electorate, the seat of Fadden, where around Woongoolba, the vast cane-growing areas, the average farmer is making something like \$20,000 to \$30,000 a year and is going broke. Out of 60 farmers, 55 of them are not interested in farming anymore, yet in the south-east Queensland plan the Labor state government has demanded that the area stay for primary production of cane. No-one is interested in actually growing cane—the price they are getting is dismal and there is no way to make a living. That land could easily be changed in the south-east Queensland plan to bring up more supply of land.

Labor states must get rid of stamp duty on first home purchases. It is a farce for Labor states to continue to charge a tax on people struggling to get in their first home. City councils must amortise infrastructure costs across the life of a land investment, because at present almost 30 per cent of the costs of a development house and land package are the infrastructure costs leveraged by local city councils.

If states released more land—obviously with a greater supply of land, prices come down; it is simple economics—if the states got rid of stamp duty for first home buyers and if the councils amortised their infrastructure charges, housing prices could be reduced by as much as 30 to 40 per cent. That would put a dent in the issues and the difficulties of first home buyers entering the housing market. Labor has talked up coop-

erative federalism—Labor from door-to-door across state and federal governments—and yet it still cannot get the states to get rid of stamp duty on the purchase of first homes or release more land. Cooperative federalism has failed the first hurdle.

While a major deficiency of the bill is that it deals with the demand side of the equation and not the more extensive supply side, there are other deficiencies. The bill only allows for someone to open a bank account if they are 18 years old. I suggest that this is based on the logic that someone finishes school when they are 18. I finished year 12 when I was 16. There are many people who finish school when they are 15. This bill is saying to people who finish school at 15: 'I'm sorry, you can't save for a house. We don't want you saving for your first house. You've got to be 18 to save for your first house, because your government knows best.' I entered the workforce at 16. This bill would have prohibited me from enjoying the benefits that this bill purports to offer because apparently I would have been too young to save for my first home. If that is what this government thinks about the capacity of young people to save for their first home, may I suggest to Kevin 07 and team: go back to the drawing board.

Furthermore, the bill is capped at \$75,000. This equates to a 20 per cent deposit for a \$300,000 home, excluding other costs. Let me shatter the little bubble that the Labor government lives in: an article in the *Courier Mail* on 9 September 2007—six months ago, so these numbers are on the low side—said that overall the median price in Brisbane six months ago increased to \$434,000, ahead of Melbourne at \$420,000 and close behind Sydney at \$525,000 and Perth on \$446,000. This bill caps the amount you can have at \$75,000, which is a 20 per cent deposit for a \$300,000 house, and yet in Queensland the average house in Brisbane is \$434,000. I say

to the government: you are \$134,000 short; your \$75,000 is too low. Nearly one-third of Brisbane suburbs—43 out of 151—have a median house price above half a million dollars, but only five out of 151 suburbs are below \$300,000. So if the \$75,000 limit capped for these accounts in this bill, and all good financial commentators say a deposit should be 20 per cent, was available to someone with one of these accounts—if they were over 18 of course, because heaven forbid, if you are below that you could not possibly save for your first house and enjoy the benefits that this bill would offer—only five out of 151 suburbs would be able to have the pleasure.

Other Sunshine Coast hotspots, getting a more rounded view of Queensland: Buddina, up 24.9 per cent to \$585,000; Alexandra Headland, up 24½ per cent to \$644,000; in Mackay, the median price for homes at Shoal Point on the northern beaches rose 20.9 per cent—double the average for the city—to \$535,000; and at the Gold Coast, where I hold the seat of Fadden, the median price of \$420,000 six months ago was up 6.3 per cent. Considering the cost of entering into a home, considering the fact that this government will not touch the supply side of the equation because clearly it is a little too hard to take on the big scary Labor state governments, why cap the amount at \$75,000? It is literally too little. It must be a minimum of \$100,000 or more. And why cap the contributions that the government will pay a percentage on at \$5,000? Where did the \$5,000 come from? The figure needs to be higher to keep pace with the rising price of housing. It needs to be somewhere around \$10,000. Furthermore, the government must review why it intends to tax the earnings. While I understand the 15 per cent rate is in line with the rate of superannuation, if this is such an emergency as the government purports it to be—I acknowledge the housing crisis means

it is difficult for people to get in—and this government is so flush with funds courtesy of the member for Higgins and the financial discipline of a previous government, why tax the earnings in the accounts? Why not allow the earnings to be untaxed and to grow at a more rapid rate?

Furthermore, there is no incentive for parents to save for their children and take a long-term view. This looks like a short-term, politically expedient symbolic view of a hapless Labor government. Why not allow parents to save for their children? Allow the accounts to be open for any age child, to give the incentive for parents to make sacrifices now so their children will be able to afford a house when they come of age. Why not allow accounts for any age? Why not allow a tax deduction for people who contribute funds, up to a limit, into the accounts of their children or others? By providing a tax deduction, it will get a greater degree of dollars and cents flowing into accounts to assist people to purchase their first home. So while the bill is not opposed, it lacks in so many areas. The government must consider the supply side of the equation. It must take on the Labor state governments. The 18-year-old level at which an account can be opened is ridiculous considering so many people start work at a younger age. It is saying to them, 'I'm sorry, we don't believe you've got the capacity to save and we're not going to help you.' It is another means test that this budget looks at putting in place, but rather than a means test by the politics of envy on those who apparently have too much money for this Labor government to be pleased with, this is saying, 'You're not old enough to be able to save for a house.' The cap at \$75,000 is too low. The cap at which government will pay a contribution of \$5,000 is too low; it should be \$10,000. Tax on the earnings of 15 per cent will simply lessen the amount of money and the incentive for peo-

ple to put dollars and cents into those accounts, and there is currently no incentive for parents to save for their children.

I was communicating with constituents Nadine and Kirk Hamilton last week. It was interesting because they reflected on this and other budget measures. They are paying more for health insurance and are dreading the Medicare surcharge going up as private health insurance will soar above 10 per cent increases in premiums. They cannot save for their children through various accounts like the first home saver account and enjoy the government contribution because apparently their children are too young for this government. They note the increases of rent and the difficulties of housing affordability coming through, and also note the inadequacies of this legislation. While it has the framework, the bones, the architecture of something remotely decent, it falls over in so many areas. On top of that, with the government unsure about what they are doing with the \$4.7 billion Conroy city-centric plan, these people cannot even get ADSL in the city. The average people like Nadine and Kirk Hamilton, who work hard, who love their families and who are the backbone of a nation, look at this bill and say it has not gone far enough. It has not extended to the areas where it needs to. It has not reached anywhere near its potential. So, while the bill is not opposed, I encourage the government to take a good, hard, solid look in the mirror and look at areas where it could be substantially improved for the benefit of all Australians.

Mr SYMON (Deakin) (5.44 pm)—I rise in strong support of the First Home Saver Accounts Bill 2008 and, rather than pick holes around the edges, I want to say I think it is a very good package all up. Together with the other two bills, the First Home Saver Accounts (Consequential Amendments) Bill 2008 and Income Tax (First Home Saver Accounts Misuse Tax) Bill

2008, this bill implements the Rudd government's 2007 election commitment to introduce a first home saver accounts scheme. It is an initiative that makes it easier for families to put money away for a deposit to buy their first home by giving them access to low-tax accounts. From 1 October 2008, thousands of young families from across the country, many from my own electorate of Deakin, will be able to edge closer to that dream of owning their first home through this initiative.

It is a dream that has become more and more distant over recent years as housing affordability has decreased. The prices of properties have increased much faster than wages. Many families need a scheme such as this to help them achieve the very Australian dream of owning their own home. The great benefit of an account such as this is its concessional tax feature. You save money, rather than putting it into a bank account where you find out, at the end of year, that you have to pay marginal tax at the full rate on the small amount that you have been able to save. That is a great benefit and one that more and more people will see as the scheme rolls on.

I talk to many young house hunters and many young families as I get around Deakin between Canberra sittings. I talk to locals who are looking to purchase homes in the growth areas of my electorate around Croydon, Ringwood and Bayswater North. I know these areas very well. I grew up in the local area and I have lived and worked there my whole life—and I have seen it change. In that time it has gone from an area with open spaces—there were even farms and orchards around—to being almost fully developed. But, because it is 30 to 35 kilometres out from the city of Melbourne, housing prices there, whilst expensive, are in the range where first home buyers think they may be able to make a purchase if they shop wisely. So this type of scheme is particularly rele-

vant to a seat like mine. These are the mortgage-belt suburbs of Melbourne's outer east and they are examples of the very places that first home buyers want to settle in.

These people tell me how hard it has been for them to save a deposit as they try to lock money away whilst they deal with spiralling rents—and it is almost impossible to rent in eastern Melbourne now; we have a vacancy rate of one per cent—with the increasing costs of living and with the cost of running two cars. If you are going to live that far out from the city, you actually need two cars out there because public transport does not always go to where you need it. Quite often many of them are travelling 70 kilometres or more to and from work each day. That is a cost, and all that comes out of the family budget. One of the first things to go in that case is savings for a house, because you are looking after your week-to-week expenses. First home saver accounts help in that regard because of the tax advantages that come with them.

There was no sign of a helping hand for first home buyers from the former federal government. We have heard a lot in here today about things that might be wrong with particular little points of this scheme but nothing about what should have happened in the previous 12 years. There was no helping hand, there were no new ideas and there was no strategy to help these aspiring young first home buyers get their foot in the door. First home buyers in Deakin have a friend in this new Rudd government, a government that is acting on the housing affordability crisis. First home saver accounts are just one part of the government's \$2.2 billion package to tackle the housing affordability crisis. The first home saver accounts, the National Rental Affordability Scheme and the new Housing Affordability Fund now come together as a complete strategy to help young

families save that deposit and get into their first home.

First home saver accounts will provide first home hunters with a simple, tax-effective way to save for a place to call home, through an effective combination of low taxes and Rudd government contributions. The government will contribute 17 per cent on the first \$5,000 of contributions made into individual accounts each year. That means that a typical couple in Deakin, each earning an average income, will be able to save a deposit of more than \$88,000 after five years if they exercise discipline in their savings. Depending on returns, that can be up to \$12,600 more than if they had saved their money in an ordinary deposit account. A key feature of the accounts is that parents and grandparents can make contributions to their children's and grandchildren's accounts, with all benefits flowing to the home saver. That means a bigger deposit and a faster start to buying their first home and planning the rest of their lives. It is by getting into their first home that most young families can begin to map out the rest of their lives. They can make big decisions, like having children and deciding which local schools they want them to go to and which community they want them to grow up in. They now have the ability to do so with greater confidence, knowing they finally have a federal government going in to bat for them, a government that is putting in place first home saver accounts that will mean real dollars for them at the end of the line.

This can be shown by having a look at how the average young family in Deakin will benefit in dollars and cents. Let us look at a mum and a dad with two kids, aged four and six, as an example. Dad works full time and earns \$60,000 per year, while Mum works three days per week and earns \$27,000 per year. They work hard and set aside 10 per cent of their combined income into their first

home saver accounts in 2008-09, putting away \$8,700 split evenly between their accounts. This will mean that both of them will receive about \$1,480 of Rudd government contributions. And, if they keep working hard to put money away at that rate, in five years they will have a combined balance of \$64,800 for their home deposit and be \$10,100 better off than if they had put it in a regular deposit account. There are real dollars in this scheme, giving young house hunters more money in the bank and cutting down the time before they can start their house hunting.

The Rudd government has consulted widely with the community on the design of this policy to make sure that it is as fair and accessible as possible. The Rudd government has improved the first home saver accounts to include the flat 17 per cent contribution for all individuals, to make sure that people on average incomes get better returns on their savings. We have removed the planned \$1,000 up-front contribution so that accounts can be opened up without the need for existing savings. That is particularly important to parents who might want to open up an account for one of their adult kids but who do not have \$1,000 at hand to do so. This bill now calculates the four-year rule from the financial year in which the account was opened, in order to reduce compliance costs. It also introduces a 14-day cooling off period to give people the chance to change their mind, although with such a good scheme I would not think that there would be many doing so. We have replaced the \$10,000 annual contributions cap with one overall account balance cap of \$75,000 indexed. This cap includes personal contributions, government contributions and earnings and, when the cap is reached, earnings and any outstanding government contributions are still able to be credited to the account, although no further personal contribution is permitted

at that point. The ASIC, the ATO and APRA will work closely with the industry to minimise the reporting requirements as much as possible to make accounts easier to use and understandable for the end-user—those that are saving the money.

It is anticipated that these changes, aside from making first home saver accounts fairer and more accessible, will also increase savings in accounts from over \$4 billion to around \$6.5 billion over four years. This is another example of the new Rudd government doing things smarter and delivering fresh ideas that produce results and which net massive savings at the same time. It is perhaps a good idea to place the gains for first home buyers and young families through this initiative into the basket of all the other benefits flowing to them from the Rudd government. I commend this bill to the House.

Mr TUCKEY (O'Connor) (5.53 pm)—I rise to speak on the First Home Saver Accounts Bill 2008 and related bills. Owning a home when one reaches retirement is the difference between a comfortable livelihood and very difficult financial circumstances—more particularly if your sole source of income is the age pension. Every step should be taken by governments to ensure that people have an opportunity during their working lives to become the unmortgaged owners of a home. This can be looked at in a number of ways. The member for Deakin painted a scenario where people, having paid tax on their income, can put money into a special savings account and, if they have a surplus of \$5,000 a year, attract \$850 in government assistance. They will have paid, if those savings were from a \$50,000 income, probably twice that amount in income tax prior to making the deposit. That is a guess; I have not exactly calculated it. If they save \$64,000, that will represent approximately half the state government rip-off in the development and pur-

chase of a building block. In New South Wales that is reputed to be over \$150,000 and, for the member for Deakin's consideration, it is probably a little less in the lovely city of Melbourne. The reality is that, compared to the rip-off orchestrated by state governments in the cost of developing a block of land, it is peanuts. Furthermore, for the 18-year-old to whom the government offers some assistance now, what will those costs have escalated to?

The first thing is this. Is this a measure of substance? It sounds good: pay tax on your income, put it in a bank account and, if you can manage \$5,000 a year, the government will give you 850 bucks a year. The aggregation of that money is going to be achieved through interest or earnings paid on that amount of money. Is that going to be tax free? No. It is going to be taxed at 15 per cent. But then, of course, that could be attractive, as it might otherwise be paid at 30 per cent or 40 per cent under income tax laws. But you have already paid that. So it is hardly generous, when one looks at the problems involved. I believe it does not address the serious problem.

The other day, I attacked the government for its foolish—which is the best way to describe it—but also unfair choice of certain amounts of money for means testing, for instance, the baby bonus. Quite a few people actually buy a house because they want a safe environment for a baby or two or three—as we encouraged people to have. There is \$5,000 out the window if your combined income as a couple exceeds the amount of money you need to buy a house in Sydney. As I note, between 2001 and 2004 the median jumped from \$300,000 in round figures to \$460,000 in round figures. You are not a rich person in Sydney if you cannot afford a house. Unless you have a combined income of the order of \$150,000, it is pretty obvious that you cannot afford to take a sig-

nificant mortgage on a house—whether you have accumulated \$66,000 or \$88,000, as the minister referred to in his second reading speech, as a deposit.

Where is the benefit? Reference was made by the member for Deakin to the failings of the previous government. The previous government introduced the first home owners scheme. As I recollect, that was \$7,000 with no strings attached. When it came to having to deposit your own money, we did not say that you had to have a deposit of a certain size. We did not say you had to have been banking your money since you were 18. When that money was originally provided the amount was close to 10 per cent of the cost of a house. As significant research has shown, building costs—notwithstanding people's increased aspirations for what one might now call a home—have been contained within inflation. It is the cost of land that has increased the price of housing.

Australia is a pretty big continent, and the one thing we are not short of is land. But I want to offer the benefit of one of my experiences as a local government councillor in a remote district as to what has changed in the last 30 or 40 years. In Western Australia at the time I wish to talk about, we had a minister for the north west and development who actually believed in the development side of things. He later became Sir Charles Court—at that time he was Charlie Court to most of us—and that was his job. I was the shire president of Carnarvon, a very small town with a population of about 2,000 at the time, 11 feet above sea level at the mouth of a river that can fill Sydney Harbour in four hours when it makes up its mind to run at all, and we had a land development problem. We had used up the land that was 11 feet above sea level and everything else was subject to flooding and had been flooded in quite recent times. Nevertheless, by the nature of the river, we could protect the land with levy

banks. Into the town walked two Americans, who said, 'Look, within a very short period of time we want to bring 200 families to your town to run the biggest tracking station outside America.' We were pretty anxious that they should come and, fortunately, they did. But we had to get some land.

We went to the appropriate authorities in Perth and we got all these hard luck stories about the availability of finance and who was going to build the levy banks. So I wrote a terse letter to the then Premier, a fellow called Dave Brand, and a little bit later Charlie Court turned up in town with the two relevant ministers for lands and local government. We walked over to the land that we thought should be developed and went through the difficulties, and the two ministers gave us their hard luck stories again. I said to Charlie Court, 'Will you get out of the road and let our council do it?' to which he said, 'Can you manage it, Wilson?' I said, 'Yeah, we have borrowing powers. We know all about roads and sewerage and all those sorts of things.' He turned straight to the other two blokes and said, 'Get back to Perth, give them the land, give them the approvals and let them get on with it' We had people building houses within a couple of months on land that did not have a road—did not have anything. But the road was there by the time the houses were finished. By the way, we eventually sold the land—and I am talking some years back—for \$2,000 a block. We developed it but made no profit for the council—maybe just a few hundred dollars to cover administration.

Compare that with today. It can take you five or 10 years to get a subdivision. What are the costs to some developer going into the marketplace, paying tens of millions of dollars for land on which the interest rate clock starts ticking on that day and then waiting 10 years to jump the ever-increasing hurdles? How long before it is some thou-

sands of dollars per block? We now have some state governments which cannot live off the GST and want to be paid in advance for the freeway they might build in 50 years time. The concept of headworks charges were unheard of and we have just loaded up and loaded up, and it is the politicians of Australia who must take the blame. So, when a state government wants to rake \$150,000 out of the system when it has probably imposed some thousands of dollars in start-up costs, planning costs and the cost of interest, what is the good of this scheme? I am not allowed to use the words I should.

Why are we not looking at other options? The funny thing about that is that the town we are standing in does not sell freehold land; it sells 99-year leases. That in itself is pretty meaningless because the government still expects the purchaser to pay what is virtually the lifetime rent up front and the cost therefore is no different from that for a freehold title. That lease document is bankable and, what is more, is of a nature that may as well be freehold anyway. But who has stopped to think of the concept of developing land which, on a bankable lease, is rented to people at \$X a month with a 10-year clause whereby you have a right of purchase but at a market value at that time—10, 15 or 20 years later—and when you have settled your financial affairs? Under those circumstances, the amount of money you borrow is for the construction of the home which, as I have pointed out, is frequently less than half the total cost of a package. If you really want to do something for people and give them access, give them those opportunities. Of course, that requires talking with developers, because developers expect a profit. Of course, in the superannuation area, sometimes they can accept the profit of the land at a later date and a low rental fee in the early period.

More importantly, and I have raised this in my electorate, we have town planning rules around Australia that limit the number of houses that can be built on a farming property. It might be 100,000 acres or hectares, and you are typically allowed to have two houses on it. But, if those farmers, frequently seeking cash flow—and some would be in a better position than others—could do a virtual subdivision of some land on their property and offer it to people for a weekly rent on a bankable lease document and for a respectable period, people could move onto those blocks of land and do as the average farmer does: supply their own septic tank, supply their own water et cetera but probably pay only the headworks charges to get the electricity connected. In fact, if you pick up most Sunday papers, you will see people who manufacture sheds and transportable buildings offering new, adequate shelter—not the most glamorous—from \$20,000 upwards.

I wrote to the Western Australian minister for planning about that and she gave me a thousand reasons why it would not work. I might add that some of the town planners on the councils I wrote to did not think that was a good idea either because it cuts them out of the process. But the fact of life is that, if you choose to live and work in a rural area and accept the wages that rural industries and their associated service industries can afford to pay, you do not want a mortgage much over \$50,000. So why don't we encourage those things? If the rent was \$20 a week for the block and a farmer had 10 of them, in a drought year he would at least have a cash flow of \$10,000 in simple terms. Why do we lack the wit to go through those processes? Why would the minister for planning dismiss that out of hand, saying that it was going to create ghettos and all sorts of things? It would be 10 blocks on 1,000 acres and, because it would be a lease, it could actually

dictate behaviour and the way people lived upon that property to an extent. Think of the opportunities for people. I put some of those arguments to the previous government with a similar lack of success, so I will not compare the performance of each government.

Whilst any scheme is helpful, this particular scheme is not a response that will help people in the short term. There are people out there at this moment who would like to own a home and cannot afford one. The last budget took the baby bonus off most of those couples—where the female partner is pregnant—who could afford a medium-priced house in Sydney.

I see the member sitting over there—I am afraid he has not been around long enough for me to know the name of his electorate—is starting to shake his head and say, ‘If you’re on \$150,000 a year, you can afford a house in Sydney—

Mr Shorten—Mr Deputy Speaker, I rise on a point of order. The member for O’Connor, who it seems has been here a very long time, is meant to address members by their seat or by their title. When he just says, ‘The member over there,’ and has a go at someone’s youth, for whatever reason—

The DEPUTY SPEAKER (Hon. BC Scott)—The member has made his point. The member for O’Connor will refer to members by their seat or their title.

Mr TUCKEY—Thank you for that bit of advice. He is one of those who shunted someone else out—and that makes for two of them in the room. The fact is that I did not refer to him as anybody. I said, ‘I don’t know his seat.’ I did not call him ‘Bill Smith’. The point of order was frivolous. I was saying that the member over there, whose seat I cannot name, was shaking his head when I said that if you live in Sydney or Melbourne and you have a mortgage then you are not rich on a gross family income of \$150,000—

particularly when you look at the tax rates that are applicable at those higher levels. I make that point as an example of how difficult it is for people to acquire homes.

There are no practical responses to addressing the cost of the building block for a new house. We all know that the cost of a finished new home package flows through to those houses previously constructed. Unless governments are prepared to find alternative means, I put it to this House that providing people with leases that can be converted to freehold as their financial circumstances improve is a sensible proposition and not one warranting an interruption to my speech. I think it is a very positive idea that people should think about because it removes what has become the most expensive part of the process. If state governments went back to their responsibility for providing services and not trying to be paid in advance by 50 years for some of them then in fact this particular proposal would have some meaning. I point out that an aggregate amount as mentioned by the member for Deakin would be half what the state government rips out in the development of a building block.

Mr BRADBURY (Lindsay) (6.12 pm)—It is my pleasure to rise in support of the First Home Saver Accounts Bill 2008 and related bills and to support the initiative contained therein. It is an initiative that will encourage a new savings culture, particularly amongst young people. The member for O’Connor was reflecting upon experience and lack of experience. I must say that some of us in the House probably have a little more recent experience of the challenge of saving funds to acquire our first home. In the context of my experiences, I wish to add my voice in support of these bills because I know that the initiatives contained within these bills provide a genuine incentive for people to save over a period of time in a responsible way to prepare themselves for the

task that lies ahead in owning and purchasing a property. It is a lifetime commitment for most people. The typical time frame for a mortgage is 25 years, and many mortgages are now being taken out over a 30-year period. This is a long time frame that the typical family or couple might be looking at in preparing to save for and ultimately own their own home.

The criticism that has been levelled by those on the other side that the four-year lock-in period—the four-year rule—is something of a considerable disincentive or disadvantage that potential homeowners might face lacks substance. The very people who will be most willing to take up the offer of a first home saver account are the people that this initiative is targeted towards, and that is an indicator of what will be the success of the policies contained within this bill.

If you are looking to save a deposit over a short period of time, this may not be an attractive proposition to you, but, as we have heard from many speakers on the other side, it is difficult to save enough money to secure a deposit and own a home, particularly in our major cities, whether it be Sydney or Melbourne. As someone who hails from Western Sydney, I have to respond to the member for O'Connor's suggestion that only those with over \$150,000 in their household income can own a home or pay off a mortgage in Sydney. There are plenty of people in my community doing it tough but in an honest and consistent way. They are working hard and bringing home modest incomes; we have a median income in our electorate of \$50,000-odd. We have a rate of homeownership in the vicinity of 30 to 35 per cent. Clearly, many people on incomes of far less than \$150,000 are rising to the challenge, albeit a very difficult challenge, of paying off a mortgage with a view towards owning their own home. As many speakers in this debate have said, one of the great elements of the Australian dream

is being able to buy and own a home and being able to raise a family, if that is your wish and inclination, within a home that you have acquired through the efforts of your labours.

I wish to respond to a number of the comments that have been made by previous speakers on the other side. I make this general observation: we have seen in this debate something we have seen in other debates and we will continue to see. There is no question that housing affordability is a big problem. We all recall the member for Higgins denying that there was a housing affordability crisis; it was not that long ago. Those on the other side have come around in recent times. It has taken only a fairly devastating election defeat for them to see the error of their ways, and now they appreciate that families in suburbs such as those within my electorate have been doing it tough for a range of reasons when it comes to owning their own homes and sustaining the mortgage repayments required. Now that those on the other side have recognised that this is a problem, they say, 'This bill will not be a comprehensive response to the challenge of housing affordability.' They are right. This bill on its own will not be a comprehensive response to the challenge of housing affordability, but thankfully this is not the only bill that the government intends to bring forward as an integral part of a comprehensive strategy designed to make housing more affordable over the medium term. We could come into this place and suggest that this bill is going to make the difference, but in the end these are complex problems that require multifaceted solutions.

This bill is one of the facets that we wish to bring forward. This proposal will be of significant assistance to people wanting to save money. Being able to contribute up to \$5,000 a year, having a co-contribution from the government of 17 per cent of the contribution and then enjoying the benefits of

earnings taxed at the concessional rate of 15 per cent will deliver real benefits and provide a real incentive for people to save over the medium term. It will not only prepare people for seeing a bank manager and securing a loan but also demonstrate a savings history that will hold them in good stead for paying off their mortgage throughout the course of their loan.

I support the first home owners grant and this government will keep it in place. Apart from being one-off compensation for the effects of the GST, it is an important payment that is factored into every first home buyer's considerations in preparing themselves for a mortgage. But if there was a downside to that proposal it was that it handed over the money in one hit, allowed some people to get a mortgage without establishing a savings history and made them more vulnerable to the ultimate increases in interest rates that we have all experienced. Those on the other side who claim credit for the first home owners grant do not recognise that there were some inherent flaws in the way in which the scheme operated, and that is one of them. The other was that it was inherently inflationary in its impact. Because it brought a surge of new home buyers onto the market in a very short space of time, it drove up house prices.

I note that the member for Farrer said she was very concerned that this policy might achieve the same result. Unlike the first home owners grant, which led to that initial flood of first home owners into the market—many of whom have subsequently found out that, having not established a savings history, it has become a lot more difficult to sustain the consecutive increases in interest rates that have prevailed in the time since—and drove up the cost of housing, this proposal will not lead to that inflationary effect, and that is why it is a very sensible policy. It encourages a savings culture and sends a clear

message to potential first home buyers that it is a difficult business. It is not easy. Anyone that has ever had a mortgage and had to pay it off will know that it is not easy. You need to be prepared for it and you need to save for a deposit that you can bring to the table when you first secure the mortgage.

The other point that those on the other side have not reflected upon is that in recent years we have seen a massive increase in the number of people obtaining a mortgage with a very small deposit. There has been criticism from the other side that the amount on offer—potentially up to \$75,000, or \$88,000 if you factor in the additional earnings over time—is insufficient to cover the cost of a deposit. In recent years, we have seen many people getting a mortgage with a deposit that is nowhere near that amount, so it is a bit rich for those on the other side to say that there is insufficient money for a deposit when the reality tells a very different story.

As opposed to a system that encourages people to get themselves into a situation where they have a mortgage that is almost the same amount as the value of the house that they are currently living in, this is a policy that encourages people to get some runs on the board—to save some money over a period of time—so that, when they are in a position to enter the first home owning market, to take on a mortgage, they will have been through some of the preparation that is required in order to prepare them for what lies ahead. I think that this is a good policy. It is one that I support. It is only one measure but, when you combine it with some of the other things that we are doing—whether it be the Housing Affordability Fund or the National Rental Affordability Scheme—you see a package of policies. Those on the other side have criticised the lack of supply-side policies. Do not forget that we are currently undertaking a comprehensive review of Commonwealth owned land, with a view

towards determining whether or not some of that land could be or should be released to assist in opening up supply in the housing market. When you combine all of these things, you start to see some semblance of a comprehensive policy designed to attack the housing affordability crisis.

Those on the other side can reflect upon the 11½ years that they had to address this issue, and they will not be able to come up with more than one comment. The only thing you hear from them is ‘the first home owner grant’. But the first home owner grant on its own did not do anything to address the massive challenge of the housing affordability crisis. You need a range of policies. That is why we have a package of policies of which this is an important part, and it is one that many people in my electorate will get great benefit from. It is in that vein that I support the bills.

Mr SIMPKINS (Cowan) (6.24 pm)—I embrace the opportunity to speak tonight on the First Home Saver Accounts Bill 2008 and related bills, on what is a very important issue. We have that old catchcry ‘the great Australian dream’. I say, ‘Long may it live.’ We should be pursuing these sorts of things. I strongly believe that it is everyone’s right in this country to have the opportunity to buy a home, if they wish to, with land—somewhere for the kids to play, somewhere to run a dog if they want that. These are the important things in life. This is a key thing. It is right up there with jobs.

I would like to go back a little bit in time to cover the points in relation to this bill. The first house that I ever bought was back during the Keating government period. Unfortunately, it was not for me or my wife to live in; it was actually for my parents-in-law to live in. It was because my parents lost their business during the time of the high interest rates that the last Labor government deliv-

ered. Due to good management, we had a bit of a deposit, and the price of houses was a lot lower then—in fact, I think this house was \$108,000 in a reasonable suburb in Perth. Of course, there was no-one there to help us at that time. There were no opportunities for first home buyers or anything like that. The last Labor government forced us into that purchase. In listening to a lot of what has been said today, and I think will be covering some things the member for Lindsay said, I find it incredible that the Minister for Families, Housing, Community Services and Indigenous Affairs can lecture us—I might even say, give us a sermon—about how much this government has done and how little the last government allegedly did.

I want to speak on this bill because of the past and the future. In the same way that this new government continues to espouse its revisionist propaganda, I know that they have regressed, and will keep regressing in the future, to the catatonic mantra of ‘11½ years of neglect’ that we have just heard. Just because you keep saying it again and again, it does not mean you are telling the truth. The new government is very fond of rolling out a denial of any action by the last government, a denial that any of those actions by the Howard government actually added value in this country. But there is an extensive list of very good things that the Howard government did. The minister asked, at one point today: what did the last government actually do? ‘Give us one point,’ I think she actually said. The member for Lindsay mentioned that point already, so I am surprised that the minister asked. The answer, of course, is that there was the introduction of the first home buyer grant.

Just to deal with what the member for Lindsay said. I think he said, ‘11½ years of housing affordability crisis.’ I do not know where he was during a lot of that 11½ years, but my house that I bought is now worth

twice as much as I paid for it. In 2001, I do not think anyone was actually talking about a crisis—certainly not in Perth. Maybe there was a crisis in Western Sydney at that time, but certainly there was not in Perth. There were a number of places around the country where you could do quite well. You could afford a house in most cities and it was not too much of a struggle. But things have changed, obviously. There have been the issues of the mining boom in Western Australia—a lot of people coming in, increased demand for a limited stock—but I will get to that in due course.

I mentioned before that there was a great deal of denial that the former government had done anything right. I sometimes wonder whether, apart from the revision of history that seems to be taking place with those employed by the government in the ministerial wing, at some point there will be some re-writing of history books to reflect the new realities. This re-writing of history by the Rudd government does tend to take you back to the days of school, where I remember reading George Orwell's *1984*. It seems to be pretty similar: the past has been rewritten into a new reality and badged as the truth. In every portfolio area, it is as if the past never existed—or at least the past where \$96 billion of government debt was never eliminated by the good economic management of the Howard government, which did, of course, occur; or where the number of young Australians in apprenticeships was increased threefold by the Howard government; or where there are over 2 million more jobs in the economy now than there were back in 1996. So the government is now rewriting the reality that I recall.

Let us go back to the past for at least the homebuyers. At the time I bought my house I was a captain in the Army and did not have access to the First Home Owner Grant—it did not exist at that point in the Paul Keating

period. Suddenly I had to buy a house to keep a roof over the heads of my parents-in-law. I am not upset by missing out on the First Home Owner Grant. When we were looking to buy our own home, the one we wanted to live in, we then made additional sacrifices. We went without things. That is the way we have always approached things in our family. My circumstances are probably no different from those of a number of other people in Western Australia and other places around the country. We all know that adversity can affect to anyone. I know that that certainly has occurred. When my wife and I bought our house—the one we live in—back in 2001, we did stretch ourselves, but we had a built-in capacity to address interest rates changes and put together a deposit. We made sacrifices to meet our financial obligations, but what made it harder were state government taxes. The only place these taxes have gone in recent times is up. To my mind, that is just one of the elements which the government has not confronted.

I want to see success. I want to see the first home savers fund work, but the government needs to concentrate, to put the heat on or throw acid on state governments to come through and make a contribution. That remains the major impediment to the government in confronting housing affordability. It is good to give more people more money. That is good for increasing demand, but more land is required so that houses can be built. It is not just a matter of whether the government is still thinking about selling off SAS land over in Perth or wherever else—maybe kicking the reserve out of Karrakatta. I would hate to see that happen. I do not know what the government's plan is.

When the government is talking about what Commonwealth land can be sold, that worries me a little bit because the states control most of the land and they need to pull their weight. At this point, I cannot see the

government putting the pressure on or throwing the acid on state governments. I think we will see more of that in future or at least refusal to act to get the states to pull their weight.

It is important that I get back to the bills before the House. I draw inspiration for my next comments from the First Home Saver Account fact sheets for account holders. The fact sheets describe the scheme as 'simple' in the first paragraph. The first section of the sheet concerns me on two counts. Firstly—maybe this is being facetious—any document that this government puts forward as a fact sheet is immediately suspect. I would like to look firstly at the eligibility section. I know this point was made earlier by the member for Fadden, but why does commencement have to start at age 18, when locking in good savings and budgeting practices should commence earlier than that at 16? Kick people off in their economic lives by concentrating on what is really important rather than mobile phone plans or trying to buy that V8. They should be encouraged to concentrate on something where they can really make a difference to their long-term security, and buying a house is it. Why does it have to be age 18? I think you can get past the limitations that have been suggested on this matter.

My next point—this is the one I really want to draw attention to, and I can see the minister's advisers over there—is regarding the dot point, which says: 'not having previously bought or built a first home'. In my extensive consultation with the people of my electorate before and since the election, I am afraid to say I have learnt that not all marriages survive in Cowan. I am sure it is the case in every other electorate. We know that some people cannot continue to live together. While that is regrettable, it is not something that can be avoided in all cases.

The DEPUTY SPEAKER (Mr AJ Schultz)—Order! I direct the member for Cowan to address his remarks through the chair.

Mr SIMPKINS—Sorry, Mr Deputy Speaker. I will look more forthrightly toward you. I recall many occasions on which a man or woman have told me about the circumstances of their marriage ending. It was always the case that one party in the relationship ended up with the house, the significant asset, while one did not. I think it is reasonable to say that the information regarding assets is held by a federal government body such as the Child Support Agency or by the Family Court and it is probably possible to determine who did the best out of some of these matters. With regard to eligibility, I ask the government why there cannot be some flexibility with regard to access for first home buyers or savers—flexibility to consider that some former partners from broken relationships want to get back on their feet and get some assets behind them. I therefore speak today for these forgotten people. I speak for the lady of Polish origin whom I met one day in Ballajura who raised this specific issue with me. I also speak for the lady in Marangaroo, not far from Rawlinson Primary School, who also raised the issue of her friend.

What about some flexibility to help these people get on their feet again? They had a house, they have lost that house and now they have no options for support. The First Home Owner Grant is not there for them and the first home saver account is not there for them either. It seems to me that this is a great opportunity to extend it a little bit. It might be a little difficult, but the facts are there. Somewhere within the bureaucracy we would know what sorts of circumstances they are truly in. It is a good opportunity to help people who are up against it later in life.

It would be good to get some help for those people.

On the savings side, which we have been lectured on recently, in tightening up the legislation I would also like the government—and I am not sure if this is covered; I did not find it in the fact sheet—to, when eligibility is determined, take into account homes that are gifted to a person. After all, if you have a house, you have an asset that someone who is struggling to save does not have. You have that advantage, and that should be taken into account.

On the point of withdrawals for a first home purchase I believe that further clarification is required. The holder of the first home saver account clearly has to live in the house for six of the first 12 months. I worry that a person who is a fly in, fly out worker may not be able to achieve compliance on this point. Therefore, I hope that there is some flexibility for those who face these sorts of employment conditions. I have made some commentary on the fact sheet. I recall that the government claims that as many as 500,000 people will benefit from the scheme. I wonder if the beneficiaries are individual account holders. Are their families included in that number?

I want to look further forward on the matter. I want to look beyond savings and at the capacity to pay. The member for Lindsay has raised points in this area. In the end, the size of the deposit will be irrelevant if the capacity to service the eventual home loan is not there. To emphasise that point, I draw on an article in the *Australian Financial Review* from 8 May this year by Rohan Alexander. Mr Alexander suggests that the result of this scheme will be that families will qualify for loans that they could not ordinarily afford. The point being made is that saving a deposit over four years indicates a certain capacity of the family involved to service the interest on

a particular loan amount. Because the 17 per cent government contribution applies only to the raising of the deposit, there should be provision for the eventual loan application to not consider the government's contribution, as it would otherwise distort the figures regarding how much the family can repay.

Mr Alexander's next point leads on from there. If the circumstances of these people are degraded—for whatever reason—the number of foreclosures would rise. Given that the government predicts 134,000 fewer jobs in the coming financial year, and possibly more losses in the years to come after that, we can assume that no income in the house would be a significant change in people's circumstances.

At the end of the day, we still have no acceleration in the release of land by states and no benefits for supply. I call on the government to put the pressure on the states to do so. The sale of Defence land, if that is the plan, is not going to cut through in the end. What we will have with this system is more people with a deposit competing in a competitive market. This is an inflationary risk.

Obviously, we are not going to oppose this bill. There are some areas in which it needs refining. The point that I would make in particular one final time is that all aspects of the problems of housing affordability and the pursuit of the great Australian dream need to be addressed. We must look at what incentives can be put out there for a change in savings. Some people in this country need to change their savings patterns. We need to look at what the federal government can provide in the way of more land. Most of all, what we need to do is get the states to increase the supply of land. We also need to address the issue of state government charges and taxes. At the moment, these are the important points that the government—by the looks of it—are not interested in looking at.

Somewhere along the line, they might have to tread on the toes of the state governments, call them to account and ask them why they have not been doing more to address the housing affordability problem.

Being from Perth, I obviously cannot speak for those who live in other cities. Things picked up about five or six years ago. They picked up because there were a lot more people coming into the state. People were immigrating from overseas and from across the country. They were pursuing the mining boom. The amount of land that is out there has not kept up. These are the problems that need to be addressed.

Ms RISHWORTH (Kingston) (6.43 pm)—I am very pleased to rise to support the First Home Saver Accounts Bill 2008 and associated bills. The introduction of the first home saver account legislation not only delivers on one of the Rudd government's key election promises but also provides a real practical measure to help thousands of young Australians get a step closer to the Australian dream of home ownership. This is something that the previous government seemed uninterested in doing anything about. They sat back and ignored this growing crisis without any strategy. They had their head in the sand when it came to housing affordability.

Those on this side of the House know that housing affordability is placing significant strain on our neighbourhoods. That is why this government has placed, and will continue to place, housing affordability firmly on the national agenda. This is in stark contrast to those on the other side who for the majority of their time in government did not even have a housing minister. There is not a week that goes by that someone in my electorate of Kingston does not bring up with me their concerns about housing affordability, whether it is anxiety about how to pay the mortgage if there is another interest rate rise

or where to find rental accommodation or how to pay a rental bond.

One of the many young people affected by the housing affordability crisis in my electorate is Danielle. She is a 20-year-old woman living in Woodcroft who earns about \$35,000 per year. Danielle had recently embarked on what many young people want to do—that is, move out of the family home and share a house with friends. For Danielle this only lasted a short time as she found it almost impossible to pay rent and afford food and petrol, let alone save for a deposit to purchase a home. She has had to move back home with her parents who help subsidise her living costs. This, unfortunately, is a too common story around my electorate.

Australia's housing market is one of the least affordable in the developed world. Over the past decade the price of an average house has risen from five to 7½ times the average annual wage. Also over the past decade, average weekly rents have risen by approximately 82 per cent and, according to the National Centre for Social and Economic Modelling, 1.1 million low- to moderate-income households are paying more than 30 per cent of their disposable income. This is an approximate 20 per cent increase since 2004—and it is our young Australians who are at the greatest level of housing stress.

Homeownership has historically been an essential part of wealth creation and economic security for families in this country. The high cost of rent makes it very difficult to save for a deposit for a new home. There was a time when renting was only a temporary measure for families who were saving to buy their first home. However, this is no longer the case. One of the most significant barriers between young people and homeownership is that challenge of saving for a deposit. With the cost of rent taking a huge chunk of the weekly budget, it is near impos-

sible for individuals or families to save for their own home. The government's first home saver account will help young people and families in this task. It will help young people like Danielle. This initiative is particularly important in my seat of Kingston, where a significant proportion of the population is aged between 18 and 30—the stage in life where most people are starting to think about buying their first home.

The first home saver account will be able to be offered by banks, credit unions and superannuation funds, and it is expected that account holders will be able to choose from a number of institutions with a number of different investment options. Account holders will receive a 17 per cent government contribution to their account on the first \$5,000 of individual contributions. This will mean that a person who contributes \$5,000 in their first year will receive a government contribution of \$850. Account holders will continue to be eligible for government contributions in subsequent years, until the account holder withdraws the balance to purchase a home or if the account reaches the balance cap of \$75,000 indexed. Over time, and with the effect of compound interest, the government's contribution will build and become a substantial component of the final account balance upon withdrawal. Investment earnings or interest on these accounts will be taxed at a flat rate of 15 per cent. This gives a considerable concession to the majority of young families who pay a marginal tax rate of more than 15 per cent.

I believe that one of the best features of these new accounts is that parents and grandparents are able to make contributions on behalf of their children. It is often parents who express to me their deep concern about the housing affordability crisis and the impact it will have on their children's future. They fear their children will never be able to achieve the dream of a family home. Many

of these parents and grandparents around Kingston want to take action to help their children save for a deposit but they cannot afford to pay their children a lump sum at once. Under this new program the government will pay the 17 per cent contribution for payments made by parents or grandparents into their children's accounts.

The Rudd government has a broad agenda on housing which considers the whole spectrum of housing issues. This ranges from the chronically homeless to the needs of aspiring homeowners and to those who own their own home but are burdened by significant debt. In addition to our home saver account, the government has announced a number of other innovative initiatives. These initiatives are part of a \$2.2 billion package to tackle housing affordability and homelessness. As mentioned previously, rental accommodation has become extremely expensive. The Rudd government's National Rental Affordability Scheme aims to deliver up to an extra 50,000 new affordable rental homes over the next four years and another 50,000 if the demand remains strong into the next decade. This will be achieved by providing incentives to investors to deliver affordable rental properties at 80 per cent of prevailing market rates. This initiative will help ease the burden on renters and has certainly been warmly welcomed by the community housing sector in my electorate who already invest in housing and rent these properties well below the market rates.

Another initiative in this budget which will assist with lowering the cost of buying a new home is the \$512 million Housing Affordability Fund. The new fund will help pay for the infrastructure for new developments, such as water, sewerage and transport, and help streamline development approval processes around Australia. This fund will help lower the cost of building new homes and reduce supply-side barriers to developing

new housing. This is particularly significant for my seat of Kingston, which sits in the outer metropolitan area of Adelaide where many new houses will be built over the coming years.

The Rudd Labor government is taking the issue of housing affordability seriously. We have a challenge ahead of us which has been severely exacerbated by the years of neglect by the previous government. The first home saver accounts are one step to help ease the burden of housing affordability on young people and young families. I commend the bills to the House.

Mrs D'ATH (Petrie) (6.52 pm)—I rise in support of the First Home Saver Accounts Bill 2008 and related bills. The first home saver accounts initiative, which was announced by the Labor Party during the election and delivered in the 2008 budget by the Rudd Labor government, fulfils an important promise made to the Australian people.

This is an exciting and innovative initiative that will make a difference to many people's lives. During 2006 and 2007, while meeting people on doorsteps, at mobile offices and at many public forums around the electorate of Petrie, the message was clear. Young adults were concerned that they will never be able to afford their own homes. Parents of young children, like me, were equally concerned about their children's future ability to own their own homes. And many older Australians expressed deep concern about their children's and grandchildren's future opportunity to own their own homes.

I heard this message, as did Wayne Swan, Kevin Rudd and the entire Labor team. It was clear that more needed to be done. That is how this initiative came about—listening to the community. That is how many great ideas originate—from the local community. It is a practice that I strongly support. The

benefits of community involvement and the gathering of ideas were recently evidenced when I held a 2020 schools summit in my electorate. Twenty-three schools, over 70 students and over two dozen principals, teachers and parents came together to discuss important national topics and also topics that were equally important to our local community. This forum once again reinforced the overwhelming benefit of gathering ideas from your local community. There is no doubt that it is government's responsibility to make the hard decisions, but there is no reason why such decisions should not evolve from the ground up. That is what consultation is about—not just talking but listening to our communities. At the Petrie 2020 schools summit one of our discussion topics was housing affordability. I thank all of the students, principals, teachers, parents and chairpersons for their fantastic efforts and contributions not just to this topic but to all of the important topics that were discussed at that summit.

The First Home Saver Accounts Bill 2008 has come about through extensive consultation with the Australian community. The benefits of the bill now before the House are unequivocal. Many of us in this chamber had the benefit of buying our homes at a time when house prices were much lower and overall cost of living was much lower. Saving for a deposit for your first home has never been easy for the majority of workers. It was and is still not uncommon for couples to call upon their parents to assist with the raising of sufficient funds to cover a five per cent deposit, even when your first home may have been only \$100,000.

According to the Real Estate Institute of Australia, the median house price for outer Brisbane is now \$355,000, which is a 24 per cent increase in the past year. For other dwellings, such as units and flats, the median price is \$276,800. These prices are as at the

December quarter 2007. While these prices are good for existing homeowners, these rapid price rises make it harder than ever for aspiring first homebuyers to break into the market because they cannot save a big enough deposit in an ordinary bank account. That is why the Real Estate Institute concluded in Brisbane:

Housing affordability continues to decline

... ..

... leaving many would-be first home buyers locked out of the market.

Focusing even more on my electorate of Petrie, which is in outer northern metropolitan Brisbane, there are 12,639 rental dwellings within the electorate, according to the census data. According to the ABS 2006 census data, the median gross weekly income for individuals within the electorate of Petrie was only \$484 and for families it was \$1,196. When you consider the median price of houses or other dwellings and the median gross weekly income, it is understandable that many people in my local community are facing financial pressures.

In addition to the everyday cost of living, many people saving for their first home are currently renting. According to the Real Estate Institute of Australia, for the December quarter 2007 the median rental price in Brisbane was \$300 per week. Individuals and families seeking to save for a deposit for their first home are paying these rental prices on the incomes identified. This and other costs facing families and individuals create significant impediments to people raising sufficient funds to have a deposit for a first home. These figures show the immense financial pressure that people in outer northern metropolitan Brisbane are facing.

First homebuyers have been shut out of the housing market. In March 2008, across Australia, first homebuyers accounted for only 16.4 per cent of all home purchases,

which is less than one in six of all home purchases. This compares to 26.1 per cent, or over a quarter, of all home purchases in July 2001. In Queensland the proportion of first homebuyers is now only 15.3 per cent. This rate has halved since August 2000, when 30.4 per cent of all home purchases were by first homebuyers.

The first home owners grant and the first home savers account will assist those most in need in our community to obtain their own home. This is despite the views we have heard today from the member for Fadden, who is praising the credentials of the member for Higgins and the previous government. This is the government that did nothing to encourage or to assist individuals to save. What they did do was provide consecutive interest rate rises and irresponsible spending. Although the member for Cowan thinks it is good to have somewhere for the kids to play and the dog to run, it is a little bit more basic than that. It is about actual home security; it is about having a roof over your head for you and your family.

My concern is also for our young adults coming out of school now and into the future. Those of us who are a little bit older remember the days when we left school. We did not have mobile phones and we did not immediately get credit cards. We had little debt for the first few years of our working lives other than maybe paying board to our parents or possibly paying rent in a shared house or unit. Times have certainly changed. Most young adults have a mobile phone before they leave school. Many are committing to phone plans at the age of 18 and credit cards are very much a part of our society now. The damaging effects of early debt that young people are accumulating are multiplied for those who progress from secondary school to further education. This is why many young adults are staying at home longer.

Only last week the *Courier Mail* ran a story about more and more young adults choosing to live at home. The story appeared on Tuesday, 27 May. I would like to read to the House some of the opinions of these young adults:

After living independently in Japan for nine months in 2005, Rhiannon Holland returned to Australia with little money to support herself.

Knowing she wished to pursue a university degree, Rhiannon's parents, aware that the average price for a rental property was \$220 a week, invited her to move back into the family home at Aspley.

"The advantages are not having to worry about the money expenditures," Rhiannon said. "I haven't come across any disadvantages, bar the occasional privacy issues. But I see this as my parents' house, not as my own."

... ..

Alana Wells, 18, of Scarborough, is a full-time university student studying business and earns \$292 a week as a part-time receptionist.

"My weekly income goes towards paying off my laptop for university, which is \$100 a week," she says.

"I save over \$70 and the rest of the money pays for my entertainment and travel."

According to Donna Wells, Alana's mother, most parents don't have a problem with their adult children living at home.

"As a parent my role is to support Alana so that she'll have a career and a stable lifestyle," she says. "The workforce is competitive and living at home allows Alana to save money and devote time to her studies."

... ..

Twenty-year-old Dean Muller moved out of his family home in Bracken Ridge to a flat in Newmarket, closer to his university, but discovered he did not have enough time to concentrate on his studies. After six months, he was back living at home. "I was working two jobs at the time and it just became too much," he says.

... ..

"You can save much easier living at home. Moving out was a nice awakener to reality, with bills that you've never heard of before, not to mention shopping for groceries, cooking your own food every night; all little things you take for granted when you live at home with your parents."

Celia Lucas, 19, works full-time as a marketing and events coordinator and graphic designer for Sherrin Group in Brisbane and lives in Redcliffe with her parents, despite the fact she has to drive 35 minutes to work.

"I like where I live and it's convenient," she says. "I live right on the beach, near my friends and it's cheaper than moving out."

Celia earns \$630 a week, \$80 of which goes to her parents for board, which is a fair deal, she says.

"Mum and Dad do so much for me. Paying board is really good training because I know to allocate a specific amount of money each week."

The article talks about four young adults, who all live in the electorate of Petrie and who also make the point that anyone who labels them as bludgers is misrepresenting them. The article talks about the benefits of young adults staying at home for longer or, in some of the cases that I have referred to, moving back home. I can certainly relate to their circumstances as I am also one of those people who, as a young adult, moved back into my parents' home at the age of 18, because of the costs of renting on a low income. I congratulate their parents for ensuring that these young adults get the support they need, and also, as the article reflects, the parents are ensuring that these young adults are learning the life skills that they will need once they are out of the family household. I do hold concerns about how equipped our young adults are to plan and save for the future with such debt that I have referred to building up at such a young age. I am very supportive of schemes that assist people in saving. We need to teach our young adults and people saving for their first home the

importance of personal responsibility. Teaching people to save teaches them to be responsible with their income, and it teaches them to be independent and self-sufficient.

The First Home Saver Account scheme not only assists people in saving for a first home but it teaches people the important life skills of budgeting and saving into the future—something that the previous government failed to assist with. This is not a skill that we should presume everyone has. Juggling financial obligations is not easy. The less money coming into the household, the harder it is to balance the competing costs; thus the importance of budgeting is heightened. The benefit of learning to save is that it will also equip these people to balance their finances better once they are in their own home. As we all know, the costs do not end when you buy your first home. There are new costs—of maintaining the home and paying rates—that previously the individuals or couples have not had to manage. The Rudd Labor government's first home saver accounts do more than simply help people to save and teach them the importance of saving. The government itself contributes to the savings, further assisting them in achieving the aim of homeownership. This is achieved through the government providing additional assistance through a government contribution of 17 per cent on the first \$5,000 of contributions for all individuals. The first home saver accounts are low-tax accounts to help young Australians realise the dream of homeownership.

With housing affordability an issue that needs short- and long-term solutions, having these accounts offered from 1 October 2008 will allow immediate savings to be accumulating from this year. One of the key changes that the Rudd Labor government made to this scheme, since the release of the discussion paper and based on the community consultation, was to ease the criteria to open ac-

counts. The new first home saver accounts will allow individuals to open an account without having existing savings and will allow parents to open an account for their children. In addition, parents and grandparents will be able to make contributions to their children's and grandchildren's accounts—with all benefits flowing to the home saver. As I said at the beginning, this initiative is exciting. It gives opportunity to those that otherwise were struggling to see a future that included them owning their own home. The Rudd Labor government, Treasurer Wayne Swan and I understand the anxiety that the uncertainty of not being able to own a home creates in young adults, parents and grandparents. This bill is a Labor bill—a bill to provide long-term benefits to people in our communities and a tangible benefit to deal with the increasing cost of living and the difficulty this places on the potential for homeownership. I have pleasure in commending this bill to the House and I look forward to encouraging many in my electorate to take up this opportunity.

Ms NEAL (Robertson) (7.06 pm)—I rise to speak on the First Home Saver Accounts Bill 2008, the First Home Saver Accounts (Consequential Amendments) Bill 2008 and the Income Tax (First Home Saver Accounts Misuse Tax) Bill 2008. They are bills aimed at dealing with an emerging social problem, and that is that the costs of homes over decades have risen to such an extent that many young people find themselves in a situation where purchasing their first home is an almost unattainable aspiration. If no action is taken we are heading to a generational divide of, on the one hand, the affluent older generation holding property which increases in value over time and, on the other, a younger generation without real property whose net worth is being eroded by the cost of housing for themselves and their families.

In my electorate of Robertson families are paying, on average, 29 per cent of their income on servicing their mortgage. They are the lucky ones, as they have already entered the marketplace. Those who still have not yet bought their home are in an even more difficult situation with a larger, almost insurmountable barrier. With a median house in New South Wales now costing \$385,000 and even on the Central Coast a median house is \$364,000, a 10 per cent deposit is a huge amount of money and many people are not able to accumulate this sum. Despite reduced clearance rates and negative publicity about the housing market, in recent years the annual rate of increase in property is still 4.8 per cent. We are certainly at risk of shutting people out—people who are not in the real property market but completely outside.

I bought my first house 20 years ago at a cost of about \$80,000. That was not an unusual figure. Houses were available at that price both where I bought on the Central Coast and in Sydney. Certainly a 10 per cent deposit was reasonable. You could save and you could do it. Now I do not know how anyone does it, particularly people on low incomes. I am lucky enough to deal with a number of young people, and to know them quite well, particularly through my involvement in soccer. There are many young people in their 20s and early 30s who still do not have any idea of when they might buy a home. I find it very difficult to assure them that some day they will be able to do this. That is why I am so proud to be part of a government that is trying to find a solution to this problem. It is part of delivering our promises. I am very pleased to see that this government, this Kevin Rudd Labor government, takes its commitments—its commitments generally and in particular commitments made during the election—very seriously. This legislation is delivering on

our promise to make housing move affordable, particularly for the younger generation.

This legislation assists saving for a deposit with a combination of tax concessions and government contributions to the first home saver account. This is about this government delivering, as I have said, in a very practical way. This home saver accounts bill and the consequential amendments establish a regime for first homebuyers saving for their deposit. To be eligible to establish a FHSA a person: must be aged between 18 and 65 years, must not have previously owned a home, and must provide their tax file number.

The legislation also does not allow such an account to be established before 1 October 2008, when this legislation comes into effect. Only one such account can be opened by each eligible individual to ensure that individuals do not double up on the concessions available on the account. The maximum contribution to the account is \$75,000.

Generally an individual can have or have had only one of these accounts unless the account was closed for a number of specified reasons: the money was paid into another FHSA; the contributions to the account were refunded because the account was set up under an unsolicited offer under subsection 992A(4); there was a defective product disclosure document under section 1016F; or the account was closed within the cooling-off period.

There are a number of institutions that can provide these accounts, and they are already regulated. They are authorised deposit takers—essentially banks—life insurance companies and registrable superannuation entities, RSEs, that are authorised to offer FHSA accounts.

The manner in which payments can be made from this account is specified under part 3 division 3 of the bill. These are limited

if an account holder wishes to retain the benefits this account is entitled to. The usual authorised withdrawals are for: acquiring a qualifying interest in the person's main residence when they are under age 60—the account holder must also have contributed at least \$1,000 in at least four financial years; transferring to another first home saver account; or making a contribution to the account holder's superannuation fund. This is in fact compulsory where the account holder becomes ineligible to hold the account, which happens upon the purchase of a home, of course.

The benefit of such an account for an individual is twofold. Firstly, a government contribution is made to a saver account on annual contributions of up to a maximum of \$5,000 at a rate of 17 per cent. This maximum is indexed. The minimum government contribution is \$20. Where the calculation determines a lower amount then the contribution is rounded up to that \$20 amount. The contribution, thus calculated, is paid directly into the account after the lodgement of the individual's tax return or of their statement where they are not required to lodge a tax return.

The second benefit of a home saver account is the tax concessions. The contributions to such an account are not taxed, coming from after tax income, and the earnings on the account are taxed at a rate of 15 per cent rather than the marginal rate of the individual, which would generally be substantially higher. This tax concession extends to the withdrawal of funds. No tax is payable where the funds are withdrawn to purchase a home or where an account is closed and the balance of a fund is paid to a superannuation account.

As I have said, this is a decision of the government made in pursuit of an election commitment but is far more important than

that. This is about delivering equity in our community—equity between the younger and the older generation. It is also ensuring that we do not create a group of individuals and families who have no home and do not have the security that that provides. I commend the bill to the House.

Mr CHEESEMAN (Corangamite) (7.14 pm)—I listened very intently to the contribution of the member for Robertson to this debate on the First Home Saver Accounts Bill 2008. In fact, the circumstances she described for people in their 20s and 30s are identical to the circumstances of many people in my electorate and certainly were the circumstances that I found myself in several years ago.

Labor is committed absolutely to helping people own their own home. For the overwhelming majority of Australians, owning their own home is one of the great milestones in life. It provides security. It provides satisfaction. It provides sanctuary. It is the boundary around the family. Within a family home there are usually thousands of happy family memories and experiences. The biggest step in homeownership is the first. I know that because I am still paying off my first home loan. Just a few years ago I took that very big step. Buying a first home for many is a great leap of faith. It certainly was for me. It is a time when families take on a large debt and many families need support and assistance to make that transition. That is why Labor has committed a very significant part of its federal budget towards helping first homebuyers.

The Rudd government will be investing around \$1.2 billion over four years in the First Home Saver Accounts initiative. Labor's first home saver accounts are a policy breakthrough. They are the first of their kind in Australia and will provide a simple, tax-effective way for Australians to save for their

first home. Labor's First Home Saver Accounts policy will not just help young families; it will help older families who have missed their chance of owning their home. It will resurrect their hopes. Any individual can open an account if they are aged over 18 and under 65. These accounts operate very flexibly. Following a detailed consultation process with consumers and finance and housing industries, they have been designed to accommodate and meet the needs of individuals and families. The benefits from these accounts will be derived from a combination of government contributions and low tax cuts.

There are four key ways that consumers will benefit from these accounts. Firstly, contributions to these accounts will not be subjected to tax. Secondly, investment earnings or interest will be taxed at a minimal rate of 15 per cent. Thirdly, withdrawals for the purpose of purchasing a first home will be tax free and, finally, first home saver account balances will be exempt from the income and assets tests. Withdrawals will also be tax free where they are used to purchase a first home to live in. An overall account balance cap of \$75,000 has been introduced, but the initial stipulation of an up-front contribution of \$1,000 has been removed. So we have actually significantly improved the benefits in these accounts above and beyond what we promised at the election.

I have a couple of other important issues to do with these accounts. Contributions may be made by an account holder or another party, such as an employer, on behalf of the account holder. The government will make additional contributions which will be paid directly into the account after the individual has lodged their tax return and the provider has submitted the relevant information to the ATO. The government will contribute 17 per cent on the first \$5,000 indexed on individual contributions made each year. This means an individual contributing \$5,000 will

receive a government contribution of \$850. No minimum annual deposit is needed to keep the account open. All I can say is that I wish this policy had been around when I purchased my first home just a few years ago.

This is a very good scheme. It has been well thought through. Consideration has been put into people's changing circumstances. For example, if an individual's circumstances change during the life of the account so that they no longer wish to purchase a first home, they will not be able to access the account but can transfer the balance into superannuation and then close the account. By transferring the account balance into superannuation, individuals may apply to access the superannuation through early release provisions of severe financial hardship, compassionate grounds or terminal illness. A wide variety of providers will be able to offer these accounts such as public offer superannuation providers, life insurers, friendly societies, banks, building societies and credit unions.

Over the first three years federal Labor's first home saver accounts will help around half a million first homebuyers to save bigger deposits. That is a lot of help to a lot of people. The impact and benefits of Labor's first home saver accounts are broader than to individuals. They will be good for the overall Australian economy. Federal Labor's first home saver accounts will also help boost national savings, with the accounts anticipated to hold over \$6 billion in savings after three years. This is attacking one of the fundamental problems with our economy—our ratio of savings—and is another legacy left to this government by the now opposition along with the skills crisis, rising mortgages and interest rates. As I said, it was only a few years ago that I was saving for a deposit for my first home. I know it was hard then, but today it is even harder. With the escalating housing costs over recent years, saving a

home loan deposit is very tough. It is the greatest obstacle to buying a first home.

This policy will help thousands of Australians overcome that barrier. It will help more Australians save a larger deposit. And a larger deposit will also reduce the debt burden for young homebuyers. It can, for example, help them avoid incurring costly mortgage insurance. I point out something else: as good as this scheme is, it is not all we are going to do for Australians wishing to buy their homes. This policy goes together with a range of other initiatives that will further assist with housing affordability. As an example I point to Labor's housing affordability infrastructure fund, which provides a very significant contribution to helping bring down the cost of housing and land. Labor, through the housing affordability infrastructure fund, is offering to assist councils to meet the cost of some community infrastructure and services so as to bring down the cost of land and house purchases.

Through these initiatives you can see what a difference Labor is making in government. You can see a government that is up early, thinking about how to help working families. This is a government with a strong work ethic, a government that knows what matters to working people, a government that is creative and a government that has policy incentive. What a difference an election makes. What a contrast we have today. There is the fading memory of the tired Howard-Costello government, tied up in policy knots, tangled in ideological obsessions, twisted inward with factional positioning and leadership jockeying and trying to shore up their own job security whilst abolishing job security for workers. Contrast this with a united, new Labor government with well-crafted and targeted policies, looking decades ahead and rebuilding Australia after a decade of neglect. Labor's first home saver accounts are not just good policy in themselves. They are

a sign of Labor's creative thinking and our commitment to tackle the real needs of working Australians. I commend this bill.

Mr ZAPPIA (Makin) (7.24 pm)—I too rise to support the First Home Saver Accounts Bill 2008 that has been presented by the government, and I congratulate the member for Corangamite on his remarks. I start by talking about a report that was released only a year ago by the Urban Development Institute of Australia. I quote some of the statistics that were produced in that report, because those statistics highlight the dire straits that many Australians are in in respect of being able to buy their first home. Between 1984 and 2006 house prices rose across Australia by 493 per cent, whilst over the same period incomes rose by only 183 per cent. Between 1984 and 2006 outright homeownership fell from 41 per cent to 33 per cent. And in the 10-year period from 1996 to 2006 average mortgage payments rose from \$780 per month to \$1,300 per month. Today that figure is even higher. In fact it is much higher, sitting at over \$2,000 per month. Not surprisingly, between 2001 and 2007 the first homebuyers' share of the market dropped from 23 per cent to 16.6 per cent, and the figure is at about that point right now—that is, the share of first-time buyers entering the market has dropped by almost 30 per cent over the six-year period from 2001 to 2007. Interestingly, but not surprisingly, the steepest price hikes in the cost of housing occurred in the years immediately after the introduction of the GST.

So the great Australian dream of owning your own home is becoming a near impossible dream for too many Australians and, in particular, young couples wanting to begin their new life together in their own home. That is why it is important that all three levels of government work constructively together in order to ease the housing affordability crisis and why I speak in support of the

government's First Home Saver Accounts Bill. This bill provides very real tax benefits and savings incentives for first homebuyers who are saving their money to buy their home. It creates an incentive for people to save money and it encourages a disciplined commitment in managing money, which is exactly what will be required when the next step is taken and a home loan is taken out.

Owning your own home is not just an idealistic dream. It has widespread benefits for both the homeowner and the local community and for the broader Australian community. Firstly, homeownership creates stability and security within the household. It establishes the best environment in which to raise children as well as creating a sense of achievement and raising the self-esteem of the new homeowner. But it also creates stability in the local community because it encourages commitment to the local community and builds community pride and community spirit. Homeownership is an investment in the local neighbourhood. For governments, it means less reliance on public housing, less social disruption and less homelessness. There is a secondary benefit in helping people move into their own home. The housing sector is a significant contributor to the Australian economy, providing about 20 per cent of our gross domestic product. A decline in housing construction will have serious negative effects on our economy.

In my own electorate of Makin around 30 per cent of the population are what I would call younger people who would aspire at some stage to owning their own home. Many of these people hope to one day own their own home. When I was campaigning for the 2007 election I was frequently approached by both parents and young people who expressed their real concerns to me that homeownership was becoming out of reach for so many of them. What is just as frustrating is

that as home prices rise so do the rents, and therefore those people who are renting are never able to save up any money because of the rents they pay and they find it even more difficult to achieve their dream of owning their own home. That is why this bill will be welcomed by so many Australian families.

I want to briefly respond to some of the comments that I have heard from members of the opposition with respect to this bill and the constant game of blaming the state governments for the reduction in public housing stock. The reality is that, in the 12 years of the Howard government, federal government funds for public housing declined markedly and so state governments were left to manage the stocks they had with far less money. It is not the fault of the state governments if they are trying to manage a public housing stock when they had their public funds reduced by billions of dollars. That is the first point I want to make about that matter. The other point I will make is this: opposition speakers have frequently talked about what I would refer to as urban sprawl and making more land available in particular by the state governments. Firstly, whilst state governments certainly hold some land, the reality is that about half of it is owned by private owners. Therefore, it is not just the state governments that have land available which could be released for the building of homes.

There is an additional issue relating to urban sprawl. As the mayor of a council in the outlying areas of Adelaide for 10 years, I understand exactly what urban sprawl means and the impacts it has on housing and living costs. In fact, one of the initiatives I put to my council at the time was for the council to get involved in a housing scheme which could be described as a shared equity scheme, in order to try and help people get into their first homes. When that proposal was publicly reported, the telephone lines at the council were overrun with people inquir-

ing about how they might be able to access a new home under the scheme.

The points I really want to make are these. When you go out into the outer suburban areas, what you immediately do is add to the cost of living for the people who go out there. Whilst the house prices might be lower, the cost of living is higher and the transport costs of those people getting to their workplace are higher, so the affordability factor is in fact lowered. In addition to that, whilst the house price might appear to be lower up front, what inevitably happens is that the infrastructure required to service those new housing allotments has to be borne by someone. Either it is paid up front, as many developers now cost it into the cost of their blocks of land, or it is added on to the council rates, because the councils, under pressure to provide the necessary services and infrastructure required by new homeowners, have to take out loans in order to provide that infrastructure. That in turn means that every year those people in the outlying areas are paying higher council rates because they have to pay for the infrastructure that is required to service their needs.

I will use another example of when it quite often does not serve the purpose that it appears to. The example is this: people who live outside the CBD in most capital cities are inevitably further away from most of the services that they rely on. Because they are further away from those services, it costs them money to get there. Of even more concern is that there were people in the northern suburbs of Adelaide—and I expect it would be the same in many other parts of Australia—who were not going to tertiary education or universities because the cost of getting there and the time it took them was making it prohibitive. In other words, it was just compounding the cycle of disadvantage by

having people living further out from where all the services were.

For all of those reasons, this bill is welcome. It is welcome because it is by no means the simple and only solution to fixing the housing affordability crisis facing Australia. The problem arises because of a number of factors. Therefore—quite properly—there needs to be a number of responses. That is what the Rudd government is doing, with a \$2.2 billion housing affordability package that includes investments in public housing and public infrastructure and tax incentives for housing investments. It is those kinds of initiatives that will ultimately make a difference to the affordability of homes by people in this country. For those reasons I commend the bill to the House.

Mr BIDGOOD (Dawson) (7.34 pm)—I rise to support the government's First Home Saver Accounts Bill 2008, which implements Labor's election commitment to introduce first home saver accounts. The government is introducing first home saver accounts to provide a simple, tax effective way for Australians to save for the purchase of their first home in which to live through a combination of low taxes and government contributions. People in my electorate welcome this bill because they know that the option of starting a first home saver account will bring the dream of homeownership closer to a reality for hundreds of thousands of young Australians.

The proposed first home saver accounts are low-tax saving accounts to help Australians realise the dream of homeownership. Since this government came to office, my electorate office has ironically been flooded with inquiries about the scheme we are introducing today. I am happy to say that the wait will soon be over and that the detail will undoubtedly satisfy those many constituents who have shown a deep interest in this

measure. Many people in my electorate aspire to own their own home. It is part of the great Australian dream, whether they aspire to a house or a unit and whether it is in the city or in the great number of suburbs or towns in my electorate. Thanks to the Rudd Labor government implementing yet another election commitment, aspiring home purchasers will have the option and an incentive to save and turn aspiration into reality.

This proposed scheme rewards those who save to purchase a home of their own. The government is legislating an attractive deal with the first home saver accounts. We are proudly supporting and encouraging Australians to save for their first home. We in the Labor Party understand that one of the biggest barriers to homeownership is the saving of the deposit. This bill offers potential first homebuyers saving for a deposit added financial incentive to purchase their first home. I am proud to be part of a government that is introducing into this place measures to boost savings for people in Dawson. I am proud to be part of a government that fulfils every one of its election commitments—and, in this case, has not just fulfilled its commitment but improved it.

Working families in my electorate have been doing it tough, having endured 12 straight interest rate rises, with inflation now at a 16-year high, and having had 11 years of those opposite spending like drunken sailors, with the member for Higgins asleep at the wheel on the economy and ignoring key investments in infrastructure and skills during an unprecedented minerals boom. In what was to be his final term in office, the former member for Bennelong was more worried about his own legacy than everyday working people.

There is finally some good news, finally a decision by a government that will do something about getting money in the bank that

will help people to get a key in the door of their first very own home. Homeownership will always be a part of the Australian dream, and the Australian Labor Party understands this. A home saving plan is one part of showing that we understand, but it is our commitment to responsible economic management that will also get more people into their own homes. We are committed to move on and do what members opposite failed to do in the 11 long years they occupied these benches and address our nation's skills shortage, build on our capacity by investing in essential infrastructure such as roads and ports, and invest in our young people by putting money into schools and universities. The budget has proved we are getting on with the job of building and growing the economy to meet the challenges of the 21st century with confidence.

This legislation shows that we are serious about delivering for the people of Dawson, serious about encouraging saving and serious about assisting people to own their first home. We are serious about tackling the inflation legacy left by the National and Liberal coalition government. This bill goes above and beyond our election commitment made to the people in November 2007. It takes into account improvements arising from the consultation process to make the accounts simpler and fairer.

In summary, the government will contribute 17c to the dollar up to \$5,000 invested in a year into the home saver accounts. This means an individual contributing \$5,000 into a home saver account in one year will receive a government contribution of \$850. Tax on investments in a first home saver account is capped at 15 per cent, up to an indexed \$75,000. By combining own savings, government incentives and tax treatment to boost the deposit, we have made these very attractive accounts for first homeowners, and I know there will be a lot of happy savers in

Dawson come 1 October when banking institutions and other eligible finance providers can begin offering first home saver accounts.

Through consultation, we have removed the stipulation in the election commitment that there be a \$1,000 up-front contribution to open an account, allowing savers the choice of how much money they have to begin saving for their first home. The potential for these accounts to be used for something other than first home purchasing is minimised with the stipulation that any funds not used to purchase a first home must be transferred into superannuation. Flexibility is ensured as people can freely transfer from one first saver fund to another. Savings into home saving accounts are anti inflation, as young people are saving already. Under the scheme, a couple each earning average incomes and saving 10 per cent of their pay would be able to save more than \$85,000 after five years of disciplined saving. This is up to \$14,000 more than what they would have saved otherwise, depending on returns. To conclude, it is estimated that these changes will increase savings in accounts from over \$4 billion to around \$6.5 billion after four years—a tremendous achievement. On behalf of the people of Dawson, I wholeheartedly endorse these bills.

Mr SWAN (Lilley—Treasurer) (7.42 pm)—in reply—I want to thank all honourable members who have made a contribution to this debate on the First Home Saver Accounts Bill 2008 and related bills. The introduction of the First Home Saver Accounts marks an important new beginning in housing policy in Australia. The accounts will help young Australians to once again realise the dream of homeownership. Of course, the biggest barrier to homeownership is saving a large enough deposit. The first home saver accounts will help a couple on average earnings save a deposit of more than \$88,000 over five years, which is almost \$13,000

more than they otherwise would have been able to. The 17 per cent government contribution together with the low 15 per cent tax rate on earning on a first home saver account will make these accounts attractive to many first homebuyers.

Federal Labor's First Home Savers Accounts scheme is also part of our responsible approach to economic management as it encourages young Australians to save some of their hard-earned income. The accounts represent a key plank in the government's root and branch strategy for tackling housing affordability. After 12 years of neglect, housing policy is once again getting the attention it deserves from the Australian government.

Contrary to the view of Sussan Ley MP, the member for Farrer and opposition housing spokesperson, the first home saver accounts are supported by other measures which will increase housing supply. These include: the Housing Affordability Fund, which will increase housing supply by providing money for local infrastructure and giving state and local government incentives to lower development charges; the National Rental Affordability Scheme, which will provide investors with tax incentives to increase the supply of new affordable rental properties across Australia, initially saving 50,000 low- and middle-income families 20 per cent on their rental bills; and a better approach to land release, with all surplus Commonwealth land being freed for housing development or community infrastructure.

The start date for the accounts has been delayed until 1 October 2008 to allow providers more time to develop products. But, contrary to the claims of Sussan Ley, first home savers will not be disadvantaged by the deferral as they will still be entitled to the full annual government contribution on the first \$5,000 of personal contributions in 2008-09.

The former government never took housing seriously. Housing stress mounted and more and more young Australians were locked out of the housing market, but they did nothing about it. Our government has established a Minister for Housing and has acted to introduce the first home saver legislation, demonstrating the importance the government places on housing policy.

Question agreed to.

Bill read a second time.

Message from the Governor-General recommending appropriation announced.

Third Reading

Mr SWAN (Lilley—Treasurer) (7.45 pm)—by leave—I move:

That this bill be now read a third time.

Question agreed to.

Bill read a third time.

FIRST HOME SAVER ACCOUNTS (CONSEQUENTIAL AMENDMENTS) BILL 2008

Second Reading

Debate resumed from 29 May, on motion by **Mr Swan**:

That this bill be now read a second time.

Question agreed to.

Bill read a second time.

Third Reading

Mr MURPHY (Lowe—Parliamentary Secretary to the Minister for Trade) (7.47 pm)—by leave—I move:

That this bill be now read a third time.

Question agreed to.

Bill read a third time.

INCOME TAX (FIRST HOME SAVER ACCOUNTS MISUSE TAX) BILL 2008

Second Reading

Debate resumed from 28 May, on motion by **Mr Swan**:

That this bill be now read a second time.

Question agreed to.

Bill read a second time.

Third Reading

Mr MURPHY (Lowe—Parliamentary Secretary to the Minister for Trade) (7.48 pm)—by leave—I move:

That this bill be now read a third time.

Question agreed to.

Bill read a third time.

NATIONAL FUELWATCH (EMPOWERING CONSUMERS) BILL 2008

Cognate bill:

NATIONAL FUELWATCH (EMPOWERING CONSUMERS) (CONSEQUENTIAL AMENDMENTS) BILL 2008

Second Reading

Debate resumed from 29 May, on motion by **Mr Bowen**:

That this bill be now read a second time.

Mr HARTSUYKER (Cowper) (7.48 pm)—The government bases its entire case for Fuelwatch on advice given by the ACCC. We know the government decided to take the advice of the ACCC over the advice of four of its own departments. We know that motor-ing groups such as the RACV and the RAA of South Australia oppose such a scheme. We know that there are question marks as to the constitutionality of the Fuelwatch proposal. But let us take a close look at the ACCC's advice. The ACCC produced its report into unleaded petrol in December 2007. It recommended:

... the arrangements for terminal gate price publication should be reviewed as part of the scheduled review of the Oilcode by the ACCC and the Department of Resources, Energy and Tourism.

It recommended:

... a more detailed examination and on-going monitoring of buy-sell agreements to fully assess whether they are exclusionary in nature, or have the purpose or effect of substantially lessening competition ...

It recommended:

... Commonwealth and state governments endeavour to align Australian fuel standards with appropriate fuel standards overseas.

It recommended:

... a comprehensive audit of terminals suitable for importing refined petrol in Australia.

It also recommended:

... following the audit, there be on-going monitoring of the use, leasing and sharing of terminals ...

But it did not recommend Fuelwatch. Why was that? The report said about Fuelwatch that there were a number of issues that needed to be resolved before such a scheme went national. These issues were

- limitations in the analysis already undertaken that might influence the direction of a recommendation
- the effect of a price commitment arrangement on independents
- whether regional and country markets are sufficiently competitive to benefit from increased price transparency
- the effect of FuelWatch on price cycles and therefore some consumers' ability to predict the days of the week when prices are likely to be relatively low
- the dependence on the media to realise the full benefits of a FuelWatch scheme
- administrative and compliance costs associated with a national scheme.

At that point, it was clear that the ACCC did not support the introduction of a national scheme. The Prime Minister's current position is that the ACCC supports the scheme and that it will save 1.9c per litre based on the experience in Western Australia.

Let us look at the regulation impact statement, tabled last week by the Assistant

Treasurer. I refer to the impact analysis of option 1, which was to introduce price transparency and price commitment rules—essentially, the Fuelwatch scheme. Paragraph 59 says:

It is possible that the introduction of this option may have anti-competitive effects. Whilst consumers may benefit from potentially greater levels of competition and reduced search costs these benefits may be offset by potentially adverse anti-competitive effects. Most importantly, the provision of this taxpayer funded service creates greater opportunities for price coordination amongst retailers, especially in more concentrated markets.

Paragraph 60 says:

Independent petrol retailers provide some evidence that FuelWatch has not enhanced competition in Western Australia and has, in fact, harmed the competitive position of independents as it allows large operators to adopt a strategy of rolling price leaders.

Paragraph 61 says:

The absence of significant levels of competition in regional and rural petrol retail markets means that consumers in these areas are less likely to benefit from increased price transparency.

Paragraph 62 says:

This option presents some risk of higher prices in rural and regional areas resulting from the creation of greater opportunities for price coordination ...

It comes as some relief to read in paragraph 63 that for that reason the national scheme would cover only some 72 per cent of retailers. It will not cover most of rural and regional Australia. Since then we have learnt that the Prime Minister has said that local councils will have the option of taking part.

'Here's where we stand,' according to the statement tabled by the Assistant Treasurer. It is not a national scheme at all. There is no mention of price reductions. It will not cover most of rural and regional Australia, where people are more dependent on their own

transport. At the time the impact statement was written, it seemed clear that some of the ACCC's reservations had been found to be valid as to why a national scheme should not be introduced.

Let us turn to the analysis on which all this rests: the analysis which the Treasurer says is so much better than that provided by four government departments. Last week we were given what the Assistant Treasurer described as the comprehensive econometric analysis more recently conducted by the ACCC. But it was not comprehensive at all. What was released by the ACCC and tabled by the Assistant Treasurer was a summary of further analysis—a glorified press release, if you like. No-one can tell from what was released whether it is a convincing analysis or not, but one or two flaws are evident. The ACCC's numbers are based on unweighted averages, not averages based on the volume of fuel sold at a particular price. It is one thing to know the price but it is an entirely different thing to know how many motorists are buying at that price.

If FuelWatch in Western Australia is working then more people should be buying at a lower price, but are they? That is a very good question. Let me again quote from the government's own document—the regulation impact statement, tabled by our good friend the Assistant Treasurer. In turn that statement quotes an independent survey of urban consumer perceptions and purchasing practices undertaken in November 2007 by ANOP Research Services. It says:

- 72 per cent of consumers in cities other than Perth always or usually try to purchase unleaded petrol when it is cheapest whilst 59 per cent of consumers in Perth always or usually try to buy petrol when it is cheapest ...

So in Perth, where FuelWatch has allegedly been such a roaring success and motorists are logging onto the website and speeding off to

make an empowered choice, more people are buying expensive petrol. I find that quite confusing. In other cities where motorists have to struggle on without Fuelwatch and, according to the Prime Minister, are at the total mercy of big oil, more motorists are buying cheaper petrol. When you drill down into this phenomenon it becomes a whole lot more interesting.

The reasonable man or woman—or the man on the Mount Druitt omnibus—would expect that Perth motorists would be purchasing fuel at the low point of the cycle. They know where the cheap fuel is—they have looked it up on the website. They know a day in advance what the price will be and they know that that price has been locked in for 24 hours. So, according to the Prime Minister and according to the Assistant Treasurer, with all of this immense power and weaponry that FuelWatch has provided, or allegedly has provided, they should be buying cheaper petrol. But, in fact, the rhetoric is not matched by the reality.

Let us look at this a little closer. According to figures from August 2007, for example, some 34.5 per cent of motorists in Sydney buy in the lowest percentile band in the fuel cycle. The comparable figure for Perth is only 18.1 per cent. So it is 34.5 per cent in Sydney versus 18.1 per cent in Perth. Let us look at the next percentile band, between 10 and 20 per cent: some 14.9 per cent of motorists in Sydney and only 8.5 per cent in Perth buy in that band. In the third percentile band, between 20 and 30 per cent: in Sydney some 15.9 per cent of motorists purchase in that band and in Perth only 9.8 per cent do so. So, to summarise those figures, in the lowest 30 per cent of the fuel cycle we have motorists purchasing some 65.3 per cent of their petrol in Sydney as compared to 36.4 per cent in Perth. This is a curious outcome. People in Perth, despite all those factors that we talked about previously—despite being

notified a day in advance what the price would be, despite knowing where to get the cheap petrol and despite knowing that that price is locked in—are paying, relatively, a higher price within the fuel cycle.

If you do not believe me or the government's own regulatory impact statement that the ACCC's work is unreliable then let us turn to the Institute of Public Affairs and one of its senior fellows, Professor Sinclair Davidson. He has looked at the ACCC analysis published as part of its report into unleaded petrol in December last year and the additional analysis published on 29 May. He said—and this is quite enlightening:

The ACCC data has not been released to the public, nor have they been very clear as to what analysis has been done. The ACCC has been vague in reporting their econometric techniques and have simply published tables, expecting the public to accept their analysis on face value ...

Let us be clear what he is talking about. He is talking about what the Assistant Treasurer described as a 'comprehensive econometric analysis' by the ACCC when he tabled its report. As I said earlier, it is nothing more than a glorified press release. Professor Davidson also said:

- The ACCC analysis is not convincing.
- The ACCC analysis remains unconvincing after 29 May—the new analysis is even vaguer than the original analysis released in December 2007.
- The ACCC did not test for a "Coles effect" in their December 2007 analysis.
- The Coles effect totally dominates the Fuel-Watch effect.
- The ACCC claim to now test for a Coles effect, but do not say what test they have actually performed.

His own conclusion is:

... it appears that FuelWatch has had no effect on the average monthly price differential in WA relative to the eastern states.

What we had in the 2007 report was the unvarnished professional view of the ACCC, which was guarded about the value of Fuel-watch. Only last month, its chairman, Graeme Samuel, told the ABC that Fuel-watch was not about saving motorists money. He said it was a process 'whereby consumers might be able to shave 1c or 1.5c off their fuel costs'. Then in the words of Professor Davidson we get an even vaguer analysis from the ACCC which purports to support the Prime Minister's claim that it will save 1.9c per litre but, of course, not in rural and regional Australia.

What we are now getting from the ACCC is a view that seems to be in a state of evolution. Could it be due to pressure from the Prime Minister, desperately casting round to find evidence to justify his elaborate hoax on the Australian people? His own department does not support it. The Department of Finance and Deregulation does not support it. The Department of Energy, Resources and Tourism does not support it, nor does the department of industry. Here you have the ACCC as the sole defender of the PM's position. As we watch the evolution of this, it is interesting to note my correspondence with Mr Brian Cassidy of the ACCC. It was quite informative. I wrote to Mr Cassidy on 22 April and asked him a very good question. I said:

Could the ACCC provide me with the latest data and ACCC analysis regarding Fuelwatch's effectiveness in providing cheaper fuel for motorists and greater transparency in fuel markets?

Did Mr Cassidy provide volumes of research, meticulously done, peer reviewed, beyond reasonable doubt? No. When I asked him for the latest report, what did Mr Cassidy send me? He gave me a copy of this—the ACCC's report back in 2007. I asked for the latest data and he sent me what he had last year, the very same report, which was quite surprising. The ACCC is giving the

Prime Minister what he wants to hear. Despite advice from four government departments, the ACCC is telling the Prime Minister exactly what he wants to hear. In a telephone conversation as late as the first week of May, I asked Mr Cassidy:

Were the results of testing since the report of December 2007 more compelling, less compelling or consistent with the results reflected in the report?

That was a very good question. He advised me that the results were consistent with the work done in the report. Given these comments and given that the work they have done since they put out the report—a report which did not recommend Fuelwatch—is consistent with the contents of the original report, the way in which the rhetoric of the ACCC is evolving seems curious. It begs the question: in a 380-page report with lots of graphs, tables and thousands of words, why in all of that was there not a recommendation to implement a national Fuelwatch scheme? In the whole of that report, you will find no such recommendation to implement a Fuelwatch scheme, the very centrepiece of the government's attack on petrol prices.

It is also interesting to note comments today in the *Australian Financial Review* which I found most enlightening:

The ACCC chairman acknowledged that he and other commission members had criticised the West Australian FuelWatch plan but said the new position—

their new post-Rudd position, I suspect—

was a response to last year's inquiry into petrol prices ...

How could that be? They had their opportunity to comment on Fuelwatch in that report and the report did not recommend Fuelwatch. Mr Cassidy has informed me that since that report the data that has been received and developed is consistent with what is in that report. So upon what grounds

would they be changing their position? The article goes on:

... which included the first detailed ACCC analysis of petrol prices since the WA scheme was introduced ... 'Yes, our position changed on a whole range of issues'—

there is no doubt about that—

he told *The Australian Financial Review*, adding that it would have been a 'complete and utter waste of time' if the ACCC had gone into the petrol price inquiry with an unmoveable position.

We are not so much concerned about what their position was going into the petrol inquiry; what is of more interest is their position coming out of it. The report did not recommend that there be a Fuelwatch scheme, but somehow the ACCC seem to be shifting their position. And the ACCC is yet to answer that good question: if Fuelwatch is so compelling, if the ACCC's findings are as compelling as the Treasurer says they are, why was a proposal or recommendation to incorporate a national Fuelwatch scheme not up in lights as recommendation 1? You would think, as Fuelwatch has been adopted as the centrepiece of the government's proposal to attack fuel prices, that a proposal for a national Fuelwatch scheme would have been recommendation No. 1. The ACCC have not answered that question and the reason is that Fuelwatch is nothing but a fraud. It is nothing but a hoax, nothing but a confidence trick on the Australian people. It is a policy advocated by a Prime Minister, who wants to take pressure off himself rather than taking pressure off families, pensioners, self-funded retirees and carers. It is all about pressure on the Prime Minister; it is not about pressure on average Australians. It is a scheme that will push up the cost of motoring for motorists in regional areas.

I speak in particular to the new members opposite. To this point in your parliamentary careers you have been bit players in a carnival of symbolism, but I can tell you that the

rubber is going to hit the road now. The people who sent you to Canberra expect better than a scheme that is a fraud and a hoax. The people who sent you to Canberra expect you to fight on their behalf. The people who sent you to Canberra are looking for relief on petrol prices. They are looking for a 5c a litre reduction in the fuel excise. They are not looking for a scheme that is nothing more than a fraud or a hoax.

The members opposite will be judged. If the new members talk to the old hands they will be told, 'You don't have to win every fight. Politics isn't like that: you win some, you lose some. Your electors can certainly be understanding about the fights that you do not win. But sure as hell, they will want you to try on their behalf.' And falling in behind the Prime Minister's hoax on Fuelwatch, toeing the party line when motorists are hurting so badly out there, and supporting a scheme to take pressure off the Prime Minister rather than taking the pressure off families is certainly going to win those opposite no credit within their electorates.

No doubt if you walk down the main street of any town that you represent there will be few people, if any, who will say to you in all conscience that the Prime Minister is taking real and meaningful action on fuel prices. Fuelwatch is a scheme that will push up the cost of motoring. It is a scheme contrived by the Prime Minister to his benefit, not the benefit of Australians. Why else would he fail to guarantee that motorists would not be worse off? This is nothing but a fraud.

Ms JACKSON (Hasluck) (8.08 pm)—I am pleased to speak in support of the National Fuelwatch (Empowering Consumers) Bill 2008 and the National Fuelwatch (Empowering Consumers) (Consequential Amendments) Bill 2008. I am especially pleased to do so as a Western Australian—

someone who, unlike the previous speaker, the member for Cowper, has experience with the Western Australian FuelWatch scheme and an understanding of the benefits of it. I have been contacted by fellow sandgroppers who have been quite bemused by the recent parliamentary and media debate surrounding Fuelwatch.

We are bemused because it would appear that members opposite do not understand how the scheme works and how consumers can benefit from it. The bill's title should make that clear. It is the national Fuelwatch bill and it is about empowering consumers. It is a comprehensive fuel price monitoring and reporting system. It places an obligation on fuel retailers to advise and notify the consumer about the next day's fuel prices. It requires the information to be made public. This, in turn, allows consumers to make informed decisions about the purchase of their fuel.

As I have previously said, I am at a loss to discern what the opposition finds so reprehensible about this proposal. The other benefits to consumers, which are set out succinctly in the explanatory memorandum, are also clear. It empowers consumers to make informed decisions about their fuel purchases. It allows consumers to be informed of the lowest price possible for fuel in their local area. It allows consumers to go directly to the retailer in their local area with the lowest or most competitive price, saving the cost of searching for the best deal in town. It allows consumers certainty, and the price of fuel when published will apply for the whole day, eliminating that daily price volatility.

Our Western Australian experience demonstrates that this scheme also promotes competition in the retail fuel market. I said earlier that some Western Australians had been bemused by the parliamentary and media debate on Fuelwatch. Let me quote from

one email I received from a local Western Australian supporter of FuelWatch after he heard some of this debate on the national media. He said:

I've been following the fuel watch debate with interest and have gathered some statistics of my own which demonstrate that fuel watch in WA can be used to save costs on petrol.

I watch the fuel cycles and generally try and buy when it is at its lowest point. I will provide some figures below which show the average amount I paid per month per litre for fuel in the 10 months from April 2007 to March 2008. Note this includes my 4c per litre discount vouchers which I've indicated below. I will also show the average monthly figure from Fuel Watch. The reason that I have shown 10 months only is that I was on holidays for two months last year.

He goes on to list the comparison:

Month	Avg Cost P/Lt	Fuel Watch Avg for same Month
April 2007	117.9	124.8
May 2007	123.1	130.2
June 2007	120.8	129.9
July 2007	117.4	126.7
August 2007	111.5	122.7

His list continues:

November 2007	123.2	130.5
December 2007	131.57	137.1
January 2008	128.5	138.6
February 2008	128.3	136.1
March 2008	132.7	139.7

As he indicated:

I should add that generally I also have a Coles/Woolworths/IGA shopping voucher which gives me an additional 4c per litre discount so to accurately compare my average cost with fuel watches figure you would need to add 4c per litre to my monthly cost. However, in all cases this is still quite a bit cheaper.

I think this demonstrates that if you are prepared to shop around, although the price of petrol is extravagant, you can get it cheaper if you shop wisely. The opposition do not appear to take this into consideration in any of the comments they make.

For members opposite, that is a practical example from one consumer in Western Australia who has used FuelWatch to ensure that he buys his fuel at the lowest price possible and, as a consequence, has made substantial savings on the purchase of fuel. He goes on to talk about when he was away for a couple of months, in April-May:

Another interesting fact is that in April/May this year a group of four couples from WA went on a caravanning trip to the eastern states.

I might interpose there that we in the west generally refer to everything to our right, on that side of the country, as the 'eastern states'. He went on:

We were amazed to see how the prices for petrol changed so drastically on the one day. A couple of examples are in Ballarat it was 139.5 in the morning and about 150.1 in the afternoon and in Heathcote, just out of Sydney, it was 139.5 at about 4pm and 6pm the same day it was 153.5.

That is one practical example, and I thank Chris White for that. Perhaps those comments about the eastern states might explain in some way the lack of understanding of members opposite about how the Fuelwatch scheme is intended to operate. I again thank Chris White for his contribution and I look forward to receiving further information from him on the daily fuel price comparisons if this debate continues. This is a clear example, as I have said, of how consumers can benefit from the Fuelwatch scheme and it also demonstrates in bold terms why I cannot understand the position of members opposite in opposing the Fuelwatch scheme.

I have also been critical of the media debate on Fuelwatch and its apparent lack of understanding of the scheme. Again, that may be a reflection of the fact that the majority of national papers and the national debate come from the eastern states—not that my own state's paper can hold its head up high in that regard. But I was pleased to see one article, published on 29 May 2008, from

Malcolm Maiden, a writer at the *Sydney Morning Herald*, because as I read it I thought, 'Finally, one of our journalist colleagues has got it!' His headline was 'FuelWatch will put consumers in the driving seat'. Frankly, that is the bottom line: it is about empowering consumers to make informed decisions when they are purchasing their fuel. He talked about the 'divergent opinions' that had been put to the ACCC, who have conducted the most detailed inquiry into whether or not the WA scheme 'promoted competition, or stifled it by locking prices up for to 24 hours'. He said:

... the ACCC's report was loaded with caveats, about the absence of demonstrable cause and effect between the scheme and petrol prices, risks associated with the potentially process-heavy cost of a national rollout and its relatively minor influence on petrol prices.

But he went on:

It nevertheless concluded that FuelWatch was unlikely to hurt petrol consumers and might help them—not just because there was qualified evidence from the West Australian scheme that it worked to push prices down but because the system allowed price discovery, and, for those who work the system to its fullest, about a half a day in which to fill up ahead of posted price rises: score one for the Rudd Government.

When you finally understand it, the essence of the scheme is about putting consumers in the driver's seat. It is about promoting competition and transparency in the retail petrol industry. And for those who are feeling the pinch, it empowers them with the opportunity to purchase fuel at the lowest price whenever they choose to purchase that fuel.

There has been much criticism about the ACCC report on the FuelWatch scheme, in particular of its assessment of how it operates in Western Australia. I think this is incredibly unfortunate because the criticism seemed to completely omit the fact that the ACCC was the only organisation that under-

took substantial econometric analysis of how the scheme works in Western Australia. The ACCC report concluded, in comparing relative prices between Perth and the eastern states before and after the introduction of FuelWatch, that prices in Perth were around 1.9 c per litre less on average for the period January 2001 to June 2007 than for the period August 1998 to December 2000. It seems to me that nobody else has been able to refer to any independent advice that in any way undermines the findings of that ACCC report.

I think it is outrageous for the member for Cowper and others opposite to come in here and describe Fuelwatch as a 'fraud' or a 'confidence hoax' and to lecture members of the government about why they were sent to Canberra. I will just say this: the people who sent me to Canberra expect me to behave honestly and to hear honesty from me, not rhetoric and populist policy. And I say to members opposite: who benefits if you kill off Fuelwatch? It certainly will not be ordinary consumers in Australia as they go about their business and meet their need to purchase fuel.

I do not intend to belabour the point today because I have spoken a couple of times on this matter in debates, including in the matter of public importance debate the other day. I have talked about the popularity of the scheme in Western Australia. The mere fact that it is shown on commercial television during the news broadcasts each night is great evidence of the fact that it is a highly popular scheme in Western Australia, and I think the information I have provided from Mr White demonstrates how an informed consumer is empowered by a scheme like Fuelwatch. I urge members opposite to move on from their rhetoric and their populist posturing and support something which gives consumers in this country real power when it comes to purchasing their petrol.

Mr DUTTON (Dickson) (8.22 pm)—I rise to speak on the National Fuelwatch (Empowering Consumers) Bill 2008 and the National Fuelwatch (Empowering Consumers) (Consequential Amendments) Bill 2008. The Labor Party at the last election promised cheaper petrol. Delivering on this promise has become the biggest political headache for this government.

These bills have been introduced into parliament on the back of some clever and tricky politics by this Prime Minister. Four key economic departments have advised against the scheme, including his own department, the Department of the Prime Minister and Cabinet. At least one of the government's ministers has argued against the scheme, and we strongly suspect that the Minister for Finance and Deregulation also argued against this scheme. We also suspect that the Minister for Small Business, Independent Contractors and the Service Economy argued strongly against this scheme. Those departments know that this scheme potentially will result in higher petrol prices for people in the eastern states.

Fuelwatch will undoubtedly make consumers worse off as the smart consumers who take advantage of the weekly discounted specials will no longer have that opportunity. Fuelwatch reduces price certainty. Outside of WA consumers know when petrol is cheapest. They do not know that to be the case when it occurs in Western Australia. The data published in the report of the ACCC inquiry in December 2007 into the price of unleaded petrol shows that the petrol markets in Sydney, Brisbane, Melbourne and Adelaide operate in a very similar manner. The cheapest day to buy petrol is Tuesday when around 20 to 24 per cent of petrol is sold. The most expensive day is Thursday when around 10 to 12 per cent of petrol is sold. Almost two-thirds of petrol was sold on

the four days where the average daily prices were below the average weekly price.

Perth has a much flatter and longer cycle, which does appear to make Perth motorists worse off. The average volume sold each day was relatively stable. Due to the two-week cycle, it is not obvious which days each week are cheapest, although on average Wednesday is the most expensive and Sunday is the cheapest. More importantly though, 40 per cent of petrol was sold on the three days when average prices were below the weekly average, and 60 per cent was sold on the four days when prices were above the average. That is a salient point and it needs to be reiterated. In Perth 60 per cent of petrol was sold on the four days where prices were above the average. In the eastern states—that is, in the markets of Sydney, Brisbane, Melbourne and Adelaide—the cheapest day is Tuesday, when around 20 to 24 per cent of petrol was sold, but two-thirds of petrol was sold on the four days when the average daily prices were below the average weekly price. That is a remarkable statistic and it is something that this government has chosen to ignore.

The regulatory impact statement that was released with the bill raises at least 10 areas of concern over the scheme, including the following: firstly, independent Western Australian retailers suggest that FuelWatch has harmed the competitive position of independent operators as it allows large operators, including refiner-marketers, to gain a competitive advantage through their great capacity to adopt sophisticated pricing strategies across different metropolitan markets; secondly, that the ACCC analysis is not conclusive; thirdly, it is possible that the introduction of Fuelwatch—this is the advice from the regulatory impact statement—will have anticompetitive effects, and whilst consumers may benefit from potentially greater levels of competition and reduced search

costs, these benefits may be offset by potential adverse anticompetitive effects. This advice was provided in the regulatory impact statement that was tabled in parliament with this legislation last Thursday.

It is interesting to note as part of this debate that, when I asked the Minister for Finance and Deregulation in question time some two hours before the tabling of the legislation, his very clear advice to me was that the regulatory impact statement would not be tabled. What this demonstrates is a government full of hubris and arrogance, a government that is staring in the face the facts of this matter, and that is that they have received advice from those four key economic departments and the initial advice from the ACCC that this was not a good scheme for consumers. It is amazing when you read through the detail of the regulatory impact statement to see the length of their criticism of this legislation before the parliament. It demonstrates that this is a government which is intent on providing spin over substance. They are more concerned with the media cycle than they are with the petrol cycle. They are more concerned with what journalists think than with what Australians who fill up at the bowsers think. The average family, for whom it now costs \$100 to fill the family Commodore, will remember back to November only a few short months ago, when the Prime Minister—the then opposition leader—promised the Australian people that he would bring lower petrol prices to them and therefore some relief to their family household budget. How deceived those people must feel today.

Not only must Australian motorists feel deceived; so too must business and particularly small independent retailers in the petrol sector, who must be wondering why on earth the government has arrived at such a disastrous position. We also understand from the regulatory impact statements and the advice

from Treasury, the Department of Resources, Energy and Tourism, and other departments that it will cost businesses up to \$4,000 annually to comply with the Fuelwatch legislation—or \$18.7 million per annum.

The coalition supports—and there is no question about it—consumers being armed with as much information as possible to assist them to purchase cheaper petrol. There is no question about that. That is a stated aim of the coalition. We will support consumers to ensure that they can find the cheapest petrol, but we do not support the price-fixing elements of the Fuelwatch scheme. That is the stark difference between where we stand on this issue and where the ALP stands. They have chosen a quick fix political stunt. They have chosen to let down the motorists they promised during the election campaign last year to support with cheaper petrol prices. And at the moment they are being found out as the opportunists they truly are.

The other interesting part to the debate is the backflip of the ACCC, so much so that there is no doubt in my mind that the ACCC has felt the government breathing down its neck to support the Fuelwatch scheme. Nobody can explain the stark difference in the ACCC's position between December of last year and this current debate. It is something that we need to examine further and it is something we would like some more information on.

Debate interrupted.

DELEGATION REPORTS

Australian Election Observer Group— Constituent Assembly Election

Mr BUTLER (Port Adelaide) (8.30 pm)—I present the report of the delegation of the Australian Election Observer Group to the Constituent Assembly Election in Nepal on 10 April 2008. May I also acknowledge the presence of His Excellency Mr Yogendra Dhakal, the Nepalese Ambassador to Austra-

lia. Namaste. From the perspectives of stability, prosperity, peace and democracy in our region, this is an incredibly important election, and I feel privileged to have led the Australian observer delegation to Nepal to observe it. Nepal is a country not greatly different in size to Australia, with about 27 million people, and is blessed like us with some of the world's most spectacular natural resources. Historically, in more recent times, Nepal has been either a British colony or an absolute monarchy but over the course of the 1990s was able to hold three multiparty elections. At the same time, though, it is true to say that unrest over economic issues and the ongoing role of the monarchy sparked an insurgency led by the Maoists, which is said to have resulted in about 13,000 deaths over the last decade.

This election flows from the peace agreement concluded between the Maoists and the Nepalese government in late 2006—a peace agreement that included a ceasefire between the warring parties and agreement to conduct an election for a constituent assembly. After some postponements of that election over the course of the last year in particular, there was a final agreement reached between the Maoists and the Nepalese government which finally cleared the path for that election to take place in April. Australia was one of 12 or so countries, as well as the European Union, that was sent to observe that election under the auspices of UNMIN and the Nepalese electoral commission. There were also a number of non-government organisations—notably the Carter Centre, the National Democratic Institute, ANFREL and a range of other organisations from Asia. In all, there were over 900 international observers and about 90,000 domestic observers accredited and trained by the electoral commission.

The Australian group broke into four teams and was able to observe over 90 booths on the day. I will quote quickly from

the statement issued by that group shortly after returning to Australia:

The Australian teams observed no apparent restriction on the ability to vote at the booths visited by the teams. Indeed, in many booths, votes were cast with obvious enthusiasm. Booths observed by the teams were staffed and attended by effective and dedicated polling officials and national observers. The Australian teams observed no significant or systematic abuses or malpractice in the voting process. The group's assessment is that voters at the booths observed by the Australian teams were able to exercise their right to vote in a free and fair manner.

Given the background to this election, it was a very successful election indeed. In spite of a ban on vehicle traffic, including bicycles, on the day, turnout was over 60 per cent—a turnout that puts the American presidential elections to shame. In spite of very serious concerns about violence and intimidation that might have taken place on polling day, the election was, in the circumstances, conducted peacefully. There were also very notable and perhaps surprising results, given the estimation made by pundits, in that the Maoists won a pretty handsome victory. I am happy to also say that one-third of the new constituent assembly members are women.

The constituent assembly has already met, the monarchy has been abolished—again, beating Australia to that—and the constituent assembly now has two years to agree on a new system for democratic elections to take place after that time. This is a new beginning for Nepal. It is true that there are still many challenges, such as the decommissioning of the Maoist militia and its integration with the Nepal army, ongoing unrest in the Terai and—most importantly—endemic poverty. Nepal is one of the 10 poorest countries in the world. But Nepal has wonderful opportunities as well. Stability and peace should see tourism blossom. Its natural assets present huge potential in hydropower.

In closing, I thank my fellow delegation members, particularly the member for Bowman and Dr Chris Drury from the Electoral Commission, as well as the staff from the Australian embassy—Ambassador Graeme Lade, Elizabeth Morris, Kumudh Gurung, Rajesh Tuladhar, Peter Morris and Angela Tierney. We wish the Nepalese constituent assembly all the very best.

Mr LAMING (Bowman) (8.35 pm)—I would also like to endorse those words on the tabling of the report on the constituent assembly election held on 10 April in Nepal. I also acknowledge the presence of the Nepalese Ambassador to Australia and his first secretary and also the many Nepalese Australians who are watching from home on what is a very important two weeks in Nepal's history. In adding to the words of the member for Port Adelaide, I would only go back a little further in history to point out the extraordinary path to democracy that Nepal has taken. Many would realise that Nepal is flanked on its two major borders by two superpowers—excusing Bhutan, who also shares a border with Nepal. Effectively, the struggle between those two nations has shaped so much of Nepal's history, and their determination not only to remain independent but also to strive towards democracy is something that needs to be remarked upon in this House. It goes back to a constant struggle between the king and the attempt to have a people's movement. That has fluctuated a number of times, including a non-party arrangement for nearly 30 years between 1959 and 1989. Also, in 2001, the very tragic moment that the world would be aware of led to further tumult in the royalty. At the same time, from 1996 onwards, the Maoist movement—the Communist Party of Nepal—cost 12,000 Nepalese lives in their struggle to make Nepal a republic.

The lesson for all of us here is that democracies take different paths on their journeys,

and those journeys are never over. But Nepal in particular is a lesson for the international community that there is no one simple formula for democracy. That is a lesson for the major powers involved in democracy and governance around the world. Nepal is a classic example. We saw not only significant concessions made to the parties to bring them to the table, but also significant nervousness about whether that was the prudent thing to do. With the external parties—the observer missions and UNMIN itself—and the Nepalese Election Commissioner, who took significant risks, even though there were two false starts last year, ultimately it transpired that this extraordinarily successful election exceeded everyone's expectations.

When you visit a country just prior to an election there is always that trepidation and that uncertainty. Coupled with that was a complete misunderstanding in the general sentiment of how the people of Nepal would vote. The result was a complete shock to almost every election observer, even those who had been aware of Nepalese politics for decades. There was concern at having a 23-point agreement and a seven-party arrangement after the comprehensive peace accord of November 2006, but in the end it all pulled together. There was uncertainty around cantonment of the Maoist rebels, of confining to barracks the Nepalese army, and whether that agreement would hold. In the end it was a number of groups: the armed police force; the Nepalese police, who are unarmed; the volunteer police; and of course the huge number of observers both from within Nepal and from overseas who were able to see this complex transaction occur almost without a hitch. We note that one candidate and a small number of election helpers were killed in the days leading up to the election. But the big picture across those 75 districts—some of the most remote and beautiful parts of the world—was the overt

and obvious enthusiasm to vote. For anyone coming from a democracy to see that enthusiasm is really encouraging.

For Nepal the future is that they now have a people's constituency that can have parliamentary functions and also design a new constitution for the country. The transition, with the completion of the royalty's reign last week, will, hopefully, remain a smooth one. The unexpected result does now mean that there are some potential coalition and multiparty arrangements that will occur between the Communist Party Maoists, the United Marxist Leninists and the Nepal Congress Party, which has a long history of democratisation in Nepal. That is all before us and the world will be watching as Nepal enters a new stage of its democratic path, a new stage in its relationship with Australia, and it is one that everyone in this chamber will support.

COMMITTEES

Economics Committee

Report

Mr CRAIG THOMSON (Dobell) (8.40 pm)—On behalf of the Standing Committee on Economics, I present the committee's report entitled *Review of the Reserve Bank of Australia Annual Report 2007 (first report)*, together with the minutes of proceedings.

Ordered that the report be made a parliamentary paper.

Mr CRAIG THOMSON—The House of Representatives Standing Committee on Economics is responsible for scrutinising the Reserve Bank of Australia and for ensuring its transparency and accountability to the parliament, the community and the financial sector. The RBA governor's appearance before the committee at biannual public hearings is an important element of the bank's accountability. So too is the Rudd government's initiative in making sure that the minutes of those hearings are published and that

the decision of the Reserve Bank is announced on the day. It is also important to note that legislation that has passed through this House and is with the Senate in relation to the appointments of the Reserve Bank is part of this scheme of increasing the transparency of the Reserve Bank and its operations.

The upward trend in inflation has prompted the Reserve Bank of Australia to increase the official cash rate to 7.25 per cent—up 75 basis points since the former committee met with the bank in August 2007. The RBA has increased the cash rate 12 times since 2001, a total of 100 basis point increase from 8 August 2007, which was yet another strong year for the Australian economy, with growth of more than four per cent over the year to the December quarter. Domestic demand expanded by 5.5 per cent.

The RBA's forecasts for inflation indicate that underlying inflation should start moderating from June 2009 and reach 2.75 per cent by December 2010. The CPI rose by 1.3 per cent in the 2008 March quarter, lifting the year-ended rate to 4.2 per cent. The underlying inflation rate increased by 1.2 per cent in the March quarter, taking the year-ended rate to 4.2 per cent.

It is interesting that we see this analysis by the Reserve Bank in relation to the pressures that we have with inflation because we have members opposite telling us that inflation is nothing more than a charade, a fairytale or it does not exist. This prompted some questioning of the Reserve Bank governor as to what would actually happen if inflation were to be ignored. What would happen if we took the position of the opposition and ignored entirely the problem of inflation, as the former government did despite 20 warnings from the Reserve Bank? The governor's response was unequivocal. He said, 'Ultimately you

end up with higher interest rates.' That is right: ultimately you end up with higher interest rates if inflation is ignored.

Another area where there was considerable debate and questions was in relation to the labour market and the effect that Work Choices may have had on the economy. The governor was asked how productivity is best achieved. His answer was: 'Why take a whole bunch of things out of the equation? Let them sort it all out as widely as possible. You also have to have fairness in the system. These are considerations that need to be kept in mind, as everyone knows.'

When asked about signs of wage pressure in relation to what might happen now that Work Choices has been dismantled, Mr Stevens said, 'The labour market has performed very well in adjusting to the nature of the shock.' So he was quite clear that the demise of the unfair and unjust Work Choices was not going to have a major effect on wage pressures and that narrowing the issues on which people could bargain was not in the best interests of increasing productivity.

Finally, I would like to acknowledge and thank the Governor of the Reserve Bank, Mr Glenn Stevens, and the other representatives for appearing on 4 April; Mr Kieran Davies, who provided a private briefing; Steven Boyd, the committee's secretary and all of his staff; and the other members of the committee. The next hearing with the RBA will be held on 8 September 2008 in Melbourne. The public hearing in September will be an opportunity for the RBA to report on the most recent data. The committee will use this opportunity to continue to scrutinise the RBA over its conduct of monetary policy and see the most up-to-date forecasts for inflation, growth and interest rates.

Mr PEARCE (Aston) (8.45 pm)—I rise as Deputy Chairman of the Standing Committee on Economics to speak to the *Review*

of the Reserve Bank of Australia annual report 2007 (first report). This was an interesting report, as you have just heard from the chair, the member for Dobell, because this was the first time that the Governor of the Reserve Bank of Australia and senior colleagues had had the opportunity to be questioned by the Australian parliament following the election last year. Of course it was during that election that the current government promised to lower the cost of petrol, to cut the cost of groceries and to lower home loan interest rates, and we all know now as a matter of history that, since the Rudd Labor government was elected, all three of those things have in fact gone up.

The report is a detailed report and it has been tabled, but I would like to focus on two issues in the report if I could. The first one is the nonsense that the Labor Party and particularly the Treasurer have been peddling about the inflation genie being out of the bottle. Even today in question time we heard the Prime Minister talking about the inflation monster. So the genie has now been converted and is now a monster. I asked the governor a very direct question. I said:

Some people have said that 'the inflation genie is out of the bottle'. The plain meaning of an expression or a phrase such as that is that something, if you like, is out of control, off and running, cannot be controlled, cannot be fixed—it is all over the place. My question to you is: would you agree that inflation is out of control?

I got a very interesting answer from the governor. He said.

I do not want to comment on colourful things that are said in public debate, but what we have said is inflation has risen and that is a problem. It has to be dealt with and we are dealing with it. We will contain it and it will come down. Is it out of control? No, I have never said that. I have tried, if you like, to make balanced comments that one cannot say that there is not a problem. There is a problem, but I do not think it is out of control.

So we have the Prime Minister calling it a monster, we have the Treasurer saying the genie is out of the bottle, but the Governor of the Reserve Bank has said that inflation is not out of control.

The other aspect that I want to particularly touch on—and we heard the chairman of the committee continue to peddle this fallacy just a minute ago—is about the 20 so-called warnings. This is a very interesting line that the Labor Party continues to try to run. Again I asked the Governor of the Reserve Bank a particular question. I asked:

Could you outline to the committee what warnings you have issued to the current government?

The governor said:

Warnings about what in particular?

I then said:

Have you issued any warnings to the current government?

The governor said:

I am not sure what we mean by ‘issuing warnings’. We meet with the Treasurer monthly, as has long been the tradition, and talk about the economy and the various risks it faces. I do not think that would qualify as: ‘Treasurer, I am warning that you’ve got to do this or that.’ Most of our conversations with governments over the years have not been of that sort of nature. They are an exchange of information and opinion about what is happening, what issues may be arising and how we are thinking about things.

I then asked:

Did you issue any warnings to the previous government?

That was the previous Liberal-National coalition government. Mr Stevens said:

About?

I said:

Well, did you issue any warnings to the previous government?

We have just heard the chair of the committee say that there were 20 warnings, and this

is what the Governor of the Reserve Bank said to my question about whether he issued any warnings to the previous government:

I cannot recall us writing a document saying, ‘We warn you of X,’ if that is what you mean.

So the Governor of the Reserve Bank is on the *Hansard* record as saying that there were no warnings issued to the previous government; yet we have the Prime Minister running out there peddling this line. We have the Treasurer and even the chairman of the committee five minutes ago saying that the previous government ignored 20 warnings when the Governor of the Reserve Bank of Australia said in *Hansard* that the Reserve Bank did not issue any warnings whatsoever.

The DEPUTY SPEAKER (Hon. DGH Adams)—Order! The time allocated for statements on this report has expired. Does the member for Dobell wish to move a motion in connection with the report to enable it to be debated on a future occasion?

Mr CRAIG THOMSON (Dobell) (8.50 pm)—I move:

That the House take note of the report.

The DEPUTY SPEAKER—In accordance with standing order 39, the debate is adjourned. The resumption of the debate will be made an order of the day for the next sitting.

Foreign Affairs, Defence and Trade Committee Report

Mr BEVIS (Brisbane) (8.50 pm)—On behalf of the Joint Standing Committee on Foreign Affairs, Defence and Trade, I present the committee’s report entitled *Review of the Defence annual report 2005*.

Ordered that the report be made a parliamentary paper.

Mr BEVIS—Mr Deputy Speaker Adams, I appreciate the call and your assistance this evening to enable me to stand here on behalf

of the committee. This review of the Defence annual report of 2005-06 was undertaken by the Defence Subcommittee in the 41st Parliament—that is, the previous parliament. Due to the 2007 election the committee's deliberations on this report were interrupted and its finalisation has occurred since the election as part of this, the 42nd Parliament. The current committee did not feel it was therefore necessary to seek new evidence or to conduct additional hearings prior to considering and tabling this review, although I should point out that the committee did in fact consider the draft at its meetings to satisfy itself of the contents.

The committee in this, the 42nd Parliament, is now focused on the review of the Defence annual report 2006-07, which has been adopted as an inquiry and for which public hearings are set down in June and July. Given, of course, that much of the work was done in the 41st parliament, it would be appropriate for me to acknowledge the work of the members of that committee—in particular, the member for Maranoa, who chaired the committee in the last parliament, and a number of our former colleagues who are no longer in parliament for one reason or another. At the risk of offending some, I single out Graham Edwards, who was a very active member of the defence committee in the previous parliament, and indeed the one before that, and a Vietnam veteran who was well respected on both sides of the chamber.

This report provided the opportunity for the committee to look at a number of the major areas of defence operations. There were five major topics reviewed by the committee during the course of the inquiry, particularly in the previous parliament. Those five areas were the Proliferation Security Initiative—the PSI—the Navy's patrol boat capability, the Remuneration Reform Project, the Army's current and future projects, and Army aviation.

The report includes two recommendations. The first is that the committee recommends that an invitation be extended to Defence Subcommittee members to observe and/or participate in the next Pacific Protector exercise hosted by Australia. Mr Deputy Speaker, you would be aware that Defence has traditionally been very reasonable in extending to members of this parliament and the committee the opportunity to participate in exercises of that kind, and I am sure that the Defence Force would welcome the opportunity to extend to members of the parliament the opportunity to observe and, where appropriate, participate in these exercises as well. The committee also recommended that Defence report to the Defence Subcommittee on the implementation of the HNA and ELF programs, with a focus on the delivery schedule of the additional battalions. Those two acronyms stand for Hardened and Networked Army and Enhanced Land Force. Both of those are particularly important initiatives that have been undertaken. The hardening of the Army was an issue that I know the outgoing Chief of Army had strong motivation for. General Peter Leahy was certainly very keen to pursue that agenda over his tenure as Chief of Army.

Although that was a recommendation of the committee in the last parliament, as chair of the Defence Subcommittee in this parliament, I am quite sure members would want to maintain an involvement with those areas, and I anticipate that during the hearings we have on the 2006-07 annual report we will hear a little bit about the hardening of the Army as we conduct those inquiries (*Extension of time granted*). I will take a little bit of the additional time to make a couple of extra comments. At the outset I acknowledged the contribution of the member for the Maranoa, particularly in the previous parliament. I understand he is unable to participate in the debate—

Opposition members interjecting—

Mr BEVIS—I see, he is in the other place. The inquiry into the Defence annual report 2005-06, which is the subject of the committee's report that is tabled here today, was assisted by the ready availability of senior Defence personnel. The Chief of the Defence Force has cooperated and made himself available, for which the committee is very grateful. I know that Angus Houston has, over the many postings he has had in Defence, been very supportive of the defence committee and willing to assist wherever he can. The Acting Secretary of Defence and a range of other senior Defence personnel also made themselves available. The committee has enjoyed the cooperation of senior Defence personnel and, I have to say, the committee has also enjoyed the bipartisan nature with which defence inquiries of this kind are conducted.

I look forward to sometime, perhaps later this year, tabling the annual report review for 2006-07. The committee has been some time in delivering the 2005-06 report. That can be a factor of the sittings of the parliament and the workload on the committee. On this occasion it was exacerbated by the timing of the election. Nonetheless, it is an important part of the parliamentary process for key department annual reports to be reviewed by bipartisan committees. Although it has taken some time for the 2005-06 report to find its way here, I am very pleased to be able to present it to the parliament on behalf of the committee.

The DEPUTY SPEAKER (Hon. DGH Adams)—Order! The time allotted for statements has concluded.

**INTERACTIVE GAMBLING
AMENDMENT BILL 2008**

First Reading

Bill presented by **Mr Billson**.

Mr BILLSON (Dunkley) (8.58 pm)—Gambling is a popular activity. In Australia around 80 per cent of the adult population gambles, and half of these gamble at least once a week. Lotteries and instant scratchies are the most popular forms of gambling, with 60 per cent participation, followed by pokies at 38 per cent and betting on the races at 24 per cent. However, most Australians would not be aware that they have a greater chance of being killed by lightning—one in 1.6 million—than of winning Powerball, which is a one in 54.9 million possibility. Australians spent more on gambling, around \$16 billion, in 2003-04 than on their own health, at \$13 billion. Nearly 300,000 Australians have significant gambling problems. Problem gamblers lose a staggering \$3.5 billion annually or, on average, \$12,000 each.

It is estimated that there are around 1,600 gambling related divorces annually and between 35 and 60 Australians commit suicide each year due to their problem gambling. New technologies will have a profound and increasing impact on gambling patterns and experiences. We need to act to address these new problem gambling risks. The opposition is concerned about the despair, economic and emotional hardship and the real life impact on families and their futures that results from problem gambling. The Interactive Gambling Amendment Bill 2008 seeks to amend the Interactive Gambling Act 2001 to address a new gambling threat—a new powerful, insidious and potentially pervasive form of gambling. This is a practical and meaningful action to address the genuine community concern about the impact, omnipresence and, for too many, overwhelming influence of gambling in Australia. The bill seeks to prohibit the roll-out of new gambling technology in the form of subscription television based interactive gambling. It rejects the suggestion by proponents and gambling revenue addicted state Labor governments

that this new form of gambling is no big deal—it is just another convenience inspired baby step beyond the abundant gambling opportunities currently available.

The bill makes its absolutely clear that the limited exemption to current interactive gambling prohibitions, permitting wagering over the phone or internet, does not allow for interactive subscription television gambling with all of the sounds, sights and stimuli of race day in the family lounge room. The bill also obliges the Rudd Labor government to conduct an open and extensive examination of the Interactive Gambling Act 2001, including wide public consultation, to ensure it can adequately address new gambling and converging technologies and reflects contemporary community standards concerning interactive gambling. The review aims to ensure that the Commonwealth law reflects current best practice, international research and knowledge about problem gambling and linkages to particular kinds of gambling and embraces protections and effective safeguards against problem, excessive, underage and unlawful gambling.

The 30 June 2009 reporting date provides ample time to consider how best to use new and emerging technologies to negate the risk, prevalence and consequences of problem gambling. The duty on the minister to provide a copy of the review report to both houses of parliament will ensure that legislators can consider whether the regulatory framework is sufficiently robust to cope with technological change, innovation and convergence. This is all about recognising, understanding and getting ahead of the impact of new and emerging gambling technologies and their consequences. Contrast the practical political leadership and clear, decisive and tangible action of the opposition with the inaction and political deception of the Rudd Labor government. Instead, Prime Minister Rudd has sat back, happy that his spin and

deception generated the desired ‘War on Pokies’ newspaper headlines to secure a typical Labor ‘optics’ outcome of appearing to care and take action, while actually doing nothing practical or of substance. Turning a blind eye may have kept the Rudd government sweet with their state Labor mates when the pending introduction of subscription TV gambling was revealed earlier this year, but the Prime Minister and the Minister for Broadband, Communications and the Digital Economy, Stephen Conroy, cannot continue to refuse to lift a finger while a new lucrative and highly addictive form of gambling with serious and significant known risks is rolled out despite the Commonwealth having clear powers to stop it.

Pay TV gambling has begun in Victoria with racing, but many suspect it is just a matter of time before pressure mounts to extend interactive betting on football codes, other sports and even in virtual casinos. The gambling industry describes interactive TV gambling as an ‘exciting fledgling market’. Pay TV gambling presents a new danger to problem gamblers and will also provide an easy and tempting introduction to gambling to teenagers, where they will not even have to leave the couch. You can lose your shirt without having to put one on. The US Office of Substance Abuse and the British Medical Association have both recognised and warned about the additional risks associated with remote interactive gambling. Its availability and accessibility, solitary and hidden nature and appeal to socially inhibited, vulnerable and escapist gamblers give rise to these risks. Similarly, the 2004 review of the operations of the Interactive Gambling Act 2001 expressed concern that interactive gambling, including television based platforms would potentially normalise aberrant behaviour and exacerbate the social harm associated with problem gambling. —(*Time expired*)

Bill read a first time.

The DEPUTY SPEAKER (Hon. AR Bevis)—In accordance with standing order 41, the second reading will be made an order of the day for the next sitting.

PRIVATE MEMBERS' BUSINESS

Genetically Modified Crops

Mr BROADBENT (McMillan) (9.04 pm)—I move:

That the House:

- (1) urges the Australian Government to act to restrict any further planting of genetically modified crops in Australia, the use of genetically modified products in the manufacture of food in Australia and the sale in Australia of food products containing genetically modified material until a full, independent, scientific investigation is carried out to determine:
 - (a) the level of risk to health of foodstuffs containing genetically modified organisms; and
 - (b) the threat of contamination posed by genetically modified crops already planted under relaxed provisions in Queensland, New South Wales and Victoria to crops and the food chain as it relates to livestock production in general on neighbouring properties; and
- (2) calls on the Australian Government, in considering its course of action, to take into consideration the commitments made by the current Prime Minister on this issue in the lead up to the 2007 Federal Election.

The DEPUTY SPEAKER (Hon. AR Bevis)—Is the motion seconded?

Mr Wood—I second the motion.

Mr BROADBENT—I respond to two things in this motion. The first is representations from my constituency, which are always very important to all members of this House on both sides. The second is a profound disappointment with regard to genetically modified products and crops which the community that I have met with in the last

few weeks believed the federal government had promised to them before the election. That promise is unfulfilled. It is not fulfilled. It was a profound disappointment in the community, but we began a process after the representations, and what a process and what a journey that turned out to be. That journey was one of consultation with my community. The journey was one of not driving the process but listening to the community as they came to their elected member and spoke to me about the issues that were of concern to them. Those people were keen that we take a direct interest. In this whole process there was not only I who took the journey but also my staff. I have never mentioned my staff before, but Ken Mitchell, Jennifer Paproth, Kevin Carmody, Margaret Burridge and Millie Maclean took an interest in this whole process of consultation about genetically modified crops and the concerns that our community has.

Who did we meet with? Of course, we went not just to a town hall for a visit but into the kitchens and the homes and onto the beef farms and the dairy farms. We met with people from all walks of life and with all sorts of characters. From Kardella to Tarwin Lower, we met with interested parties. I said I would not drive the process, but I was keen that, if it were going to be a worthwhile process, it be driven by the participants: Jessica Harrison, Bev Mustchin, Robert Vickers, Yvonne McRae, Elly Wishart, Jo Hogan, Mary, Lyn Chambers, Syd White, Lee Storti, Jim Seabrook, Brian Enborn and Colin and Jenny Dowel, who had a great story about their own dairy farm. They found that they had calf losses that were not usual to their 120-year-old dairy stud farm, so they began to look at the changes that had taken place on the property and the changes they needed to make to look after the farm in a more natural way. They have completely reversed the loss of their calves on that property. It is a great

story. We met with Julie-Anne Trease—her interest in sustainable agriculture extends to the leadership group that I spoke to a few weeks ago—councillors like Nigel Hutchinson-Brooks, Meredith and Gil Freeman of Kardella, Becky Banks, Rosemary and Graeme Trease, Suzanne Wightman, John Beamish, Ron and Bev Smith, on their organic dairy farm down at Fish Creek, Shelley Riddle, Bernice Mook, Emma Mook, Tim and Liz Farrell, Sue Svenson, Caryl John, Jackie Dargaville, Rob Roberson, and Shane and Ann Bundy. What an experience it was to go to Shane and Ann's beef farm and to listen to their presentation.

It is important as we raise the issue to hear what the constituents are saying. When we came to this place for 'Science meets Parliament' we met some very pro GM professors. Immediately, we asked them to return to the electorate with us. We said to the professor from Monash: 'Come with us back to the electorate. Come with us to a vegetable property on the peninsula.' We probably should have told Greg Hunt before we went down there. We said: 'Come with us. Look at how we grow the vegies and then meet the people who have these concerns.' We went from the peninsula all the way down to the Koonwarra Sustainable Communities Centre at Koonwarra and met with another 30 people. We had interaction between the scientists and the people so that their concerns could go straight to the scientists.

On that day, Robert Shepherd actually joined us. He was in his lab at Monash University with his white jacket on and I said, 'There is a seat in the car for you; do you want to come?' He hopped straight in the car and came with us for the day. It was really great to have someone that young with us. I have to say that meeting those amazing young honours students at Monash University working in this area of gene technology was a great eye-opener for me.

Where are we now on the election promises? One of the questions was: why was the issue of gene technology and chemical residue regulation or public health systems excluded from the scope of the inquiry that the government has set up and which the minister has described as a major independent review of Australia's quarantine and biosecurity arrangements? The message here was that the community believes that the federal government had made a promise to them for a wide-ranging review of the whole GM process—how it affects our soils, how it will affect the interaction between farms. We have written a report on this and it will come out of the office once it is cleaned up. The issue is: where are we going with this whole issue and why wasn't it included in this review that the government has set up? It is called a major independent review of Australia's quarantine and biosecurity arrangements, but we have had comments like this from people like Dr Rosemary Stanton on Crikey on 29 February:

Nick Evans, editor of BioTechnology News.net complains that opposition to GM foods is coming from a "hodgepodge of dieticians, geomorphologists, epidemiologists and anti-gm activists". As a nutritionist who has called for transparency and more appropriate testing of the current crop of GM foods, he may well be including me in his "hodge podge". In fact, I have repeatedly stated that I am not against GM technology as such. Like three of his four "hodge-podge" groups, I am a scientist, and as a scientist, I object to the method of restricting tests on the current GM crops by claiming they are "substantially equivalent" to other crops and allowing only industry-funded testing (independent scientists have great difficulty obtaining GM seeds for testing). For all we know GM foods may be entirely safe. They obviously don't kill you, but the fact that the current crops have been released without adequate testing and are unlabelled (so the poor epidemiologists would have little hope of trace any ill effects) means we have no scientifically valid evidence to make such an assumption. Why are

GM companies so against independent scientific testing?

There is a place here for the scientists on one side and the scientists on the other side to come together so that people like me who are not scientists in any of these fields can try to get an understanding of where we are at. Rosemary Stanton also asked, 'Why was this left out of Australia's quarantine and biosecurity review? It is a major review and it was left out.'

The chefs of Australia have come out and said in an article titled 'Chefs boiling mad over GM foods':

More than 50 of the country's top chefs, including Neil Perry and Kylie Kwong, have signed a GM Free Chefs' Charter to protest against the introduction of genetically modified food crops to Australia. They called on the NSW and Victorian governments to reverse their position on growing GM canola and demanded thorough labelling of all food products that contained GM ingredients.

Chefs have also said:

In the US and the EU, and across the world the great growth area is in clean, green food products. We believe that it is not wise to give up our global, unrestricted GM free marketing advantage, particularly when the long term implications of GM food manufacture and consumption are not yet known.

Then we go to the Western Australian Premier, who was so concerned about it. In 'Gene Ethics backs WA Government call on GM foods', it said:

The GM giants must prove their GM products are safe before they reach the shelves, so FSANZ should stop all GM food approvals until real safety tests rule out allergies, damage to vital organs and links to cancer.

As Premier Carpenter says it is 'unbelievable and unacceptable' that FSANZ relies mostly on GM company data to say GM foods are safe to eat.

There is a real concern about the control of seeds across the world. Who owns the seeds? If you look at the price of Roundup and some

fertilisers and how they are controlled around the world—I know you will blame China and India for the use of those—the prices have gone up. The price of Roundup has gone up so substantially in such a short time and it is owned by one company.

As we went on the road, it was hard for us to discern what was truth and what was not. But we did realise this was a grassroots issues for people with genuine concerns. It is up to me and every other member of this House to address those concerns. If I as member do not stand up for those people, I ask you, who will? (*Time expired*)

Mr BIDGOOD (Dawson) (9.15 pm)—I rise to speak against the motion moved by the member for McMillan. The government recognises there is concern in the community about the safety of GM crops and food and about the adequacy of Australia's regulatory processes. I would like to assure the House that Australia has robust frameworks for regulating GM crops and food and for ensuring that risks to human health or the environment are identified and managed. The national framework for management and regulation of gene technology, which came into effect in 2001, includes: the Gene Technology Agreement, which was signed by the Commonwealth and all state and territory governments in 2001; the Gene Technology Act; the Gene Technology Ministerial Council; and the Office of the Gene Technology Regulator and its current powers. This framework regulates the use of gene technology by identifying risks posed by or as a result of gene technology and by managing those risks through regulating the use of gene technology.

The Gene Technology Regulator assesses all applications for approval of GM crops to ensure that any risks to human health and the environment have been identified and can be managed. Approvals are based on rigorous

science, and the regulators will examine all available information when undertaking assessments. The regulation of GM foods and organisms, including GM crops, involves all Australian governments, overseen by the Gene Technology Ministerial Council and the Australia and New Zealand Food Regulation Ministerial Council. Food Standards Australia New Zealand has rigorous and transparent processes for assessing the safety of GM foods, undertaken in accordance with internationally established scientific principles and guidelines. I am advised that this includes a rigorous process of peer review.

I would also like to assure the House that the government supports the existing national framework for management and regulation of gene technology and that the government believes the current regulatory framework provides adequate safeguards to assess and consider environmental and food safety risks. I also remind the House that GM crops and the protective framework in place have the support of the bulk of industry. Perhaps the member for McMillan has not consulted widely enough with the industry on this issue. The industry is certainly not saying to stop planting.

Canegrowers, the peak body that represents 80 per cent of Queensland's sugarcane growers—sugarcane being an important industry in my electorate of Dawson—support GM use. This is what Chairman Alf Cristaudo had to say on 27 August 2007:

As an industry that embraces innovation and best practice in our farming systems it is appropriate that we have a strategy within the sugar industry to promote the introduction of GM canes. The new technologies promise to deliver lower costs and higher production using less inputs, providing gains for growers and the environment.

I have had consultations with Canegrowers Proserpine Chairman, Peter Quod; Canegrowers Inkerman District Manager, Jim Collins; and Canegrowers Mackay Chair-

man, John Eden. They all spoke to me about the positive future of cane, about the need for them to have the science available to produce the best crop and about getting the best possible crop returns now and into the future. They spoke about value-adding to the industry, including producing fibre from the crop and the future of furfural. They all speak about the long term, and under a Rudd Labor government the sugar industry will have a long term, whether the member for McMillan and the Liberal Party like it or not. The member's motion seeking to ban the planting of crops is not about the long term of the industry; it is short term, knee-jerk and out of touch with what is in place now.

Notwithstanding the measures and safeguards in place and the support for GM crops from the majority of industry bodies, the government believes that genetically modified crops should not be approved for commercial release unless they are safe to health and the environment and beneficial to the economy. The government understands that safe and beneficial standards must be established beyond reasonable doubt and that standards must be met to the satisfaction of the government, the scientific community, the consumer community and the farming community. The government also ensures that the process for assessment of GM crops includes careful consideration of health and environmental risks.

ABARE found in its latest report *Economic impacts of GM crops in Australia*, released earlier this month, that there would be significant economic costs to Australia from delays in adopting GM crops and significant economic benefits—potentially \$8.5 billion over ten years—from growing these crops. Criticisms of the report by the Australian Greens and others are unfounded. ABARE has surveyed and cited international experience and Australian trial results in preparing this report. I encourage people, espe-

cially the member for McMillan, to read the report in full to understand the context for its findings. I seek leave to present the report.

Leave granted.

Mr BIDGOOD—Thank you. The Minister for Agriculture, Fisheries and Forestry, the Hon. Tony Burke, has said he believes GM crops will provide ‘a piece of the jigsaw in tackling climate change’, and I agree with that. GM crops will help farmers mitigate climate change effects by enabling increased uptake and improved management of minimal tillage systems that increase soil carbon sequestration and help them adapt by improving drought tolerance and resistance to changing weed, pest and disease pressures.

What is more exciting about GM crops is that they can also play an important part in helping Australian farmers increase their productivity and remain competitive in export markets. The ABARE report entitled *GM crops in emerging economies: impacts on Australian agriculture*, released in March 2008, reinforces ABARE’s earlier findings that if Australian farmers do not adopt this technology they will fall behind their international competitors. I seek leave to present the report.

Leave granted.

Mr BIDGOOD—Thank you. On the matter of sequestration and the coexistence of GM and conventional products, the \$6 billion Australian grains industry believes it is possible to keep non-GM grains separate from GM grains throughout the supply chain in Australia. ABARE, in its 2006 report *GM grains in Australia: identity preservation*, concluded that the cost of segregating GM and non-GM canola would be modest and manageable at four to six per cent of the average farm gate price. I seek leave to present a third report.

Leave granted.

Mr BIDGOOD—Thank you. In conclusion, I affirm to the House that the government supports the national framework for managing and regulating gene technology.

Mr WOOD (La Trobe) (9.23 pm)—I congratulate the member for McMillan for listening so carefully to his local community and for working so hard. This is obviously a very big issue in the electorate of McMillan. The issue of genetic modification, otherwise known as GM food, is also a sensitive one in my electorate of La Trobe. As my electorate is the neighbour to Macmillan, you can imagine this. I have been contacted by many constituents angered by the lack of public debate on GM crops. I therefore support the call of the member for McMillan for the government to conduct an independent, broad-ranging scientific investigation into the genetic modification of food and biotechnology and to assess not only the health of the crops and the food but also the potential for contamination, the commercial implications for Australian primary industries and the benefits and risks associated with genetically modified organisms. Until Australian consumers can be confident of the safety of GM foods, these foods should not be produced or sold in Australia. We need an urgent review.

In my electorate of La Trobe is the Yarra Ranges Shire Council, which has been instrumental in raising public awareness about the potential dangers of GM food. La Trobe is home to several diverse agricultural industries, from orchards and vineyards in the south to livestock grazing in the west. Contamination from GM crops would be disastrous for these industries. The decision of the Victorian government to lift the moratorium on the cultivation of genetically modified crops threatens Australia’s primary industries, particularly organic agriculture. Farmer groups, such as the Berwick farmers market—and I congratulate them for putting on a

fantastic market, held in my electorate of La Trobe, on the fourth Saturday of every month—celebrate organic and farm fresh produce. GM contamination of their crops would spell the end of this organic food market.

Contamination can occur in many ways: wind can carry GM organisms from a GM farmer's crop to a non-GM farmer's crop or organic produce could come into contact with materials that have previously come into contact with GM produce, such as machinery or grain storage facilities. Once the supply chain has been breached, farmers cannot market their food as organic again. Even more alarming is that such breaches can have legal consequences for farmers as well. As most genetically modified crops are patented, farmers of non-GM crops can potentially be sued for patent infringement and theft of intellectual property if they are found to be cultivating crops with GM organisms belonging to another farmer, even if the cultivation was unintentional. This actually happened to Canadian farmer Percy Schmeiser, who was successfully sued by biotechnology firm Monsanto for patent breaches of GM canola. Even with 10-kilometre buffer zones surrounding GM farms, there is no fail-safe way to protect GM-free crops against contamination. Seeds can be carried tens of kilometres by wind.

Supporters of genetic modification argue that GM food can eradicate world hunger by drought-proofing crops and making them disease resistant, increasing yields. While there is certainly evidence to suggest that GM has benefits for overall crop yield, it cannot be ignored that almost one-third of all GM maize grown in the United States is used for ethanol production. The maize needed to produce only 95 litres of ethanol would feed one person for a year. When considered in this context, it suggests that the impetus for cultivation of GM crops is not eradication of

world hunger. Despite indications that GM crops could prove more profitable than non-GM crops, fears about the potential health risks posed by GM foods mean there is a high demand for non-GM products throughout Europe and Asia. Tasmanian canola farmers recently secured a lucrative contract to supply Japan with GM-free canola, proving that farmers can choose to remain GM free without compromising the profitability of their yield.

While there are many arguments supporting the cultivation of genetically modified crops, the simple fact is that a long-term study needs to be done in Australia to ensure they are safe. Finally, I am not opposed to GM crops, but I want a correct and proper review to make sure everything is done to ensure that these products are actually safe to be used in Australia and to help Australians without endangering our agricultural industry.

The SPEAKER—Order! The debate is adjourned and the resumption of the debate will be made an order of the day for the next sitting.

ADJOURNMENT

The SPEAKER—Order! It being almost 9.30 pm, I propose the question:

That the House do now adjourn.

Mr Phillip Manning Cadman

Mr RUDDOCK (Berowra) (9.30 pm)—Tonight I want to draw to the attention of the House a tragedy that befell one of our former colleagues, Alan Cadman, when on Saturday, 10 May his son Phillip Manning Cadman passed away. This was a tragedy for the Cadman family, for Alan and Judy. It has always been said and I think very much understood that with the passing of time we may see the passing of our parents but it is a great tragedy when parents lose one of their children. Phillip was 44 years of age, single,

active and worked widely around Australia. He worked extremely long hours and had many skills. He was a pilot. He worked in mining developments. He had an artistic side to him and was particularly popular amongst family and friends.

On 16 May, a funeral was held for him at the Uniting Church, Galston. Attending that service were numbers of Alan's former colleagues—John Howard, Leader of the Opposition Brendan Nelson, Bronwyn Bishop, Louise Markus and Kerry Bartlett. Amongst the many hundreds of mourners, I also attended. It was a very moving occasion because there were eulogies from Stephen and Andrew Cadman. Alan and Judy spoke as well. Reports were included in our local press of what the family members had to say:

Phil was the most unexpected, exciting and generous person and most of all he was special,' his old brother Stephen said with a smile. 'Phil was such a great guy, both inside and out.'

... Andrew broke down as he remembered the wonderful uncle Phillip had been to his own children.

He called him 'a loving and tender brother, uncle, son and man.'

They spoke of his love of the bush. Judy Cadman, a very brave lady, spoke of all the gifts Phillip had given her, including a silver-plated gumnut pendant which she clutched as she spoke to us all. She said:

'Phil might have undervalued his own attributes and worth but everybody around him knew how special he was ...

'He was caring, generous, thoughtful, kind ... amazing and his quick wit and intelligence always had us on our toes.'

Alan said he was:

... overwhelmed by the support his family had received.

'Everybody has touched our hearts with their support, but nobody has touched us like our Phil.'

'Phil had told me of his sleepless nights as he feared for the future of Australia. He took everyone's problems as his own and worried about the drought, climate change and becoming overpopulated. His anxiety of our future had become too much and although no-one detected it, we know now that he is free. Phil is safe and is happy once again.'

Occasions like this are very emotionally draining on all of us, but one could not help greatly admire Judy and Alan for the loving way in which they came to this occasion, understood the burdens that their son had borne but also had great faith that he was taken to his god. The faith of Alan and Judy is something I must say I greatly respected and appreciated on this occasion. It gave them great strength. I spoke to Alan last week. I saw him again in my own electorate on Sunday at a service at the Midway Christian Centre. He feels great loss, but he is managing it well. I wanted to report that his colleagues feel for him and Judy at a time like this. I hope others will have the opportunity to send him a message of goodwill.

International Men's Health Week

Mr DREYFUS (Isaacs) (9.34 pm)—International Men's Health Week, to be held from 9 to 15 June 2008, is a week of activities designed to raise awareness of men's health and related issues. Men and boys face specific health concerns relating to anatomical and biological differences and also to differences in lifestyle and culture which are far too often overlooked. International Men's Health Week is an important opportunity to encourage men to attend regular check-ups with their doctors and other health services. As Professor John MacDonald, the Co-director of the University of Western Sydney's Men's Health Information and Resource Centre, said in 2007, and I strongly endorse these comments:

The key is to make the annual check-up a normal part of men's lives—much like taking the car to

the mechanic for an annual service is accepted as essential for the safe and optimal performance of the car.

It is important that we act decisively on men's health issues. Australian men have an average life expectancy of 78 years compared to 83 years for women, and it is not only the quantity of life which is important but the quality of life we enjoy. Disease such as diabetes, kidney disease, mental health and obesity related illnesses severely impact on the quality of life enjoyed by Australian men. The prevalence of diabetes is increasing. There are probably 5,000 people with diabetes in my electorate alone.

Labor governments have a proud record of developing comprehensive national health policies. In 1989, Australia's first national women's health policy was launched by a Labor government. Dr Carmen Lawrence, the former member for Fremantle and Minister for Human Services and Health, had prepared a national men's health policy in 1995 prior to the election. Those opposite failed to deal with the issue comprehensively when they reached the Treasury benches in 1996.

As announced by the Minister for Health and Ageing in November 2007, the Rudd Labor government will launch a national men's health policy. It is currently under active development by the Department of Health and Ageing in consultation with state and territory governments, health providers, consumer groups, advocacy groups and of course Australian men.

On 14 June, I plan to attend the International Men's Health Week function to be held by the Bayside General Practice Network at Mentone in my electorate of Isaacs. This event will help to raise awareness amongst men about the need to get regular health check-ups from their doctors. I look forward to taking part in this community health event at one of the local hardware stores in my

electorate. I would encourage other members in this place to do so in their respective electorates.

Prostate cancer is the most common cancer diagnosed among Australian men. I was involved earlier this year in a long-distance charity bike ride to raise funds for prostate cancer research with several other federal parliamentarians from both major parties including the members for Parramatta, Wills, Oxley, Menzies, Farrer, Macarthur and—I almost forgot—Warringah.

The government will invest \$15 million over five years to two dedicated prostate cancer research centres—the first in Australia. These centres will be at the forefront of developing new treatments and screening and diagnostic techniques in relation to prostate cancer. I would like to take this opportunity to commend to this place the great advocacy that the Treasurer, himself a survivor of prostate cancer, has made to ensuring that men are put in the best possible position to fight this terrible disease.

Bowel cancer is the second most common cancer amongst Australian men after prostate cancer and kills 80 Australians per week. The government has committed \$87.2 million to screen all 50-, 55- and 65-year-olds for bowel cancer. The Rudd Labor government will not neglect the specific needs of men's health. We understand that cardiovascular disease, diabetes and work related injuries affect more men than women.

Pollie Pedal

Mr ABBOTT (Warringah) (9.39 pm)—I am pleased to follow the member for Isaacs, who has been talking about the importance of research into cancer, because I rise to congratulate all my colleagues involved in the Pollie Pedal of 2008. The 11th annual Pollie Pedal bike ride went from Melbourne to Sydney via Yea, Benalla, Rutherglen, Henty, Junee, Boorowa, Goulburn and Camden. I

am pleased to say that more than \$220,000 was raised for a number of very good causes—for the education of children with autism at the Vern Barnett School in my electorate; for medical research at the Nepean Medical Research Foundation in Penrith, in Sydney; but most particularly for prostate cancer research at Westmead Hospital, which is the largest health campus in the southern hemisphere.

I wish to thank the major sponsors of Pollie Pedal 2008: Amgen, the pharmaceutical company; Novartis, another pharmaceutical company; the Mormon Church; Hartmann, which provides bandages to public hospitals; Blackmores, the well-known natural health provider; Johnson & Johnson, another pharmaceutical company; and Ramsay Health Care, the private hospital operator. It was particularly pleasing to see not only that these sponsors provided financial support to these good causes but that the key personnel of some of them also participated. Richard Davies, the local managing director of Amgen, and Martin Cross, the local managing director of Novartis, were key participants in the ride this year, as was Graeme Shelley, who is one of the senior executives with Hartmann. But it was not just the large corporates who were involved; I was particularly pleased to receive a \$500 donation towards the great cause of prostate cancer research from the Albury Aboriginal Medical Service. I want to particularly thank that organisation for their generosity.

But it would not be a Pollie Pedal without the participation of some of my parliamentary colleagues. The member for Parramatta, Julie Owens, rode every kilometre of the distance. Pat Farmer rode almost every kilometre. He often says that he could probably run faster and further than we ride, but nevertheless, to his great credit Pat, the member for Macarthur, was riding most days. Kevin Andrews, the member for Menzies; Sussan

Ley, the member for Farrer; and Senator Guy Barnett were also participants over several days. Bernie Ripoll, the member for Oxley; Mark Dreyfus, the member for Isaacs; and Kelvin Thomson, the member for Wills, all participated on the first day. I thank them and I congratulate them.

Of course, it was not all plain sailing or easy riding every day. I probably should thank the Wagga Wagga Base Hospital for the excellent medical attention that was provided in the casualty department to one of our riders who came off his bike, and also Campbelltown Hospital for the care of another one of our riders who suffered a suspected heart attack. But I have to say that all of them are fine and they are looking forward to participating next year.

Pollie Pedal means that at least some politicians turn up at towns far from the beaten track for politicians. Politicians turn up at little places which are often forgotten in our national debate. The other nice thing about the Pollie Pedal is that travelling on bikes and staying in caravan parks suggests to those who are familiar with it that politicians are not quite the creatures of luxury or the indulgent people that at least some of our critics like to think.

I would like to say that Pollie Pedal has become a very important part of my life. I really appreciate the camaraderie of my brother and sister politicians. I look forward to next year's event and I hope that all who participated this year might get on their bikes again next year.

Epilepsy

Mr HALE (Solomon) (9.44 pm)—I congratulate the member for Warringah for enlightening us on the Pollie Pedal ride for the cause of cancer. It is a great cause. I think that politicians at times are underestimated in what they do for the community.

I want to speak today about epilepsy. I know that we hear a lot about cancer, and there is a lot of money raised to research cancer, but a disease that affects some 200,000 Australians is epilepsy. It is a very common and most serious neurological condition in Australia. There is no cure for this condition, and there are various ways people can control or manage symptoms to improve their quality of life, particularly if the condition is identified and managed early.

Epilepsy is a disorder in the activity of nerve cells in the brain which is characterised by unpredictable, recurring episodes known as seizures. The location of the electrical discharges in the brain determines the parts of the body that are affected by seizure activity. The cause of epilepsy cannot be identified in nearly 70 per cent of all cases. There is a burden with epilepsy. The psychosocial and socioeconomic consequences of epilepsy often cause more suffering than seizures themselves. Problems arise in the fields of independent living, education and employment, mobility, personal relationships such as marriage, and insurance and law.

The reason I am very passionate about this subject is that my sister, Jacintha, suffers from epilepsy. She is a very professional lady; she is a school teacher. She was diagnosed with epilepsy when she was 22 years old. I still remember the phone call I received from my mother to say that my sister had had a seizure of some type. She was back from James Cook University on holidays when Mum heard a crash and bang and walked in to discover my sister having a seizure on the floor of her bedroom. It was quite disturbing at the time, not knowing what had actually happened. There was no apparent reason for her epilepsy. There was no history of it in the family and she had had no head injuries. It was very rare indeed to have an example of adult onset epilepsy and it has affected our family.

I have spoken to my sister because I wanted to know first-hand some of the things that have affected her life, professionally as well as personally, including having children—she is a mother of three. She said that when the kids were young they had to run things differently, including some of the little things that I suppose other mothers would take for granted. For example, my sister never bathed the kids unless there was someone else at home with her, and nappy changing was done on the floor if she was there by herself. She said the worst seizure she ever had happened when she was downstairs on a Saturday morning and she ended up with a black eye and lacerations to her feet and hands. Her daughter was only a few years old and witnessed this occurring, so it had an impact on her. What my sister used to do, which she said was quite amusing, was to pretend to have seizures in front of the children as they got older, putting herself on the ground and going into a seizure type activity, so that the children would learn how to react and what they had to do to bring it to the attention of my brother-in-law, Tim.

My sister went on to work in boys' education. She left teaching for a little while but is back teaching now. It is amazing how many of her colleagues say that she is probably the best school teacher they have ever seen teaching year 12 English. In some notes she has given me about her experiences she says her job involved a lot of interstate travel and most of the travel usually involved two people going somewhere. But she remembers going on her first trip by herself and how terrified she was that she could have a seizure.

The reason I am talking about this is that Epilepsy Australia is looking to establish an office in the Northern Territory by the end of the year. This will be welcome because it is something that we need. The suicide rate among people with epilepsy is 25 times

greater than the rate in the general population, and the Northern Territory is not immune from this. So I welcome the fact that the epilepsy centre will be established in the Northern Territory. And I find it quite humbling that I get to tell my sister's story in this place. I am very proud of her. She is a great sister and her story deserves to be told. (*Time expired*)

Mrs Paula Ford

Mr BALDWIN (Paterson) (9.49 pm)—I rise tonight to advise the House at the passing of Paula Ford of Medowie. Paula was a devoted life partner and best friend of Tom; a loving mother to Andrew, Terry, Sandy and Tom Jr; a wonderful mother-in-law to Kim, Julianna, Glen and Libby; a wonderful Nanna to the apples of her eyes—grandchildren Catherine, Emily, Michael, Samantha, Erin, Leigh, Mitchell and Rhiley; and a sister to Peter, Christopher and Vanessa. Most importantly, Paula Ford was a friend to many. We all know Paula in a different form, but we all know that she put others first. There are talkers and there are doers. Paula was definitely a doer.

My first meeting with Tom and Paula was in June 1995, when I ran for preselection for the Liberal Party, when I first heard that distinguishably Paula line: 'Now listen here, my boy'—and then you would get the sermon from the mount. I listened; I was elected. The world according to Paula: invariably she was right, and it was always for others, for the community that she and Tom loved so much. I believe that the greatest thing in this world is not so much where we stand but in what direction we are moving. Paula always moved heaven and earth for her community. No obstacle was too great. Apart from her example to others by being a fine wife, who in partnership with Tom raised a happy family who remain close knit and productive members of society—she instilled in them

and in her grandchildren a sense of community spirit—Paula is remembered for many things.

We are all aware that one of Tom and Paula's many legacies is the creation of Pacific Dunes. Many Medowie residents would know Paula from her involvement with that community and for her unflinching support for that development against all the odds. I used to drop in for a cuppa regularly with Tom and Paula at the house on the hill. I saw the vision and passion first-hand. Tom could never say no to a challenge, and Paula always made sure it was followed through.

Support for the community was not a newfound thing for Tom and Paula. Some may have forgotten in the passage of time the donation to the NBN Telethon: donating the land and then teaming up with Craig Baumann at Valley Homes to build and donate the house—always to help others. We often see the structure but overlook the support and the raising of money for projects like the PCYC at Nelson Bay while Tom was in Apex. Winston Churchill said: 'We make a living by what we get, but we make a life by what we give.' Funny, Tom would make the commitment and, again, Paula would follow through, but they always gave their all. Paula was involved in Red Cross at Williamstown and the Rotary Club of Williamstown, where she was made a Paul Harris Fellow, and she was a charter member of Salamanda Rotary. She was involved in Little Athletics, soccer and youth issues and she was a vital member of the Medowie Probus club.

It is no secret that Paula supported the Grahamstown Dam Sailing and Aquatic Club and, with Rotary, purchased dinghies for Sailability. More recently a dinghy was donated in her name. Unfortunately she was not well enough to christen the boat, but her grandchildren did her proud that day. They definitely follow in Paula's footsteps.

Many would not know that, if it were not for Tom and Paula Ford, the release of the dam for broader community use would never have happened. My involvement in having the dam as a community asset came as a councillor on Port Stephens Council following yet another sermon on the mount from Paula. Paula and Tom were relentless in advocating that young kids had nothing to do and here was a dam that no-one could use. The rest is history.

Paula was a tireless worker for her beloved community and in spite of, not because of, her own battles with breast cancer she was a champion for raising awareness of and fundraising for breast cancer research. She even got me to participate in Relay for Life though I must admit I paid others to walk the kilometres for me.

It is indicative of her local community spirit that she wanted her friends not to mourn her passing but to celebrate her life, knowing that each of them was a part of that journey of life. Finally, to quote Mark Twain, who I think summed up life in general:

Twenty years from now you will be more disappointed by the things you didn't do than by the ones you did do. So throw off the bowlines. Sail away from the safe harbour. Catch the trade winds in your sails. Explore. Dream. Discover.

Epilepsy

Ms HALL (Shortland) (9.53 pm)—I would like to congratulate the member for Solomon on his fine contribution in relation to epilepsy. On Wednesday, 28 May, we launched the Friends of Epilepsy here in Parliament House. The decision to form the parliamentary Friends of Epilepsy came as a result of my having spoken to Jacinta Collins, the chair of the Joint Epilepsy Council of Australia. She convinced me of the need for such a group. She referred to the World Health Organisation campaign, which identified epilepsy as arguably the most

stigmatised and the most underresourced health condition in the world today, with 60 million people world wide suffering from the condition.

In Australia there are around 200,000 people with epilepsy at any one time. These are people like the member for Solomon's sister and my sister-in-law, who have lived their lives affected by epilepsy in many different ways. It affects their standard of living, their life choices, their occupational choices and their employment opportunities. It has an impact on their general health. As well as that they have to live with the stigma of having epilepsy.

The launch was attended by over 40 people from all around Australia. These were people who had been associated with epilepsy in one way or another. As well as that, we had members of parliament in attendance. The keynote speaker at the launch was Christine Walker, from the Chronic Illness Alliance, on behalf of the research working group of the Epilepsy Foundation of Victoria. She highlighted many needs in relation to epilepsy, such as the need for social research into epilepsy in Australia. A research project was undertaken in 2006-07 that looked at the impact of living with epilepsy. The research explored the impact on community attitudes and it went on to discuss with the participants matters concerning barriers and the way it affected their lives. In a country town those who have seizures cannot play sport and people avoid them—this was all brought out at the launch.

Australia has a world-class health system and epilepsy, unfortunately, does not receive enough attention from governments, or at a community level. Epilepsy Australia has adopted a research agenda and the Epilepsy Foundation of Victoria has a working group. That is where Christine Walker was involved.

The Friends of Epilepsy want to raise awareness and put epilepsy right there on the agenda. We want social research into epilepsy in Australia. We want people in Australia to understand what it is like for Australians who suffer from epilepsy—how just the simple fact of getting around is very difficult in such a car-dependent society as we have here in Australia.

Employment and education are impacted on enormously by epilepsy. Children who suffer from epilepsy have their schooling interrupted and later in life that impairs their ability to get jobs. Quite often the only jobs that they can get are casual ones. My sister-in-law has, in her whole working life, never had a permanent job. Epilepsy acts as a barrier, it leads to social exclusion and it impacts on the quality of people's lives. I learnt a great deal last Wednesday. I learnt how epilepsy had impacted on the lives of many of the people who attended the launch. In fact, I spoke to two mothers who had lost their sons. The launch was the start of Friends of Epilepsy and it will become a strong group within this parliament. It will raise awareness, not only that of members and senators but also that of the Australian community as a whole. It is time we put aside our fears and prejudices and undertook the research that will lead to a cure for epilepsy and the control of it. This disease affects over 200,000 Australians and their families. We can ignore it no longer.

Mr Michael Francis Nolan

Mr HALE (Solomon) (9.59 pm)—We were going to get an early mark, but I thought it would be remiss of me not to mention that we buried an AFL legend in Brisbane this morning: Michael Francis Nolan—Mick Nolan—who was known as the 'galloping gasometer' by the fans of the North Melbourne Football Club. Mick played in the 1975 premiership—the inaugural premier-

ship—for North Melbourne. I took leave from the House today to attend his funeral. It was a fantastic occasion reflecting on a real gentleman and family man. He was a fantastic individual. I had the pleasure of coaching his sons up in Darwin at St Mary's Football Club. I will be making a further comment on Mick's life in an adjournment speech at a later date. I just thought I would mention this on the day that an AFL legend was buried.

The SPEAKER—Order! It being 10 pm, the debate is interrupted.

House adjourned at 10.00 pm

NOTICES

The following notice was given:

Mr Albanese to move:

That standing order 31 (Automatic adjournment of the House) and standing order 33 (Limit on business) be suspended for the sitting on Tuesday 3 June 2008.

Monday, 2 June 2008

The DEPUTY SPEAKER (Ms AE Burke) took the chair at 4.05 pm.

APPROPRIATION BILL (No. 1) 2008-2009

Cognate bills:

APPROPRIATION BILL (No. 2) 2008-2009

APPROPRIATION (PARLIAMENTARY DEPARTMENTS) BILL (No. 1) 2008-2009

APPROPRIATION BILL (No. 5) 2007-2008

APPROPRIATION BILL (No. 6) 2007-2008

Second Reading

Debate resumed from 29 May, on motion by **Mr Swan**:

That this bill be now read a second time.

Mr GEORGANAS (Hindmarsh) (4.05 pm)—I thank the chamber for the opportunity to continue my speech on the Appropriation Bill (No. 1) 2008-2009 and cognate bills from where I left off last week. I will not go for the full 10 minutes; I will start where I left off last week. At that point, I was speaking about the benefits of the different funding to seniors—whether it be through the internet or through the bonus payment—and the government's commitment of \$50 million to introduce a national seniors transport concession scheme for seniors card holders by 1 January 2009.

On this note, I would like to take the opportunity to congratulate someone in my electorate, Mr Kevin Hamilton, the former member for Albert Park, who has been campaigning on this particular issue from the days when he was a state member—from the eighties right through to the early nineties. One of the first people to see me when I was elected was Kevin Hamilton, who came to lobby me on this issue. I am very pleased that the Rudd Labor government has delivered, after many years of many governments discussing this issue. We have committed \$50 million to introduce the national seniors transport concession scheme for seniors card holders by 1 January 2009. It is very important for seniors who are travelling interstate to visit families, friends or grandchildren. Previously, their discounts were not acknowledged, and sometimes you would think we needed a visa to cross a border in this country. It is about time we conform things across all states. I am a very big believer of that.

We are also committed to reintroducing the Commonwealth dental scheme to aid those who are young—teenagers—and those who are older to access affordable dental care. There are hundreds of elderly residents within my electorate who are currently languishing on dental waiting lists, and have been for many years, who are in need of care. I have supported and will continue to adamantly support the reintroduction of this scheme. We are going to end the blame game. The government has also reached an agreement with the states to provide \$150 million to help 25,000 patients get the elective surgery they need. Too many people are currently waiting too long to get that surgery. This \$150 million commitment will help slash the number of people waiting longer than clinically recommended for elective surgery, and \$13.6 million of that will go to South Australia to deliver an additional 2,262 procedures.

I was also pleased to see in the budget announcement that the Glenelg Wastewater Treatment Plant, which is in my electorate, has had \$31 million committed to it. This will ensure

MAIN COMMITTEE

that there is a pipeline that takes water treated at the wastewater treatment plant at Glenelg to pump it through the electorate of Hindmarsh into the CBD, ensuring that along the way industry, schools, governments and local councils use the water that would normally be pumped out into the sea into the Gulf of St Vincent.

This government is aware that we need to address the needs of everyone—including the aged and those on fixed incomes, such as the disability support pensioners and carers—within our society. We have a commitment to assist those in need to help them make ends meet. I have listened to and will continue to listen to the concerns and questions of all residents of Hindmarsh and I commend the appropriation bills to this House.

Mr HAWKER (Wannon) (4.09 pm)—In speaking to the appropriation bills, which of course encompass the first budget of this new Labor government, I have to say that, maybe having been spoilt by the previous budgets presented by the honourable member for Higgins, Peter Costello, this budget came across as a very big disappointment. It was a very pedestrian performance. I think it really did show that it is classic Labor and we are back to the old style. There was a lot of talk and hype beforehand about this being a tough budget but, when we look at the so-called savings and new spending, we find that it is two for one: the spending has gone up \$2 for every \$1 that was saved. As I say, this is a classic Labor budget. In fact, we have seen an increase in spending and an increase in taxes. In actual dollar terms, it is the biggest spending and biggest taxing budget Australia has ever seen.

Really, there were two messages that came out of this budget. It was a squandered opportunity. The first budget in a new parliament is the time when a government can really do some important things to set the scene, but very little has happened. We are very much seeing a return to many of the old Labor values. As the *Australian* of 17 May put it: ‘We are going to see a sharp rise in central state planning.’ In other words, rather than a fresh face, we are very much seeing a return to the old Labor values.

When we look at some of the aspects of the budget, we have to remember a bit of the background of the people who have been directly involved. If we look at both the Prime Minister and the Treasurer, we see that they were trained in Queensland, where they learned the art of parochialism and the art of ultrapopulism, and I think that is really showing through in their whole approach to this budget. But the thing that really does concern me, as someone who represents a regional seat in this parliament, is that we have seen a real push back to city values and a city focus. This should not come as a surprise if you look at the make-up of the Rudd cabinet. There are 20 members of the cabinet and, if you do a quick analysis, you find the answer to what I have said: eight of the cabinet ministers come from Melbourne, six come from Sydney, three come from Brisbane, one comes from Perth, one comes from Adelaide and one—the token regional representative—comes from Newcastle. That is seriously scary, and I think it shows in the thinking of these people, who are very much city oriented. This is going to be the shape of decision making for this current government. It will be very much a city based thinking government. I remind honourable members that, when we look at the make-up of the House of Representatives, we see that, of the 150 members, a third of them come from regional Australia—and yet there is one token regional member in the cabinet. That is a bit scary. For people who do not live in the major cities, it is a very big worry.

This government inherited an economy that is the envy of most of the world. If ever a government was given a golden chance to really do something, it was this government. It inher-

ited this economy and yet already we are seeing a budget that has almost got shades of the Whitlam era. And the events of last week will add to a major decline in public confidence in the ability of this government when it comes to addressing the real challenges that we are facing in the world today—and let us not underestimate it: there are some very big challenges.

When you look at the specifics of this budget, you see that there is a \$40 billion infrastructure fund but there are no details; there is no convincing explanation of how it is going to be spent. There is a very real fear about how funds will be spent. I think we have already seen some indications in the by-election in the seat of Gippsland that this money is being saved up to be used not for the most important challenges of infrastructure in the country—whether it be for new roads, transport links or other infrastructure—but to try and buy some votes in the lead-up to the next federal election.

Dr Jensen—Slush funds.

Mr HAWKER—As my colleague points out, a slush fund. When we listened to some of the pronouncements made in relation to this infrastructure fund, it was pretty obvious that a lot of it could be used to paper over the mess that some of the state governments are making. When I say ‘paper over’, I mean that there is no indication that there will be proper accountability. Having been involved in trying to get some accountability into the way the states spend money, I assure honourable members on the other side that, despite all the rhetoric, the states are very good at covering up what they are really doing. I do not believe that this government will find it any different.

Looking further at the approach of this government: it has been suggested that there are already more than 100 task forces, reviews and white papers which have been announced. In other words, it is going to be government by review. No real decisions are going to be taken in so many areas; already they have all been deferred. In some cases, these deferrals are for more than three years, so the government does not want to make a decision in the whole term of this parliament. I think that is a huge disappointment for the Australian people: to think that they elected a government and that this is its approach. While these reviews may be very interesting, the only thing they will do in the short term is create a lot of highly paid jobs for some of the mates of the government, as we have seen in so many of the states. It is very much an indication of what we see in the states’ approach to governing.

Having limited time, I will quickly run through some of the more specific things in the budget. As I mentioned, it is disappointing. There is a lot of indecision and there is a lot of work on this thing called ‘spin’, which is going to be the hallmark of this government. It has been well-reported recently—not earlier but recently—that so much is being tailored for the 24-hour news cycle, and the budget reflects that in so many ways. We have seen some increases in taxes, but you could not exactly call them taxes which are in the main area. We have seen the ready-to-drink alcohol tax—and I will come back to that, because if ever there was something dreamt up a week before budget date to fill a gap then that must be it. There has been a 10 per cent increase in stamps announced. We have seen an increase in the condensate tax on gas fields. You could call none of this deflationary, despite all the rhetoric about inflation. Today the Prime Minister wound the rhetoric up a few more notches and talked about the ‘inflation monster’. Yet, when we look at the budget, we see that there are increased taxes in some areas that will really have a major impact on inflation.

Another announcement was the changes to private health cover. There is no doubt that not only will the changes that have been mooted put up the price of private health cover but they will put more pressure on public hospitals. I think people are going to lose on that both ways. Other prices will also go up—things such as the so-called luxury car tax.

As I have mentioned, the spending is going to go up, so all the talk about inflation really does not match the detail of the budget. I look at a couple of other areas. The government made a lot of noise about climate change, but what have they done? They have cut the solar panel industry to pieces. People who make solar panels are virtually facing the prospect of going out of business. That is a local industry that has been cut to pieces. The government's proposed emissions trading is nowhere in the budget or the forward estimates. Yet if, for example, there were a \$25 a tonne carbon tax then that would add \$10 billion to the tax on Australians.

Dr Jensen—And between 10c and 30c to a litre of petrol.

Mr HAWKER—As my colleague reminds me, it would dramatically increase the tax on fuel. Then we come back to the whole question of the tax on the ready-to-drink market. I think this is a clear case of utter hypocrisy. It was put forward as a health measure, and yet when we look at it we see that it was all about raising more money. We have seen the reports in the papers and they show quite clearly that, as was predicted and as was reported last week, alcopop drinkers are 'turning to spirits'. The report says that, while sales of the so-called 'alcopops plummeted by almost 40 per cent in the fortnight after last month's lightning tax hike on the drinks, any health gains have been offset by a 20 per cent jump in stronger, straight spirit sales'. Anyone could have told you that that was going to happen, and yet the government was desperate to find the money and then try and clothe it in the guise of a health measure. I cannot see how encouraging people to take stronger alcohol—and maybe or maybe not dilute it to the same amount of alcohol as ready-to-drinks—is in any way contributing to health. I do not deny that there may be a problem, but that is not the way you address it. So that is an issue with health.

I want to turn quickly to two specific things. I mentioned the 5c increase in stamps. Some would argue that basic postage stamps have been 50c for quite a long time, but it just so happens—if you look closely in the budget papers—that Australia Post will pay a special dividend of \$150 million to the government in 2008-09, as the Senate estimates were told last week. This, of course, is on top of the \$300 million Australia Post already provides to the Commonwealth annually. But how much is the extra 5c going to raise for Australia Post? Guess what.

Dr Jensen—One hundred and fifty million?

Mr HAWKER—Not \$150 million—\$155 million. So Australia Post is now out there as a tax collector for this government. So, again, the poor old consumer is being hit with this underhand approach—a tax grab—to try and make sure that the Treasurer can say, 'That's not a tax that I actually authorised.' Well, what is it if it is not?

Dr Jensen—A tax is a tax by any other name.

Mr HAWKER—A tax is a tax. I would like to come back to the whole question of fuel. As we heard a couple of weeks ago, the Prime Minister said in relation to this:

We have done as much as we physically can ...

Well, that did not work too well. Let me just remind honourable members that, since this government was elected—and up until a week ago—the price of petrol has gone up over 13c on average, and in the last few days it has gone up even more. That is an increase of 10 per cent. While I think that most of the public realise the underlying reasons for this, the public are also well aware that the Prime Minister went to great lengths to try and deceive them during the election by saying that with petrol prices it was the previous government that was not worried about the increase in costs and that if the Rudd Labor government was elected it would do something about petrol. Well, it has sure done something: it has announced Fuelwatch to watch the price keep going up.

Dr Jensen—Did he also say ‘peace in our time’?

The DEPUTY SPEAKER (Ms AE Burke)—The member at the desk will desist from interjecting. It is not actually helping anybody.

Mr HAWKER—I am quite happy about the interjections; they do not worry me. I could also make the point that there is a little windfall going on on the side with the increase in fuel prices, a windfall which people want to keep very quiet. Of course, the GST keeps going up, and so the states have got a little windfall. I notice that the government is very reluctant to talk to its Labor mates about the fact that they are getting a little windfall and that maybe they could think about how they might help motorists. It is a clear case of a government not being able to manage properly.

I think that what honourable members ought to be well aware of is that it is having a massive impact out in voter land, but particularly out in the country. People must remember that, for most in the country, there is very little opportunity to use public transport and generally the fuel prices are already higher than they are in the city. I called in to fill up at a local petrol station last week and I asked the person at the desk how the impact was being felt. To my horror, I was told: ‘Well, you ought to be aware of just how much it is hurting. We now have people coming in and buying \$7 or \$8 of petrol because that is all they have the money for.’ That is how it is being felt. All the Prime Minister can say is, ‘We have done as much as we physically can.’ At the same time, when I was looking at the board at that petrol station, I saw that the price of diesel was 28c a litre more than unleaded petrol. When you look at it, it is not just about the direct cost to consumers in the regions; it also affects freight because all goods both to and from the regions have to be transported and, with the rail system so limited these days, most of it goes by road. I think it is clear that the government really has misled the Australian population in the lead-up to the election and has now been hoist on its own petard.

But what I find quite extraordinary is that the Prime Minister has now decided that he has to do something, or be seen to be doing something, so he has gone to great lengths to talk about this thing called Fuelwatch. Fuelwatch is rather a curious thing. My colleagues from Western Australia tell me it is questionable whether it has had any impact over there. When you start to look at the fine print, you see that not only have four federal departments questioned its value but also one cabinet minister is strongly opposed to the introduction of Fuelwatch. And we read some of the comments made by the Chairman of the Australian Consumer and Competition Commission, Mr Graeme Samuel. He is reported in Friday’s papers as saying that in certain rural areas Fuelwatch could lead to potential collusion and cause higher prices.

So here we see yet again what I was saying right at the beginning: the cabinet of this government is a city-centric cabinet willing to push policies of very questionable value for people in the city, but for people in the country it could actually make things worse. I think that really brings it home to us that we have a government that is not interested in looking after people in the country, is not prepared to govern for people in all the regions but is very much governing for those who it feels have supported it in being elected. I think by any measure that is a recipe for bad government. Not only is it a recipe for bad government but it is also a recipe for a bad future for people in many parts of Australia. I think that the Australian public are just starting to seriously question which way the government is going.

Let us come back to looking at some of the aspects of this budget in relation to the environment. I have mentioned the fact that we have seen the local solar panel industry devastated by a decision which they clearly had no warning of, which has already led to the loss of jobs and certainly has put these businesses under extreme strain. But look at some of the other environmental bodies, such as the catchment management bodies. I have two very good ones in my region and they have had cuts of effectively 40 per cent. These bodies are doing some excellent work in environmental management. The Community Water Grants, which provided up to \$50,000 to local community groups to help them save water, have been axed, except for a small amount if you belong to a surf-lifesaving club. I do not know who is the friend there. Then we have seen what has happened in regional development with the on-again off-again treatment of local area consultative committees.

I think history will judge this budget very harshly and it will judge the government very harshly because an opportunity has been squandered here. The government inherited financial advantages of the like that no government in my memory has ever inherited. Frankly, I think that history will show that in their first attempt they have seriously botched it—and Australians and Australia are going to be the poorer for it.

Mr GIBBONS (Bendigo) (4.29 pm)—I rise to speak on the Appropriation Bill (No. 1) 2008-2009 and related bills. I would like to take this opportunity to acknowledge a significant milestone for a company that has become an institution in my electorate of Bendigo. On the evening of 9 July 1858, what the Bendigo *Advertiser* called a ‘very numerously attended meeting’ was held at Abbott’s Hotel to discuss the formation of the first local building society. James Sullivan, who chaired the meeting, told the meeting that the object of the society was to encourage people to settle permanently in the locality. ‘Surely, every man of right feeling would rather see men living in comfortable houses than tents,’ he said. Of course, a building society would benefit not only borrowers but also savers, and Sullivan was worried about large sums of capital leaving the town in the form of deposits with other societies. Local accountant James Burnside moved:

That it is considered expedient to establish a society to be called the Bendigo Land and Building Society for the purpose of enabling shareholders of such a society to become possessed of freehold and leasehold property or other benefits.

One hundred and fifty years later, we know this institution as the Bendigo Bank. The bank has grown fourfold in the 13 years since its conversion from a building society: its customer numbers have reached 1.3 million, the number of employees has quadrupled to 4,000 and it has more than 400 branches. The bank’s founders believed that its prosperity would come

from contributing to the economic and social wellbeing of the community in which they had chosen to live and work.

That philosophy is still followed by the bank today, and nowhere can this be seen more clearly than in its community banks. In the 1990s, when our major banks were almost daily closing country bank branches across the country, Bendigo Bank demonstrated its faith in regional communities. Community banks are owned by their local community and operate on a franchise from Bendigo Bank. By the end of 2007 there were more than 200 community banks across Australia, with over 615,000 accounts and \$10.7 billion in banking business. They not only offer banking services to the community but through grants and dividend payments also retain capital locally for the community's benefit. They have returned almost \$17 million to their communities through donations and grants for local projects and paid more than \$12 million in dividends to local shareholders. A further \$36 million in operating costs is being spent with local businesses. Bendigo Bank today is truly one of the country's most innovative and successful institutions. On behalf of all central Victorians, I would like to congratulate its staff, both past and present, its management—and, in particular, CEO Rob Hunt, who has been a major force in the outstanding success of the organisation—its directors past and current, and its shareholders on the superb contribution they have made and continue to make to so many communities across Australia.

The Rudd government's first budget sought to honour its commitment to wage war on inflation. With underlying inflation reaching 4.2 per cent in the March quarter, well above the Reserve Bank's inflation target, the government delivered a budget surplus of 1.8 per cent of GDP—well above the one per cent target established under the previous government. Growth in real spending will be 1.1 per cent in 2008-09, the lowest rate for nine years. Over four years, the budget makes savings of \$33.3 billion. Economic growth is forecast to slow in 2008-09 to 2¾ per cent.

Treasurer Swan identified four key principles of his first budget: honouring election commitments, delivering for working families, investing in the future and beginning a new era of responsible economic management to sustain growth in challenging times. Key initiatives to deliver these principles included the \$55 billion Working Families Support Package, an initiative including cutting income tax, reducing the cost of educating and looking after children, making housing more affordable, providing the Teen Dental Plan and making sure that grocery and petrol prices are competitive; \$2.4 billion in additional support for older Australians and carers; \$5.9 billion over five years for the government's education revolution, with initiatives in the areas of early childhood education, schools, vocational training and higher education; \$2.3 billion over five years to reduce greenhouse gas emissions and adapt to the unavoidable challenge of climate change; and \$3.2 billion for a national health and hospitals reform plan to work with the states and ensure spending on health reflects the needs of the broader Australian community.

To ease bottlenecks and allow infrastructure to support future economic growth, the Rudd government is providing significant funding for national infrastructure projects through its Infrastructure Australia program. Three new nation-building funds have been established—the Building Australia Fund, the Education Investment Fund and the Health and Hospitals Fund—that will provide around \$40 billion for future capital investments in infrastructure,

higher and vocational education and health to modernise and reinvigorate the Australian economy.

This classic Labor budget delivers for central Victoria. It is the first federal Labor budget for almost 12 years and it certainly does not disappoint. It is a responsible nation-building budget that also delivers for working Australians in the finest Labor tradition. The budget was aimed at building a strong economy through responsible economic management and reining in the irresponsible spending of the former Howard government that had contributed to the current inflationary pressures.

Central Victorians especially will benefit from several of the measures announced on budget night by federal Treasurer Wayne Swan. The government's \$55 billion Working Families Support Package will help people cope with day-to-day living pressures by cutting income tax, reducing the cost of educating and looking after children, making housing more affordable, providing a teen dental plan and making sure that grocery and petrol prices are competitive. That would be very much appreciated in my electorate of Bendigo and indeed throughout central Victoria. An average household earning \$770 a week will have its tax bill cut by \$20 a week from this July and by as much as \$35 a week by 2010-11.

Funding of \$1.9 million for Bendigo's Chinese precinct continues the Rudd Labor government's record of delivering on its election promises to the people of Bendigo. Funding for other Bendigo-specific election commitments include the virtual critical care unit development, the redevelopment of Bendigo Health's primary care centre and the business case for the Australian Military Mobility Centre, and central Victoria's Solar Cities initiative had already been allocated out of the Commonwealth's 2007-08 budget.

The federal budget will help working Australians deal with rising cost of living pressures. This classic Labor budget is targeted at those Australians who have been working hard to build a future for themselves and their families but are now finding it harder and harder to balance the family budget. After years of neglect by the Howard government, Labor understands this and is taking action with its \$55 billion Working Families Support Package. These tax cuts, which were promised during last year's federal election campaign, have been targeted squarely at those who deserve them most: working Australians. Labor's tax cuts provide substantial support to the many central Victorians who are in the low- and middle-income brackets. The effective tax-free threshold for low-income earners will go up to \$14,000 next year and increase to \$16,000 by 2010-11. Families earning the median income in the Bendigo electorate—that is, the median household income—of \$40,000 will have up to \$1,800 a year more disposable income from next July as a result of Labor's tax cuts.

In addition to the tax cuts, the Working Families Support Package delivers on other Labor election commitments by introducing an education tax refund to help parents with the costs of educating their kids, at a cost of \$4.4 billion; increasing the childcare tax rebate from 30 to 50 per cent and paying it quarterly, at a cost of \$1.6 billion; acting on the housing affordability crisis with a \$2.2 billion package covering First Home Saver Accounts, the National Rental Affordability Scheme and the new Housing Affordability Fund; providing a teen dental plan at a cost of \$491 million; a fairer Medicare levy surcharge threshold for individuals and families; and implementing the first ever national Fuelwatch scheme.

The Howard government just stood by while working Australians were hit with rising living costs. It has been left to a Labor government to take action to help them cope with the pressures of day-to-day living in these challenging times.

The Rudd Labor government's first budget also delivers on its election commitments to improve the education and skills of working Australians. Investing in our people is the best way to secure prosperity, spread opportunity and increase living standards into the future.

This budget delivers on Labor's commitment to an education revolution and includes \$2.5 billion over 10 years for the Trade Training Centres in Schools Program; \$1.9 billion over five years for 630,000 additional training places to boost the skill level of the workforce; and up to \$1 million for computers and communication technologies in each secondary school for all students in Years 9 to 12.

A federal Labor election commitment for Maryborough was delivered recently with the announcement of a \$500,000 grant towards a new complex care unit. The funding will be provided this financial year to allow Maryborough District Health Service to get started on delivering this much needed facility. There is also potential for additional money in 2008-09 as part of the health funding initiatives announced in this federal budget. This is a major investment for the Maryborough community. It will deliver a resource centre for integrated case management; a centre for the referral of clients requiring more intensive case management; a range of walk-in, walk-out specialist services not currently available locally; teleconference-telemedicine facilities where diagnostic assessments can be obtained from the most appropriate specialists; a resource centre to help patients with self-management; and a centre for clinical placements of medical students from universities to help attract and retain medical professionals in the regional community.

This funding is a clear example of the Rudd government's commitment to rural and regional health services. All in all, I think Bendigo has done very well in the first six months of the Rudd Labor government.

Mr ROBERT (Fadden) (4.40 pm)—Madam Deputy Speaker, what a distinct pleasure to be able to remain in the same chamber. I take this opportunity, in the great tradition of *Animal Farm*, where up is down and down is up and where eagles apparently have to climb trees, to point out to a Labor government so enraptured with their own budget that it is an old-fashioned, lightweight, high-taxing, high-spending, standard-fare Labor budget. It is unremarkable in every extreme, except for the \$15 billion in spending cuts announced to coalition programs and \$30 billion in additional spending by the government—a net increase in spending of \$15 billion. However you want to slice and dice the spin, this is an incredibly high-spending budget. That, along with \$19 billion of new taxes over the forward estimates, simply asserts what we know: old Labor is back, unreformed and clearly unrepentant.

But what makes this budget worse is a range of irregular and highly undesirable accounting tricks. The CPI is used as a deflator rather than the non-farm GDP, as has been the case traditionally to try and keep the increases in spending down. Labor has used an unprecedented accounting move to artificially inflate the size of the budget surplus by a staggering \$2.9 billion, by using second-round effects—adding in the expected income from an increase in skilled migration, something the previous government never dreamed of doing let alone actually put into practice. The evidence of this can be seen by comparing Labor's costings for the migration program increases with the previous, Howard government's costings. Under the

Howard government, budget decisions to increase migration were accompanied by a costing of all the resulting expenditure on health care, welfare, education and other migrant based services. The Howard government budget measures never claimed a matching increase in income tax revenue—never claimed it.

In technical terms, such a costing would be called a second-round effect. It was not claimed in the past because of the fundamental difficulties in trying to make accurate costing assumptions. It is just not possible. So First World nations across the globe, provided with good advice from their treasuries, do not add in second-round effects, except for—you guessed it—this *Animal Farm* government. Just in case the members opposite cannot quite pull it together, I will quote Treasury's own costing guidelines issued for the 2007 election which stated:

As with existing arrangements individual costings may take account of direct behavioural responses, but will generally not incorporate second round effects. The costing will focus on first round effects and the direct budgetary consequences of policies.

Now, I am not too sure where the Labor government were when Treasury issued that advice. I can only assume they were in the same position they are in now with 'foolwatch', or should I say Fuelwatch, when the four major departments all issued advice that was ignored. I guess Treasury's advice was ignored with respect to second-round effects, as advice with respect to 'foolwatch' has been ignored.

The Labor government decision to increase the migration program by 37½ thousand places involves a gross cost of \$2.4 billion. In a Howard government budget, it would have appeared as an expenditure item of \$2.4 billion. However, by including income tax receipts of \$2.9 billion—that is, the second-round effects—Labor's budget has turned a \$2.4 billion expenditure into a supposed saving of half a billion dollars. That is an amazing sleight of hand, in the best of language—a \$2.4 billion expenditure has been turned into a \$500 million saving by adding in a \$2.9 billion second-round effect.

I can only imagine that Labor will try to argue that it is entirely appropriate to include the income tax of migrants in the migration measure. But then they must answer: if Treasury did not claim this revenue source in the Howard government budgets—if they made it patently clear, pre-election, that this was not the way business was done—why the sudden change of rules for a Rudd government unless, by sleight of hand, they are trying to increase the value of the surpluses and, again by sleight of hand, trying decrease the percentage increases in expenditure in the forward estimates? I suspect this is just one of many budget tricks that Labor have used to hide the fact that their supposedly tough, inflation-fighting budget is absolutely and utterly a fallacy.

But it does not stop there. In changing the deflator from non-farm GDP to CPI and adding in second-round effects you have nothing in the forward estimates with respect to the emissions trading scheme. This trading scheme will have an enormous impact on our economy. It will increase the prices of literally everything. Even if the carbon price were simply \$25 a tonne, which some believe may be at the low end, it would generate at least \$10 billion in additional federal government revenue—an enormous new federal government tax. Yet it is nowhere to be seen in the forward estimates.

And the tax increases do not stop there. On they go with new taxes on condensate. Condensate is a form of light crude associated with gas accumulations. It is used for making plastics and cosmetics, although mainly for making petrol, and it is exported 100 per cent. Condensate

produced in a state or territory or inside the outer limits of the territorial sea of Australia and marketed separately from a crude oil stream was free of excise in 1977. This was to encourage exploration and production from onshore and predominantly offshore gas fields that did not have the same profitability as the main crude oil produced in Bass Strait. Thus it was aimed at the development of petroleum resources in the mainly gas-producing areas of the Cooper Basin and the North West Shelf. It was designed to allow high-risk projects that companies would not normally put exploration dollars and cents into, allow them to recoup profits over time and amortise risks and early losses. It was an incentive for exploration—and suddenly an arbitrary tax with no warning and no consultation is thrown on it.

The move has changed the investment environment. In his second reading speech on 15 May the Assistant Treasurer stated:

As the development of petroleum fields in this region is now reaching maturity, and the world prices for non-renewable energy resources are high, there is no need to retain this generous concession.

Given the similarity between condensate and crude oil, the two commodities should be taxed in a similar manner.

The PM stated in response to a question from the shadow deputy leader on 27 May:

On the condensate arrangement, it was actually instituted back then in order to provide encouragement for the industry ... That is the first point. Secondly, that is quite a long time ago, and since that time the industry has not only become profitable and been established; if you look at the return to the industry concerned, its actual profits in recent years have been not just in the hundreds of millions of dollars but in the billions of dollars.

What this seeks to do is to actually close a tax loophole which has existed for a long, long time and, furthermore, to use those taxation measures to underpin the robustness and the financial integrity of this budget ...

This is not a tax loophole; this is not a generous concession. If it was, the previous Labor government, which racked up \$96 billion of debt—that Labor government—would have closed the tax loophole. The previous Labor government had from 1983 to 1996 to close all the tax loopholes they could possibly find, but they did not. If the Hawke-Keating government did not close a supposed tax loophole, those opposite should not roll out the *Animal Farm* view that this is a loophole and, 'We, Labor, the saviours of the universe, have now closed it to help poor struggling, battling families.'

What Labor have done has fundamentally changed the exploration investment architecture. Companies that would generally not consider putting dollars and cents into exploration projects of some risk may now walk away because, as far as they are concerned, this Labor government will change the rules without consultation, at a whim. The PM went further; he did not just stop there. He said:

So condensate and all the other measures in the budget represent an exercise in financial integrity.

Clearly, the Treasurer and I—or the Prime Minister and I—went to different MBA schools when it comes to financial integrity. This has got nothing to do with financial integrity. They are raising a tax—an excise designed for light crude oil—that punishes exploration.

The fact is that the most easily explored compressed LNG—liquid natural gas—fields are those that have condensate. Those that are most easily able to generate a profit to offset large risks and costs are those with condensate. Yet the Minister for Resources and Energy and

Minister for Tourism, when speaking on 13 May, on the third reading of the Offshore Petroleum Amendment (Miscellaneous Measures) Bill 2008, stated:

The amendments in this bill are required to ensure that the regulatory regime continues to support the development of our vital oil and gas reserves. As we all appreciate, this issue is of critical importance to our nation. Whilst Australia is very well endowed with gas, with more than 110 years of gas reserves at current production rates, we only have about eight per cent of known oil reserves remaining at today's consumption rates. Consequently, Australia is looking down the barrel of a \$27 billion trade deficit in oil and condensate by 2015. Therefore, it is very important that we work to open up more frontiers.

On 13 May, the Minister for Resources and Energy said, 'It's important we work to open up more frontiers,' and yet this budget clamps down on the very frontiers we want to open up by saying: 'Here is a new tax; let us discourage you from opening up frontiers.' It is fundamental—the ignorance of the *Animal Farm* budget that is before us! This has got nothing to do with financial integrity. One minister is saying, 'We want to open up more frontiers and encourage it,' and, at the same time, the PM wants to punish those who open those same frontiers. It is an absolute and utter farce. It is a tax grab—nothing more, nothing less; call it what it is.

It is the same with the ready-to-drinks—the alcopops. It is simply a tax grab. Treasury's own figures indicate that the drinking patterns will not reduce. All of the anecdotal evidence coming forward shows quite clearly that young people are now getting heavy liquor and heavy spirits and mixing their own and, indeed, it may be making binge drinking worse.

The rise in the luxury car tax, from 25 to 33 per cent, is simply aimed at grabbing revenue, because apparently anyone paying more than \$57,000 for a car is rich, and this Labor government does not like rich people, apparently. Increased passenger charges are apparently good for tourism, as are increased visa charges. The hide of some of the changes in this budget! In one move, the government gave \$20.7 million to veterans through a range of minor changes and, at the same time, in the budget, it took away \$110 million from veterans. The cabinet, in which no-one has ever worn a uniform or served a day in uniform in their lives, thought they would take away, with the stroke of a pen, \$110 million from veterans by increasing the partner pension age from 50 to 58.5 and then stopped partner pensions 12 months after separations.

But it continues. The level at which the Medicare surcharge is paid was increased from \$50,000 to \$100,000. Treasury's own estimates show that something like half a million people will leave private health insurance. I can only conclude that the Labor government does not like private health insurance. Here are some facts. Private hospitals treat four out of every 10 admitted patients in Australia, representing nearly one-third of all days in hospitals. Private hospitals perform the majority of surgery—56 per cent. In my electorate of Fadden, the fastest-growing electorate in the nation, there are 49,724 people with private health insurance. With predictions that almost 10 per cent of insured people will drop out of the system, that is almost 5,000 people dropping out who will then be required to go into the public system.

Let us have a look at the public system, shall we? Let us look at Queensland Health—that incredible organisation of efficiency and effectiveness—and their quarterly public hospital performance report for the March quarter of 2008. The Gold Coast Hospital is the only public hospital that services the sixth-largest city in the nation. With at least 5,000 people in my electorate and a similar number in the two electorates of Moncrieff and MacPherson, 15,000 more

people will draw on the requirements and services of the Gold Coast Hospital. It has the third-highest number of people admitted to hospital: 17,344. It services the most people in Queensland in an emergency department: 24,613—that is, 30 per cent more than the next highest hospital, which is Royal Brisbane Hospital. The Gold Coast Hospital performed 2,650 elective surgeries, and came third after Royal Brisbane and Princess Alexandra hospitals.

Whilst the move on the Medicare surcharge will throw at least 15,000 people—and as many as half a million across the nation—into the public system, let us look at the elective surgery numbers. According to Queensland Health's report, right now there are 36,030 people on waiting lists and a further 159,000 people waiting to get on the waiting list—and this government thinks it is economically prudent to raise the Medicare surcharge and push more people into public hospitals. Right now Queensland Health is failing the people of Queensland. Right now there are 36,000 people on a waiting list for elective surgery and 159,000 people waiting to get on the waiting list, and this government wants to push half a million people into the public hospital system. If this is not a new chapter of *Animal Farm*, I do not know what is.

The Regional Partnerships program has been axed and yet, in an embarrassing backflip, Minister Albanese was forced, because of Channel 7, to fund almost 100 of the 116 projects that had been funded but contracts not yet signed, because of the genuine community need for them. Hundreds more projects were pending—projects for which people had spent time, money and effort over many months and years to put a submission forward. What about those that are pending? What about those that have not yet been approved? What is the minister going to do about them—including \$1½ million for the Coomera and Oxenford youth centre in my electorate of Fadden? It is the fastest-growing electorate in the nation, yet there is only one youth centre servicing the whole northern growth corridor. It is the fastest-growing area in the nation, and what does the minister say about a simple grant to extend the youth centre? He says sorry. Yet, in the same *Animal Farm* chapter, he funds \$14.5 million for sound insulation of a school in his own electorate. Fort Street High School has long campaigned for noise insulation, but the school is outside the agreed excessive noise area and it has been ineligible.

In what can only be described as something out of the ordinary, Minister Albanese has approved funding for a project in his own electorate that does not meet his government's own guidelines. No departmental review. Likewise Labor's Tree of Knowledge—no departmental scrutiny. With one breath, Labor takes money away from the Royal Flying Doctors, from disabled playgrounds in Bundaberg and from youth centres in my electorate, but he is happy to fund noise insulation in the minister's own electorate because it is politically expedient—unbelievable!

And the politics of envy does not stop. The solar panel rebates have been lost. If you earn over \$100,000 the rebate is gone, and the solar industry across the nation is now collapsing. Family tax benefit B is lost for families earning over \$150,000. The childcare benefit is lost if you earn over \$110,000, yet the top tax bracket is \$180,000. I ask the government: what is rich? Is it \$57,000? Is it \$100,000, \$110,000 or \$150,000? Is there any competent narrative to this budget, or is it simply a grab for tax—simply amending the various rules using second-round effects to inflate the budget? This is just more spin and more hype and it is appalling.

Yet what is truly horrifying is banking \$40 billion of Australian savings, which exist thanks to the work of the member for Higgins, in a fund that can be invested at the Treasurer's discretion, without any definition of what the investments might be expected to return and with-

out any parameters as to financial returns. There are no guidelines; there are no rules. When there are no rules, no guidelines, no investment returns and no prudential regulatory things around it, it is one thing and one thing only—it is a slush fund. That is what it is; that is what it should be called. In the world I live in and do business in, you would not raise a brass razoo if you went to the market with something like the fund that \$40 billion is being put into. This is not a nation-building budget. This is a farce. This is a joke. This is the last chapter of *Animal Farm*. (Time expired)

Mr SULLIVAN (Longman) (5.00 pm)—I am pleased to have the opportunity to speak in support of the appropriation bills today. In deference to the number of members wishing to speak in this debate, I will keep my contribution brief. It is a particular pleasure to stand in this chamber during Queensland Week to make some comments on a budget that has been delivered by a Treasurer from Queensland. The reality of the 2008 budget is that it is a good budget. It is an economically responsible budget through fiscal conservatism. It delivers immediate benefits for all Australians, it delivers on Labor's election commitments and it provides for the future.

This budget has been framed in the context of world economic conditions. It has been framed in the context of the global credit crisis and a US economy in decline—the principal economy in the western world. It has been framed in the context of rising fuel and food prices domestically. It has been framed in the context of a rising Australian dollar, with the implications that that has for manufacturing and tourism, amongst others. The budget has also been framed in the context of the former government's legacy: eight consecutive interest rate rises, the highest inflation in 16 years and the lowest productivity growth in 17 years. Notwithstanding those, it is fair for us to acknowledge that, as a consequence of the mining boom, this budget has also been framed in the context of an Australian economy best placed in the world to avoid tumbling into the abyss that appears likely to swallow up other Western economies. Avoiding that pitfall requires a budget just like the one presented by Wayne Swan—a responsible budget.

I want to turn very briefly to the specifics of this budget as they relate to my electorate of Longman. This budget has delivered some valuable and long-overdue assistance to some sporting bodies in my electorate. The Burpengary Jets junior rugby league club, at Burpengary, will receive \$130,000 to install lights on its fields. The Jets are a large and very successful junior sporting club and a tribute to the voluntary efforts of those who have guided them over the years, and I am very pleased that we have been able to provide them with this assistance. All members would understand the value of lighting playing fields and the difficulty that volunteer groups have in raising the funds to do so.

The Caboolture Rugby League Club—the senior rugby league club—is to receive \$110,000 for additional lighting and for facility upgrading. The club is known as the Snakes, which reflects the meaning of the place name of Caboolture; in the language of the traditional owners, Caboolture translates as 'place of the carpet snakes'. We are not terribly venomous but we can frighten you! The Snakes compete with distinction in the Sunshine Coast Rugby League, which has night-time fixtures as part of that competition. This money will assist them to make sure that their facility is of the standard that is required for that competition.

The Caboolture Sports Softball Association will receive \$200,000 for the installation of batting cages, for the lighting of an additional playing diamond and for canteen and toilet fa-

cility upgrading that is required by the local council. In the interests of transparency, I indicate that softball is a sport in which I am heavily involved, although not with the Caboolture association. The new batting cages, in particular, will be welcome among participants, as there are presently no facilities on the north side of Brisbane and from our area have come two players who will shortly represent Australia at the Olympics.

This budget also delivers a valuable addition to community facilities in the electorate of Longman, where \$250,000 will be spent installing solar panels to provide water heating for the Deception Bay Aquatic and Fitness Centre and to extend the useability of the facility through what are thankfully, in Queensland, short winter months. These panels will be installed on the roof of the adjoining PCYC and common sense would dictate that the panels will also provide hot water for both the aquatic centre change rooms and those of the PCYC.

This budget also provides for valuable new health facilities in my electorate of Longman to service the north side of Brisbane—and I speak of \$7 million for a 12-chair renal unit to be included in the North Lakes health precinct and currently being constructed by the Queensland government. The dialysis needs of patients on the north side of Brisbane, the Moreton Bay region generally and the electorate of Longman particularly will be much better met through this initiative. I know from discussions with a number of people who require these services that they are very appreciative of this new initiative.

Valuable new road infrastructure funding—not new funding but new directions—will see overpasses completed at Boundary Road, Bribie Island Road and Pumicestone Road as they cross the Bruce Highway through my electorate, each of them subject to heavy traffic these days. There is also valuable assistance for local small business. The Caboolture Business Enterprise Centre is to receive recurrent funding of \$300,000, or \$1.2 million over four years, to provide business advice and services to microbusinesses and small businesses in our region. The enterprise centre has been operating since 1994, offering a range of services to the local business community. This funding will allow those services to be extended. Again, for the sake of disclosure, I announce that I spent a considerable period of time, seven or eight years, as chairman of that group, the enterprise centre having been an election commitment and funded as a consequence of the 1992 Queensland state election, when I became the local state member.

Just to wind up, the budget has not been without disappointments, and I am sorry the previous speaker, the member for Fadden, is not here to hear me say this. It is in many respects a disappointment that the Regional Partnerships program has been discontinued. Not all of the projects were bad or rorts; in fact, the majority were no doubt valuable to their communities. This makes the rorts even more regrettable, because, as a consequence of the program misuse, some really good local initiatives are on hold—and I think that you will find that you have the support of most members of the Labor government in that regard. There were good projects delivered under this program; however, the rorts—

Mr Keenan—Tell the minister.

Mr SULLIVAN—We have mentioned it to the minister, I promise you. The rorts have made the continuation of this program untenable. For the benefit of the member opposite, I note that I am part of the committee that the minister has sought to review the Regional Partnerships program; he has given us a very short space of time in which to do it. I think he is serious.

Opposition members interjecting—

Mr SULLIVAN—Let me keep going. Among the programs that missed out on getting a guernsey as a consequence of the discontinuation was a lift for the Deception Bay Sports Club, in the electorate of Longman, which would have allowed people with mobility disabilities to access the club. It is regrettable that this could not go forward, and I can say today to the people of Deception Bay that I will be working hard to make sure that that project gets up when the program's replacement is implemented.

Also—and I say this with a little more of a smile—I regret that, despite the former Prime Minister's sneak visit to Bribie Island to promise \$1 million for the local hospice association and \$1.1 million for respite care on Bribie Island, that was not carried through in our budget. Clearly, these were election commitments of the side that did not win the election and, just as Labor's election commitments in 1996, 1998, 2001 and 2004 did not get up in Costello budgets, these had little chance. However, both of these projects are worthy of consideration in the context of the Bribie Island community, and I will be seeking to progress these.

In conclusion, there are a couple of national initiatives in the budget that have ramifications for what I consider to be my program locally. The first of these is the health and hospital fund, which is relevant to my concern that we start now to plan for a new hospital in our area so that it can come online when the existing hospitals are no longer able to cater for the growth that is occurring there quite rapidly. The second is the Education Investment Fund, which has relevance given that I am concerned to see that we develop within that part of south-east Queensland a comprehensive university to serve the young people. Finally, this budget delivers on Labor's election commitments, and it also points towards the future—a better future for all Australians and particularly for those dependent on the government for their income.

Mr KEENAN (Stirling) (5.11 pm)—In March last year there was a change of government. Kevin Rudd and the Labor Party made a lot of promises to Australian families. Particularly, they promised to bring down petrol prices, to bring down grocery prices and to put downward pressure on inflation and interest rates. Six months later, after the new government brought down its first budget, the Australian people have their answer to what the achievements of this government or its methods of operation are. We can see that Labor has failed on all counts. All of the issues it has raised it has failed to take any action on.

The government's first budget has now been delivered under the most fortuitous circumstances of any new government in the history of this country. This country has a pretty impressive history—108 years. No government has inherited such a strong fiscal position as the new, incoming Rudd government. I will quote the *Australian* commentator Janet Albrechtsen because I like this quote. She says:

If ... giving money and power to government is like giving whisky and car keys to a teenager, then the Rudd Government has just been handed the finest whisky money can buy and the keys to a Maserati.

Labor are drunk behind the wheel on this one. Instead of us having a luxury sports car, they are driving the economy into a wall. We have silly cost-cutting measures that do not do anything apart from feign that these guys are strong economic conservatives.

This is the budget that was dressed up as being tough and rugged—and no-one was more hairy-chested than the Treasurer—but what we ultimately got was a high-taxing, high-spending budget. We have no really clear direction on taxation policy from this government.

Apparently the largest taxation reform in my lifetime was the tax reform brought in under the Hawke-Keating years, when we moved to a sales tax as opposed to a myriad of smaller taxes—an extraordinarily complex and difficult system for people to navigate. Apparently that government now stands condemned by the new government for not doing enough about tax reform. I find that extraordinary.

Since coming into government, the government has established more than 100 reviews, summits, agencies and offices. Of course what it has not done is save Australians one cent on the price of fuel at the bowser or one cent on their weekly grocery bill. What it has done instead is raise new taxes on alcohol, raise new taxes on motorcars and increase the cost of private health insurance and energy. When you increase the prices of things, that increases inflationary pressures. In his Adelaide surrender, which I think was really extraordinary for a man who has been in office for all of six months, the Prime Minister said:

... we have done as much as we physically can to provide additional help to the family budget ...

He said that on 22 May this year. Extraordinarily, before the election the Prime Minister was running around talking about petrol prices, grocery prices and the high cost of living, and then he said, 'The buck will stop with me.' Now apparently there is nothing further he can do, which is really quite an extraordinary surrender. If the government had actually tried to do something then the Australian people might be a bit more understanding but, considering they have not, I suspect that the government will be judged very harshly.

Australian families deserve a government that can make the tough decisions that are necessary to protect the Australian economy. This budget does not do that. It is a high-taxing, high-spending, old-fashioned Labor budget. It does not fight inflation, because you do not fight inflation when you are pushing prices up, and it will not do one thing to help families battling with high fuel prices and high grocery prices. Really, the only positive measure in this budget, the real core of important things that were delivered in this budget, is the tax cuts that were of course proposed by the then Treasurer Peter Costello and photocopied by Kevin Rudd. When he did that, he exposed the fact that he did not have a tax policy during the election campaign last year.

The Treasurer would have had us all believe that this budget was going to cut spending in order to put downwards pressure on inflation. You have to wonder, Madam Deputy Speaker, if the Treasurer actually knew what was in this budget, because it did not do anything of the sort. Spending has gone up by \$3 billion in the current financial year and by \$14.9 billion over the forward estimates. Labor have cut \$15.2 billion off coalition spending programs, but then they have spent more than \$30.1 billion on new Labor spending programs. Some of the former coalition programs that were scrapped brought many millions of dollars into my electorate of Stirling. I note that the previous speaker—I cannot recall his seat, sadly—talked about how the Regional Partnerships program was actually, it turns out, a very good program after all. Even though the government have trashed it and scrapped it, apparently he now wants that money for his electorate, which I find rather extraordinary.

The money that was spent in my electorate was through programs such as the Investing in Our Schools Program, which supported local schools in Stirling and supported new and innovative research projects. It helped fight crime, something that my constituents are particularly concerned about, and it helped schools and community organisations in Stirling save hundreds of millions of dollars of local water—something, of course, that is on everybody's mind but is

particularly so in Western Australia, where it has been extraordinarily dry. Many of these grant recipients relied on these grants coming from the federal government, because of the complete failure and incompetence of the Western Australian state Labor government, who do not seem to have any idea about what to do about rising crime levels or what to do about the decaying state of local schools in Stirling. So the scrapping of these federal programs that made up for state government incompetence dealt a heavy blow to my local community. I would like to talk a little bit about that later.

All up, Labor's high-taxing policies have added \$19.5 billion in increased revenue over the forward estimates. The preliminary economic modelling that we announced on budget night estimates that Labor's new taxes and charges could add up to 0.4 percentage points to the CPI. The Treasurer has long been saying that 'it is a hard day at the office' to achieve a surplus of 1½ per cent of GDP, but what was revealed in the budget is that this year the surplus will be \$16.8 billion, which is 1.5 per cent of GDP, but it would have been 1.7 per cent of GDP without Mr Swan's intervention. So he could sit on his hands and get 1.7 per cent, but really his actions have meant that it is only 1.5 per cent. Next year, in 2008-09, the surplus is estimated to be 1.8 per cent of GDP. Again, this is a legacy of the strong economic management of the Howard-Costello years.

On climate change, Labor talk about the need for an emissions trading scheme; however, the budget papers make no provision whatsoever for the revenues that may flow from such a scheme. I would just remind the House that this scheme is supposed to start in 2010. What we do know is that it will be terribly expensive. It is going to cost taxpayers. It is going to be a new tax, and the government will have a windfall from this new tax, but they do not seem to have any idea about how to spend it—and, if they do, they are not prepared to share that information with the Australian people.

I want to turn to the infrastructure fund, this incredible slush fund that has been announced in this new budget. We have \$40 billion in the slush fund, although we have no idea what sort of economic return it is supposed to deliver to the Australian people. We have been given no details about how this money might actually be spent. That is an extraordinary indictment of this budget—\$40 billion and they do not know what they are going to do with it. They have tried to pretend that it is like the Future Fund when of course it is not, because you can spend the capital as opposed to the interest. That was the whole point of the funds that were set up in the Howard-Costello years: they spent interest rather than capital. But the infrastructure funds can be spent completely—and, apparently, without too much regard for due process.

Prior to the election we heard a lot from this government about core business and the sorts of pressures that were on working families, as the Prime Minister likes to talk about. These included the rising cost of living, petrol prices and the rising cost of owning a home—all of which are serious issues. But Australian families need their government not only to have the ability to raise issues—because anybody can do that; it is easy to walk into the House or walk into a press conference and raise an issue of concern—but also to actually do something. There is a big difference between raising an issue and addressing an issue. Sadly, the government has already surrendered. It has raised the issues and, in some instances, has made some gesture—which does not work—and has then moved on to the next thing, and the Prime Minister says, 'Oh, well, there's nothing more I can do.'

I will look at one specific instance—because it occupied a lot of time in the House last week and I suspect it will throughout the course of this week—and that is petrol prices. What we have seen from this government is really quite ludicrous. The government raised the issue of petrol prices but it had no idea about how to actually address it. It needed to come up with something so that it could say to the Australian people, ‘We’ve tried to do something about it.’ So the government came up with this ludicrous Fuelwatch scheme, which in some cases may actually lead to consumers paying more for petrol. This is the sort of thing that we see from Kevin Rudd and his government. Fuelwatch has been brutally unmasked by the resources and energy minister, who actually said to his colleagues that it will leave battlers out of pocket. He said it is anticompetitive and a waste of money and it will fail Australian families.

As a Western Australian I know a little bit about this scheme because it has been in operation in Western Australia since 2001. I have spoken to local petrol retailers about it—in particular, one independent retailer who has his station just around the corner from my office. I asked him what he thought about FuelWatch and he gave me an example. I have raised it in the House before but it is such an absurd example I think it is worth repeating. He tried to lower his prices to compete with one of his large competitors. This guy is an independent, a sole trader, who pumps fuel just to keep people moving through into his workshop. So his margins on fuel are tiny. He tried to bring his price down in relation to one of his competitors, who is from a major chain, and he was told by the administrators of the scheme that he would be fined if he tried to do that. I think that is really quite extraordinary: an independent retailer being fined for offering cheaper petrol to consumers. And this is the scheme that the Prime Minister and the Assistant Treasurer want to take from Western Australia and make nationwide.

I will now turn to grocery prices, because I think we are going to be hearing a lot more about this issue, as we see that there is now going to be some sort of grocery watch mechanism. Money has been allocated in the budget to create that. Again, bringing down grocery prices was apparently core business for the Rudd government. In fact, in the *Australian* this year the Prime Minister was quoted as saying:

The buck stops with me.

How quickly things change! Mr Rudd was further quoted as saying:

We’ll all be expecting to see positive programs, positive measures that will have the effect of bringing grocery prices down.

That is what he actually said at the start of this year, and the Treasurer of course said very similar things. But already we have the Prime Minister, within the space of less than four months, surrendering on this. It really is extraordinary that these large promises were made and the government had no idea about how to deal with them.

I just might turn to local issues in the minutes I have remaining because the electorate of Stirling has been severely hit by measures contained within this budget, these ill thought out measures. Firstly, this budget fails to deliver on promises that were made to my constituents prior to the last election. Two that are very close to my heart are the overpasses where Reid Highway intersects with Mirrabooka Avenue and where Reid Highway intersects with Alexander Drive. Sadly last week there was another fatality at the Mirrabooka Avenue intersection. Because of the high incidence of fatalities occurring at that intersection, I campaigned very

strongly within the previous government to allocate some money towards that overpass, funding which was subsequently provided.

Labor matched these promises during the election campaign. They said that they would build these overpasses. In fact, with the Alexander Drive overpass, I think they said something along the lines that 'this overpass can start tomorrow'. Yet in this budget they have failed to deliver any money towards building this overpass. They have turned their backs on my local community essentially because they did not win the seat. The unsuccessful Labor candidate, on behalf of an elected Rudd government, promised unconditional funding through AusLink 2 for the building of an overpass at the Alexander Drive intersection and promised consideration of the Mirrabooka Avenue and Reid Highway overpass. Hundreds of local families signed my petition to see these overpasses built, and during last year's campaign I secured \$20 million towards the Mirrabooka Avenue and Alexander Drive overpasses over the Reid Highway. I think the local community will be very disappointed with the Labor government, which pledged to fund this project but within a few months have already turned their backs on that promise. But I will continue to fight for these important local projects.

I have mentioned in this House in the past the Commercial Ready program. Its cancellation will affect some extraordinarily good small businesses within my electorate who are doing world leading research. In particular, I would like to mention Structural Monitoring Systems. This is a small engineering firm based in Osmond Park that has the interest of all the major players in the aerospace industry around the world—it has the interest of Airbus and Boeing—because it has developed a system to monitor the structural integrity of aircraft, a system that is far more lightweight and far more simple than existing systems. So there it is: a little company doing world-beating research and it has had the rug pulled out from under it by this government. That I think is a most extraordinarily short-sighted measure. Structural Monitoring Systems will keep punching on because it is an extraordinarily aggressive little company, and I do not doubt for a second that it will succeed in commercialising its world-beating technology. But what a ridiculous and short-sighted thing for this government to do. The Commercial Ready program is an extraordinarily successful program and, if this government and the minister had any sense, they would be actively campaigning to have that program reinstated.

I want to turn to Investing in Our Schools. The scrapping of that program will also cause a lot of pain in my electorate of Stirling. I recently took the Leader of the Opposition, Dr Nelson, around one of my local schools, St Andrews Grammar in Dianella. St Andrews Grammar has almost completed construction of an amphitheatre with benches and seating, security lighting and covered walkways, as well as an upgrade of their car park. The school's principal, Craig D'cruz, is very proud of the construction of a music and drama room and the refurbishment of a classroom into a canteen and uniform shop. All of these projects were funded under the former coalition government's Investing in Our Schools program. Extraordinarily, this program has been scrapped by the Rudd Labor government. This was a program that went into my local schools and did something constructive, in conjunction with the local P&Cs and the local school communities. It funded things like an upgrade to sporting facilities and new IT equipment. It did the sorts of things that you would expect a state Labor government to do—but which they seem completely incapable of doing.

Mr Forrest—Refurbishing toilets.

Mr KEENAN—Yes, refurbishing toilets. There are literally hundreds of things that this program has done within my electorate, let alone in other electorates such as that of the member for Mallee and other members. Government members of course will know how successful this program has been, yet I have not heard a peep out of any of them when talking to the appropriations bills about the damage that cutting this program is doing.

Another very successful program that has done a lot of good within my electorate is the Community Water Grants program. Money was allocated under this program to Our Lady of Lourdes School, Deanmore Primary School, St Kieran Catholic School and Glendale Primary School. They received grants to fund measures to save water within their own local communities and they have done it very successfully. I commend them for what they have done. Extraordinarily, no other local schools or community organisations will be able to do the same thing, because this program has been summarily scrapped.

Finally, there is the National Community Crime Prevention program—a program which is very dear to my heart. This program funded things such as CCTV at a local shopping centre in my electorate that is, quite frankly, suffering a plague of crime. The small businesses at the Nollamara shopping centre can no longer get insurance because their businesses are so readily graffitied and vandalised. So we came in, the Howard government, and said, ‘This is a problem. We’ll address this problem by putting CCTV at the shopping centre.’ That CCTV has been erected by the local council. Scrapping this program is just another example of the short-sighted measures that are taken in this ill-considered and diabolically bad budget. (*Time expired*)

Mr MELHAM (Banks) (5.31 pm)—As you know, Madam Deputy Speaker, the appropriations debate allows wide-ranging discussions, because it relates to budget bills. Tonight I want to utilise that convention of a wide-ranging debate, and I rely on the appropriations in relation to the Attorney-General’s portfolio for the matters which I propose to raise.

For the first time in 18 years, I rise to criticise my state colleagues in the New South Wales government, in particular the Attorney-General’s department, for what I have said publicly is a mean-spirited and counterproductive response in relation to the transfer of a prisoner from Hong Kong under the International Transfer of Prisoners Act 1997. Rachel Diaz, who is in custody in Hong Kong, and her parents are constituents of mine. Rachel was convicted in relation to drug matters and is currently serving a sentence in a Hong Kong jail. Her date of birth is 28 December 1987. She is a classic example of a person who comes within the provisions of the International Transfer of Prisoners Act for repatriation back to Australia and to a New South Wales prison to serve the remainder of her sentence.

The matter has received some publicity and there is some information on a particular website on the internet. An article about the case appeared in the *Australian* on Monday, 19 May 2008. I wrote to the New South Wales Attorney-General in relation to this case on Monday, 21 April 2008. As of today’s date, Monday, 2 June 2008, I have not received a reply. My submissions to the New South Wales Attorney-General were strongly in favour of the New South Wales government exercising its discretion and agreeing to the repatriation of Ms Diaz back to Australia to serve the remainder of her sentence. The basis upon which the New South Wales government is prevaricating is that they are seeking \$10,043 in costs for sending two people to Hong Kong to bring her back. That is the condition of their consent. The article quotes a spokeswoman for the New South Wales Attorney-General, saying:

'These matters are considered on a case-by-case basis, but generally the state Government does not think it is reasonable for NSW taxpayers to have to pay to transport Australians who have been convicted of crimes overseas back to prisons in NSW.'

I put it to the New South Wales Attorney-General that there were three grounds for the waiver of this payment. One was the cooperation that Rachel Ann Diaz gave the authorities. I have to say this: she gave cooperation way beyond what was required.

There were two statements from a particular police officer attached to my submission. The first was from Detective Senior Constable John Bamford, as he then was, dated 27 July 2006, and on 26 October 2007 he made a statement when he was a detective sergeant. What he pointed out was that Diaz provided a frank and accurate account of her involvement in the attempted importation of heroin into Australia. Diaz also spoke of the role played by the accused persons, Kim and Zhang, in the offence. Diaz listened to a number of intercepted telephone calls involving her and she identified the voices of other persons involved in the offence. Diaz was also able to provide an insight into the exact context of those calls. She was fearful of possible reprisals, should she speak to the police or give evidence, but she chose to do so regardless. She was brought back to Australia to give that evidence.

We are told in the statement that, on 27 June 2006, Kim and Zhang changed their pleas to guilty. 'In my opinion, the evidence of Diaz was a contributing factor to this change of plea'—that is what the detective said. What he is in effect saying, if one reads between the lines, is that it was the credible evidence given by Ms Diaz that led to Kim and Zhang pleading guilty. Why do I raise this? For this reason, Madam Deputy Speaker Vale: as you well know, given your background, if you run a drug trial in New South Wales with two accused, it can be a very expensive exercise. I estimate that this young woman saved the state of New South Wales more than \$1 million by providing credible evidence which led to a plea of guilty instead of a fully-fledged trial, and the New South Wales state government repays her by trying to extract just over \$10,000 for her return to Australia. She is a woman without means and her family is without means. Her family is \$60,000 in debt as a result of assistance they gave her during her legal process in Hong Kong, particularly with her mother spending time over there. The medical evidence in relation to her shows that she was sexually assaulted as a 12-year-old and that that has had a profound effect on her behaviour. So she is a vulnerable individual. Within the last two weeks, someone in an adjoining cell committed suicide, so Ms Diaz has had to be transferred within the system because of the impact of that incident on her.

In relation to the hardship of the family and their inability to pay, the New South Wales government is relying on this family either borrowing money—the father has offered to make payments over time and that has been rejected—or someone coughing up the \$10,000 to bring her back here. I will come to that in a short moment. Having read the International Transfer of Prisoners Act, I am a little bit angry in relation to the cost recovery, considering my interpretation of how the New South Wales government could get cost recovery, as against trying to impose this further burden on the Diaz family. The whole input behind this act is not cost recovery. No other state or territory in the Commonwealth requires cost recovery or consideration of it—only the New South Wales government. Ms Diaz's mother, as a result of these trials and tribulations, and other trials and tribulations, has real problems in relation to her medical condition, to do with depression amongst other things. If I am wrong about the International Transfer of Prisoners Act on this, then I will put my hand up and say I am wrong, but I

do not think I am. Having been a former Legal Aid solicitor and a public defender in New South Wales, I do know how to read an act of parliament and interpret it.

Section 27(4) of the International Transfer of Prisoners Act says:

Each minister concerned is to advise the Attorney-General in writing as to whether the Minister consents to the transfer on the terms proposed as soon as possible after receiving the notification.

The cost recovery section is section 51 of the act and is headed 'Recovery of costs and expenses of transfers'. Section 51(1) says:

The terms agreed under this Act for transfer of a prisoner or Tribunal prisoner may, if the Attorney-General considers it appropriate, include terms relating to the recovery of the costs and expenses reasonably incurred in transferring the prisoner or Tribunal prisoner.

It sounds reasonable, which is what New South Wales says they are relying on, I believe. It is section 51(2) that is the clincher:

If any costs or expenses in respect of money recovered in accordance with such terms were incurred by a State or Territory, the Commonwealth is to reimburse the State or Territory concerned.

That is section 51(2). I will read it again:

If any costs or expenses in respect of money recovered in accordance with such terms were incurred by a State or Territory, the Commonwealth is to reimburse the State or Territory concerned.

What I am suggesting is that, if New South Wales are mean enough to want to get their \$10,000, they should go to the Commonwealth and get the recovery from the Commonwealth—because it is a federal prisoner, in relation to the definitional section, that is coming back to Australia—and not go the family. That is something that I discovered just in preparation for saying something here in parliament this evening. I am appalled that, if I am right, it means that Ms Diaz has continued to be incarcerated on a false fact in terms of cost recovery—that New South Wales could have got it off the Commonwealth instead of putting the weights on her family.

One of the things I also said in my letter was that this goes to her rehabilitation in relation to the balance of sentence—the ability of the family to continue to visit her and help her before she comes out of prison in New South Wales when she is repatriated.

I call on the New South Wales government and the New South Wales Attorney-General to reconsider their position. I think it is unacceptable and poor public policy to put pressure on the family to come up with this money—or, if not the family, some anonymous donor. If they want their money, come to the Commonwealth. If not, cease and desist because, in the particular circumstances of this case, the cooperation of this prisoner has resulted in the New South Wales government saving over a million dollars in not having to go through a trial for the ringleaders of this event.

Madam Deputy Speaker, I thank you and the parliament and those present in the chamber for your indulgence in allowing me to give what is a wide-ranging speech during the appropriations debate. It is the first time I have done it in this form against my colleagues. The New South Wales Attorney-General is a good and decent man. It is just that in this matter I believe he has a blind spot and I strongly disagree with him.

Ms LEY (Farrer) (5.43 pm)—It was most interesting to hear the concluding remarks of the member for Banks. He did not mention the budget, but I fear and feel that what he talked

about was possibly even more important and I would also at some stage appreciate the opportunity to talk about such matters.

I appear here today on behalf of my constituents. In opposition it is very easy to point the finger of blame, to complain and whinge, after a budget. I have sat on the government side of the Main Committee and listened to opposition members talk about budgets that we brought down, and a certain level of tedium entered the room very early on in the piece. I really do not want to do that, but I do want to point out what I feel the effect of the budget will be on the constituents I represent.

There are 94,157 voters in the electorate of Farrer, and 47 per cent of them have private health insurance. To me, the fact that so many in an area that is not wealthy have decided to take out private health insurance and do whatever they can to protect themselves and their families from the touch-and-go nature of some of our public hospital systems is a credit to them. The one thing that I am most concerned about with this budget is the effect that the changes to the Medicare levy surcharge threshold will have on those people, because out of the total number of voters who have private health insurance there are almost as many singles as families. I know that not all those singles will be young and healthy—some of them will be older and less healthy—but a fair proportion of them will be young and healthy, and I was quite surprised when I saw the statistics showing that so many were singles.

What we are predicting, and what the modelling is predicting, is that when this measure comes into play a lot of young people—and often, of course, healthy people—will decide to chuck in their private health insurance because they are going to go on the public system. That means automatically that those who are left in the private system have to meet the costs for everyone. They are to some extent, of course, socialised across the system. The reason that the previous government made such an effort to bring people in early by effectively giving them benefits and encouragement to do that was in order that everyone could realise, if they could, a lifetime in private health insurance: you do not need it as much when you are younger and your contributions are relatively modest but, of course, as you get older, you do need it and you are more of a drain—and I do not like to use that word, because older people have a right to use our health systems, but you use up more of the resources that are available—so those two times of your life balance out. What we are going to see is that older people are going to struggle to meet increasing premiums at a time when they will not be able to afford them and that younger people are going to say, ‘Here I am in the casualty system of my local hospital, and I demand to be treated because I have a right to public health just the same as everybody else.’

I do not know whether state health ministers are happy with this decision by the federal government. All of the intelligence tells us that they are not—that they are most unhappy—and I am not surprised, because the thing that state governments come under fire for the most is health, and anything that goes wrong with the public health system is automatically a serious problem, as it should be, for state health ministers. We only have to look at the high jinks in New South Wales going from bad to worse to realise what, if we dumped what may be another 200,000 people into the public hospital system, that would do to its efficiency and effectiveness. I am sorry for those who will have to bear the brunt of such a failed policy.

I will move from health insurance to talk about the nature of funding in the electorate generally. As members would know, I have a very rural electorate, as does my colleague the member for Mallee, who neighbours me on the Victorian side of the river.

Mr Forrest—All that water!

Ms LEY—I represent a large piece of western New South Wales, and both the member for Mallee and I constantly talk about water in this House. I made some remarks the other night that I am sure he would have endorsed had he been here. We will look at western New South Wales, and I will use a statistic to illustrate the point. This area is not all my electorate—some of it is in that of the member for Calare. Forty-two per cent of the state of New South Wales is west of, probably, Balranald, in the Western Division, and it contains only five per cent of the population. That becomes progressively less of an extreme distribution as you move closer to the sea, but it does illustrate the effect of the city-country divide, because in that 42 per cent of New South Wales that has five per cent of the population we have very poor roads, for obvious reasons. We just do not have the population that uses them, so we are constantly battling to get decent roads to drive our cars on.

The measure that the government has brought in about luxury cars has been, frankly, quite insulting to the people whom I represent, because to consider a four-wheel drive, and the necessary additions that you would have to make to such a vehicle in order to safely traverse these roads, a luxury is absolutely crazy. As the Leader of the Opposition, Brendan Nelson, put it, if you are in your 10-year-old Mitsubishi queuing up at the petrol station, being told by the Rudd government that the reduction in excise of 5c a litre that we suggest is meaningless and does not matter to you, and you are trying to balance the family budget, you would be insulted too.

There are two things: the luxury car tax and the fact that the government thinks that the cost of fuel is not something that matters a great deal to these people on relatively low incomes. In fact, the government believes that these people would not really appreciate a drop of any description. That is absolutely crazy. I have to be honest: it is a subject that absolutely consumes people everywhere you go. If I say to them, 'What about a 5.5c a litre drop?' they say, 'Of course we'd like more, but anything will help.' I think sometimes governments lose touch with the small amounts that matter in a family's fortnightly budget.

Small amounts do matter in my electorate because we have been struggling with the drought for a long time now. In some areas we have had 10 years of lower than average rainfall. Particularly in the southern Murray-Darling Basin we are battling over the scarce resources that the Murray-Darling system offers us. There is no doubt at all that we really cannot achieve very much until it rains. The storages in the Snowy Mountains are woefully low and woefully inadequate. The arguments that governments are having with irrigators in rural communities are particularly sad and distressing for those on the receiving end, because they know that, although the government is 'offering', to put it in its politest possible terms, to buy their water by coming into the market with a \$3 billion chequebook, all they are buying is air space in a dam or empty buckets of water. Perhaps in the government's mind—but certainly not my mind—it is to help them out. Until we actually know what an allocation will be in any year, the government does not know what it has bought. What it has done is remove control of an irrigation licence from a rural town or a rural community.

There is an analogy here with the end of the wool floor price. There was a lot of discussion then that we should burn the stockpile of wool because then we would have it out of the system and out of the way. I am not saying I supported it one way or the other, although I was a wool farmer at the time. The stockpile sat there and it sort of trickled onto the market in stages. Every now and then a bit more wool would come out and everybody would say, 'What has happened here?' and the market would rock from this entry of wool that everyone had forgotten about. This is exactly what is going to happen with this water. The water will be owned by an environmental water manager who is part of the Australian government. Like all responsible government departments, their job will be to maximise the income they make from these water licences. We know that environmental allocations do not work the same every year. If you are looking at your wetlands you might say, 'I want to water that one this year but not the next year,' or 'I want to top up a flood here,' or 'There's no rain still so I'll hang onto this water in this part of the catchment.' It is a delicate balancing act, as it should be. If that water is not needed for that wetland or that environmental flow in a particular year, the government are not just going to sit on it; the government is going to put it back on the market and offer it for sale. Inevitably that is what will happen.

Mr Forrest interjecting—

Ms LEY—Yes, they will demand a high price. They will have to maximise their price. In maximising their price they are going to maximise the pain that anyone who buys that water will undergo. Irrigators are going to be completely at the mercy of the biggest water holder in the Murray-Darling Basin by far—the Australian government, which will supposedly be acting in the interests of all taxpayers but will be acting in their own fiscal interests. I am not overstating the case to say that people are very angry and frightened. They are angry with me. They are saying, 'You need to do more.' I am feeling extremely frustrated because I cannot get through to the water minister. She does not answer my letters and she does not really want to see my constituents. She does not want to come down to the electorate of Farrer. She made a drop-in, drop-out visit lately. She probably thinks she has bigger fish to fry.

It is enormously worrying for us because we can see ghost towns appearing along the Murray River where once there were traditional, proud, flourishing settlements. I thought it was a bit ironic that one of the ministers of the government had leave today. It was not the agriculture minister—or maybe it will be at a later time this week—to attend a food meeting in Europe where the subject matter would be feeding a hungry world and, presumably, the interaction between growing grain for ethanol fuel and growing grain for food. I thought it was interesting that this is a government that is ripping out the water that grows our food in the southern Murray-Darling Basin but does not seem to realise the consequences. We contribute enormously; there is no question about it. I think that the previous government had the balance right between the environment and production, because we cannot afford to ignore either. That continues to be something that I worry about year after year and I certainly will not stop until we get that good drenching rain.

In the recent budget about a billion dollars was taken out of rural Australia, and that was enormously disappointing to my constituents. It is interesting that prior to the election Mr Rudd talked up the clever country image quite a lot. He talked about innovation and doing things smarter. They were good words, but what he actually did was take about \$500 million

from research and development. There were huge cuts to the CSIRO. I do not always agree to the CSIRO.

Mr Forrest interjecting—

Ms LEY—In the member for Mallee's electorate, in Mildura I think, we have to close down a laboratory. As the parliamentary secretary who administered research and development in agriculture, I saw what those programs did for our agricultural industries and how our future as farmers on the world stage, as the best and brightest—I know that is a bit of a cliché—came from our competitive edge. We do not get subsidies and we do not have the benefit of tariffs that Europe and America do, but we do have some amazingly good minds working on the case. The cuts to research and development have effectively pulled the rug out from under those who would have used their ability, knowledge, innovation and networks, which were all set up and operating, to make us more and more at the competitive edge. That is something we so desperately need in the face of the other disadvantages of not having subsidies and tariffs, which, as an individual, can secure your income.

Regional Partnerships has been much talked about. I particularly want to mention Broken Hill, which came into my electorate at the last election, and say how disappointed I was that money for the regional events centre, money for the hearing centre—come on, this is helping senior Australians with their hearing—and money for an aquatic centre was withdrawn. Broken Hill is a long way from anywhere and it has one small 25-metre pool. The aim of the Regional Partnerships program was to upgrade it to something much better for the local kids. Three projects have been wiped off the table by the Minister for Infrastructure, Transport, Regional Development and Local Government. What was amazing was the very ad hoc nature that became apparent as he moved through the administration of that program. Nothing at all happened for six months, except that we sacked the small business officer who was associated with the program, and that was very sad. The next thing that happened was that every program was off except for the ones that the Labor Party had guaranteed as being doable, which were their own election commitments during their election campaign. Ironically, they criticised us for making ad hoc decisions but then said they would fund everything they had committed to during the election campaign—none of which had been through the rigorous selection, review and recommendation program that our projects had been through and which, having passed that very important first hurdle that says, 'Yes, it is in the interests of the community, it is a good thing to do and it is a good use of taxpayers' money,' were waiting to see if funding was available. Those projects that were waiting there were axed and, instead, the new Labor government came in with their various election commitments, which have not undergone that rigorous process.

I challenge the minister and anyone in the government to tell me why projects other than those that have been cancelled in my electorate—and I particularly focus on the three in Broken Hill: the events centre, the aquatic centre and the hearing centre—are more deserving and why Minister Albanese, in an amazing backflip, reinstated some projects but left others out in the cold. That appeared to be entirely under pressure from *Sunrise* and the media—'I didn't realise there were such good community things happening here.' I have to tell the minister: they are all good community things. I have seen sporting facilities, halls, libraries and community function centres all receive dollars under the Regional Partnerships program. The Rural Medical Infrastructure Fund is another example. They are real live examples of what a

small amount of money can do and the difference it can make to the heart and soul of a very little country town. It was very disappointing to see us lose those projects.

The Investing in Our Schools Program has been axed. I was at the Booligal Public School, which is a little school in the middle of the Hay Plains, where we were opening new facilities. All over my electorate, the Investing in Our Schools Program has provided covered outdoor learning areas, new play equipment, electronic whiteboards and computers.

The great thing about the program was that whatever the school needed, whatever it wanted, it was allowed to apply for. We now have a completely top-down approach, in keeping with Labor's approach to people generally—which is that they know better than the community does. They have said that students in years 9 and 10 will have laptops. That is where the money that was going to Investing in Our Schools appears to have been directed.

I just want to relay one anecdote. I was at a conference of single mums in Adelaide recently, and one of the attendees, one of the mums, broke down in tears. She said: 'Everyone else in the class is getting their education rebate for their computer for their child, but I don't pay tax. I'm doing my 15 hours work a week and I'm on a pension, but I don't pay tax, and my child is coming home completely disadvantaged, because others are getting the education tax rebate and my child is not.' And I thought Labor was the party that looked after those people. I think, if we have a program like that, there is a responsibility to not disadvantage the kids of single mothers who have to turn up in the classroom without a computer. It is hard enough raising children on your own without having that sort of distress to deal with and with having to feel so left out by the government, which is exactly how this woman described it. She said, 'This government has just left me out.'

So we have lost Regional Partnerships, drought assistance, the Rural Medical Infrastructure Fund and the Investing in Our Schools Program. Much has been said about petrol, and I have made some remarks about that elsewhere. I simply appeal to the minister for agriculture that, in reviewing exceptional circumstances declarations as they come due in the second half of this year, he remember the advice of the Rural Financial Counselling Service: basically, if you stop the exceptional circumstances payments, some people feel that as many as 50 per cent of those receiving them will simply go to the wall. I say to the minister: you cannot do that. I am a little bit worried and suspicious because I see a \$14 million transition fund in the budget, a transitional welfare fund, which suggests to me that it is for when people finish a program and they need some transitional help. If the government is considering finishing the EC assistance, would it please reconsider, because I could not cope with seeing half the farmers in my electorate who receive exceptional circumstances go bankrupt, and I do not think it would do much for the fabric of the society in those country towns.

I invite the minister to come and have a look and have a chat. He does not need to take me, but he does need to come and talk to the Rural Financial Counselling Service and see exactly what they do, because they actually have all of the knowledge about this. There is no need to listen to anyone else except the counsellors, who deal on a day-to-day basis with farmers who are in crisis—and we all know that, when it rains, you still need a bit of help, and it has not really rained sufficiently yet.

In conclusion, I think the budget lets rural Australian families down. It is a typical Labor budget. It increases taxes and spending, it plays on the politics of envy and it does not really

do much for the running of the economy either. I appreciate the opportunity to make the points that I have this afternoon.

Mr ZAPPIA (Makin) (6.03 pm)—I listened to the member for Farrer's comments with interest, and, whilst I certainly do not intend to respond to all of her comments in detail, I do want to pick up one of the points she made, and that was in respect of Australia's water supplies and the shortage of water that we are experiencing throughout Australia. It is a fact, and it is a point that I think is well understood by people right across Australia and by governments right across Australia. But the cold, hard reality is that our serious situation with water did not occur overnight or since the Rudd government came to power; it occurred as a result of neglect by governments for decades and, in particular, neglect on the part of the previous Howard government. In the last 10 years in particular there were some very real warnings put to the government about the water crisis that this country was facing and we saw very, very little response from the previous government. I have spoken on another occasion about water and the need for Australia to have a better water plan.

The point I also want to make is that, in this budget, there is in fact \$12.9 billion set aside by the Rudd government to respond to the serious water shortages that this country is facing. Might I say of the minister, Senator the Hon. Penny Wong, that she is doing a very good job in that new portfolio, given the seriousness and the size of the problem that she has inherited. I believe that the commitments she has made and the decisions that she has made to date certainly show that she is someone who is committed to finding real, long-term solutions to the water needs of this country.

In his budget address to parliament on 13 May, the Treasurer, Wayne Swan, began his remarks with the following:

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

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

It is the responsible Budget our nation needs at this time of international turbulence, and high inflation at home.

A Budget carefully designed to fight inflation, and ensure we meet the uncertainties of the future from a position of strength.

The first Rudd government budget is indeed a budget which responds to the complex social, economic and environmental issues facing Australia—complex issues made even more difficult because of the previous government's failure to address the future needs of our nation. This is the first Labor government budget in 12 years, and Australia today is a vastly different country to the one it was 12 years ago—as indeed is the world. In my first speech in this place I said that those countries which invest in education, manage their environment well and minimise global influences on their economies will prosper most into the future. I also said that governments need to win back the trust and faith of the people they serve.

In the time I have today, I will speak about how the first Rudd government budget responds to some of these issues, and I begin with the question of trust. Governments will win back the trust of people they serve only if they deliver on the commitments they make. The first Rudd budget does exactly that. Funding commitments made in the election campaign by the Rudd government have all been delivered in this budget. This is unlike the record of the Howard government when, after elections, promises became core and non-core promises. In my own

electorate of Makin in particular, every single funding commitment made by the Rudd government or by me has been delivered in this budget. Those projects include a new GP super-clinic, \$750,000 for the Tea Tree Gully Business Enterprise Centre, \$500,000 to improve television reception along the Para Escarpment, \$150,000 to the cities of Salisbury and Tea Tree Gully for Safer Communities funding, and \$2.675 million for improvements to a range of community facilities.

I also welcome the announcement by the Minister for Infrastructure, Transport, Regional Development and Local Government, the Hon. Anthony Albanese, that 86 community organisations around Australia who were promised funding by the previous Howard government—but to whom the funding was never delivered because the Howard government did not sign off on the necessary government contracts with these clubs—now have until 31 July to finalise their funding agreement with the federal government. Two of these clubs are in my electorate of Makin. I refer to the Golden Grove Football Club, whose facilities at Harpers Field are totally inadequate, and the sporting clubs at Tilley Reserve, Golden Grove, which include a junior soccer club, a Little Athletics club, a tennis club and a table tennis club. These clubs have collectively outgrown their facilities at Tilley Reserve and they have been waiting for years for improvements to their facilities. I have visited these two facilities and met on numerous occasions with both club officials and parents of the children who use the facilities, and I have seen for myself how inadequate the facilities are.

The families and the children of these communities should not be victims of a Regional Partnerships funding mess created by the Howard government, criticised by the Auditor-General and inherited by the Rudd government. I discussed the importance of the funding required by the Golden Grove Football Club and Tilley Reserve sports clubs with both the minister, the Hon. Anthony Albanese, and Parliamentary Secretary Gary Gray on several occasions. I thank both of them for their sympathetic response to the needs of the many families in Makin. I hope to speak at length on another occasion about the wonderful role of the sporting clubs throughout our communities—not just in Makin but right across Australia.

Let me now turn to education. Education means knowledge, and knowledge empowers people to make sound decisions about their own future and sound judgements about the policies of the governments that they elect. Education is also the most effective way of overcoming social disadvantage. From the outset, the Prime Minister made education a priority for a Rudd government. In the first Rudd government budget, the government has delivered on its commitment to education with a combination of sensible policies and \$19.3 billion of funding.

I was particularly pleased to see that these policies recognise the importance of early childhood education and the foundation that it builds for the rest of the lives of these young people. Again, I was particularly pleased to hear the Deputy Prime Minister in question time today speak about the \$535 million over five years for early childhood education.

The wasteful, politically motivated expenditure by the Howard government in detaining refugees offshore, estimated to have cost Australian taxpayers over \$1 billion, would have been much better spent on our schools, our TAFEs and our universities. If it had been, today we might not be facing critical skills shortages in our trades and in our professions, shortages which are in turn causing serious workforce shortages, and the number of full-time or part-

time students continuing from year 10 to year 12 would not be down to the 1999 level of 79.2 per cent. These statistics are a sad indictment of the last Liberal government.

Shortly before I stepped down as Mayor of Salisbury, we established the Northern Economic Leaders Group to work with government in overcoming the barriers to productivity growth in the northern suburbs of Adelaide. The Northern Economic Leaders Group is made up of CEOs of significant national industries from a broad cross-section of employment sectors, including BAE Systems, Inghams Enterprises and RM Williams. The single dominant, common concern raised by all of those CEOs was the workforce shortages and their difficulty in recruiting suitably trained staff. Their dilemma, which I am sure applies equally to industries across Australia, will not be resolved overnight, but the education commitments made in the first Rudd government's budget, and the immigration changes announced by Senator Chris Evans, the Minister for Immigration and Citizenship, are an important step in the right direction. The allocation in this budget of \$19.3 billion for education, skills and training, with \$11 billion of it in the form of a new education investment fund, demonstrates a real commitment by the Rudd government to addressing the future education, skilling and training needs of Australia.

Let me now turn to the environment for a moment. The failure of the Howard government to properly address the national impacts of climate change has already cost our country dearly and will continue to do so on a compounding scale for many years to come. In my first speech in this place I referred to the Murray River as an example and highlighted the social, economic and environmental costs to Australia as a result of both the mismanagement of the Murray-Darling system and the failure to factor in climate change to our water supplies and water flows into the Murray itself.

Today I want to refer to another example—that is, the price of petrol, LPG and diesel. The simple reality is that world demand for fuel is driving up fuel prices and will continue to do so. At the same time it is well known that the use of fossil fuels have, for a long time, been a major cause of greenhouse gas pollution. Had Australia begun addressing petrol as an environmental issue a decade ago, we might have been better prepared and less dependent on petrol today and therefore not so much impacted by rising petrol prices. It is not only the price of petrol that needs to come down; it is as much our reliance on it. Oil is a finite resource and many experts believe we have reached our peak oil supplies—another warning that the Howard government seemed oblivious to.

It is imperative that Australia invest more in public transport systems. Increased use of public transport will reduce household reliance on motor vehicles, thereby reducing living costs and environmental damage. With respect to this point, I want to read a letter that was published in the Adelaide *Advertiser* last Friday from a person by the name of Anne McMenamin. I am going to read the letter almost exactly as it appeared in the paper:

The real issue is that the price of oil is going to continue to rise. Many mainstream commentators predict \$150 a barrel by the end of 2008, and some up to \$200. It's already 30 per cent higher than at the beginning of the year, and six times what it was 10 years ago.

The situation has been predicted for many years. Earth does not have an infinite supply of oil.

What we need from our governments—state and federal—is leadership, including a preparedness to take steps which will not be universally popular.

These have to involve huge expenditure on public transport, major intervention in and regulation of urban consolidation, and overhaul of food production systems heavily dependent on the input of both oil and petrochemical products.

Inevitably, money will still need to be spent on present systems, so there will be a period of overlapping financial demands. This will require some national pulling together and readjustment of priorities, in which governments need to protect and support the more vulnerable sectors of the community.

Changes to excise and/or the GST may be useful in this, but they are not fixes for the central problems.

One comforting thought in all this: changes made to accommodate the demands of peak oil will all help in the battle against global warming.

The two are not unrelated.

I could not have put it better myself if I tried. I think that letter sums up the situation perfectly.

On an associated matter, Australia's continued high dependence on petrol raises a secondary cause for concern. Our diminishing petrol reserves mean an increasing dependency on imported petrol. That in turn means a worsening position with respect to our balance of trade. In fact, if the present trends continue, within the next five to 10 years our net foreign debt—which, as at 31 December 2007, was \$610 billion or 60 per cent of Australia's \$1 trillion economy—will most likely exceed Australia's GDP; that is, our net foreign debt, if we continue on the trend we are following right now, will exceed our total national GDP. That is certainly a cause for concern, and that will be the case if both petrol consumption and petrol imports continue to increase. For the sake of both our environment and our economy, we have to reduce our reliance on petrol. Might I say that LPG and compressed natural gas may not be the best long-term fuel solutions but in the short term both are far better options than petrol, given the abundant supplies of LPG and compressed natural gas in Australia and their lower greenhouse gas emissions. In this respect, I endorse the comments made by the member for Wills on this subject about a week ago.

Neither the pretentious concern about fuel prices by the opposition nor their excise rebate proposal will bring much joy to motorists. Investment in transport infrastructure and public transport systems will go much further in reducing petrol costs for motorists than a 5c petrol excise cut. That is why I support and welcome the \$20 billion commitment in this budget to the Building Australia Fund, which represents the first major infrastructure investment plan in Australia for decades. It is these long-term solutions to spiralling petrol costs that Australia needs, and that is what differentiates the Rudd government from the opposition. I was going to speak further about climate change but, given the time available to me, I will simply make this point: the government's \$2.3 billion for tackling climate change shows a real commitment to addressing the issues that we as a nation and as a globe face in the years ahead. How those funds will be spent is broken down in the budget documents. I endorse and support the government's initiatives in that respect.

I will finish by saying that, of course, there is so much more to do. This budget does not by any means do all of the things that we as a government would like to do. In my own electorate of Makin I frequently speak to pensioners and people with family members who have a disability. Might I at this point talk about the \$1.9 billion that was only last Friday agreed between the federal and state governments to respond to some of those people's needs. I speak to carers, people with mental health problems, Indigenous people, single parents, people suf-

fering from work related injuries, war veterans and so on. I understand their needs and I understand that there are things that governments at all levels could do to assist them. I also understand that in many cases these people are severely disadvantaged and suffering real hardship. This budget, however, begins the process of building an Australia in which all members of our society can share in the nation's prosperity and those who are struggling the most are not simply given short-term, once-only handouts but a real opportunity to have a better quality of life. It is a nation-building budget, and I commend and support the appropriation bills put to this parliament by the Treasurer.

Mrs MARKUS (Greenway) (6.19 pm)—Labor's high-taxing, high-spending budget is a cruel joke being played on the working families that the Rudd government promised to fight for. The working families in my electorate of Greenway are feeling the effects of incompetence as they experience higher prices at the checkout and the bowsers. Unfortunately, the Rudd government does not understand that this is no joke.

The first budget of the Rudd government is one of arrogance. The members opposite are so smug that they are under the pretence that they do not have a responsibility to working families—the very same working families that elected them. This budget does not deliver on petrol, health, welfare, education or the environment. Put simply: working families have been let down by the Labor Party. This government does not understand the plight of working families in Western Sydney, the Hawkesbury, Penrith, Blacktown, Mount Druitt or Seven Hills—and the list continues.

After getting himself elected by promising the world on petrol prices, the Prime Minister has failed to have any effect on the skyrocketing price of operating a family car. Since being elected and delivering this first budget, the Prime Minister has had zero impact on the price of petrol. He has forgotten what really matters to the electorate. Through inexperience he has been unable to offer anything to the working families in Western Sydney who struggle to get the children to school and drive to work.

Unfortunately, the incompetence of Labor extends beyond this chamber. Toll charges are inequitably disadvantaging working families in Western Sydney because, just like the Rudd government, the Iemma government takes Western Sydney for granted. For a family in Western Sydney to survive the current economic mismanagement of this government, it is not uncommon for both parents to work hard in order to earn enough to pay for increasingly expensive petrol, groceries and health care. Inadequate public transport often necessitates that two parents drive into the city and home again every day. A family is burdened with the cost of petrol and tolls five days a week, costing on average a whopping \$270. The average take-home pay of \$907 a week does not cut it when the average family spends \$270, or 23 per cent of their net income, on getting to and from work.

Mr Rudd simply misses the mark with Fuelwatch. This new spin by the Labor Party will not decrease prices. It merely disadvantages small fuel retailers, who will be the only businesses that are pressured to lower prices. Fuelwatch will undermine competition and ultimately lead to higher fuel prices, something working families cannot afford.

While the Labor Party is busy 'spinning' for the media, the coalition has come up with an economically responsible and simple measure to reduce fuel prices in a way that will benefit working families the second it is introduced. Cutting the fuel excise will ease the pressure on

working families. It simply makes fuel cheaper without the spin, the committees, the observation and the documentation.

This Labor budget increased taxation for the first time in recent memory. As working families struggle, Mr Rudd needs to reduce the tax on petrol, not watch prices. The budget brought forward by this government is one of hidden spending cuts to vital services in order to contribute to Labor's ambiguous nation-building slush funds. The budget cuts \$67.5 million from the already under resourced immigration department. This funding has been taken away from the critical border security and immigration processing functions, which means longer waiting times for visa processing and less secure borders for Australians. If these cuts were not bad enough, there are immigration officers from key roles in Australia and on overseas postings that will no longer have jobs. This, disguised as efficiency, effectively shows that the speed and accuracy of visa processing are simply not a priority to the Rudd government. A further total of \$43.6 million is being cut from areas such as border security, family migration, economic migration, student and temporary visas and even humanitarian programs.

The member for Lilley has underestimated the people of Australia, who can see straight through the Treasurer's short-term plan to ease the burden by changing the condition of the Medicare levy—the burden that he himself has created for Australian battlers. An increase in the earnings threshold for the Medicare levy is a short-term policy from this cabinet of self-proclaimed 'nation builders'. The *Sydney Morning Herald's* Mark Metherell identified in one sentence the straightforward concept that our Treasurer could not understand: 'The loss of many young, low-risk members is likely to push up premiums and add to public hospital pressures.'

Private health care will no be longer an option for working families in Western Sydney as premiums for private health care will be pushed out of reach of the average household budget. Any examination of the New South Wales health and hospital system would show the Treasurer why many families are not confident in government health care for their children. These are mums and dads in my electorate of Greenway who previously had the choice to do what was best for their families, mums and dads who will now be forced to rely on the waiting-list prone New South Wales health system administered by the Rudd government's mates—New South Wales Labor. This is the very same government that requires additional federal funding just to fix their desperate hospitals and other strained medical facilities. The Rudd government's \$10 billion Health and Hospitals Fund has been earmarked to fund the development of health infrastructure and medical equipment, but is rendered useless by the lack of funding for additional healthcare professionals and training, thus highlighting the ineptitude of the Treasurer. We can have all the shiny new buildings and the latest tech gadgets we want, but, as New South Wales Rural Doctors Association President Dr Ken Mackey rightly points out, there is no point in funding this infrastructure in a budget that makes cuts to training programs for enrolled nurses in regional Australia. There is no point in having brand new buildings in regional Australia with waiting lists of up to six months for basic services.

The working families of Greenway urge me to call upon the government to listen to them and to fix the problems they are already facing, such as six- to 12-month waiting lists for a dental check-ups for their children, hours of waiting time in the emergency department when their children need to be seen by a doctor and struggling to find a nurse with time to concentrate on their child's needs when in a public hospital. The people of Western Sydney simply

will not accept this kind of irrelevant government. This high-taxing, high-spending budget delivers successive blows to young families trying to establish a future in an uncertain economic climate. The Treasurer's plans to exclude some families from receiving family tax benefit B by placing a means test on the family tax benefit demonstrates the government's ignorance as to the very reason for its existence. The family tax benefit is recognition not only of the communal social value of families to this nation but also that significant expense is incurred on the part of those providing for the social good. The Treasurer does not understand the pressure of a family budget. Mortgages now take up to one-third of most families incomes in repayments, then add to that groceries and petrol costs—they hit harder than ever as mums and dads endeavour to provide opportunities for their children. The family tax benefit is a response to these difficulties that face families and is society's way of contributing something to the production of social value.

A further slap in the face to working families is the restrictions to the childcare benefits. The Rudd government is once again all spin and no substance as it publicises the increased childcare rebate but fails to mention the new restrictions in place. Working families only have access to the childcare rebate if they are both working. To be eligible for the rebate, parents must be either single working parents or working a combined total of more than 1.5 times a full-time workload. For example, the childcare rebate is only available to caretaker parents working 25 hours or more. This is a discriminatory practice against stay-at-home mums. The primary caregiver parent is given the options of working 25 hours—more than three days a week—or going without a rebate. This is no choice at all.

The next step in this government's grudge on families is the new payment arrangement and means test for the baby bonus. The payment of the baby bonus was introduced by the Howard government to coincide with the expenses incurred by expecting parents. The initial capital required for a new pram, a larger car, changing tables and many other large baby requirements is too much for working Australian families, covering bills for two to three months that the second income would have covered. The average family does not have a spare \$5,000 to finance their expenses while they wait for the baby bonus to be drip-fed to them over a six-month period. I completely support the Democrats' Senate private member's bill to extend the baby bonus to adopted children over the age of two. This bill takes action to stop the discrimination against those who wish to adopt from overseas. Adoption is a benefit to the child and a benefit to society and as such adoptive parents deserve the same recognition as others. It is necessary to remember that the baby bonus exists to reimburse the parents for the investment that they make in society. To not extend the reimbursement is to deny that an adopted child has the same potential and ability to contribute to society as a child that is born in Australia.

The Rudd Labor government have not delivered for the residents of Greenway on the Prime Minister's promises for the education revolution. Importantly, as a growth area in Western Sydney, Greenway has many working families with young children, and parents are legitimately concerned about their children's future. The Rudd government promised an education revolution, but the parents of Greenway are experiencing nothing but the same old, same old. Labor have not delivered an education revolution. They have failed to deliver anything to primary schools at all—another let-down.

There is no education revolution. All that has happened is that there will be extra computers for high schools that lack the infrastructure to make use of them. Local primary school age children again missed out because funding for local community sporting infrastructure grants, introduced by the coalition government, has been terminated, and the upgrade of sporting fields in Greenway has been left to already underfunded local governments. The residents of Greenway are still waiting on the education revolution that this budget does not deliver.

The Hawkesbury River has not been allocated the funding agreed to under the previous government—\$132.5 million. The Rudd government are clearly not committed to environmental management or sustainability. The river is in desperate need of the funding package promised by the Howard government, which included amounts for recycling and maintaining the health and sustainability of the Hawkesbury-Nepean River catchment system. This funding has not been allocated by the Rudd government. They are convinced they can ignore Western Sydney. The newly elected member for Lindsay has not spoken of the river since his maiden speech. Has the member for Lindsay forgotten the existence of the river, is he ignorant of its poor health and its significance or does he lack the courage to stand up to his government's neglect?

The member for Parramatta is a part of the same government that snuck through reforms to the Solar Cities program. The Minister for Climate Change and Water introduced a means test to the solar panels program, which effectively renders the Solar Cities program useless. The means test has had an instant effect, with many companies reporting an 80 per cent reduction in contracts. Experts predict further decreases in the number of people using the scheme. On 16 May Hamish Wall, the General Manager of Business Development with Nicholls Solar, a company that installs solar panels, said on *The World Today*:

... we had one household which consisted of a nurse and a teacher and obviously under the Federal Government's policy, they're rich and therefore they are no longer eligible for the rebate.

The minister admitted that the decision to means test the solar rebate was based on the opinion that the program had been too successful, with too many people taking it up. This skin-deep level of commitment to tackling climate change does not sit well with the people who chose the party championing the environment or with the people who chose the party of self-decreed economic conservatism, people who now watch the solar industry crumble and hear the minister's lack of concern as she describes the loss of livelihoods as merely 'disappointing'.

Despite being economic trainees, the government are expert at disguising cuts to environment spending by renaming, moving and rebundling old schemes. Areas like the Riverstone storm corridor, the Windsor-Richmond lowlands, Wollemi National Park and Windsor Downs Nature Reserve were all to benefit from funding for the Bureau of Meteorology, but staff cuts will affect how these areas are managed. However, there was no consultation with me or my Western Sydney coalition colleagues, who could have told the minister of the risks. We have no guarantee of the safety of the people and property in Western Sydney, and we have heard of no justification for the cuts. This is just another example of a Labor government sneaking through spending cuts to vital services in order to fund their ambiguous nation-building slush funds.

The members for Parramatta and Lindsay are not committed to the environment at all. In this budget, they confirmed what the environment minister pre-empted—he just got in and

changed it all. Working families in Western Sydney are struggling, and I regrettably have to inform the families in my electorate that the Rudd government seem not to care. They are economic novices who have hurt families and seem determined to merely watch petrol prices instead of act on them.

Mr PERRETT (Moreton) (6.34 pm)—I rise to support the Appropriation Bill (No. 1) 2008-2009 and associated bills before the House. From the outset, especially for those opposite, I wish to congratulate the Treasurer for his first budget. As a proud Queenslander I am particularly proud of what he has delivered for Australia and for Queensland. It is a budget that will deliver economic security for our families and for all Australians in these uncertain economic times. We are facing a lot of pressures from around the world and domestically. One of the best ways we can support working Australians struggling to cope with rising costs is to put downward pressure on interest rates. With a forecast surplus of \$21.7 billion—that is, 1.8 per cent of the GDP; I repeat that: 1.8 per cent of the GDP—this budget forms a strong defence against the curve balls that may come our way from the global economy and other outside pressures.

I also welcome the budget initiatives that stimulate productivity, overcome infrastructure bottlenecks and drive world-class education and training. I will just unpack some of those—starting with productivity. When Treasurer Wayne Swan was handed a budget, when he was handed the reins to the economy, productivity was at zero. Surely that is one of the best indications as to the state of the economy. Unfortunately, former Treasurer Costello handed over productivity rates of zero. Infrastructure bottlenecks were something that we heard much about in the preceding years, as part of the blame game played by the former government. They would take photographs of ships and say, ‘This is the fault of the state governments,’ without doing anything constructive. It is yet again an example of the blame game being played by the former federal government.

Obviously, we have heard on numerous occasions about how the former government neglected education and training—shameful results in terms of university funding. Every other OECD country had increases and if you compare them to Australia we actually went backwards—a shameful approach. No plan for the future. Those three things—productivity, infrastructure bottlenecks and the neglect of education and training—should be hung around the neck of the former government like a dead albatross, so that they are held accountable for that, the so-called economic managers who did absolutely nothing in terms of having a vision for the future. Instead, they just took the benefits of the Hawke-Keating economic reforms that can be listed off. If we do make a list of all of the current member for Higgins’s economic reforms, it will not take very long at all, because there were none—apart from the GST. In terms of major economic reforms, there are none. As I said, that neglect should be hung around their neck like an albatross, as in Coleridge’s *Rhyme of the Ancient Mariner*.

Treasurer Swan’s budget delivers the \$55 billion Working Families Support Package, delivering tax cuts directed to low- and middle-income families and support for childcare and education costs. These tax cuts and other incentives provide some relief to those Australians who need it most. We know that the price of petrol has gone up significantly. It has gone up over 400 per cent since the Iraq war started. We know that the drought has had long-term impacts on groceries. We also know that rents and mortgages are significant pressures as well, especially in places like Brisbane and in the growing cities. The Swan budget makes a real

investment in Australia's future rather than just in the next election—not handouts based on a political whim. There is no regional rorts in this budget; it is measured and delivers for Australian families and seniors. It provides measured and targeted investments in our future to address infrastructure, skills and climate change. They might be three terms that those opposite have not heard before: infrastructure, skills and climate change.

Among the dubious economic claims of those opposite is that the Howard-Costello government successfully cancelled government debt, but obviously this is only half the story. They might have paid off government debt, but what they do not tell us is that they increasingly shifted debt back onto Australian families and squandered their good fortune by failing to invest in infrastructure for the future. As I said, the Hawke-Keating government made tough decisions that impacted on battlers where they were able to get the union movement to make significant reforms by investing in superannuation and forgoing wage rises for the good of the economy.

That was the way of the Hawke-Keating government. As I said, if we look at the reforms of the Howard-Costello government, we see that they did nothing in terms of infrastructure and significant economic reform. This shameful underspend by the previous federal government has forced state governments to take on more debt to deliver vital infrastructure. This is not reckless economic management but a sound investment in productivity by our state governments. No more blame game; this is actually about working together to deliver something for the benefit of all Australia. We simply cannot afford to have workers trapped in traffic gridlocks or goods stranded at rail and port bottlenecks. Coming from Queensland, and having worked in the mining industry, I have seen—

The DEPUTY SPEAKER (Ms AE Burke)—Order! The debate is interrupted in accordance with standing order 192. The debate is adjourned and the resumption of the date will be made an order of the day for the next sitting. The member will have leave to continue speaking when the debate is resumed on a future date.

STATEMENTS BY MEMBERS

Age Pension

Dr JENSEN (Tangney) (6.40 pm)—Pensioners who are on the single age pension are being discouraged from working if they earn more than \$3,400. When their income exceeds \$17,600, they are penalised 40c for every extra dollar they earn. In effect, these people who only want to do some productive work and improve their meagre financial means are being 'taxed' at a very high rate. Many pensioners in my electorate who work part-time as school crossing guards have given the game away. In my electorate there are now quite a few unguarded crossings.

Times have changed. With near full employment, we need to enable willing people on the age pension to work if they want to. I encourage the government to lift the amount that an age pensioner can earn above the single person pension from \$3,400 to \$10,600 before seeking to tax their earnings. This would be consistent with the senior Australians tax offset of \$24,800. The provision I suggest should apply only to pensioners who work—not those who have other sources of income—so that there would be no extra cost to taxpayers from currently means-tested pensioners getting an increase in their pension. (*Time expired*)

Hasluck Electorate: Biggest Morning Tea

Ms JACKSON (Hasluck) (6.41 pm)—I rise today to congratulate the Woodlupine Seniors Committee in Forrestfield in my electorate for their magnificent Biggest Morning Tea that was held on Friday, 23 May. We had over 167 participants at the morning tea, which included fine entertainment from the Dazman, a singalong and a dance. The entire event was organised with the assistance of my wonderful staff as well as the seniors, many of whom are very busy volunteers in their community. To have 167 seniors turn up was quite a treat. We had raffles, cake displays and all sorts of money-raising events. That small group of seniors raised over \$1,000 for the Cancer Council, and I truly thank them for the hard work and efforts that they made not only on behalf of the Cancer Council in Western Australia but also in providing such an enjoyable morning for themselves and many seniors. I look forward to future Biggest Morning Teas in Forrestfield and hope that we continue to raise money for the Cancer Council.

Mr Tom Dillon

Ms MARINO (Forrest) (6.43 pm)—I rise to acknowledge Tom Dillon, who has announced his retirement from the Bunbury City Council at the age of 65. Tom is truly a colourful character, larger than life, full of energy but with genuine commitment to his community. He served the city council for more than 10 years over the past 30 years. He was first elected in 1978 and saw Bunbury become a city during his first term. He was the deputy mayor and spearheaded the Graham Bricknell Music Shell project, raising \$300,000 in external contributions for a project to honour a former deputy mayor who died in tragic circumstances.

There have been many significant progressive projects completed during Tom's time on council. He is a major mover and shaker, capable of organising very successful and well-planned events and functions. Tom has never been afraid to tackle controversial issues. The community was always very aware of exactly where Tom stood on any given issue. He has been a vigorous, strong advocate and a master with the media. Tom himself has said, 'While I might not have always been popular, I have always given it my absolute best shot.' This epitomises the man who is Tom Dillon and it is why he is a well-respected and highly valued community member. He has been and continues to be vitally interested in issues and projects affecting Bunbury, including the Bunbury speedway. He is also keenly interested in boxing and he is a personal friend of Danny Green. He loves his Aussie Rules football and is a one-eyed South Bunbury Football Club supporter. Above all, Tom is not only passionate about and committed to his community but also prepared to do the hard work to make things happen. I thank him for his efforts. (*Time expired*)

Salvation Army Red Shield Appeal

Mr ZAPPIA (Makin) (6.44 pm)—I rise to speak in support of the Salvation Army and, in particular, their annual Red Shield doorknock appeal. Yesterday I spent several hours doorknocking for the local Salvation Army, helping them to raise much-needed funds for the many purposes that they put them to. Over the years, I have had occasion to work with many of the people from within the Salvation Army, both within and outside of the electorate of Makin. I have to say it is one organisation that not only has an incredible amount of credibility with people but also does so much good for so many people. I say that, because as I was doorknocking yesterday it was interesting to see the reaction and reception I received as I got to

the doors of different householders. Almost without exception, everyone that was home was willing to put something in as part of the fundraising efforts.

I rise to compliment on one hand the Salvation Army for the work that they do and on the other hand the generosity of the people out there who, where they believe that a charity is raising funds for a good cause and have confidence and faith that the funds raised will be used for a good cause, are willing to donate. The other interesting observation I make is this: quite often, the households which, as soon as you opened the door, you might have thought were in need of the support and benefit of the Salvation Army were some of the most generous. (*Time expired*)

Parkes Electorate: Early Childhood Education

Mr COULTON (Parkes) (6.46 pm)—I rise tonight to speak about the importance of early childhood education in my electorate of Parkes. I was pleased to recently learn of the government's desire to provide all four-year-olds with early childhood education. However, I have some concerns over how this may be implemented, particularly when some centres in my electorate do not have an existing preschool or childcare facility. It is my belief that the best way to provide this level of education for children living in rural and remote areas is through mobile preschools and community based organisations.

Many successful mobile preschools operate in my electorate, including the Gwydir Mobile Preschool in Moree and the Tharawanga Preschool, which operates from North Star. These organisations have dedicated staff who travel several hundred kilometres a week on rough roads to ensure that kids living on properties and in smaller towns are able to access preschool education. Without these services, many children would simply miss out.

In addition to mobile preschools, there are also many playgroups run by parents. A few weeks ago I dropped in on the local playgroup in the small village of Carinda. This group is run by local parents. It was good to see the children learning and interacting. Early childhood education is vital, and I believe the children living in my electorate should be given the same opportunity as their city cousins. Mobile preschools and community based groups need to be properly resourced and adequately funded so that country kids get the best possible start in life. I urge the government to take this into consideration when implementing their early childhood education policies.

Moreton Electorate: Kyabra Community Association

Mr PERRETT (Moreton) (6.47 pm)—I rise to speak about a community organisation based in the electorate of Moreton—the Kyabra Community Association. It is an organisation I was proud to be on the board of before the federal election campaign commenced. Unfortunately I then had to resign so the organisation was not politicised. The Kyabra Community Association does a fantastic job in a number of different areas.

One of the things they do that I am most proud of is addressing homelessness issues in the electorate of Moreton and the southern areas of Brisbane. They also do what they can in terms of providing housing for people in need. In fact, one of their great initiatives is in consultation with the Brisbane City Council and the Liberal Lord Mayor Campbell Newman. They have worked with the Brisbane City Council to move homes that have to be relocated because of the north-south bypass tunnel onto land that the Kyabra Community Association has purchased. They are using those houses to provide housing for people who are struggling at the

moment, such as victims of domestic violence or other economic circumstances. They are also a community organisation that provides child care throughout the south side and they are now in consultation with the Islamic Womens Association. *(Time expired)*

Overwatch Battle Group

Mr ROBERT (Fadden) (6.49 pm)—I acknowledge that the Overwatch Battle Group, together with the Australian Army's training team in Iraq, ceased operations at their base at Talil in Dhi Qar province yesterday, and I rise to honour their service. Overwatch Battle Group West 2 carried out more than 300 patrols across the 72,000 square kilometre area of operations. These patrols included providing security for reconstruction projects, meeting local leaders and providing convoy escorts, as well as the training and mentoring of the Iraqi security forces in Dhi Qar and the neighbouring Al Muthanna province. I join the commanding officer, Lieutenant Colonel Tony Rawlings, in praising the efforts of all members of the battle group.

About 300 Australian combat personnel will remain in Iraq, serving with the ADF's task force headquarters in Baghdad and with the security detachment guarding the Australian embassy in the green zone. Another 600-odd personnel will also remain deployed in the region at coalition and support headquarters and with our Navy elements that have been deployed in the gulf since the first Gulf War. The Australian Army, especially the Overwatch Battle Group West 2, have operated in the great traditions of the ANZACs and of our forefathers. They have fought well and hard. They have not been found wanting, and I join all those in parliament who stand today to support the great work they have done.

Shortland Electorate: Redhead Public School

Ms HALL (Shortland) (6.51 pm)—Tonight I rise to pay tribute to Redhead Public School, which is celebrating its centenary this year. On Saturday night I attended a ball with a long-term resident of Redhead, and I must say that it was a very successful night. One of the highlights of the evening was a donation by the Miners Trust of \$100,000 to the school for a hall. This year is a pretty special year for Redhead because it also marks the centenary of their surf club, and the members of the community in Redhead are all joining together to celebrate these two very special occasions.

Redhead is a unique little place within the Shortland electorate. It is one of those places that has been able to maintain their identity and village atmosphere. Initially, a settlement was set up at Redhead as a banana plantation but it soon established itself as a very strong mining area. It is only appropriate that the miners have got behind Redhead Public School and supported it in the year of its centenary. I need to put on record the fine contribution to public education that has been made by Redhead Public School over the last 100 years. *(Time expired)*

La Trobe Electorate: Palliative Care

Mr WOOD (La Trobe) (6.52 pm)—In 2004 I had an election commitment of \$800,000 to Fernlea House palliative care in Emerald. This was a fantastic local project which had been pushed very hard by people like Jan Lancaster, who actually purchased the property for the palliative care hospice, and the former government supplied the funds. We had a review last year and, under the Howard government, supplied another \$170,000. Why? Because they were punching above their weight in providing such a great service.

But, after this year's Labor budget, we had the amazing news that the budget cut the funding to Fernlea House palliative care. Even more disgraceful was that Fernlea House got only six weeks to ask their clients to leave—people who are in the most desperate stages of their life. This was a really disgusting decision, one I just could not believe. There has been a reprieve, and I thank Minister Justine Elliot for giving Fernlea House another 12 months. But that is still not good enough. We need to back Fernlea House; it is a fantastic cause. It is helping people in their dying days and making sure they have quality of life. This new Rudd government has really let down the people of Emerald and the entire area of La Trobe with this palliative care issue. I call on the Rudd government to fund Fernlea House full time. (*Time expired*)

Privacy Laws

Mr PERRETT (Moreton) (6.54 pm)—I rise to talk about a very serious issue that needs a lot more time, but I can expand on it at another time. It is about the offshoring of jobs from the financial sector to overseas countries. Obviously the Australian service sector currently undertakes many jobs that have the protection of our privacy laws and the like. Unfortunately many of the major banks are looking at moving some of these jobs offshore to places like India, where wages are significantly less. The problem is that our privacy laws do not apply to the people who are contracted to do work for banks in India, and that means—

The DEPUTY SPEAKER (Ms AE Burke)—Order! It being 6.55 pm, in accordance with standing order 192A the time for members' statements has concluded.

PRIVATE MEMBERS' BUSINESS

Blood Donation

Debate resumed, on motion by **Mr Hayes**:

That the House:

- (1) recognises and celebrates the significant contribution which Australia's voluntary donors make to the Australian community as we approach World Blood Donor Day in June 2008;
- (2) recognises that whilst one in three people will at some stage require blood, presently only one in thirty people actually donate blood;
- (3) supports the efforts of the selfless individuals who give their blood to help save the lives and improve the health of people whom they may never meet;
- (4) congratulates the Australian Red Cross Blood Service for drawing attention to the need for more Australians to donate blood and celebrating the many generous and voluntary, unpaid blood donors who give blood each week to help those in need;
- (5) supports the efforts of the Minister for Health and Ageing and the Parliamentary Secretary to the Minister for Health and Ageing to increase the rate of blood donations in Australia; and
- (6) encourages members to actively encourage blood donation in their electorates.

Mr HAYES (Werriwa) (6.55 pm)—World Blood Day is being held on 14 June throughout the world. It is going to focus on special activities, to pay tribute to the millions of people who selflessly donate that lifesaving gift of blood. This year's theme will be Many Happy Returns. Governments and national blood transfusion services are joining hands with the National Red Cross and Red Crescent Societies, voluntary blood donor organisations, community organisations, schools and colleges to mark longer-term campaigns to increase the number of voluntary blood donors who donate blood on a regular basis. Since it was first launched in 2004,

World Blood Donor Day has also served as a platform for broader activities in many countries, including the restructuring of national blood transfusion services, the development of legislation on voluntary blood donation and the launch of national guidelines on blood transfusion.

Just recently I gave up politics for an afternoon to donate blood, as I do on a reasonably regular basis. Afterwards, I opened the new blood donor centre at Liverpool, which is in my electorate. The new Liverpool blood donor centre replaces the old centre which first opened its doors in 1998 with a total of four beds, four nursing staff and was open for three days a week. As awareness for the need to donate blood grew in the community, the opening hours eventually increased to five days. Today the support and commitment of Liverpool and south-western Sydney generally is such that they have now moved to larger premises—a state-of-the-art blood donating facility.

Across the country, the need for blood and blood products is continuing to grow each year. At present Australians need 21,000 donations per week to ensure that adequate supplies are there for those who need them. As I understand it, in the next 10 years, this figure is expected to double. Presently, one Australian in three will need blood products at some stage during their lifetime, but only one in 30 donate. Blood and blood products provide the gift of life to an estimated 100,000 Australians every year. Donated blood and blood products are used to treat a wide range of people, including accident victims, patients undergoing surgery, children suffering from leukaemia, recipients of organ and blood and marrow transplants, people with blood disorders such as haemophilia, and premature babies. In fact, 30 per cent of blood donated goes towards helping people with cancer; 15 per cent helps people with heart disease; 15 per cent goes to people with stomach and bowel disease; 12 per cent goes towards saving the lives of victims of road accidents et cetera; six per cent goes to people with liver and kidney disease; five per cent goes to people with haemophilia to ensure that they have an ongoing quality of life; and a further five per cent, Madam Deputy Speaker, you will be happy to know, goes to expectant mums and their babies so that they can have a happier life together.

The Australian Red Cross Blood Service provides an essential service through the collection of blood from generous donors within our community and around the nation. The work of the Australian Red Cross Blood Service ensures that members of our community with life-threatening illnesses who need urgent blood supplies are able to get that product. The centre in my electorate, like many across the nation, helps to improve and save the lives of thousands of Australians each week. The Rudd government supports the action to improve the rate of donation. This government, in particular the Minister for Health and Ageing, Nicola Roxon, and the parliamentary secretary, Senator Jan McLucas, are involved in activities to increase the rate of blood and blood-related donations. I congratulate them for being aware of the need to improve the system and to encourage more people to donate.

By donating blood, people can give back to their community and know that what they are doing really does help their fellow Australians in a very, very practical way. Giving blood is a relatively simple but rewarding experience, and I would encourage the wider community to also give blood. I recognise that many people would not be here today if it were not for the generosity of the numbers of volunteer, unpaid blood donors who give blood simply to help others. The generosity of these donors enables the Red Cross Blood Service to provide a

world-leading, safe and sufficient blood supply for all Australians. I congratulate Joanna Huggett and her staff at the Liverpool donor centre—(*Time expired*)

Mr ROBB (Goldstein) (7.00 pm)—I rise to support this motion which recognises and celebrates the significant contribution which Australia's volunteer blood donors make to the Australian community. I commend the member for Werriwa for bringing forward this motion this evening.

A month rarely passes in this House without the words of Winston Churchill being recited for one purpose or another. I would like to share a quote of his which I believe is very much relevant to this motion. Winston Churchill said:

We make a living by what we get, but we make a life by what we give.

Giving blood is the epitome of giving, of protecting a life through that gift. The person who gives blood and the patients who receive it are linked by a special bond of concern and need. For the donor, giving blood is a unique way of caring about another human being. For the patient who needs blood to recover, a donation can literally mean the gift of life.

I believe giving blood is an example of taking personal responsibility for the community in which we live. It is an example of the responsibility we all have if we are to enjoy the freedom to live our own lives, a freedom which comes with the responsibility to be concerned about one's fellow man. Giving blood is a simple and costless means of supporting others in our community.

The average adult's body contains six to eight litres of blood. Twenty years ago, donated blood was used only to replace losses due to surgeries or accidents. Today, it has many, many uses. As medical technology progresses, more and more uses for blood will be developed. As a result, the need for blood continues to increase.

The ageing of Australia's population will also have a significant impact on the need for blood donations. In 1967, for example, life expectancy at birth for men and women was approximately 67 years and 74 years respectively. In 2007, these figures were 79 years and 84 years respectively. By 2047, they are projected to be 86 years and 90 years respectively. We are living longer—much longer. Technology and medicine are driving much of that increased longevity. For example, in the United States, a global leader in medical innovation, the past decade has seen an increase of 80 per cent in patents for breakthrough medical technology in an industry worth upwards of \$100 billion annually. This, and the successful role of medical intervention, has led to one in three Australians needing blood at some stage in their lifetime.

But here is the crunch: only one in 30 Australians actually give blood. We need 21,000 blood donations per week to ensure an adequate supply. We are falling short of that. In the space of, I think, 10 or 15 years, we will need twice that, over 40,000 donations a week—that is, two million donations a year will be required to meet the need.

On 14 June we celebrate World Blood Donor Day to highlight the lifesaving gift of volunteer, unpaid blood donors who donate blood for altruistic reasons, including the over 500,000 registered blood donors in Australia. The theme this year is Many Happy Returns, to specifically celebrate those donors who give blood on a regular basis—two, three or more times each year. On average, though, registered donors give blood less than two times a year. I would like to personally thank the nearly six per cent of people living in my electorate who are currently blood donors. This is nearly double the average of blood donors nationally, but I know we can

do even better. We can set a standard for others to follow. If we could replicate nationally the thoughtful and generous actions of Goldstein residents in Australia, we would be well over the target of achieving the needs of our community. I also thank and recognise the hard-working nurses and volunteers who support the Australian Red Cross Blood Service and the many blood donor centres across Australia. They make an emphatic contribution to the realisation of human dignity for so many men and women. I urge all of those Australians who are able to donate blood and I hope for 'many happy returns'.

Mr GEORGANAS (Hindmarsh) (7.05 pm)—I too rise to support this private member's motion and to support World Blood Donor Day and the donation of blood nationwide. As I said, I support the private member's motion and what I feel is a great cause. I sometimes take time out to give blood because I believe that it is something that is very worth while. Every time I leave a blood donation centre I feel a rush of happiness and accomplishment because I know that my blood is going to help save someone's life, and that is a very important thing. And it is a good feeling. Giving blood has been a part of my life for decades. My family has been giving blood regularly to help those in need as well. My wife has been giving blood for well over 25 years.

We all lead busy lives; there is little time to take time out of our busy schedule and do the things that we enjoy. However, if we all took one hour out of our day every six months to donate blood, we would all be saving another person's life or making their chances of survival greater. There are thousands of individuals across Australia every year who need blood transfusions to save their lives. Every donation given helps to save up to three lives. There are 100 collection sites across Australia, with more than 80 permanent donor centres in city centre locations and many mobile units that service Australia's rural areas. In fact, there was a mobile unit that serviced Parliament House about 18 months ago and I recall many of the members here in this House donating blood, including myself. Donating blood has never been easier or more convenient.

The Australian Red Cross are always under pressure to find more blood. And they are correct when they say that we all expect there to be blood available when we need it. However, there is only a very small proportion, one in 30, of people who take themselves to the blood clinic and donate blood. Thirty per cent of blood collected goes to patients battling cancer, 15 per cent helps people with heart disease, another 15 per cent goes to people with stomach and bowel disease, 12 per cent assists trauma and accident victims and five per cent helps babies and pregnant women. Australia needs approximately 20,000 donations each week to meet demand. We do not ever think that it is going to be us or our loved ones who will need blood, whether it is due to a prolonged illness, a sudden accident or during routine surgery. It is, however, always someone's loved one—someone's mother, someone's father, someone's child—who is in need of a blood transfusion. The government encourages Australians to make a difference in the lives of thousands of Australians by donating blood.

I would like to turn now to the great work that the Australian Red Cross Blood Service do at blood banks and in drawing attention to the need for more Australians to donate blood. The Australian Red Cross was founded in 1914 as part of the International Red Cross and Red Crescent Movement. The Red Cross and Red Crescent Movement is the world's largest voluntary organisation. Much of the work of the Red Cross is carried out in Australia and overseas by volunteers. Each year Red Cross volunteers serve more than 200 million vulnerable people

worldwide, many in crisis situations. Without the work of those wonderful volunteers in the Australian Red Cross, thousands of Australians would not receive the blood they need. Working long hours in high-stress conditions to save lives, these volunteers and workers are truly inspirational! I would like to say thank you to all of the workers at the Red Cross centres across the nation for the wonderful work that they do in blood donation. Without their work, thousands of Australians would not be here today. Let me just say that all of us in this House—those of us who are able to—should be giving blood on a regular basis and we should be setting an example. It is a very important part of our lives to donate blood. I support this motion.

Mr ROBERT (Fadden) (7.10 pm)—I rise to support the intent of the private member's motion and, indeed, to support the comments of the last speaker when he called for all parliamentarians to take the plunge and give blood. Many people today would not be alive if it were not for Australia's generous, voluntary, unpaid blood donors who give blood each week to help those in need. It is one of those things that we used to expect to be there for us, but only a very small proportion—indeed, one in 30 people—actually gives blood; yet, sooner or later, one in three of us will need it. People who give blood are united by their generosity and the desire to give something constructive back to the community. One in three of us will need blood or a blood product. That is a sobering thought.

More than 21,000 donations are needed every week in this country to make sure there is enough blood and product for those one in three Australians who will need it. Blood is needed for surgery and trauma patients, but two-thirds of it is actually needed for people with cancer, blood disorders, heart and kidney disease, and for pregnant women and babies. Currently three per cent of the Australian population are blood donors and they donate, on average, twice a year. In my electorate of Fadden, the fastest-growing electorate in the nation, 5½ per cent of men and women are blood donors, which is above the national average. I salute them and thank them all. The frequency of giving by the blood donors in Fadden is not quite twice per year, so I encourage all those hardworking men and women in Fadden to ensure that they give blood at a minimum of twice a year.

The Gold Coast donor centre of the Australian Red Cross Blood Service aims to collect 114 donations each week. Last week, although it collected slightly under target for plasma, the centre was above target for whole blood. So, well done, Annie and the team, at the Gold Coast collection centre—that was a great result. However, the centre has started to see a dip in appointment levels, coinciding with the start of winter—and, yes, we do get winter on the Gold Coast—and, of course, the recent spate of slightly inclement weather. The donor centre is working hard, though, to get the donation message out to its current donors and potential donors and is shortly moving operations to a new donor centre in Robina, which will increase the number of donor beds from eight to 13. This will also double the amount of plasma that it is able to collect.

Due to medical advances in the treatment of diseases and illnesses, the need for plasma is set to double in the next decade, and therefore Australia desperately needs more donors and for donors to donate more regularly. On average, Australians donate twice per year, but they can donate every 12 weeks. The Australian Red Cross Blood Service are a national blood service, as we know, and if blood collection in one area is low they are able to distribute inter-

state to help meet the needs of hospitals and patients wherever they are in this great country of ours.

We need 21,000 donations each week. This winter, to cover the number of donors who will be unable to donate due to colds and flus, 40,000 new donors are needed now. All blood types are needed, but O-negative donations are crucial. O negative is a universal blood that can be given to anyone in an emergency, yet only a small percentage of the population are O negative, including me, so I can assure myself that I am in demand to give my blood as often as possible. Mr Deputy Speaker, I can see that you are encouraged by that and I look forward to lying beside you on a bed when we give blood together—

The DEPUTY SPEAKER (Mr S Sidebottom)—Finish the sentence!

Mr ROBERT—Separate beds, of course! Most people think donated blood is used only to help people who suffer traumatic incidences, such as accidents, burns or surgery, but in fact the vast majority of donated blood goes to people with major medical conditions, such as cancer, heart disease, stomach disease, bowel disease, liver disease, kidney disease or haemophilia, or to newborn babies and pregnant women. There are many possible different uses for blood donations. Blood donations may be made into lifesaving or life-improving medication for people with cancer, heart disease or kidney dialysis, or for people with haemophilia who need it regularly or for premature babies. It could be used in an emergency. By separating the blood into its components, it is possible to use a single donation to help save up to three lives. The previous government named 2009 the Year of the Blood Donor in a bid to encourage more Australians to give blood. I encourage them all. I especially encourage our parliamentarians to lead by example.

Mr BIDGOOD (Dawson) (7.15 pm)—I thank honourable members who have contributed to this important debate. I inform members that 14 June is World Blood Donor Day. Being upfront, I personally cannot donate, having been in England between the years of 1980 and 1996. As a precautionary measure to prevent the potential transmission of vCJD, I am ineligible, as much I would like to, having given blood in Mackay when I first arrived in 1993. I do, however, want to help raise awareness for the need for blood donations and encourage the wider community to consider donation today. I want to congratulate members of the community who give blood, because blood is truly the gift of life. With every donation, a donor can save up to three lives or contribute to 15 different forms of lifesaving or life-improving blood products. It is a fact that many brave Australians who suffer terrible illnesses have benefited because of the generosity of Australian blood donors. Blood donors are lifesavers.

Many people in my electorate of Dawson have heeded the call from the Red Cross and regularly give blood. However, more donations are needed. People need to make giving blood a regular part of their lives. An estimated 80 per cent of the population will require blood or blood products at some time in their lives. I am sure all members know someone who has benefited from a blood donation.

I am advised that 30 per cent of all blood donated helps cancer patients, 15 per cent helps people with heart disease, another 15 per cent goes to people with stomach and bowel disease, and 12 per cent of all blood donated goes to trauma and accident victims. People requiring chemotherapy are particularly at risk unless donors come forward urgently. With 30 per cent of all blood donations going to people with cancer, many people with common blood types

wrongly assume that their blood is not needed. In fact, the majority of patients in hospital are likely to have a common blood type, making these blood types high in demand.

Blood donation is one of the simplest ways to give something back to the community. Almost anyone in the community aged between 16 and 70 years who weighs more than 45 kilograms and is in reasonable good health is a potential blood donor. Blood donation begins simply by making an appointment with the Red Cross to give blood. They can do this by calling 131495. Donating blood only takes around 10 minutes, but it is advisable to allow at least an hour for the whole process, which includes a personal interview and refreshments. You can donate 470 millilitres of whole blood every 12 weeks. However, you can donate blood plasma every two weeks. It is a fact that more blood is needed.

Open-heart surgery for an adult will require two to six units; a leukaemia patient will require two to six units; and a bone marrow transplant will require one or two units, given every other day for four weeks. I could give many more statistics, but just those statistics confirm the constant need for blood supplies. There are benefits for the donor as well. Each time you donate, your blood pressure and haemoglobin levels are checked. All donated blood is screened for the presence of blood-borne diseases such as HIV1 and 2, hepatitis B and C, HTLV1 and 2—which is human T-cell lymphotropic virus—and syphilis.

Since 2005-06, the Australian Red Cross Blood Service has been fully funded jointly by the governments of Australia, with the Australian government contributing 63 per cent of funding and the remaining eight state and territory governments contributing the remaining 37 per cent on a proportional basis. Young people can and do donate too. Red Cross has a Young Bloods program that encourages students to get a group of friends together and give blood. High schools in my electorate regularly have blood donation drives, with teachers and staff getting involved too. Schools can really make a difference. I commend the schools in my electorate who hold blood donation drives, and I encourage more schools to get involved.

Mr JOHNSON (Ryan) (7.20 pm)—Blood is as vital to life as the air we breathe, the food we eat and the water we drink. That is how blood was explained to me by my brother, who happens to be one of Queensland's—and, indeed, this country's—finest young neurosurgeons. As well, my sister recently graduated in medicine. So I have a brother and a sister who are right at the heart of the medical world, and they say to me that in this country of ours much more can and should be done to encourage our fellow Australians to donate blood. World Blood Donor Day is 14 June, and I want to take the opportunity in the federal parliament, as the member for Ryan, to first of all thank all those constituents of mine who have so very generously given of their time and their blood in the past. I want to also encourage those who might not have considered this in the past to contemplate the profound significance of making a donation of the very valuable gift of life—that is, the blood that they have to sustain their own life.

Much has been said on both sides of the parliament about the significance of donating blood to those in our society who are in desperate need of it. The donation of blood is a voluntary gesture. It is unpaid. Donors are only recognised by the profound generosity of their deed. The selflessness of Australians in providing a reliable and sufficient supply of blood really does deserve the full respect and applause of the rest of us. The theme for this year's World Blood Donor Day is Many Happy Returns. It highlights the importance of giving blood on a regular basis. The healthy lifestyle that regular donors lead makes the blood supply the

safest possible, which is the key reason that Australia has one of the most effective blood supply systems in the world. As many of my colleagues have said previously—and I echo their comments—in Australia some 21,000 donations are required every week. Blood, as we would all know, cannot be manufactured. It is the gift of life. It is precious and sourced from within us, and we are able to donate to those in need of it. More regular donors are needed to build and maintain a sustainable blood supply system in our country. That will play a crucial role in meeting the increased demands for blood products and blood transfusion services. We have in this country one of the finest organisations going—that is, the Australian Red Cross—which manages and encourages Australians to donate blood.

The giving of blood, as I said, is a selfless act that helps not only those who have suffered from traumatic incidents, such as accidents or burns, but also those Australians who suffer from medical conditions such as cancer, heart disease, stomach and bowel disease and liver and kidney diseases and also people with haemophilia, newborn babies and pregnant women. In fact, some 30 per cent of donated blood goes to cancer patients, including those who are suffering from leukaemia. Another 30 per cent goes to those suffering from heart, stomach and bowel disease, and another 40 per cent goes to burns and accident victims and kidney and liver disease patients. The giving of blood is a significant deed. One of my political heroes is Winston Churchill, and one of his famous sayings is, ‘We make a living by what we get, but we make a life by what we give.’ I also want to take the opportunity in the parliament to thank the volunteers of the Australian Red Cross, who—like so many volunteers across so many wonderful charities and not-for-profit organisations in this country—tirelessly give of their time, their skill and their services to encourage their fellow Australians to donate blood.

Unfortunately, blood components have a shelf life of up to five days for platelets, 42 days for red cells and up to one year for plasma. So it is easy to understand why the need for blood is constant. As the federal member for Ryan, I take this opportunity to encourage not only my fellow Australians to donate blood, like my colleagues have done, but also specifically those in my electorate. Those people living in the Ryan electorate all know that the big Red Cross buses are at the Indooroopilly shopping centre—(*Time expired*)

Ms HALL (Shortland) (7.25 pm)—I would like to congratulate the member for Werriwa for bringing this very important motion to the House. I stand here not only as a person who has benefited from a blood transfusion but also as somebody who is now a regular blood donor. It is very appropriate that this motion is before the House at this particular time, with World Blood Donor Day being on 14 June. Unfortunately, it is held on a Saturday and I am not too sure how many people will be able to give blood on that day. I will be donating blood on Tuesday, 10 June, the closest date to 14 June that I could arrange. I would encourage members of this House to do the same as I am doing, particularly around World Blood Donor Day.

Importantly, all donations are made by volunteers in Australia. The safety of those donations is assured because of the vigilant way the Red Cross test the blood. In fact, not everybody can give blood. At this point, I would like to congratulate the Red Cross for the fine work that they do. I emphasise that volunteers give blood in Australia. People receive no payment for giving their blood and that is one factor that assures the safety of the blood that people receive.

As I mentioned, not everybody can donate blood. We heard from the member for Dawson, who is unable to donate blood because he was in the UK between 1980 and 1996. If you have had a tattoo, if you have had cancer or if you have an infection, it will impact on the quality of your blood. If you take certain medications, you can perhaps give blood but those medications can actually impact on the quality of your blood and your platelets can be affected. Something as simple as Nurofen can have an impact on the quality of your blood. The taking of certain other medications means that you cannot give blood. If you have had multiple sexual partners or unprotected sex, both these things prohibit donating blood. But all these things prohibiting the donation of blood ensure the safety of the blood that people in Australia receive.

The member for Dawson, I think, also mentioned that a blood donor is basically having a health check every time they go along to give blood. People with certain medical conditions are unable to give blood—people with heart conditions and pregnant women. My daughter is a regular blood donor. She is currently pregnant and she said to me that she is missing being able to go along and give blood. I have a very close friend who, for many years, donated blood. He was just short of his 100th donation and his haemoglobin count fell. He was around age 75 when he stopped giving blood. I was speaking to him tonight and he said to me, ‘I’d still be giving it, if it wasn’t for that.’

All the staff in my office went en masse to give blood. When we went along, unfortunately, a number of the staff were unable to give blood. One person had recently had a tattoo and another had an infection. Out of the staff, only two of us could give blood.

It has already been stated by other members what the blood is used for, so I will not go over that. But only one in 30 people actually donate blood. The body replaces the blood within 24 to 48 hours and replenishes red blood cells over a 10- to 12-week period. There are 21,000 donations required each week, so I would like to call on all members in this House to give their blood and to do what I am going to do—go out there, as close as they can to World Blood Donor Day, and give that gift of life.

The DEPUTY SPEAKER (Mr S Sidebottom)—Order! The time allotted for this debate has expired. The debate is adjourned and the resumption of the debate will be made an order of the day for the next sitting.

Botany Bay and the Kurnell Peninsula

Debate resumed, on motion by **Mr Morrison**:

That the House:

- (1) recognises that:
 - (a) the Kurnell Peninsula of southern Sydney is the traditional land of the Gweagal people of the Dharawal nation;
 - (b) the landing site of Lieutenant James Cook on April 29, 1770 at Kurnell is the modern birthplace of our nation and is recognised on the National Heritage List;
 - (c) the village of Kurnell is a strong local community comprising approximately 700 homes;
 - (d) Botany Bay is a valuable marine environment providing sanctuary for migratory birdlife and habitat for territorial marine creatures; and
 - (e) construction of the desalination pipeline has commenced across Botany Bay from the Kurnell Peninsula, under approval as critical infrastructure by the New South Wales State Government;

- (2) expresses concern that:
- (a) Part 3A of the *Environmental Planning and Assessment Act 1979* in New South Wales exempts critical infrastructure projects from all planning instruments and codes that might otherwise apply, precludes third party rights of appeal and limits powers and penalties in relation to enforcement of breaches of conditions;
 - (b) due to the use of Part 3A of the Act, the impacts of the construction of this pipeline on the marine environment and cultural heritage of Botany Bay and the Kurnell Peninsula are unknown; and
 - (c) since construction has commenced, there have been a series of breaches in relation to the failure of silt nets to contain land fill on Silver Beach at Kurnell; sheet piling testing has exceeded nominated noise vibration benchmarks, posing a threat to resident property; and there is concern in the community about the ongoing impacts and failures of this project; and
- (3) calls on the Minister for the Environment, Heritage and the Arts to protect the physical environment and cultural heritage of Botany Bay and the Kurnell Peninsula by requesting the New South Wales State Government to:
- (a) prepare a comprehensive environmental remediation plan to address the impact of developing the desalination plant, including the pipeline across Botany Bay;
 - (b) conduct such environmental studies as are required to determine the impact of the development of the desalination plant and associated pipeline on the environment, and to make such studies available to the public;
 - (c) ensure that the development of environmental remediation plans is a requirement for any future referred approvals for critical infrastructure projects to the Commonwealth by the New South Wales Government that are subject to Part 3A of the *Environmental Planning and Assessment Act 1979*;
 - (d) prepare a heritage and community remediation plan that addresses the impact and disruption caused to residents and the area by the construction of the desalination plant and associated pipeline; and
 - (e) ensure the New South Wales State Government and its agents monitor and report on the ongoing impacts of the project and commit to informing residents in advance of any issues that may impact on residents or their local environment.

Mr MORRISON (Cook) (7.30 pm)—I thank the House for the opportunity to present this motion, which goes to a significant concern of the residents of the Sutherland Shire and particularly in my own electorate of Cook. Kurnell and Botany Bay are places of profound national significance to all Australians, whether you live near Botany Bay or across the country. It is the landing site of Lieutenant James Cook on 29 April 1770 and was named Botany Bay for the biodiversity of plant and marine life that was discovered there at that time by Banks and Solander and which was much celebrated when they returned to the United Kingdom after their historic voyage. It was the place of first serious exchange between Europeans and Indigenous Australians and, I might also note, Polynesian people—as Tupia was also on the *Endeavour*. The Indigenous Australians on that occasion were the Gweagal people of the Dharawal nation. I was there on Saturday again for a reconciliation service. There was much talk about the significance of that site and the relationship between Indigenous Australians, European Australians and all other Australians.

It is on the National Heritage List. It is home to the Towra Point wetlands, a Ramsar listed wetland that includes approximately half the remaining mangrove communities in Sydney,

habitat to over 30 species of migratory birds listed under the Japan-Australia Migratory Bird Agreement and several others species listed under the New South Wales Threatened Species Conservation Act. It is home to the weedy sea dragon, sting rays, starfish, nudibranchs, feather stars, sea urchins, sea dragons and other invertebrate groups. Most of these are territorial, and they cannot survive once their homes are destroyed. In fact, I am sure all members would be surprised at this. When we think of Botany Bay we often think of industry, ports, large ships, petrol refineries and so on. But those who have had the opportunity to explore the unique marine environment of Botany Bay, particularly the areas of the Towra Point wetlands in my electorate of Cook and Botany Bay National Park, will know it is a rich environmental area. It is also home to more than 700 people and families living in the close community of Kurnell Village. It is a bay where for 70 years hundreds of chemical and industrial plants have poured their wastes, including arsenic, cadmium, chromium, cyanide, lead, mercury and zinc. All of this has been poured into this bay over a long period of time, particularly through the Georges River and the Cooks River, and these wastes have now settled. They have been undisturbed and are lying dormant on the floor of the bay.

This motion is about addressing the serious threat to this very sensitive and very special place posed by Labor's desalination plant and the associated pipeline at Kurnell. The pipeline is of the same height and width as the Lane Cove tunnel in Sydney but more than three times its length. Its construction will require removal of over one million tonnes of seabed material. This is an ill-considered and ill-conceived project. I would argue on behalf of the residents of my electorate that it is not needed. Of the 1,200-plus average millimetres of rainfall in Sydney each year, 97 per cent goes out to sea. We have a catchment problem in Sydney, not a rainfall problem. Also, it will become a stranded asset. In the *Sydney Morning Herald* on 17 September 2007, a former New South Wales government water adviser, Stuart White, was quoted as saying:

... if the plant's need was based on dam levels it would 'never have been used in the last century'.

'The plant is likely to be needed very infrequently. This makes it a 'stranded asset'—economic language for 'white elephant' ...

This is the wrong place for it. If you do have to proceed with it, it should be built not at Kurnell but at Malabar. There you can plug into the water network, and the water will be used in the eastern suburbs and the inner western suburbs of Sydney. Then there would be no need for a pipeline across Botany Bay, which is a very shallow bay of no more than five metres on average in depth.

It is a breach of the state Labor government's commitment to only proceed with this project if dam levels hit 30 per cent—and this is probably the most telling blow of all for the residents of the shire, particularly Kurnell. There was a commitment that we would only go ahead if we were in a crisis where dam levels hit 30 per cent. Dam levels hit 33 per cent and Morris Iemma, the Premier of New South Wales, hit the panic button and he proceeded with the project against the advice of experts, who also said it should only proceed if dam levels hit 30 per cent—dam levels are now over 65 per cent. It is overpriced. While they talk about a price of \$2 billion, that does not include the \$2 billion that will be needed to develop the wind farm to power the desalination plant so the government can meet its commitment to green energy. That \$2 billion spent on green energy should be spent on green energy to displace other forms of energy use across New South Wales. But instead it is going for a white elephant at

Kurnell—not to mention the up to \$1 billion that will probably be needed in other pipeline associated works to connect the desalination plant to the infrastructure of the city's water distribution network. So that is \$5 billion.

It has been made possible by an ill-considered law at a state level, the state significant infrastructure provisions under the EPandA act. This bypasses environmental protection laws, including assessment of impact and public consultation. It removes third-party rights of appeal. It prevents stop work and interim protection orders. It prevents notices regarding cultural heritage, threatened species and pollution. And it ignored also the advice of numerous departments at a state level, including the New South Wales Department of Primary Industries, the New South Wales Department of Environment and Climate Change and the New South Wales Department of Health—not to mention the Sutherland Shire Council, who were just completely ridden over the top of.

The intent of raising this matter in today's debate is really to draw attention to the need to undertake some remedial action. In going forward with this matter, I wrote to the Minister for the Environment, Heritage and the Arts. I raised this matter with him because this government has said it wants to put an end to the blame game. So I wrote to the minister not only because he is the minister but also because he is the member for Kingsford Smith and Botany Bay is covered by his electorate. Instead of actually joining me in trying to put some pressure on the state government to ensure that, once they build this thing, they clean up their mess, his response was nothing to do with ending blame games. It says in his letter to me:

I have the power to make decisions in relation to matters of national environmental significance. I am unable to intervene in decisions of state and local government that do not impact on these matters.

This is an opportunity for the federal government in this post blame game era to actually get involved with a project which is causing serious environmental damage to the Botany Bay area and the Kurnell Peninsula, and the minister has remained stonily silent on this issue, despite the fact that Botany Bay sits within his own electorate. The intent here is to put forward some sensible solutions as to what can be done now. The Kurnell community and those who live in the shire are not saying, 'Stop the desalination plant.' They understand that it has been rammed over the top of them using the state significant infrastructure legislation. But they are asking for a number of things. Firstly, they are saying develop a remediation plan for this project. If you are going to insist on proceeding, then clean up your mess and compensate the communities and the environment for the unregulated impact of this project. Secondly, do the work to understand the damage that is being done to Kurnell and the bay. At present, because of the way these laws of environmental assessment were bypassed at a state level, we simply do not know the full impact of this project on the environment of Botany Bay, not to mention the cultural and heritage significance of the area. Thirdly, ensure the cop is on the beat. We hear about cops on beats on other issues, but we need a cop on the beat on this project because currently it is residents who are standing and looking over the fence of the construction project and blowing the whistle when they are violating site conditions, when they are violating benchmarks for shudder vibrations from sheet piling. When silt nets are breaking and silt is spilling into the bay, it is the residents who are the ones who are actually blowing the whistle.

As this pipeline comes across Botany Bay and goes into Kyeemagh and starts working its way through the outer southern suburbs of Sydney, residents on that side should heed the warning of what is happening in Kurnell—that this is an unregulated project which will cause

major disruption. Furthermore, we need to plan for the future and safeguard the environment from future environmental vandalism under the New South Wales state significant infrastructure legislation. Where parallel approvals are required from the Commonwealth, these remediation plans and the supporting documentation must be a requirement. If Labor wants to lower the bar on environmental protection at a state level, then let us not let the Commonwealth government follow suit. Let us ensure that we insist with state significant infrastructure legislation or promise coming to the Commonwealth on that basis that we apply the tests. The New South Wales Labor government is not listening. It was my hope that the federal minister would listen, if not for the sake of Botany Bay and Kurnell, and in his capacity as minister for the environment, then in his capacity as member for Kingsford Smith with responsibility for his own bay.

Mr DREYFUS (Isaacs) (7.40 pm)—We have just heard from the member for Cook an entirely fanciful attack on the proposal for the desalination plant at Kurnell. The motion that the member for Cook was speaking to has three parts. The first part states obvious known values about Botany Bay such as that it is the landing site of Lieutenant James Cook on 29 April 1770, that the village of Kurnell is a strong local community and that Botany Bay is a valuable marine environment. All of that is stating the obvious—and that is pretty much all that was said by the member for Cook in his speech. But there is a false implication that these values are threatened by the pipeline of the desalination plant—when there is no evidence of any such threat. The second part of the motion makes several misleading statements about the system of environmental regulation in New South Wales, and I will say a few things about that in a moment. The third part of the motion ignores the history of this project, ignores in particular the role of the former Liberal government—about which the member for Cook has said nothing—and asks the federal environment minister to do something which he has no power to do.

We just had a bizarre statement by the member for Cook which went like this: ‘I wrote to the minister because this government wants to put an end to the blame game.’ The member for Cook then told us that the minister wrote back saying, entirely correctly—as had two previous Liberal environment ministers—that there was no power for the federal government to intervene. Yet the member for Cook said in the next sentence that this was an opportunity for the federal government to act and that the minister has remained ‘stonily silent’. How it can be said that the minister for the environment has remained stonily silent when he courteously and promptly wrote back to the letter from the member for Cook is a mystery perhaps the member for Cook can explain later.

It is simply not true, as was suggested by the member for Cook in his motion, that due to the use of the New South Wales Environmental Planning and Assessment Act 1979 the risks from this project remain unknown. The member for Cook used a similar phrase in his speech when he said, ‘We simply do not know what the impact is’—that also is not true. Sydney Water published a 455-page environmental assessment in April 2007, which contained a very detailed examination and assessment of likely impacts. Before that—and this is the significant thing—Sydney Water had referred the project to the federal minister under the Environment Protection and Biodiversity Conservation Act of the Commonwealth with a very lengthy submission setting out the likely impacts of this project, which were regarded as negligible.

In that referral to the federal Minister for the Environment and Heritage on 26 September 2005, it was explained that the desalination plant was intended to assist the New South Wales

government's strategy of drought-proofing Sydney's water supply over the next 25 years. At the time there were suggestions made that the proposal should be a controlled action because of potential significant impacts on the Kurnell Peninsula national heritage place, the Towra Point Ramsar site and listed threatened and migratory species. There were 1,470 submissions in respect of this referral and, as the referral document made clear, the two relevant listed threatened species present on the site were not thought to be at risk from this project because—

Mr Hunt—Mr Deputy Speaker, I seek to intervene.

The DEPUTY SPEAKER (Mr S Sidebottom)—Is the member for Isaacs willing to give way?

Mr DREYFUS—No; I have too much to say, Mr Deputy Speaker.

Mr Hunt—Too much to say!

Mr DREYFUS—Much too much to say. The next step in this process was that the then federal Minister for the Environment and Heritage, Senator Campbell, found that there was no reason for the proposed development to be treated as a controlled action, under the federal legislation, and that it did not require further assessment or approval under the act. In other words, this project was found not to have a significant impact on matters of national environmental significance.

On 8 November 2005, having extended the time for consideration, Senator Campbell formally said, 'This is not a matter that is governed by the federal legislation.' There were two more years of Liberal government until the change of government on 24 November last year—including a new environment minister, the present shadow Treasurer. We did not hear the present member for Cook, nor did we hear the former member for Cook, Mr Baird, demanding action from those two former Liberal ministers—Senator Campbell or the member for Wentworth. There is very possibly one strong and good reason the member for Cook was not making that call, because in September 2007 we learned from the former Treasurer, the member for Higgins, that he was strongly supporting the desalination plant. This is what he said in September 2007:

We have a situation where our capital cities are running out of water, and I think we should have a desalination plant for every capital city in Australia.

Another good reason we see nothing attacking former Liberal ministers for the environment from the present member for Cook, or indeed from his predecessor, is that the Liberal Party is only ever interested in scoring cheap political points. It is not the substance of the issue which interests the member for Cook; it is simply the question of how to boost his own visibility, perhaps, or how to use the issue to attack the Labor state government. Indeed, that is what he is seeking to do. The Minister for the Environment, Heritage and the Arts has made it clear that, if there is any change to the project that results in potentially significant impacts on matters of national environmental significance, a new referral to the federal minister will be required, and that might lead to a new assessment process.

You might wonder why it is that the member for Cook is wasting the time of this parliament calling on the federal environment minister to do something which he has no power to do and which previous Liberal environment ministers have said they had no power to do. The

first reason might be that the member for Cook is single-handedly, and somewhat ridiculously, trying to paint the Liberal Party as a party which actually cares about the environment.

Mr Hunt—Mr Deputy Speaker, I would be delighted to ask a question about solar panels.

The DEPUTY SPEAKER—Sit down, thank you. The member for Isaacs will continue.

Mr DREYFUS—But, secondly and probably more importantly, it is because the real threatened species is not the weedy sea dragon—which I think was one of the species referred to by the member for Cook—nor the grey-headed flying fox, but anyone in the New South Wales Liberal Party who is more progressive than Genghis Khan. Notably, one of the threatened species in the New South Wales Liberal Party is the present member for Cook, who earlier this year—extraordinarily—was not allowed to join a branch of his own party in his own electorate. I do not have to search for my own description of the significance of this, because some prominent Liberals have done it for me. The New South Wales state President of the Liberal Party, Geoff Selig, said, ‘It is ridiculous and makes us a laughing stock.’

Mr Morrison—Mr Deputy Speaker, will the member take a question?

The DEPUTY SPEAKER—Will the member receive a question?

Mr DREYFUS—No. In respect of this extraordinary event of the member for Cook not being permitted to join a branch of his own party in his own electorate, the state opposition leader said that ‘there is a state of civil war’ in the Liberal Party. And the former member for Cook, Mr Baird, described it as ‘factional nonsense which highlights the problems that we face’.

To recapitulate, the Rudd Labor government understands its environmental responsibilities. The minister for the environment understands his environmental responsibilities. If there is a proper and lawful basis for federal intervention in any major project anywhere in Australia which threatens matters of national environmental significance, the federal minister will act. But we will not be dictated to by the member for Cook or other members of his party who are intent on attacking state Labor governments, prepared to wholly ignore proper processes and pretend to have discovered very recently a concern for the environment which was not previously visible.

Mr HUNT (Flinders) (7.50 pm)—It is with great pleasure that I rise to support this motion from the member for Cook. The reason I do so is very simple. Both he and I in our respective maiden speeches set out a very clear principle: our task, our responsibility, in our own electorates was to protect our coasts and work towards clean coasts. In each of our situations, there is a threat which is fundamental, and each has been brought about by, in his case, the action and inaction of the New South Wales government and, in the case of the Mornington Peninsula and the Gunnamatta outfall, the inaction of the Victorian government.

Turning specifically to this motion, we want to address it in two parts. My learned colleague the member for Cook set out the physical risks associated with the desalination plant. I want to deal with the second element: the opportunity cost of pursuing a \$2 billion project which soaks up that capital, which would otherwise be available and should otherwise be applied to the process of cleaning up our coasts. The problem that we face here is that, on the edge of Botany Bay, 166 billion litres of high-rate primary sewage is discharged every year. It is discharged from Malabar Headland. I would note that the site of Malabar Headland is within the electorate of the current minister for the environment. So let me repeat that, to the

best of my knowledge—and this is an opinion, not a categorical statement—the current minister for the environment has, at no stage, raised the desperate need to end this practice of dumping 166 billion litres of waste water every year off the Malabar Headland.

Why is this a problem? It is a problem for two reasons. Firstly: it is a fouling of our ocean. It is high-rate primary sewage which, as the member for Wentworth has famously said, simply represents the removal of sandshoes from our waste products. We are using the ocean as a dumping ground. Secondly: this waste of water, as well as pollution of our ocean, is likely to be in place for another generation. This motion goes to the heart of that problem. By taking \$2 billion which could be used to clean up most of the almost 400 billion litres of waste water which comes from the Malabar Headland, from the Bondi ocean outfall and from the North Sydney ocean outfall, we are seeing a grand opportunity cost.

The member for Banks represents a Sydney seat and I cannot believe that he would condone the dumping of 166 billion litres of waste water—primary treated, barely treated, effluent—off the coast of Malabar Headland. And then, when you take on board Bondi and North Head near Manly, that is 350 billion litres of primary treated waste water. The rest of the country treats their water to a secondary or tertiary standard. This is water which, at a time of national need, should be recycled for industry and agriculture. Yet at this moment, at the very time we should be adopting a 21st-century approach to cleaning up these 19th-century avenues for dumping our sewage off our coasts, the New South Wales government has come along and embedded this practice for another generation. This capital resource can and should be used, as the rest of the country has done, for cleaning up our coasts. I know that honourable members on the opposite side believe this. They cannot sit there and condone the dumping of primary sewage on a monumental basis every year off our coast. But that is what this decision will do—it will use \$2 billion of scarce capital resource on a desalination plant. Desalination may have a role, but our view in the Liberal Party is that it is the last resort, not the first resort. Our task is very simple: clean up our coasts by recycling our waste water for industry and agriculture. It is what the rest of the world does; it is what the rest of Australia is going to do; it is what Sydney Water must do. And the priority must be recycling rather than desalination, because that is the way of the 21st century.

Ms JACKSON (Hasluck) (7.55 pm)—I rise also to speak on the private member's motion put by the member for Cook. I acknowledge what the honourable member has said about the national environmental and heritage significance of the Kurnell Peninsula and Botany Bay. However, the federal environment minister's powers under the Environment Protection and Biodiversity Conservation Act 1999 relate only to projects which are likely to impact on matters of national environmental significance. In respect of the New South Wales government's proposed desalination project, this did mean the Kurnell Peninsula national heritage place, the Towra Point Ramsar wetlands site and the listed threatened and migratory species. The New South Wales government referred the proposed desalination plant to the federal government for consideration under the Environment Protection and Biodiversity Conservation Act 1999 in September 2005. The referral was made available for public comment and almost 1,500 submissions were received. The question for consideration at that time was whether the proposal should be a controlled action, as defined under the act, because of the potential impacts on the Kurnell Peninsula national heritage place, the Towra Point Ramsar wetlands site and listed threatened and migratory species.

The then Minister for Environment, Heritage and the Arts, Senator Ian Campbell, determined on 8 November 2005 that the proposed action was not a controlled action and therefore did not require further assessment or approval under the terms of the Environment Protection and Biodiversity Conservation Act 1999. He and his department were required to consider each component of the proposed project, the proposed action and the proposed mitigation measures. After examining the assessment material presented by New South Wales, the former minister for the environment, Minister Campbell—one of your own party—decided that this was not a matter within the federal jurisdiction.

I can sympathise with the member for Cook where there is perhaps some community concern about the project, but I have to tell him that Senator Ian Campbell had form. In my own electorate of Hasluck in Perth, Senator Ian Campbell was intimately involved in the decision to approve a brickworks development on Perth airport land. That is Commonwealth land, and under the Airports Act the jurisdiction of developments on the site is exclusively in the hands of the federal government. Indeed, part of the problem with the project proposal was that there was no ability for state or local government authorities, let alone ordinary members of the community, to have any impact or any influence on the decision that Senator Ian Campbell had the power to recommend and be involved in. Of course, as history transpires, in August 2006 the then Howard government's ministers, including Senator Ian Campbell, approved the development of a brickworks on Perth airport land, right in the centre of a residential area with clear environmental and health consequences for residents within the electorate of Hasluck. Many conjecture that it may well have been one of the decisions that did not assist the former member for Hasluck in his campaign to hold his seat at the 2007 federal election.

If there have been changes in the proposed project by the New South Wales government that result in potentially significant impacts on those matters of national environmental significance, a new referral to the federal department will be required and could possibly lead to a new assessment process. If existing works, despite assurances from New South Wales to the contrary, do impact on matters of national environmental significance then the department of the environment's compliance and enforcement branch will investigate. I am absolutely certain that the minister for the environment will not hesitate to rigorously apply the law. As I say, some opposition to this project may not be based on environmental grounds but rather on the question of desalination. I can speak from Western Australia's own experience on the success of the Kwinana desalination plant—so much so that we are now building a second one—and that plant has received significant approval and provides 17 per cent of Perth's water supply. We are, of course, the only capital city in Australia that has not been required to go to water restrictions on sprinklers and the like. It is about planning for the future.

The DEPUTY SPEAKER (Mr S Sidebottom)—Order! The time allotted for this debate has expired. The debate is adjourned and the resumption of the debate will be made an order of the day for the next sitting.

Recycling

Debate resumed, on motion by **Mr Bruce Scott**:

That the House:

- (1) calls on the Federal Government to commit to ban by the year 2012 the inclusion of all plastic and glass bottles in landfill;

- (2) notes the ban would be supported by implementation of a national program providing a cash refund for all plastic and glass bottles;
- (3) calls on the Federal Government to reimburse grocery and convenience stores that provide collection sites for the empty bottles and provide cash refunds for each bottle, with larger bottles attracting a larger cash refund; and
- (4) calls on the Federal Government to cooperate with local government bodies to ensure that smaller towns in rural, regional and remote Australia receive financial support to establish a collection centre and to transport bottles to the nearest recycling centre.

Mr BRUCE SCOTT (Maranoa) (8.01 pm)—Australians are keen to help the environment. They are keen to reduce our carbon footprint as best they can and they are keen to make sure we become an environmentally friendly nation. The new government campaigned on being climate friendly and, as such, I believe they now need to set specific, achievable goals that not only are about reducing our carbon footprint but also cover other important environmental issues, such as recycling. But it is important that the goals we set are attainable and reasonable and are not cost-prohibitive. It is widely accepted that any measure to improve our treatment of the environment will cost money, but the proper legislation, procedure and planning will ensure that the environmental benefits far outweigh the costs. I call on the federal government to commit to a ban of all plastic and glass bottles included in landfill by 2012. To support this ban, I am calling on the government to introduce a nationwide container deposit scheme so that an incentive is provided to all Australians to reduce the amount of landfill from plastic and glass bottles.

For just over 30 years now, South Australia, the only state with a container deposit scheme, has provided people with a 5c refund for each recycled drink container. The recycling rate in South Australia is now 85 per cent, compared to just 35 per cent in other states. In February, the South Australian state government announced it will increase the 5c deposit to 10c later this year, a move which will no doubt increase the already high recycling rate. This successful scheme should be embraced by other states. However, we can go one step further in providing even further incentive by introducing across the nation reverse vending machines, which are very popular in Scandinavian countries such as Finland.

Reverse vending machines are small, automated machines which have been installed in supermarkets, local shops, service stations and kiosks across Finland. The machines take up very little shop space and their installation is in cooperation with retailers. Consumers take their empty glass and plastic bottles to their local supermarket or 7-Eleven equivalent and deposit their empty bottles. After they have deposited their bottles one by one into the automated chute, the machine prints out a bar-coded docket which tells the consumer how much money they will be reimbursed. The consumer then takes it to the checkout and is reimbursed the money. Larger plastic bottles attract a larger refund than smaller ones.

Finland has a return rate of some 98 per cent—the highest in Europe. On average, a glass bottle is refilled 33 times and a plastic bottle is refilled 18 times. The empty plastic bottle caps are also recycled. It is estimated that this highly successful scheme prevents around 380,000 tonnes of waste annually. The scheme has also had an impact on the trucking industry: trucks deliver the full bottles and return the empty bottles to the manufacturer or soft drink plant, thereby reducing the number of empty trucks on the road and increasing transport productivity.

The Finnish system, which began in the 1970s, around the same time as South Australia's deposit scheme, shows that monetary reimbursement and easy access to return points can increase the incentive to recycle. Indeed, recycling rates in Australia have increased and, in some aspects, this can be attributed to increased access to kerbside recycling. The Australian government's 2006 Productivity Commission report on waste management suggested that recycling participation in many households may simply be a response to having a convenient and easy-to-use recycling service provided for them.

As part of a national container deposit scheme, federal and state governments should work in cooperation with supermarkets and service stations to install reverse vending machines. Woolworths, Coles, 7-Elevens, NightOwls, IGAs and service stations would be provided with a financial incentive from the federal government to install the machines. Further incentive would be provided by consumers continually returning to the store and spending their reimbursement on products within the shop. In fact, some reverse vending machines allow for a retailer's logo and message to be printed on the docket, providing retailers with an opportunity to promote current deals or savings. Consumers, despite paying an increase of 10c, 15c or 20c on their drink initially, will be able to have this money returned to them through easy, local access to the machines.

In rural and remote parts of Australia, where market competition is limited, it is highly unlikely these machines could be installed in locally owned service stations or small grocery stores. I therefore call on the federal government, when implementing a national container deposit scheme, to work with local governments to provide a return point for regional and remote Australians. Many smaller, remote area councils do not provide kerbside recycling services and instead provide drop-off points for rubbish. These collection points can easily serve as a return point for empty glass and plastic bottles. For example, a local government employee at the drop-off point could calculate the number of bottles returned by a person and then write out a docket which could then be taken to local council offices for reimbursement. Federal government financial assistance would allow the local councils to then transport the bottles to a recycling centre or bulk collection point.

It is currently cheaper to dump glass into landfill than to recycle it. With only around a third of bottles being recycled, it is high time the federal government moved to implement a scheme similar to that in South Australia. I understand that the current parliamentary inquiry into waste management will hand down its report in August, and I look forward to seeing what measures it proposes to increase bottle recycling. In the meantime, I call on the government to look further into the implementation of reverse vending machines across Australia.

A national container deposit scheme, using reverse vending machines where possible, is a win-win situation. Australians are willing to put in a little bit more effort to help the environment if the financial incentive is present and the inconvenience is minimal. Recycling rate targets would be easier to meet and the federal government would be meeting some of their commitments to reduce energy use, waste and environmental harm. Perhaps most importantly, however, is the community benefit derived from such a scheme.

Putting a monetary value on the return of bottles will help to reduce litter. According to Clean Up Australia, glass pieces were the second most common item of rubbish collected on Clean Up Australia Day in March last year. Glass alcohol bottles were in fourth place, and plastic bottle caps and lids came in fifth. Polyethylene terephthalate—PET—plastic beverage

containers came in ninth. Last year, six of the 10 most common items collected on Clean Up Australia Day were recyclable.

The Finnish example shows us that if people had an incentive to keep their bottles, instead of throwing them away once finished, the number of glass and plastic bottles littering our environment would reduce. The 2006 Productivity Commission report into waste management found that the people most likely to litter are aged below 25 years, unemployed and/or are part of large groups—the same people who would benefit most from personally collecting bottles and returning them for some much needed cash. Indeed, in Finland and Denmark, young Scandinavians can often be seen in the early mornings—after a party, for instance—lugging bags and cartons of empty bottles back to the supermarket to receive some welcome cash.

A container deposit scheme would provide a vital fundraising opportunity for community groups. In fact, last year in South Australia the scouting organisation made more than \$7 million from bottle recycling. Schools, P&Cs, sporting clubs and community organisations would be able to introduce collection programs and use the money raised to fund a range of programs and improvements to their own organisations.

This Labor government campaigned on its climate-friendliness and its commitment to reducing our carbon footprint and environmental harm. I therefore call on this government to work in cooperation with businesses and local governments to introduce a national container deposit scheme. I further call on this government to make moves to ban the inclusion of glass and plastic bottles in landfill by 2012. If this government is serious about being more climate friendly, then it should, as soon as possible, take steps to join its South Australian counterparts in helping Australians help the environment by implementing a national scheme.

Ms GEORGE (Throsby) (8.10 pm)—I commend the member for Maranoa for placing this important issue on the parliamentary business paper. I think we all share his concern about the issue of waste management. It is a very important issue for our community generally. I want to assure the member for Maranoa that the Rudd Labor government is keen to explore ways to strengthen Australia's recycling performance and to reduce the amount of litter in our environment.

It is the case that households and businesses continue to generate more than 30 million tonnes of solid waste each year and, despite considerable efforts and advances, around half of all that still ends up in landfill. It is estimated that Australia is producing almost 750 kilograms of waste per person annually, and of course this leads to a situation where landfills are choking and creating a costly headache for authorities, particularly local government authorities, struggling to store the rubbish and to keep opening never-ending landfill sites.

In the words of the Adelaide based CRC for Contamination Assessment and Remediation of the Environment—and I think this probably generally sums up our views on the issue:

Disposing of waste safely, permanently and economically is a challenge and a cost for every major production industry.

... whatever can be done to turn these wastes into safe, economically valuable products and to prevent them from posing an environmental or health risk in the future is highly desirable.

Of course, the key long-term aim in this debate, when we are dealing with waste management, is to have industries design products which minimise elements that cannot be reused, repaired or recycled and to educate communities to eschew overconsumption and excess packaging.

However, in recent times it has become a debate about not just reducing litter and reducing the flow of material to landfill but also, in essence, improving management of the waste stream, which is increasingly becoming part of the complex suite of solutions needed to reduce greenhouse gas emissions. I note in more recent times that the waste industry has increased its efforts to tackle the release of methane inside landfills. Increasingly, the industry is looking to burn off the gas and, where possible, generate electricity from that process.

It is good also to see that household kerbside collection and drop-off centres for recycling have become part of daily life in many of our cities and regional areas. It is not just a matter of saving landfill space, as important as that is, but increasingly one of looking at energy use as well. As we know, there are new challenges to be met, one of the most important being the toxic e-waste stream. I read a recent report that suggested that two million old TV sets will end up in landfill this year—let alone the problem we all face with superseded computers and mobile phones. In that regard, it is interesting to note Australia's current love affair with bottled water is leaving environmentalists very worried about the increasing toll on the planet. Not only do these bottled water suppliers suck up valuable fuels to make them but they are also adding, as we know, to the mountains of rubbish, particularly in public places. Unfortunately, while many Australians are enthusiastic recyclers at home, we do not actually provide many facilities to collect waste in public places.

The motion that comes before us from the member for Maranoa specifically raises the strategy of container deposit legislation. It is true to say that container deposit legislation is considered by many to be a potential way to increase recycling, particularly of beverage containers. As the member pointed out, consumers would pay a deposit on certain beverage containers and that deposit would be partially refunded when the empty containers were returned to a collection point, thus giving individuals an economic incentive to return used beverage containers for disposal. However, perhaps the member may not be aware that the federal environment minister, Mr Garrett, has recently discussed options for improving recycling, including CDL—container deposit legislation—with his counterpart state and territory environment ministers as recently as April this year.

That body, the EPHC—the Environment Protection and Heritage Council—agreed to investigate the merits of potential national options for improving the level of recycling of packaging wastes, such as beverage containers, and decreasing the amount of packaging litter. They believe this work will assess the environmental, economic and social costs and benefits of various options, including the option raised in the motion by the member for Maranoa. This review will obviously take into account the experiences of South Australia, which is, I think, currently the only state in Australia with CDL legislation. But the review will also look at the investigations of CDL by other states, because there are differing opinions, and it will consider the mid-term review of the National Packaging Covenant. So it will be a broader examination than just the specific focus that the member for Maranoa draws our attention to in his motion.

The National Packaging Covenant is an important issue in this debate. That covenant was a voluntary agreement established in 1999. The mid-term review, which will shortly be upon us,

will assess this scheme under which the packaging industry aims to increase recycling rates of all packaging to 65 per cent by 2010. The mid-term review of that covenant will also assess its effectiveness and allow us to see whether more needs to be done to manage packaging waste in Australia.

I would say to the member for Maranoa that the issue of container deposit legislation, in our view, should be seen in much broader terms, and it is an issue that is under active investigation by the Rudd Labor government in cooperation with the states and territories. We believe it is important to understand the full costs and benefits to the community of all waste management options, including CDL. That is why the body of federal, state and territory ministers is in fact undertaking this investigation. As I understand it, the new working group will make its final report in November this year. Environment ministers have also decided to develop a national plan of action on litter reduction, given broader concerns about the impacts of litter in Australia.

Given that different studies over time have presented different views of how CDL would work in jurisdictions around Australia, it would be, in our view, pre-emptive to commit to a national program for container deposits as proposed in this motion before the necessary cost-benefit analysis is undertaken. However, I do sincerely commend the member for Maranoa for bringing this important matter to our attention and I think he can rest assured that the Rudd Labor government is taking this issue seriously. It is progressing an examination of a cost-benefit analysis and will certainly take into account the experience in South Australia and obviously the experiences that the member for Maranoa has pointed to in some overseas countries. We will make final decisions based on a very thorough examination of the issues raised in this motion.

Mr HAWKER (Wannon) (8.19 pm)—I am delighted to support my good friend and colleague the honourable member for Maranoa in this motion. I think this motion is timely, I think it is very important and I think it is one that recognises a real issue that has to be dealt with. While I welcome the comments of the member for Throsby with what I would call in-principle support, I feel that we could probably go further and we could start to push this particular issue without having to wait for some of the other points which she raised, which I am sure are very valid. This issue is a clear-cut one that can be dealt with fairly quickly.

Getting back to the motion: it talks about the importance of committing, by 2012, to ban the use of plastic and glass bottles in landfill; about providing a cash refund for glass and plastic bottles; about reimbursement to grocery and convenience stores that provide collection sites for empty bottles, which is the Finnish example, as the member for Maranoa pointed out; and about how the federal government can cooperate with local government bodies to ensure that people in the country can participate. I know from personal experience that it is easy to have a centralised depot when you have a high volume of these things, but often regional areas, particularly some of the less populated areas, present certain challenges in this regard.

Clearly, the recycling situation in South Australia has worked. It is timely that South Australia has moved—as the member for Barker, who is sitting in the chair at the moment, knows only too well—from a 5c deposit to a 10c deposit. In my family's experience in days gone by, when our boys were younger and we were holidaying in the electorate of Barker, one of the great ways to get the children out and earning some pocket money was for them to collect bottles and take them down to the recycling depot. It worked but, more importantly, it engen-

dered an experience to think about as they go through life: the importance of recycling. South Australia has been nation-leading and I think it is something that should continue. My colleague here the member for Grey tells me that a friend of his bought a bottle of Perrier water in St Petersburg and on the label was '5c deposit if in South Australia'. South Australia has had a lot of influence. I think we can start to move much faster nationally than by waiting for some sort of a review.

Not so long ago I had the pleasure of opening VicWest Recyclers, a new facility in Stawell. The work that this group are doing in recycling is quite remarkable. To see this in action, to see the way that the local community have supported it and the awareness it has led to in terms of the importance of recycling, is quite remarkable. Since VicWest Recyclers set up in Stawell, over 80 per cent of the community are involved in recycling. It shows that you can engender an attitude change. That is why this motion is so important.

The member for Maranoa talked about the situation in Finland; they have a bottle return rate of 98 per cent. We really have a long way to go. I think that is why this motion is so important. It is timely and it needs to be acted upon, and I would certainly commend it to all honourable members. I would hope that the honourable member for Throsby would, following discussion of the motion brought up by the member for Maranoa, impress upon her colleagues on the front bench the need to move a bit faster. We really should move more quickly. I have great pleasure in supporting the motion.

Mr CHEESEMAN (Corangamite) (8.24 pm)—This may be the first time I have actually spoken in front of you, Mr Deputy Speaker Secker, so I will congratulate you on your appointment. I have some real practical examples relating to the waste management issue. In another working life I was previously the chairperson of the Central Highlands waste management group, which was a consortium of local governments partially within the federal seat of Corangamite. I certainly worked in a very diligent fashion on that body to educate the community about the importance of recycling. We saw a remarkable take-up in recycling through that period of the late nineties and the turn of this century.

I was listening most intently to the contribution made by my neighbour the member for Wannon. I certainly do accept the concept that many regional and rural communities have many more challenges to meet in recycling, simply because of tyranny of distance and fewer volumes. I would like to congratulate the mover of this motion, the member for Maranoa. In broad terms, I certainly share his sentiment and concern for the environment. In fact, I would like a dollar for every plastic bag or plastic container that went unnecessarily to landfill. I suspect that I would probably be as wealthy as Bill Gates if I had that revenue.

I think we all support recycling and I certainly acknowledge the member for Maranoa and his motion. In broad terms there is a lot of work to be done. The councils within the federal seat of Corangamite, and more broadly across Victoria, are working in a very diligent fashion to improve the systems that are used to recycle. Certainly I have had the pleasure of going to many modern recycling plants and very much value the contribution that they do make.

Container deposit laws, CDLs, are viewed by some as a potential mechanism to increase recycling. Personally, I believe that they do have a role to play. I am most grateful that our minister, the Minister for the Environment, Heritage and the Arts, has already initiated some discussions with his state colleagues to investigate the possibilities that CD laws do provide in

meeting what I think is a very substantial challenge for all of us in becoming much more sustainable communities.

A whole lot of work is required. For more than a decade people have been raising with me the approach that the South Australian government has taken. I had a very similar experience, when I was much younger, to that of the federal member for Wannon, where I collected containers and cashed them in and was able to buy packets of lollies and those sorts of things, and it was a very important source of revenue for me.

I still have all of my teeth, so obviously I was not particularly successful at collecting containers to the extent that some of my friends and colleagues might have been. But I think we have some very significant challenges that we need to respond to. I think federal Labor is responding to those challenges. I have heard the suggestion from the other side—and of course I will endeavour to work within the circles of government to ensure that we do get the right mix of policy so that we can, as I say, become much more sustainable as communities. This is just one of those options. So, without further ado, I, too, congratulate the member for Maranoa and look forward to further dialogue perhaps in this place or the other place on how we might improve.

The DEPUTY SPEAKER (Ms AE Burke)—Order! The time allotted for this debate has expired. The debate is adjourned and the resumption of the debate will be made an order of the day for the next sitting.

GRIEVANCE DEBATE

Question proposed:

That grievances be noted.

Hume Electorate: Wingecarribee Community Services Centre Inc.

Regional Partnerships

Mr SCHULTZ (Hume) (8.29 pm)—I rise to talk in the grievance debate tonight on a number of issues that affect my constituency. I particularly wish to highlight the concerns of a community group in my electorate that has been needlessly caught up in this government's determination to play politics with rural and regional funding. The Wingecarribee Community Services Centre Inc. applied for and received approval under the Regional Partnerships program to build a much needed community centre. The contracts were let and the work began. During the earthworks stage, one very large tree had to be removed. Underneath this tree an old well was discovered. It was brick lined and had been used as a rubbish dump by persons unknown. The well was not mentioned on any of the papers held by council or on the 149 certificate, nor was it discovered during extensive geotechnical drilling and surveys.

The presence of this old well led to some unexpected remedial work on the site: site decontamination, significant redesign of the footings and slab, additional concrete, further geotechnical advice and additional structural engineering work. All of this resulted in an additional cost of \$171,062.41. Unfortunately, this situation became apparent at about the same time as the recent federal election was held. In fact, the Regional Partnerships variation form was submitted on 30 November 2007, six days after the election. The community groups approached their local government representatives, and the Wingecarribee Shire Council has made an additional contribution to this project of \$93,500. Several representations have been made to Regional Partnerships to fund the shortfall of \$86,062. However, three letters from

the relevant parliamentary secretary have ruled this out, no doubt in line with the Prime Minister's declaration that the program was simply pork-barrelling, was of no use in regional communities and had been cut.

This building was to house Meals on Wheels, adult day care, the Dementia and Alzheimer's Advisory Centre, CareAssist, Schizophrenia Fellowship New South Wales and Volunteering Wingecarribee. I am sure that you, Madam Deputy Speaker, and all of my parliamentary colleagues would agree that this is hardly an example of pork-barrelling but instead an amazing achievement on behalf of a community of only 42,500 people. Over several years, the local services and community have raised \$676,647 towards this project. That is how much this community services centre means to them. The tenancies have been signed, and the community services were due to open the new facility today, 2 June. Yet the building stands silent and incomplete, and the Wingecarribee community continues to fundraise. But this small community has little if any hope of raising over \$86,000 any time soon. The front page of the local paper today reads:

Aged care support centre sends out SOS. \$85,000 in 30 days.

The reason that they have to raise that money in 30 days is that the contractor will have finished his work and the building will be completed but, because this group of volunteers is unable to pay the contractor the additional half of the \$170,000 cost blow-out due to this unforeseen problem, the contractor cannot hand the keys over. We have a wonderful community services centre complete and ready to go and people ready to move in, but we cannot get it underway because we cannot find, in the trillion-dollar business of this country, \$86,000 to assist this community. I think it is disgraceful.

In the meantime, construction costs rise and security of the site will become a very serious issue. This is a good project. It will provide a hub for community services and allow people to more efficiently manage their funds through effective sharing of fixed costs, thereby freeing funds for caring for various target populations in the community. The works are not outside the scope of the application. The unexpected complication of the site was not discovered even with very careful and conservative planning and pre-construction research. For the want of \$86,062, this project stands still, and the six community services that were due to open offices in the new centre today have nowhere to go.

Recently, some projects were recognised as deserving a second chance, and those projects that had been approved but had not yet completed contract negotiations have been notified of their success. The announcement on 28 May said: 'The Rudd government's commonsense approach will give not-for-profit groups the opportunity to complete their contracts.' But the Wingecarribee Community Services Centre was not included in the list. This situation has arisen through unforeseen circumstances and has been identified and dealt with in a prompt and professional manner. The proposed variation is to cope with additional costs for works with existing approval and not for works outside the intent of the contract. More than half of the cost of the additional expense has been raised through local government. No funding at all is available through the New South Wales state government. Today I wrote to the Minister for Families, Housing, Community Services and Indigenous Affairs asking her to intervene.

The six community services have been given notice on their previous accommodation. Yet, for the sake of political ideology and point-scoring, these six community agencies will no longer be able to deliver their services to some of the most vulnerable people in the commu-

nity. I ask the minister and, indeed, the Prime Minister, to intervene in this situation and provide additional funds to this worthwhile project so that the Wingecarribee Services Centre can open and the six vital services can recommence operation.

I mentioned earlier that the Labor government succumbed to significant pressure from rural and regional communities through their representatives and the media and allowed some additional projects to be funded under Regional Partnerships. In my own electorate of Hume, I have heard through the grapevine that it was decided that construction at Gunning Preschool was not pork-barrelling and that the funding will be available soon. I have not been notified officially, even though our new Prime Minister said he would treat all Australians fairly and would be professional and transparent in his governance. If what I heard from excited local constituents is true, then that is good. But why haven't I heard anything?

Will this be another one of those events where a community group works hard with its local member to convince a government that a project is worthwhile and will effectively deliver maximum value for money and then another government, through an unknown politician, tries to claim success? I had just that experience last Saturday in Crookwell at the official opening of Viewhaven Lodge. The former coalition government contributed \$3.467 million towards this significant project which combines Banfield House and Harley Nursing Home into a single residential aged-care service. This is a good project but was just one of many applications from across Australia for funding, and it took significant lobbying to ensure it received well-deserved recognition. I might add that this lobbying was undertaken with the Hon. Julie Bishop when she was Minister for Ageing—well before she was Minister for Education—so that will give you a clue as to how long this whole project has taken.

In the true spirit of the new Prime Minister's much-lauded professional, fair and transparent governance, the organising committee was aware that I had not been invited to open the new facility. But, to their credit, they invited my wife and I to be part of their special day of celebration. Labor sent one of its unknown senators as its representative, to take the credit on behalf of the minister. I was not even informed of the opening of this new building by the 'transparent' government.

People in rural and regional areas are not stupid; they understand effort and they have long memories. The sooner the Rudd government understand this and stop trying to take credit for work not done by them, the sooner they will gain respect in the area I represent. (*Time expired*)

Drugs: Bali

Mr HAYES (Werriwa) (8.40 pm)—Two weeks ago, a friend of mine introduced my wife, Bernadette, and me to a Queensland couple, Lee and Christine Rush. My friend is Colin McDonald. He is the lawyer representing their son, Scott, who is currently in the death tower at Kerobokan Prison in Bali. Tomorrow morning Colin will be talking to Scott, trying to reassure him that he has not been forgotten. Spending time with the Rushes, I have to say, was a profound experience. On the one hand they are just a normal couple raising a family, with all the struggles of normal life. They are deeply religious and have a tremendous love for their children. On the other hand, you could see the strains of emotion in having a son condemned to death in a foreign country under circumstances and within a legal system that are difficult for ordinary Australians to understand.

It was clear that their love for their son is very deep. As parents they cared about his future. As parents they tried to do something about preventing drugs and crime from becoming his future. You see, Scott is no angel. His mum and dad never claimed he was. Like other loving parents they were prepared to get actively involved, to do something to intervene in his life, in order to help him with his future. It was with that intention in mind that they approached the police, advising them of what they knew about Scott, his friends, his connections and the fact that they strongly suspected he was about to participate in a drug importation exercise from Indonesia. They could even advise the police of the approximate dates that Scott was arriving in and departing from Bali. As Lee and Christine told me, they thought the police could intervene to prevent the crime which they knew their son was becoming involved with.

As I understand it, the Australian law enforcement agency decided to monitor the alleged drug operation. Consistent with international procedures, the AFP notified their counterparts, the Indonesian National Police. As a result, Scott was arrested in Denpasar on 17 April 2005, under a breach of article 82 of the Indonesian narcotics law—a serious offence and one which potentially carries the death penalty. Agency-to-agency cooperation in law enforcement is essential to combat the internationalisation of wide-ranging aspects of criminal activity, particularly in relation to drug related crime.

Having represented the police in every Australian jurisdiction, and through my involvement with the Australian Crime Commission, I know that interagency sharing of criminal intelligence is essential in order to complement community policing strategies. However, under Australian law, Australian law enforcement agencies, unless specifically authorised, are not to lend assistance in relation to prosecutions that, after the point of charge, if proven, could carry the death penalty. In relation to the Bali Nine, at the time of the communication with the Indonesian police, there were no charges. Under Indonesian law, unlike our legal provisions, a person is not required to be charged until formally indicted at trial. A person can be arrested under narcotic laws, as in this case, and formally charged after all the evidence has been assembled. As this investigation was an Australian police operation, the AFP continued to cooperate with the Indonesian authorities well beyond the period that Scott and the other members of the Bali Nine were detained in Denpasar.

With respect to Indonesian criminal law, which has quite different origins from our common-law structure, separate panels of the same court can arrive at vastly different sentences for persons tried under similar circumstances and convicted of the same offence. For six of the Bali Nine, their appeals to the Supreme Court resulted in their sentences going before two such panels. Three of the so-called drug mules, including Scott, appealed their life sentences and had their sentences increased to death, without any reference to the mules sentenced by the second panel. The second panel handed down life sentences. In fact, the judgement in the appeal proceedings did not refer at all to the sentences of the other three drug mules arrested in identical circumstances to Scott. Martin Stephens and Michael Czugaj both received 20-year sentences in proceedings of the High Court. Their sentences were increased to life, on appeal to the Supreme Court. Like Scott, they were mules.

As I understand it, the Indonesian criminal law system is vastly different to ours. However, one would ordinarily expect the application of consistent and comparative sentencing decisions from any court, particularly one that has the capacity to apply capital punishment. Further, it is concerning from an Australian perspective that the increase in sentences occurred

without any request from the Indonesian prosecutors. I have met both Lee and Christine Rush and sympathised with their position as loving parents, only to find their boy on death row, particularly when they took the very serious step of notifying the police in the first place. Bernadette and I came away from that discussion thinking, 'What could we possibly do to assist this family and, for that matter, other Australian families who find themselves in a similar predicament?'

Madam Deputy Speaker Burke, think back to Friday, 2 February 2005, which is a date I know you are very familiar with: the day that Nguyen Tuong Van was executed in Changi Prison. As that date neared, I recall the speeches, the pleas for mercy, the prayers that were offered and, in fact, the intervention of the Pope—not to mention all the diplomatic effort. We are either prepared to make the same desperate pleas for compassion on each and every occasion or, alternatively, as an Australian community we can actually take certain steps to communicate to the world our position of being firmly opposed to capital punishment.

To quote the South African judge Ismail Mahomed, who is now Chief Judge of the South African Constitutional Court:

The death penalty sanctions the deliberate annihilation of life. As I have previously said, it is the ultimate and the most incomparably extreme form of punishment ... It is the last, the most devastating and the most irreversible recourse of the criminal law, involving as it necessarily does, the planned and calculated termination of life itself; the destruction of the greatest and most precious gift which is bestowed on all humankind.

... ..

It is not necessarily only the dignity of the person to be executed which is invaded. Very arguably the dignity of all of us, in a caring civilization, must be compromised ...

In order to avoid as much as possible the exposure of Australian citizens to the death penalty, Australia should act consistently and in a determined way to, in my opinion, legislate to give effect to the second operational protocol of the International Covenant on Civil and Political Rights. This would have the effect of preventing any Australian jurisdiction from making laws permitting the use of capital punishment, but, more importantly, it would communicate our position very clearly and unequivocally to the world at large.

Given the circumstances in which the Bali Nine came to the attention of the Australian police—namely, on the advice of Scott's father—and the fact that this was an Australian police investigation, I would also assert that the minister should consider giving directions to the AFP that members should not intentionally or predictably expose Australian citizens to the death penalty in AFP operations. Further, all members of this parliament should very clearly and consistently speak out against the use of capital punishment; otherwise, we would be liable to be held up on charges of hypocrisy every time it came to defending Australian subjects with respect to death sentences overseas.

Tomorrow morning, Colin McDonald, my friend from Darwin, will be visiting Kerobokan Prison again. He will be talking to Scott Rush, the Australian kid in the death tower who does not know from one day to the next when his final hours will be. Whilst his Australian and Indonesian lawyers will do everything humanly possible to have these sentences commuted and all those of a religious persuasion continue with their prayers, I believe that as a nation with some standing in this region we could adopt the three modest measures I have just outlined to show all those we have international relations with our principled and fundamental objection

to the application of the death penalty. To Lee and Christine Rush, to Scott and to other Australians in the same predicament, we as a nation can show that we care. (*Time expired*)

Maranoa Electorate: Roads

Mr BRUCE SCOTT (Maranoa) (8.50 pm)—I associate myself with the comments of the former speaker, because the Rush family are from Mitchell, in my electorate, in Queensland. I know many of the family. In fact, I grew up with the parents. I have not had direct contact with them for many, many years, but I certainly feel for them and I would like to be associated with the member for Werriwa's comments.

I grieve tonight, in this grievance debate, about an issue to do with the Warrego Highway, in my electorate. Prior to the last federal election, the coalition committed some \$128 million to the upgrade of the Warrego Highway from about Dalby right through to Mitchell, west of my home town of Roma. I know the current government committed some \$55 million for the same section of road. The money that the coalition committed was to be spent from 1 July this year, and we would love to know when the government intends to start to roll out its commitment of \$55 million.

It is a particular area of the road that I am very concerned about. There is an area east of Chinchilla, between Chinchilla and Dalby, where there have been some tragic deaths on the road—on a highway that is in desperate need of upgrading. The tragic accidents could have been avoided had there been some money spent on that road. So it is an urgent need and it will save lives if we can only get some of this money committed sooner rather than later.

But I want to return to the road between Roma and Mitchell. Last Friday night, a truck operator in my home town of Roma went out to Mitchell. He has a reasonable fleet of trucks in general haulage and also livestock transport. He got to Mitchell at 11 o'clock on Friday night—hardly the start of a working week. He drove into town and found road trains with cattle on board and he found empty trailers there. West of the town he found that there were some 64 trailers on what they call the 'pad', where they decouple these trucks to go the last 90 kilometres into Roma. The situation is this: these road trains are allowed to progress as far east as Mitchell—with three trailers, whether they are configured with general freight from NQX coming back from Darwin or livestock.

The situation is now desperate. We have to get this money to flow as quickly as possible. Can I just outline the situation? Many people in an urban situation might find this hard to comprehend. Just west of Mitchell is where the truck operators normally come to. They decouple the last trailer, the third trailer, and they take the two trailers 90 kilometres into Roma. Someone has to come back in a prime mover and pick up the third trailer and take it 90 kilometres into Roma. Why Roma in this case? Roma is the largest cattle-selling centre in Australia and that is where these cattle—thousands upon thousands of them—are destined for market each week.

This truck operator got to the pad, where there were 64 trailers. Just to outline the significance of the number of trailers: it might have been 64 at this point but 10 kilometres west of that point there were another five triples—that is 15 trailers—plus another three empty ones. Why couldn't they come further east? Because they could not get off the road further east to decouple. Obviously, the safety of motorists and other operators at night is of paramount im-

portance to these truck operators. Further west, there were another five of them beside the road waiting to move further east.

But, worse than that, 90 kilometres west of Mitchell is the town of Morven. In Morven there were five triples full of cattle—that is, five prime movers with three trailers each behind them—and there were three empty ones. They were waiting to get an opportunity to travel to Mitchell so that they could decouple their last trailer, go on into Roma and then get someone to come and pick up the third trailer. They could not move from Morven, the last 90 kilometres, because there was no room on the place where they have normally decoupled these trailers for a number of years.

I will paint a picture about where these livestock come from. Most come out of paddocks five to seven days earlier. At the moment, a lot of these cattle come from the Barkly Tablelands in the Northern Territory. They would have probably been on the road for about four days. They would have travelled for the first day and a half to Mount Isa or maybe to Cloncurry, where they are unloaded. They would have a spell for a couple of days and then be put on a truck for another 12 to 14 hours to get to Mitchell. They then have 90 kilometres to go to get to their destination.

The point I am raising is that here we had about 128 trailers sitting from Mitchell to Morven waiting to do the last 90 kilometres. They could not get onto the pad and they could not move east. If they did move, only the truck drivers could look after the other freight trailers that might have been there. Of course, that is not to mention that, with regulations coming in shortly, truck drivers are only going to be able to do a 14-hour shift. After that they have to have a 10-hour rest. Trucks that are caught at Morven do not have an extra driver and have to wait 10 hours before they can move the next 90 kilometres. These cattle might have been in transit for five, six or seven days, coming from up near Darwin, the Barkly Tablelands or up in the gulf.

That is the situation that the beef industry is confronting—as well as the truck operators. To enable these trucks to come further east into Roma, we have to make sure that this road is upgraded so that the type 2 road trains—that is, a prime mover with three trailers—can travel the last 90 kilometres and be safe and not be a hazard to other traffic on the highway. In the interim, until this road is upgraded, we also have to look at whether these trucks could travel east under a permit now. Roma is the largest cattle-selling centre in Australia with 8,000 to 9,000 head of cattle a week sold there. At least half of them travel for five to seven days by road train, and they then confront this situation—90 kilometres from the destination where they could be unloaded and fed for three or four days before the sale. It is a major economic issue for the beef industry. Given that the beef industry is Queensland's second-largest export earner by value, the minister for transport and the minister responsible for that road funding should immediately start to roll out this funding, rather than wait another 12 months, 18 months or two years to start to roll the money out.

I will just repeat that we are talking about something like 128 trailers. Queensland Rail operate under NQX. They are a freight company that travels from Brisbane to Darwin. They were waiting for four hours to find a spot on the pad so that they could hook their third trailer on and head west to Darwin. That is the situation. You might say that it is as bad as some of our coal ports, where ships wait for days—in fact, in some cases, for months—to get into port to load. Livestock, freight forwarders and freight operators are confronted with a situation

where they are so near to their destination, yet they are not even able to get on the pad to decouple the last trailer to take the two trailers on into Roma. In some cases, they have to wait 90 kilometres west of where the pad is before they can bring their rigs into Mitchell to do that decoupling.

The other aspect of this is that, even when there are not as many in this situation as we saw last Friday night in that pad, these trailers can be left while the trucks go on into Roma. There is no security there and quite often tarpaulins get lost—stolen. Tyres, which are obviously of enormous value on trailers of that capacity, can be stolen. No-one is there necessarily to look after the livestock. Sometimes they have to try and bring someone out—this is about 10 kilometres west of the small town of Mitchell—to at least keep an eye on the livestock.

It is a huge issue for the beef industry, as well as the general freight operators, to be confronted with. It is just not acceptable. We as a coalition committed some \$128 million to start upgrading this road as of 1 July this year. I am calling on this minister: if he really believes in the welfare of animals, the productivity of the trucking and freight industry and the value of exports from our beef industry, he will start to roll that money out as of 1 July this year.

Death Penalty

Australian Constitution

Mr DREYFUS (Isaacs) (9.00 pm)—I want to speak tonight on constitutional change, but, before I do, I want to add my voice to that of the member for Werriwa in relation to capital punishment. I have a very sharp memory of attending a vigil in Melbourne with hundreds of others at the time of the hanging of Van Tuong Nguyen, an Australian in Singapore's Changi Prison, on 2 December 2005. He was hanged despite calls from the former Prime Minister, from my party—then in opposition—from this parliament, from every state parliament and from tens of thousands of Australians. The very first thing we need to do is to pursue through diplomatic efforts the banishing of the mandatory death penalty. It is the first step in getting rid of the death penalty everywhere. Courts everywhere must have the discretion to impose appropriate penalties, which means that judges must have the choice of leniency.

Labor has traditionally had a very longstanding commitment to changing the Constitution. By that I mean not simply reforming the administration of the Commonwealth but actually changing the words of the Constitution by formal amendment. There are very many reforms to government which can only occur by actually changing the words of the Constitution. These include large reforms like the republic, or more procedural reforms like a move to fixed four-year terms, or structural reforms to federal-state relations. All of these would require formal amendment of the Constitution.

Constitutional change has been a persistent theme in public debate and calls for change were a feature of the recent 2020 Summit held on 19 and 20 April this year. The Prime Minister has just released the report of the proceedings of the 2020 Summit, and the reports from several of the streams—not just the governance stream—show that many ideas for constitutional change were raised at the summit. In the governance stream there was a very clear call for Australia to become a republic, which is of course a major constitutional change and was the subject of the last unsuccessful attempt at constitutional change. Other top ideas from the governance stream included the amendment of the Constitution to include a preamble; a call to formally recognise the traditional custodians of our land and waters, our Indigenous people;

and a call for the Constitution to be amended to remove any language that is racially discriminatory.

The report of the 2020 Summit records other constitutional ideas discussed in the governance stream, including calls for an entirely new Constitution, a call for rewriting the Constitution to make it intelligible and accessible and an aspiration to increase public involvement generally in constitutional and governance processes. As I have mentioned, the Constitution was raised in other streams of the summit, particularly in the context of federal-state relations, with many suggestions that the Constitution simply does not reflect the current state of federal-state relations in this country.

These are not new ideas. They have been raised repeatedly for decades. They have been raised not only in academic circles; they have been raised at constitutional conventions. They have been raised repeatedly in this House. They have been raised in reports of committees of this House and of the Senate, and all political parties have called in recent decades—I do not say just in recent years—for some quite substantial changes to the Constitution. There is a recognition that a document which was drafted in the 1890s and adopted at the start of the last century is very unlikely to be appropriate in all respects to Australian society in the 21st century.

That recognition is not new either. I quote from something Sir Paul Hasluck, the former member for Curtin, said when speaking as Governor-General in 1973, opening the Australian Constitutional Convention then. He said that that convention was called to consider ‘whether the Constitution which was framed in the 1890s is wholly acceptable to us over 70 years later in a changed Australia in a vastly different world’. I would be lot more direct: the Constitution is undoubtedly in need of reform.

It is also not new to say that there is dissatisfaction about the division of federal and state functions. Sir Rupert Hamer, former Liberal Premier of Victoria, had this to say at the 1973 Constitutional Convention:

People in a federation should know clearly which government is responsible for which function and who is to answer to them for the manner of its administration. It is equally fundamental that each government should have the full means and ability to carry out each of the functions for which it is so answerable. That is not the condition of government in Australia today.

The ideas about the language of the Constitution raised at the recent 2020 Summit are not new either. The writer Donald Horne, in typically pithy fashion, said this in 1977:

In all the liberal-democratic countries, there isn't a less democratically expressed constitution than Australia's.

All of those problems that were identified in the seventies continued to be identified in the eighties and through the nineties and remain with us 30 years later.

Those who drafted the Constitution envisaged that it would change. They did not see the document which they participated in writing as being written in tablets of stone and they provided in section 128 a means of amendment, which of course is passage of a bill through this parliament, followed by approval in a referendum by a majority of the people in a majority of the states and an overall nationwide majority. There has of course been a dismal record of achieving constitutional change. The figures are well known: there have been 44 attempts, of which only eight, or 18 per cent, have been passed by the people. It is what led Geoffrey

Sawyer, the noted constitutional lawyer, to describe Australia back in 1967 as ‘constitutionally speaking, the frozen continent’. The rate of change has slowed even more in recent decades. The last successful referendum was in 1977, and the period since, 1977 to 2008, is the longest period in Australia’s history without constitutional change. We have not had even an unsuccessful attempt since 1999 and, quite possibly, unless there is a very quick move—that is, a referendum held next year—this will be the first decade since Federation without even one referendum proposal.

What is to be done to break through this seeming national writer’s block in terms of our Constitution? Certainly, I would urge Australians interested in government to keep talking about change, and all political parties need to keep working for changes which will attract consensus and bipartisan support.

As part of that work, the House of Representatives Standing Committee on Legal and Constitutional Affairs held a roundtable discussion on 1 May this year involving 14 Australians with constitutional and legal expertise. The committee hopes to report to the House later this year on the very useful discussion at the roundtable. It included changing the way we change the Constitution—in other words, amending section 128 itself—but, given the dismal recent history of amendment of the Constitution, this may not be the catalyst for change which is now needed. There was also useful discussion about the machinery of referenda. The yes/no booklets which we use now are a format which was prescribed in 1912 and quite probably simply do not work any longer as a means of informing the public. Certainly, we need to look at different means of informing the public about constitutional change—means which recognise the different ways in which people now participate in political debate.

There was general agreement at the roundtable that referendum proposals are much more likely to succeed with bipartisan support and to get to that point there needs to be very widespread public support. In particular, some of the participants at the roundtable commented on the long lead time which led to the success of the 1967 referendum recognising Aboriginal people. In order to achieve the change to the Constitution which is recognised as needed, we will need to take care with the process which is followed and indeed the proposal which is first put forward to try to break the deadlock which seems to have arisen. I would suggest that the proposal for fixed four-year terms may be such a proposal. It is an idea whose time has come. All Australian states and territories except Queensland have now moved to four-year terms.

Siblings Australia

Mr PYNE (Sturt) (9.10 pm)—It is a great pleasure to rise in the Main Committee tonight to grieve for an issue which is becoming something of a trend under the new Labor government: the seemingly irrational defunding or non-funding of excellent associations that had been doing terrific work over the last few years—and in some cases 10, 11 or 12 years. The new Labor government have decided that these associations do not fit into their world view or that they do not provide the kinds of services that the Labor Party want to provide to the Australian people.

I am quite sure that in the months or years ahead new Labor ministers will ask their bureaucrats: ‘What on earth happened to this particular organisation or association? It was doing good work.’ The answer will be: ‘When the government changed, Minister, we defunded that organisation and started a new organisation or funded a different group or started our own

government program.' The minister will say, 'Why did we do that when such-and-such an organisation was making a great contribution?' I hope that it is not because any of these organisations were promoted or supported or lobbied on behalf of by Liberal members of parliament. But I guess that is something that the ministers who are currently in control of the government will have to ask themselves in the months and years ahead.

One such organisation that has been doing a great job over the last few years is Siblings Australia. Siblings Australia is an organisation that takes care of the families of people who have a disability. Siblings of people with special needs, including people with a disability, a chronic illness or mental health issues, are likely to be in the life of the person with special needs for longer than any parent or other carer. Siblings Australia is the only organisation in Australia that specifically addresses the unique needs and concerns of brothers and sisters of people with special needs.

In an act totally devoid of compassion for the plight of these siblings, no federal funding has been allocated to Siblings Australia since the election. This lack of funding means that Siblings Australia will close and will only be able to provide limited advice through their website. There are over 200,000 young people with a severe disability or chronic illness and there are even more who have a mental illness. Most of these young people will have at least one sibling. While significant resources are spent caring for young people with special needs, illness, disability and mental health issues, they affect the lives of all family members. To cut the funding to and effectively wind up the only organisation that provides support for these siblings is both cruel and short-sighted.

Siblings Australia's mission statement says it all:

Siblings can often be overlooked, which can lead to feelings of isolation. If this continues, children can become vulnerable to a range of emotional and mental health problems. However, if siblings are acknowledged, and connected to sources of support, they are likely to become more resilient—

and able to provide invaluable support to their brother or sister. Not only do siblings feel that they are being overlooked; they struggle with the guilt of these feelings. To feel that you always have to be the good child is an immense burden on a sibling, but the guilt of having this kind of feeling towards a brother or a sister who you love and care for is equally as crushing. One such sibling who has benefited from the workshops run by Siblings Australia is a young girl who no-one would play with at school because the other kids said that she had 'disability germs' from her sister, who had a disability. Just imagine what kind of impact that would have had on a small child.

Siblings Australia has for nine years provided numerous products and services, not to mention support, to brothers and sisters of young people with special needs and has helped parents and professionals improve their understanding of the concerns and needs of siblings and to network with other providers who are delivering or planning to deliver sibling support programs. The government is fooling itself if it thinks that cutting funding to Siblings Australia will cut down on government expenditure. According to Dr Jon Jureidini, who is a child psychiatrist and Head of the Department of Psychological Medicine at the Women's and Children's Hospital in Adelaide:

Preventing just a handful of episodes of depression or anxiety disorders in siblings of people with special needs more than covers the cost of running Siblings Australia. Without the support of Siblings Australia, siblings are at risk of developing long-term physical, emotional and psychological problems.

Siblings Australia received a 12-month grant from the Department of Health and Ageing in alignment with the national plan on mental health for 2006-11. The DoHA funding, amongst other things, allowed Siblings Australia to identify areas in which programs still need to be developed and to start to research the best ways to present the research that they have undertaken. Siblings Australia applied for new funding during the caretaker mode of the previous government. Once the new government was installed, Siblings Australia was informed that no more funding would be available from DoHA and that it should try to get funding from the Department of Families, Housing, Community Services and Indigenous Affairs or from the Mental Health Council of Australia.

It makes no sense. I happened to be the minister responsible for mental health when the National Mental Health Plan was initiated. I know the person who wrote the letter to Kate Strohm, Colleen Krestensen. She is now the Assistant Secretary, Mental Health and Suicide Prevention Programs Branch, in the department. She is an excellent bureaucrat and an excellent public servant, and she gave me terrific service. In her letter to one of the parents who had used Siblings Australia for their own children, she said that the grant that I referred to:

... had come at a very good time for the mental health needs of siblings of children with special needs to be recognised and highlighted, and the department was satisfied that the work over 2007 had ensured that existing key child and adolescent mental health programs managed by the department were now better able to understand and address the special mental health needs of siblings of children with disabilities or chronic illnesses.

So the program was not defunded because of a failure to achieve success. It is a mystery to me why the program was defunded at all.

Ms Kate Strohm, who is the Executive Director and founder of Siblings Australia, has had meetings with the Minister for Youth; the Minister for Families, Housing, Community Services and Indigenous Affairs; and the director of the children and youth mental health programs section and has written to the Prime Minister. Yet no funding has been forthcoming and all the minister and parliamentary secretary can tell Ms Strohm is that FaHCSIA are looking into it. Those people who have written to the Minister for Health and Ageing raising their concerns about the winding up of Siblings Australia, including the clients of Siblings Australia, have been advised that the work undertaken by Siblings Australia in 2007 has ensured that the programs managed by DoHA are now better off and that basically the department has no further use for Siblings Australia. But the need is still there. The need to support the siblings of people with disabilities and chronic illnesses, including mental illness, has not disappeared because of one year's funding of Siblings Australia.

To further highlight the lack of understanding shown by the current government, those expressing concern about the lack of services for siblings have been informed that the government has excellent Commonwealth respite and Carelink centres. These centres are a fabulous service for older and disabled Australians and their carers, but they are not much use for a child who is excluded in the playground because she has so-called disabled germs from her sister. The cost of providing funding for Siblings Australia is a minuscule amount in the health budget—or the FaHCSIA budget for that matter. Yet this government has shown that it will throw compassion and proper service delivery out the window just so it can save a few dollars on budget night.

Siblings Australia is not some minor special interest group. Siblings Australia is the only organisation providing the necessary resources to help siblings of people with disabilities, chronic illness and mental health issues. I call on the government to recognise the invaluable work of this organisation and to continue funding it into the foreseeable future. Madam Deputy Speaker Burke, you have a longstanding history in this place, unlike the other three Labor members present, who are new members—which is of course no fault of their own. You are in the government and I hope that, having heard what I have said about Siblings Australia, you take some interest and try to address this.

We are talking about \$150,000 that kept Siblings Australia alive to do the good work that it is doing. I would hope that the Labor Party would be able to reach within its heart and come up with support for an organisation that is helping people who are the brothers and sisters of people with mental illness, chronic disability and chronic illness. I seek leave to table the various articles that have appeared in the *Bulletin*, the *Australian*, the *Advertiser* and the *Sydney Morning Herald* about the good work that Siblings Australia has done.

Leave granted.

Mr PYNE—I thank the House.

Fuel Prices

Mr BRADBURY (Lindsay) (9.20 pm)—The rising price of petrol has been at the centre of debate over the past parliamentary fortnight, but this is not a new debate. Indeed, it is something that reaches back to the oil shocks of the 1970s. Combined with the rising cost of housing, the price pressures emerging from fuel are eroding the financial security of families, pensioners and businesses in my electorate. Government has a responsibility to look beyond the short term. It is our obligation as elected representatives to confront the difficult challenges of the future. We must transcend the shopper docket debate witnessed by this House since the announcement of the opposition's so-called plan to cut 5c a litre off the excise on fuel. This is not a solution but a desperate con being peddled by the snake oil salesmen who now comprise the opposition's leadership team.

The time has come for us to have a serious discussion about how our nation makes the transition to a low-carbon economy. Our dependence on fossil fuels like petrol carries with it a cost that will inevitably continue to trend upwards. To ignore the magnitude of the energy challenge that confronts the world economy by adopting such flawed proposals is to deny ourselves the most precious commodity in this debate: time—the time to map out alternative policies and change our behaviours to better align with the inevitability of rising carbon fuel costs. Past planning policies have ordained that new housing developments be approved in the outer suburbs of our major cities without the timely provision of the infrastructure or jobs that these new communities require. People have settled on the outskirts of major cities in places like Western Sydney in search of space, safety and the security of an affordable home. The further from the centre of our major cities we travel, the greater is our reliance on private motor vehicle transport. The greatest threat to the economic security of the residents of Western Sydney is the continued failure of governments to invest in regular, reliable and affordable public transport.

Recent studies have shown that residents of Western Sydney commuting to and from work each day—not only to the Sydney CBD but also to other parts of the region—are driving be-

tween 21,000 and 42,000 kilometres each year, up to six times more than residents of the eastern suburbs. With petrol prices fast approaching averages of \$1.60 a litre, it is now costing upwards of \$100 to fill the fuel tank of a family sedan. Casting back to 1998, crude oil was fetching just over US\$10 a barrel. Now, in 2008, that same crude oil is more than 10 times the price, at more than US\$130 a barrel. With inflation that has been left to run unchecked, and the accompanying rises in interest rates, the impact on the average household of the rise and rise of world oil prices is enormous. The median gross wage in my electorate is \$57,000 a year. In 2002, with interest rates at 6.75 per cent and petrol at 82c a litre, residents of my electorate were spending, on average, about \$2,100 a month on their housing and car expenses. In 2008, with interest rates at 9.47 per cent and petrol at close to \$1.60 a litre, those same residents are now spending almost \$3,000 a month. This represents a cost increase of more than \$10,000 a year.

Car dependency is a greater problem for people living in my electorate than for those closer to the centre of Sydney. By way of illustration, I remember starting university in the city and being stunned by the revelation that a number of my 18-year-old colleagues who lived in the eastern suburbs did not have licences, nor did they have any need to obtain them. This proposition is virtually anathema to those of us who have grown up in Western Sydney. We in Western Sydney are well known for our car culture. Much is made of this car culture by those from outside the area. The reality is that as a community we are heavily dependent upon the car because it is one of the most basic and indispensable tools in negotiating our daily lives in a region almost completely bereft of genuine public transport options.

It is the responsibility of our national government to be honest about the impacts of rising fuel prices on the economy and on motorists and to be honest about the extent to which we can influence those prices. We will not give irresponsible guarantees that petrol prices will go down, when all the indicators point to a continued rise in the global price of oil. We face demand from China and India, and that is not abating, and a US economy that even in stagnation consumes a quarter of the world's oil. We are coming out of a period where the previous administration was intent on perpetrating the comforting delusion that petrol price hikes were anomalous and would some day normalise.

For 12 years, the previous government could not bring itself to have the bracing conversation it needed to have with the people of Australia. It studiously avoided any frank reference to the fact that world oil prices will continue to climb upwards and that our reliance on petroleum is unsustainable. It wasted the opportunity to invest in renewable energies and alternative fuels. We now look back at the Howard government's time in office and see a lost decade.

Our carbon economies must make way for the future of renewable energy. When we talk about securing our energy, we must talk about how to wean ourselves off our petrol dependence. When we talk about easing the fuel price pressures on families, we must talk about how we can improve access to public transport networks. What governments can do at the margins of petrol pricing policy is make sure that we increase competition in the market and empower consumers. This includes our proposal and actions in appointing a Petrol Commissioner and the introduction of a national Fuelwatch scheme.

But we cannot stay focused on the margins. We need a sensible long-term approach to reducing our dependence on petrol, at the centre of which must be public investment in improving our mass-people movement networks. In Western Sydney, we have public transport lines

that feed into the Sydney CBD but very few quality services that meet the demand for interregional commuting between its major centres. While 60 per cent of local residents in my community travel outside the Penrith city each day for work, approximately 80 per cent of those leaving the area still work in Western Sydney. Western Sydney needs better interregional public transport options. Public transport in Western Sydney needs to be more affordable, particularly bus services.

In my community, for example, the weekly cost of the bus trip from Glenmore Park to Penrith station, a journey of seven kilometres, costs \$30 a week, whereas the cost of a train ticket from Penrith to Sydney, a journey of 55 kilometres, costs under \$50 a week. Our commuter car parks are overflowing because the private bus services do not provide cheap, reliable services to get people from their homes to major transport nodes. As the employment zone booms along the M7 corridor, including the new employment hub at Erskine Park, there is even greater demand for transport networks to deliver people to jobs within the region.

It is time for the Commonwealth government to play a leadership role in delivering genuine public transport options for the residents of Western Sydney. To the great detriment of the people of Western Sydney, this is one area where the previous government dared not go. We need publicly subsidised, regionally focused and regionally managed people movement systems, similar to the government bus systems that operate in Sydney. If we are to create incentives for people to leave their cars at home, we need to take bold steps to get them to and from work on services that are reliable, regular and low cost.

I am encouraged by the work of the government in establishing a Major Cities Unit to do what the previous government chose not to do for 11½ years. I also look forward to seeing how Infrastructure Australia will be directing the investments emerging from the Building Australia Fund into transport networks. Only government led investment can drive a mode shift in the culture of petrol reliance by providing targeted incentives predominantly to outer suburban regions, like Western Sydney, to move towards greater use of public transport. For too long we have had governments obsessed with short-term fixes and unwilling to be honest about the future energy challenges we face. It is time for us to move past the shopper docket debate and invest our energies in a genuine exchange of ideas about how we secure Australia's energy and transport future.

The DEPUTY SPEAKER (Ms AE Burke)—The time allotted for this debate has expired. The debate is interrupted in accordance with standing order 192B. The debate is adjourned and the resumption of the debate will be made an order of the day for the next sitting.

Main Committee adjourned at 9.30 pm

QUESTIONS IN WRITING

Tertiary Entrance Rank

(Question No. 37)

Mr Abbott asked the Minister for Education, in writing, on 12 March 2008:

In respect of the Tertiary Entrance Rank (TER) for selecting students for university degrees: (a) is she aware of a report of a Queensland student receiving a higher TER for a university in Queensland than for a university in New South Wales; (b) for the 2007 calendar year, how many external students in Queensland have been given a TER that is not recognised by universities in other States and Territories; (c) what action is the Government taking to ensure that each TER is equally recognised between all States and Territories; and (d) will the Government guarantee that the TER of each high school student graduating in Queensland in 2008 will be equally recognised between all States and Territories; if not, why not.

Ms Gillard—The answer to the honourable member's question is as follows:

- (a) No. If the Honourable Member will supply me with the details of the case I will ask the universities concerned to look into it and provide a response to him.
- (b) The Department does not collect this data.
- (c) and (d)

Universities are responsible for determining the entrance scores and admission criteria for their courses. The Australian Conference of Tertiary Admission Centres has established guidelines for the conversion of different TER scales to facilitate interstate transfer of students and individual admissions centres use these as a guide.

ATTACHMENT A

2007 Interstate Conversion Table Position

ACT* and NSW*: UAI VIC*: ENTER NT*, SA*, TAS*, WA*: TER	QLD* Overall Position
99.95	1
99.50	1
99.00	1
98.50	2
98.00	2
97.50	2
97.00	3
96.50	3
96.00	3
95.50	4
95.00	4
94.00	4
93.00	5
92.00	5
91.00	6
90.00	6
89.00	7
88.00	7
87.00	8

ACT* and NSW*: UAI VIC*: ENTER NT*, SA*, TAS*, WA*: TER	QLD* Overall Position
86.00	8
85.00	8
84.00	9
83.00	9
82.00	10
81.00	10
80.00	10
75.00	12
70.00	14
65.00	16
60.00	18
55.00	19
50.00	21
45.00	23
40.00	24
35.00	25
30.00	25

Source: Universities Admissions Centre

National Rental Affordability Scheme

(Question No. 85)

Mr Haase asked the Minister for Housing and the Minister for the Status of Women, in writing, on 13 May 2008:

In respect of her letter dated 28 February 2008 to the Manager of the Bloodwood Tree Association Inc. in South Hedland WA: (a) what percentage of the 50,000 new rental properties for low and middle income earners at 20 per cent below market rates will be allocated to the Pilbara region; and (b) what percentage of the \$150 million to build 600 new houses and units for homeless people will be allocated to the Pilbara region.

Ms Plibersek—The answer to the honourable member's question is as follows:

- (a) The National Rental Affordability Scheme will create 50,000 affordable rental dwellings across Australia between July 2008 and June 2012. It will not be possible to advise the percentage of these dwelling which will be in the Pilbara region until incentives under the Scheme have been allocated through a competitive process.
- (b) The percentage allocation to the Pilbara region will be a matter for the Western Australian Government. Western Australia is expected to submit a proposal for approval about how they will match the Commonwealth's funding of \$17.080 million for 68 houses over five years.