



COMMONWEALTH OF AUSTRALIA

HOUSE OF REPRESENTATIVES

Votes and Proceedings

Hansard

THURSDAY, 27 NOVEMBER 2008

CORRECTIONS

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Thursday, 4 December 2008

| | | |
|------------|--------------------------|----------------|
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| | Main Committee | (02) 6277 2944 |

BY AUTHORITY OF THE HOUSE OF REPRESENTATIVES

PROOF

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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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| <i>MELBOURNE</i> | 1026 AM |
| <i>ADELAIDE</i> | 972 AM |
| <i>PERTH</i> | 585 AM |
| <i>HOBART</i> | 747 AM |
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**FORTY-SECOND PARLIAMENT
FIRST SESSION—THIRD PERIOD**

Governor-General

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

House of Representatives Officeholders

Speaker—Mr Harry Alfred Jenkins MP

Deputy Speaker—Ms Anna Elizabeth Burke MP

Second Deputy Speaker—Hon. Bruce Craig Scott MP

Members of the Speaker's Panel—Hon. Dick Godfrey Harry Adams MP, Hon. Kevin James Andrews MP, Hon. Archibald Ronald Bevis MP, Ms Sharon Leah Bird MP, Mr Steven Georganas MP, Hon. Judith Eleanor Moylan MP, Ms Janelle Anne Saffin MP, Mr Albert John Schultz MP, Mr Patrick Damien Secker MP, Mr Peter Sid Sidebottom MP, Hon. Peter Neil Slipper MP, Mr Kelvin John Thomson MP, Hon. Danna Sue Vale MP and Dr Malcolm James Washer MP

Leader of the House—Hon. Anthony Norman Albanese MP

Deputy Leader of the House—Hon. Stephen Francis Smith MP

Manager of Opposition Business—Hon. Joseph Benedict Hockey MP

Deputy Manager of Opposition Business—Mr Luke Hartsuyker MP

Party Leaders and Whips

Australian Labor Party

Leader—Hon. Kevin Michael Rudd MP

Deputy Leader—Hon. Julia Eileen Gillard MP

Chief Government Whip—Hon. Leo Roger Spurway Price MP

Government Whips—Ms Jill Griffiths Hall MP and Mr Christopher Patrick Hayes MP

Liberal Party of Australia

Leader—Hon. Malcolm Bligh Turnbull MP

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

Printed by authority of the House of Representatives

Members of the House of Representatives

| Members | Division | Party |
|-------------------------------------|----------------------|-------|
| Abbott, Hon. Anthony John | Warringah, NSW | LP |
| 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 |
| Bird, Sharon Leah | Cunningham, NSW | ALP |
| Bishop, Hon. Bronwyn Kathleen | Mackellar, NSW | LP |
| Bishop, Hon. Julie Isabel | Curtin, WA | LP |
| Bowen, Hon. Christopher Eyles | Prospect, NSW | ALP |
| Bradbury, David John | Lindsay, NSW | ALP |
| Briggs, Jamie Edward | Mayo SA | LP |
| Broadbent, Russell Evan | McMillan, Vic | LP |
| Burke, Anna Elizabeth | Chisholm, Vic | ALP |
| Burke, Hon. Anthony Stephen | Watson, NSW | ALP |
| Butler, Mark Christopher | Port Adelaide, SA | ALP |
| Byrne, Hon. Anthony Michael | Holt, Vic | ALP |
| Campbell, Jodie Louise | Bass, Tas | ALP |
| Champion, Nicholas David | Wakefield, SA | ALP |
| Cheeseman, Darren Leicester | Corangamite, Vic | ALP |
| Chester, Darren | Gippsland, Vic. | Nats |
| Ciobo, Steven Michele | Moncrieff, Qld | LP |
| Clare, Jason Dean | Blaxland, NSW | ALP |
| Cobb, Hon. John Kenneth | Calare, NSW | Nats |
| Collins, Julie Maree | Franklin, Tas | ALP |
| Combet, Hon. Gregory Ivan, AM | Charlton, NSW | ALP |
| Costello, Hon. Peter Howard | Higgins, Vic | LP |
| Coulton, Mark Maclean | Parkes, NSW | Nats |
| Crean, Hon. Simon Findlay | Hotham, Vic | ALP |
| Danby, Michael David | Melbourne Ports, Vic | ALP |
| D'Ath, Yvette Maree | Petrie, Qld | ALP |
| Debus, Hon. Robert John | Macquarie, NSW | ALP |
| Dreyfus, Mark Alfred, QC | Isaacs, Vic | ALP |
| Dutton, Hon. Peter Craig | Dickson, Qld | LP |
| Elliot, Hon. Maria Justine | Richmond, NSW | ALP |
| Ellis, Annette Louise | Canberra, ACT | ALP |
| Ellis, Hon. Katherine Margaret | Adelaide, SA | ALP |
| Emerson, Hon. Craig Anthony | Rankin, Qld | ALP |
| Farmer, Hon. Patrick Francis | Macarthur, NSW | LP |
| Ferguson, Hon. Laurie Donald Thomas | Reid, NSW | ALP |
| Ferguson, Hon. Martin John, AM | Batman, Vic | ALP |
| Fitzgibbon, Hon. Joel Andrew | Hunter, NSW | ALP |
| Forrest, John Alexander | Mallee, Vic | Nats |
| Garrett, Hon. Peter Robert, AM | Kingsford Smith, NSW | ALP |
| Gash, Joanna | Gilmore, NSW | LP |

Members of the House of Representatives

| Members | Division | Party |
|---------------------------------------|-------------------|-------|
| Georganas, Steven | Hindmarsh, SA | ALP |
| George, Jennie | Throsby, NSW | ALP |
| Georgiou, Petro | Kooyong, Vic | LP |
| Gibbons, Stephen William | Bendigo, Vic | ALP |
| 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, Christophor 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 |

Members of the House of Representatives

| Members | Division | Party |
|-------------------------------------|------------------|-------|
| Neumann, Shayne Kenneth | Blair, Qld | ALP |
| Neville, Paul Christopher | Hinkler, Qld | Nats |
| Oakeshott, Robert James Murray | Lyne, NSW | Ind |
| 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 |
| Vale, Hon. Danna Sue | Hughes, NSW | LP |
| Vamvakinou, Maria | Calwell, Vic | ALP |

Members of the House of Representatives

| Members | Division | Party |
|---------------------------------|------------------|--------------|
| Washer, Malcolm James | Moore, WA | LP |
| 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 Finance and Deregulation | Hon. Lindsay Tanner MP |
| Minister for Trade | Hon. Simon Crean MP |
| Minister for Foreign Affairs | Hon. Stephen Smith MP |
| Minister for Defence | Hon. Joel Fitzgibbon MP |
| Minister for Health and Ageing | Hon. Nicola Roxon MP |
| Minister for Families, Housing, Community Services and Indigenous Affairs | Hon. Jenny Macklin MP |
| Minister for Infrastructure, Transport, Regional Development and Local Government and Leader of the House | Hon. Anthony Albanese MP |
| Minister for Broadband, Communications and the Digital Economy and Deputy Leader of the Government in the Senate | Senator Hon. Stephen Conroy |
| Minister for Innovation, Industry, Science and Research | Senator Hon. Kim Carr |
| Minister for Climate Change and Water | Senator Hon. Penny Wong |
| Minister for the Environment, Heritage and the Arts | Hon. Peter Garrett AM, MP |
| Attorney-General | Hon. Robert McClelland MP |
| Minister for Human Services and Manager of Government Business in the Senate | Senator Hon. Joe Ludwig |
| Minister for Agriculture, Fisheries and Forestry | Hon. Tony Burke MP |
| Minister for Resources and Energy and Minister for Tourism | Hon. Martin Ferguson AM, MP |

[The above ministers constitute the cabinet]

RUDD MINISTRY—*continued*

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

SHADOW MINISTRY

| | |
|--|--------------------------------------|
| Leader of the Opposition | The Hon Malcolm Turnbull MP |
| Shadow Treasurer and Deputy Leader of the Opposition | The Hon Julie Bishop MP |
| Shadow Minister for Trade, Transport, Regional Development and Local Government and Leader of The Nationals | The Hon Warren Truss MP |
| Shadow Minister for Broadband, Communications and the Digital Economy and Leader of the Opposition in the Senate | Senator the Hon Nick Minchin |
| Shadow Minister for Innovation, Industry, Science and Research and Deputy Leader of the Opposition in the Senate | Senator the Hon Eric Abetz |
| Shadow Minister for Infrastructure and COAG and Shadow Minister Assisting the Leader on Emissions Trading Design | The Hon Andrew Robb AO, MP |
| Shadow Minister for Foreign Affairs and Manager of Opposition Business in the Senate | Senator the Hon Helen Coonan |
| Shadow Minister for Finance, Competition Policy and Deregulation and Manager of Opposition Business in the House | The Hon Joe Hockey MP |
| Shadow Minister for Energy and Resources | The Hon Ian Macfarlane MP |
| Shadow Minister for Families, Housing, Community Services and Indigenous Affairs | The Hon Tony Abbott MP |
| Shadow Special Minister of State and Shadow Cabinet Secretary | Senator the Hon Michael Ronaldson |
| Shadow Minister for Human Services and Deputy Leader of The Nationals | Senator the Hon Nigel Scullion |
| Shadow Minister for Climate Change, Environment and Water | The Hon Greg Hunt MP |
| Shadow Minister for Health and Ageing | The Hon Peter Dutton MP |
| Shadow Minister for Defence | Senator the Hon David Johnston |
| Shadow Minister for Education, Apprenticeships and Training | The Hon Christopher Pyne MP |
| Shadow Attorney-General | Senator the Hon George Brandis SC |
| Shadow Minister for Agriculture, Fisheries and Forestry | The Hon John Cobb MP |
| Shadow Minister for Employment and Workplace Relations | Mr Michael Keenan MP |
| Shadow Minister for Immigration and Citizenship | The Hon Dr Sharman Stone |
| Shadow Minister for Small Business, Independent Contractors, Tourism and the Arts | Mr Steven Ciobo |

[The above constitute the shadow cabinet]

SHADOW MINISTRY—*continued*

| | |
|--|------------------------------------|
| Shadow Minister for Financial Services, Superannuation and Corporate Law | The Hon Chris Pearce MP |
| Shadow Assistant Treasurer | The Hon Tony Smith MP |
| Shadow Minister for Sustainable Development and Cities | The Hon Bruce Billson MP |
| Shadow Minister for Competition Policy and Consumer Affairs and Deputy Manager of Opposition Business in the House | Mr Luke Hartsuyker MP |
| Shadow Minister for Housing and Local Government | Mr Scott Morrison |
| Shadow Minister for Ageing | Mrs Margaret May MP |
| Shadow Minister for Defence Science and Personnel and Assisting Shadow Minister for Defence | The Hon Bob Baldwin MP |
| Shadow Minister for Veterans' Affairs | Mrs Louise Markus MP |
| Shadow Minister for Early Childhood Education, Childcare, Status of Women and Youth | Mrs Sophie Mirabella MP |
| Shadow Minister for Justice and Customs | The Hon Sussan Ley MP |
| Shadow Minister for Employment Participation, Training and Sport | Dr Andrew Southcott MP |
| Shadow Parliamentary Secretary for Northern Australia | Senator the Hon Ian Macdonald |
| Shadow Parliamentary Secretary for Roads and Transport | Mr Don Randall MP |
| Shadow Parliamentary Secretary for Regional Development | Mr John Forrest MP |
| Shadow Parliamentary Secretary for International Development Assistance and Shadow Parliamentary Secretary for Indigenous Affairs | Senator Marise Payne |
| Shadow Parliamentary Secretary for Energy and Resources | Mr Barry Haase MP |
| Shadow Parliamentary Secretary for Disabilities, Carers and the Voluntary Sector | Senator Cory Bernardi |
| Shadow Parliamentary Secretary for Water Resources and Conservation | Senator Fiona Nash |
| Shadow Parliamentary Secretary for Health Administration | Senator Mathias Cormann |
| Shadow Parliamentary Secretary for Defence | The Hon Peter Lindsay MP |
| Shadow Parliamentary Secretary for Education | Senator the Hon Brett Mason |
| Shadow Parliamentary Secretary for Justice and Public Security | Mr Jason Wood MP |
| Shadow Parliamentary Secretary for Agriculture, Fisheries and Forestry | Senator the Hon Richard Colbeck |
| Shadow Parliamentary Secretary for Immigration and Citizenship and Shadow Parliamentary Secretary Assisting the Leader in the Senate | Senator Concetta Fierravanti-Wells |

CONTENTS

THURSDAY, 27 NOVEMBER

Chamber

| | |
|---|----|
| Privilege | 1 |
| Business— | |
| Days and Hours of Meeting | 1 |
| Resale Royalty Right for Visual Artists Bill 2008— | |
| First Reading | 2 |
| Second Reading | 2 |
| Resale Royalty Right for Visual Artists Bill 2008— | |
| Reference to Committee | 3 |
| Business— | |
| Rearrangement | 3 |
| Same-Sex Relationships (Equal Treatment in Commonwealth Laws—General Law Reform) Bill 2008— | |
| Consideration of Senate Message | 3 |
| Tax Laws Amendment (Luxury Car Tax—Minor Amendments) Bill 2008— | |
| Second Reading | 9 |
| Personal Explanations | 17 |
| Tax Laws Amendment (Luxury Car Tax—Minor Amendments) Bill 2008— | |
| Second Reading | 18 |
| Third Reading | 24 |
| Guarantee Scheme for Large Deposits and Wholesale Funding Appropriation Bill 2008— | |
| Returned from the Senate | 24 |
| Nation-building Funds Bill 2008, | |
| Nation-building Funds (Consequential Amendments) Bill 2008 and | |
| Coag Reform Fund Bill 2008— | |
| Second Reading | 24 |
| Committees— | |
| Economics Committee—Report | 44 |
| Nation-building Funds Bill 2008 | 46 |
| Nation-building Funds (Consequential Amendments) Bill 2008 | 46 |
| Coag Reform Fund Bill 2008— | |
| Second Reading | 46 |
| Ministerial Statements— | |
| Mumbai Terrorist Attacks | 49 |
| Questions Without Notice— | |
| Economy | 50 |
| Council of Australian Governments | 51 |
| Economy | 52 |
| Economy | 53 |
| Budget | 54 |
| Education: Reform | 55 |
| Unemployment | 56 |
| Commonwealth-State Financial Arrangements | 57 |
| Economy | 57 |
| Health | 58 |
| Economy | 59 |
| Regulatory Reform | 59 |
| Economy | 60 |
| Child Care | 60 |
| New South Wales Government | 61 |
| Australian Public Service | 63 |
| Economy | 64 |
| Drugs in Sport | 65 |
| Economy | 65 |
| Renewable Energy | 66 |
| Questions to the Speaker— | |
| Matters of Public Importance | 67 |
| Questions in Writing | 67 |
| Auditor-General's Reports— | |
| Report No. 9 of 2008-09 | 67 |
| Committees— | |
| Intelligence and Security Committee—Report: Presiding Officers' Response | 67 |
| Legislative Assembly of Norfolk Island | 67 |

CONTENTS—*continued*

| | |
|---|-----|
| Documents | 67 |
| Matters of Public Importance— | |
| Budget..... | 67 |
| Adjournment— | |
| Groom Electorate: Roads..... | 73 |
| Economy..... | 73 |
| Cycling..... | 74 |
| Mumbai Terrorist Attacks..... | 74 |
| Diwali Festival..... | 74 |
| Neil Sachse Foundation..... | 75 |
| Mr Richard Maurovic..... | 75 |
| Mumbai Terrorist Attacks..... | 76 |
| Queensland Health..... | 76 |
| Child Care..... | 76 |
| Eastern Emergency Relief Network..... | 77 |
| Notices | 78 |
| Main Committee | |
| Constituency Statements— | |
| Forrest Electorate: General Practice..... | 80 |
| Sydney Electorate: Lord Howe Island..... | 80 |
| Young People in Nursing Homes..... | 81 |
| Port Adelaide Electorate: Dolphins..... | 81 |
| Gippsland Electorate: Child Care..... | 82 |
| Community Achievement Awards for Tasmania..... | 82 |
| Budget..... | 83 |
| Hindmarsh Electorate: Cypriot Community..... | 83 |
| Swan Electorate: Grandcare..... | 84 |
| Blaxland Electorate: Cabramatta..... | 84 |
| Murray-Darling River System..... | 85 |
| Great Ocean Road..... | 85 |
| Mr Ernest William ‘Grumpy’ Evans..... | 86 |
| Blair Electorate: Storms..... | 86 |
| General Sir John Monash Awards..... | 87 |
| Mr Colin McDonald QC..... | 87 |
| Mr Robert Grey..... | 87 |
| Australian Learning Communities Network Inc..... | 88 |
| Lindsay Electorate: Samuel Morris Foundation..... | 88 |
| Mayo Electorate: Mr and Mrs Goldner..... | 89 |
| Maribyrnong Electorate: Mr David Cunningham..... | 89 |
| Committees— | |
| Infrastructure, Transport, Regional Development and Local Government Committee— | |
| Report..... | 90 |
| Adjournment— | |
| Fadden Electorate: Mortgage Stress..... | 109 |
| Pensions and Benefits..... | 109 |
| Greenway Electorate: Richmond Road..... | 110 |
| HMAS <i>Sydney</i> | 111 |
| Grey Electorate: Wind Farms..... | 112 |
| Braddon Electorate: Projects..... | 112 |
| Questions In Writing | |
| Indigenous Communities—(Question No. 364)..... | 114 |
| Australian Defence Force: Diabetes—(Question No. 392)..... | 114 |

Thursday, 27 November 2008

The **SPEAKER (Mr Harry Jenkins)** took the chair at 9 am and read prayers.

PRIVILEGE

Mrs BRONWYN BISHOP (Mackellar) (9.01 am)—Mr Speaker, I rise on a point of privilege at the earliest appropriate point I can. It relates to the *Hansard* record which I wish to check this morning relating to the comments of the Leader of the House concerning his defamatory remarks about Mr Drew, the previous Mayor of Port Macquarie, when he said that he had been dismissed for corruption. He subsequently, in adding to his answer, simply said that the council had not been sacked for corruption and said nothing about Mr Drew.

This was a deliberate misleading of the House and, as such, it constitutes a contempt of the House. If one goes through the record and looks at *House of Representatives Practice*, there are two things we need to look at: section 49 of the Constitution, which is the basis of our privilege and, indeed, comes from the House of Commons. If you look at the House of Commons, where it has dealt with the question of contempt or the deliberate misleading of the House, the issue that was raised there was the Profumo case, which I think the member opposite has mentioned from time to time. But, more specifically, I raise the question of Mr Aldred, who was suspended from the House for two days for similarly committing a contempt of the House. It is recorded in *Practice*. I formally move:

That the member for Grayndler be suspended from the House for a minimum of two days for contempt of the House and for deliberately misleading the House.

Question put.

The House divided. [9.07 am]

(The Speaker—Mr Harry Jenkins)

| | |
|---------------|----|
| Ayes..... | 56 |
| Noes..... | 66 |
| Majority..... | 10 |

AYES

| | |
|------------------|-----------------|
| Abbott, A.J. | Andrews, K.J. |
| Bailey, F.E. | Billson, B.F. |
| Bishop, B.K. | Bishop, J.I. |
| Briggs, J.E. | Broadbent, R. |
| Chester, D. | Ciobo, S.M. |
| Costello, P.H. | Coulton, M. |
| Dutton, P.C. | Forrest, J.A. |
| Georgiou, P. | Haase, B.W. |
| Hartsuyker, L. | Hawke, A. |
| Hawker, D.P.M. | Hockey, J.B. |
| Hull, K.E. * | Irons, S.J. |
| Jensen, D. | Johnson, M.A. * |
| Keenan, M. | Laming, A. |
| Ley, S.P. | Lindsay, P.J. |
| Macfarlane, I.E. | Marino, N.B. |

| | |
|----------------|-----------------|
| Markus, L.E. | May, M.A. |
| Morrison, S.J. | Moylan, J.E. |
| Nelson, B.J. | Neville, P.C. |
| Pearce, C.J. | Pyne, C. |
| Ramsey, R. | Randall, D.J. |
| Robb, A. | Robert, S.R. |
| 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. | Vale, D.S. |
| Washer, M.J. | Wood, J. |

NOES

| | |
|------------------|-----------------|
| Adams, D.G.H. | Albanese, A.N. |
| Bidgood, J. | Bird, S. |
| Bradbury, D.J. | Burke, A.E. |
| Burke, A.S. | Butler, M.C. |
| Byrne, A.M. | Campbell, J. |
| Champion, N. | Cheeseman, D.L. |
| Clare, J.D. | Collins, J.M. |
| Combet, G. | Crean, S.F. |
| D'Ath, Y.M. | Dreyfus, M.A. |
| Elliot, J. | Ellis, A.L. |
| Ellis, K. | Emerson, C.A. |
| Ferguson, L.D.T. | Ferguson, M.J. |
| Garrett, P. | Georganas, S. |
| George, J. | Gibbons, S.W. |
| Gray, G. | Grierson, S.J. |
| Hale, D.F. | Hall, J.G. * |
| Hayes, C.P. * | Irwin, J. |
| Jackson, S.M. | Kerr, D.J.C. |
| King, C.F. | 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. |
| Parke, M. | Perrett, G.D. |
| Plibersek, T. | Price, L.R.S. |
| Raguse, B.B. | Rea, K.M. |
| Ripoll, B.F. | Roxon, N.L. |
| Saffin, J.A. | Shorten, W.R. |
| Sidebottom, S. | Snowdon, W.E. |
| Sullivan, J. | Symon, M. |
| Thomson, K.J. | Trevor, C. |
| Turnour, J.P. | Zappia, A. |

PAIRS

| | |
|---------------|------------------|
| Gash, J. | Vamvakinou, M. |
| Baldwin, R.C. | Fitzgibbon, J.A. |
| Ruddock, P.M. | Owens, J. |
| Moylan, J.E. | Smith, S.F. |

* denotes teller

Question negatived.

BUSINESS

Days and Hours of Meeting

Mr ALBANESE (Grayndler—Leader of the House) (9.15 am)—I move:

That on:

- (1) Thursday, 27 November 2008, the House at its rising adjourn until 10 a.m. on Monday, 1 December 2008, and

- (2) Monday, 1 December 2008, notices and orders of the day, government business, have precedence until noon, then the order of business for the remainder of the sitting be as provided for in standing order 34.

For the benefit of members, the resolution of this motion means that upon its adjournment today the parliament will resume next Monday at 10 am. That is so as to have additional debating time for the fair work legislation. There is of course a great deal of demand, on this side of the House anyway, to speak about the abolition of Work Choices. I thank the opposition for their cooperation on this issue. By sitting earlier it will mean less need to sit later at night. At this stage we await further details re the sitting times for next week. We are essentially in the hands of the Senate. I urge members, whether they be government, coalition, Independent or Greens, with any influence over in the Senate to encourage them to make their decisions in a timely manner. I commend the motion to the House.

Question agreed to.

RESALE ROYALTY RIGHT FOR VISUAL ARTISTS BILL 2008

First Reading

Bill and explanatory memorandum presented by **Mr Garrett**.

Bill read a first time.

Second Reading

Mr GARRETT (Kingsford Smith—Minister for the Environment, Heritage and the Arts) (9.17 am)—I move:

That this bill be now read a second time.

The introduction of this bill marks a landmark day for Australia's visual artists, whose right to an ongoing economic interest in the value of their artistic works will be appropriately recognised in Australia for the first time.

There are currently more than 20,000 visual artists in Australia whose diversity of work spans painting, sculpture, glassware and photography.

This government values their work; we are committed to enlarging the creative endeavour and recognising artists' contribution to our economy, community and identity.

The decision to introduce a resale royalty right for visual artists has been a long time coming.

Historically, the achievements of our visual artists have not been recognised to the same extent as those of our composers, authors and performers, who are able to earn copyright and performance fees from their work, and thus have an ongoing financial interest in their creative efforts. Visual artists, on the other hand, have little ability to earn income from their work, other than through its initial sale. When a work sells for a

large sum on the secondary art market, the artist receives no direct financial benefit from the sale.

Australia's art market has been through a boom period in recent years and we should all be proud of the incredible talent demonstrated by our visual artists.

Auction sales in 2007 amounted to \$175 million with works sold by 1,578 Australian artists, of which 379 were Indigenous. The value of the auction sales market increased by 75 per cent in 2007.

Sadly, local artists have not shared in the benefits of this substantial activity.

The government's resale royalty scheme, set out in this bill, addresses a situation which is plainly inequitable, by creating a right for visual artists for a royalty payment each time their work sells on the secondary art market. This bill implements an election commitment of the Rudd government.

This is a right which has now been recognised by over 50 countries around the world and is long overdue in Australia.

The scheme which the government has developed delivers a right for visual artists, but also very importantly, introduces the right in such a way as to ensure minimal impact on Australia's art market.

The scheme is administratively simple and straightforward to understand. A flat five per cent royalty rate is fair for all artists, with no cap on the maximum royalty which may be earned on an individual resale. Joint creators of artworks will also be recognised under the scheme.

The royalty will apply for the current period of copyright, 70 years following the death of an artist, so that artists can pass on their right to their families and heirs. This is important, as it can often be the case that artists only achieve recognition and success late in life, having spent a lifetime with modest means developing their creative skills. Data on the income of visual artists demonstrates how little they earn on average from their creative work.

Royalties will be collected by a single collecting organisation which will be appointed by the government through a competitive and transparent tender process. There are clear requirements for the collecting organisation to ensure administrative costs are kept to a minimum with the maximum revenue possible returned to artists.

The collecting organisation will be vested with the powers necessary to access the information required for it to determine quickly when and to whom royalties are payable.

Importantly, the right will only apply to resales of artworks that are acquired after the right comes into effect. This is to ensure that purchasers of artworks are aware at the time they make their purchase that a roy-

alty may be payable to the artist if they choose to resell the work. It will also allow the art market to adapt gradually to the new right. While the art market has experienced a boom in the last few years, this is likely to be tempered by the changing economic circumstances. So it is important that the resale royalty right is introduced in such a way as not to have a negative impact on the art market, which in the end would not help artists.

The resale royalty right the government is introducing is not just about raising additional income for artists. Introducing the right will significantly increase the transparency of the art market, which, of course, is particularly important for Indigenous artists, who have sadly continued to be exploited by some unscrupulous dealers. The bill requires sellers to notify the collecting agency each time a work is resold on the secondary art market. This means the collecting agency will keep detailed records on all relevant sales occurring and will need to publish key data in its annual report, which will be tabled in the parliament.

Australian visual artists and their advocates have been campaigning for a resale royalty right for at least a decade. They have emphasised its importance both as a significant statement of the esteem in which Australia holds its visual arts culture and as an economic reward and incentive for the creators of high-quality art.

As the resale royalty scheme grows throughout the years, Australia's artists—like artists from the United Kingdom, France, Germany and a growing list of other countries—will share in the proceeds of the trade in their works on the secondary market. Artists will be encouraged to know that, whatever they are initially paid for the products of their hard work and talent, they will have a fair share in any future success their work achieves.

Because the right is recognised in the Berne Convention for the Protection of Literary and Artistic Works, it will be possible for Australia to establish arrangements with other countries which acknowledge the right to a royalty for Australian artists whose work is sold in those countries. Although the resale royalty schemes in operation across the world differ substantially in how they operate, each scheme has particular benefits for artists or their heirs.

At the beginning of my remarks introducing this bill, I said that the introduction of this bill marks a landmark day for Australia's visual artists—and it does. These artists' rights to an ongoing economic interest in the value of their works, a right which has been denied for too long, will finally be appropriately recognised in Australia for the first time. I commend the bill to the House.

Debate (on motion by **Mr Lindsay**) adjourned.

RESALE ROYALTY RIGHT FOR VISUAL ARTISTS BILL 2008

Reference to Committee

Mr GARRETT (Kingsford Smith—Minister for the Environment, Heritage and the Arts) (9.24 am)—I move:

That the Resale Royalty Right for Visual Artists Bill 2008 be referred to the Standing Committee on Climate Change, Water, Environment and the Arts for consideration and an advisory report to the House by 20 February 2009.

Question agreed to.

BUSINESS

Rearrangement

Mr McCLELLAND (Barton—Attorney-General) (9.25 am)—I move:

That orders of the day Nos 1 to 7, government business, be postponed until a later hour this day.

Question agreed to.

SAME-SEX RELATIONSHIPS (EQUAL TREATMENT IN COMMONWEALTH LAWS—GENERAL LAW REFORM) BILL 2008

Consideration of Senate Message

Bill returned from the Senate with amendments.

Ordered that the amendments be considered immediately.

Senate's amendments—

- (1) Clause 2, page 2 (table item 3), omit the table item.
- (2) Clause 2, page 3 (table item 17), omit the table item.
- (3) Clause 2, pages 3 and 4 (table item 18), omit the table item.
- (4) Clause 2, page 4 (table item 19), omit the table item.
- (5) Clause 2, page 4 (table item 20), omit the table item.
- (6) Clause 2, page 4 (table item 21), omit the table item.
- (7) Schedule 2, Part 1, page 8 (line 3) to page 9 (line 36), omit the Part.
- (8) Schedule 2, item 4, page 10 (lines 23 to 30), omit the definition of *child*, substitute:

child: without limiting who is a child of a person for the purposes of paragraph (a) of the definition of *near relative* in this subsection, someone is the *child* of a person if he or she is a child of the person within the meaning of the *Family Law Act 1975*.
- (9) Schedule 2, item 9, page 12 (lines 2 to 8), omit the definition of *child*, substitute:

child: without limiting who is a child of a person for the purposes of this Act, someone is the *child* of a person if he or she is a child of the person within the meaning of the *Family Law Act 1975*.
- (10) Schedule 2, item 11, page 12 (lines 19 to 25), omit all the words from and including “is the product” to and including “relationship.”, substitute “is a child of the person within the meaning of the *Family Law Act 1975*.”.

- (11) Schedule 2, item 34, page 15 (lines 7 to 13), omit the definition of **child**, substitute:
- child**: without limiting who is a child of a person for the purposes of this Act, someone is the **child** of a person if he or she is a child of the person within the meaning of the *Family Law Act 1975*.
- (12) Schedule 2, item 36, page 15 (line 20) to page 16 (line 9), omit the definition of **parent**, substitute:
- parent**: without limiting who is a parent of a person for the purposes of this Act, someone (the **adult**) is the **parent** of a person if:
- the adult is legally entitled to, and has, custody of the person; or
 - the adult is legally responsible for the day-to-day care, welfare and development of the person and has the person in his or her care.
- (13) Schedule 2, item 41, page 17 (lines 19 to 25), omit the definition of **child**, substitute:
- child**: without limiting who is a child of a person for the purposes of this section, someone is the **child** of a person if he or she is a child of the person within the meaning of the *Family Law Act 1975*.
- (14) Schedule 2, item 43, page 18 (lines 5 to 11), omit all the words from and including “is the product” to and including “relationship.”, substitute “is a child of the person within the meaning of the *Family Law Act 1975*.”.
- (15) Schedule 2, item 61, page 21 (lines 24 to 30), omit all the words from and including “is the product” to and including “relationship.”, substitute “is a child of the person within the meaning of the *Family Law Act 1975*.”.
- (16) Schedule 2, item 67, page 22 (line 27) to page 23 (line 2), omit the definition of **child**, substitute:
- child**: without limiting who is a child of a person for the purposes of this Act, someone is the **child** of a person if he or she is a child of the person within the meaning of the *Family Law Act 1975*.
- (17) Schedule 2, item 73, page 23 (lines 24 to 30), omit the definition of **child**, substitute:
- child**: without limiting who is a child of a person for the purposes of this Act, someone is the **child** of a person if he or she is a child of the person within the meaning of the *Family Law Act 1975*.
- (18) Schedule 2, item 76, page 24 (lines 25 to 31), omit all the words from and including “is the product” to and including “relationship.”, substitute “is a child of the person within the meaning of the *Family Law Act 1975*.”.
- (19) Schedule 2, item 85, page 27 (line 31) to page 28 (line 2), omit the definition of **parent**, substitute:
- parent**: without limiting who is a parent of anyone for the purposes of this Act, a person is the **parent** of another person if the other person is a child of the person within the meaning of the *Family Law Act 1975*.
- (20) Schedule 3, item 2, page 30 (lines 23 to 28), omit all the words from and including “is the product” to and including “relationship.”, substitute “is a child of the person within the meaning of the *Family Law Act 1975*.”.
- (21) Schedule 3, item 6, page 31 (lines 9 to 15), omit the definition of **child**, substitute:
- child**: without limiting who is a child of a person for the purposes of this Act, someone is the **child** of a person if he or she is a child of the person within the meaning of the *Family Law Act 1975*.
- (22) Schedule 3, item 12, page 32 (lines 17 to 24), omit the definition of **child**, substitute:
- child**: without limiting who is a child of a person for the purposes of Part 2A and this Schedule, someone is the **child** of a person if he or she is a child of the person within the meaning of the *Family Law Act 1975*.
- (23) Schedule 4, item 1, page 35 (lines 5 and 6), omit the item.
- (24) Schedule 4, item 2, page 35 (lines 13 to 15), omit subparagraph (a)(ii) of the definition of **child**, substitute:
- a child of the person within the meaning of the *Family Law Act 1975*; and
- (25) Schedule 4, item 2, page 35 (line 19), omit the note.
- (26) Schedule 4, item 9, page 36 (lines 12 to 17), omit the item.
- (27) Schedule 4, item 47, page 41 (lines 14 to 20), omit the definition of **child**, substitute:
- child**: without limiting who is a child of a person for the purposes of subsection (3), someone is the **child** of a person if he or she is a child of the person within the meaning of the *Family Law Act 1975*.
- (28) Schedule 4, item 51, page 42 (lines 22 to 29), omit the definition of **parent**, substitute:
- parent**: without limiting who is a parent of anyone for the purposes of this Act, a person is the **parent** of another person if the other person is a child of the person within the meaning of the *Family Law Act 1975*.
- (29) Schedule 5, item 2, page 44 (lines 11 to 17), omit the definition of **child**, substitute:
- child**: without limiting who is a child of a person for the purposes of this section, someone is the **child** of a person if he or she is a child of the person within the meaning of the *Family Law Act 1975*.
- (30) Schedule 5, item 9, page 45 (line 31) to page 46 (line 4), omit subclause (3) of Schedule 1, substitute:
- For the purposes of paragraph (2)(b), one person is the **child** of another person because of this subclause if he or she is a child of the other person within the meaning of the *Family Law Act 1975*.
- (31) Schedule 5, item 11, page 46 (lines 15 to 21), omit the definition of **child**, substitute:
- child**: without limiting who is a child of a person for the purposes of this Act, someone is the **child** of a person if he or she is a child of the person within the meaning of the *Family Law Act 1975*.

- (32) Schedule 5, item 27, page 49 (lines 17 to 23), omit the definition of **child**, substitute:
- child**: without limiting who is a child of a person for the purposes of this Act, someone is the **child** of a person if he or she is a child of the person within the meaning of the *Family Law Act 1975*.
- (33) Schedule 5, item 40, page 52 (lines 10 to 16), omit the definition of **child**, substitute:
- child**: without limiting who is a child of a person for the purposes of this section, someone is the **child** of a person if he or she is a child of the person within the meaning of the *Family Law Act 1975*.
- (34) Schedule 6, item 1, page 53 (lines 9 to 15), omit the definition of **child**, substitute:
- child**: without limiting who is a child of a person for the purposes of this Act, someone is the **child** of a person if he or she is a child of the person within the meaning of the *Family Law Act 1975*.
- (35) Schedule 6, item 7, page 54 (lines 24 to 30), omit the definition of **child**, substitute:
- child**: without limiting who is a child of a person for the purposes of this Act, someone is the **child** of a person if he or she is a child of the person within the meaning of the *Family Law Act 1975*.
- (36) Schedule 6, items 13 to 16, page 56 (lines 12 to 28), omit the items.
- (37) Schedule 6, item 18, page 57 (lines 8 to 13), omit subsection 23(6), substitute:
- (6) If a child (other than an adopted child) is a relationship child of a person because he or she is a child of the person, and of another person, within the meaning of the *Family Law Act 1975*, the person and the other person are taken to be the child's only parents for the purposes of paragraph (c) of the definition of **qualifying period** in subsection (5).
- (38) Schedule 6, item 35, page 59 (lines 24 to 30), omit the definition of **child**, substitute:
- child**: without limiting who is a child of a person for the purposes of this Act, someone is the **child** of a person if he or she is a child of the person within the meaning of the *Family Law Act 1975*.
- (39) Schedule 6, item 45, page 61 (lines 10 to 19), omit the item.
- (40) Schedule 6, item 68, page 64 (line 30) to page 65 (line 2), omit subsection 993(3), substitute:
- (3) If a young person (other than an adopted child) is a relationship child of a person because he or she is a child of the person, and of another person, within the meaning of the *Family Law Act 1975*, the person and the other person are taken to be the young person's only parents for the purposes of this section.
- (41) Schedule 6, item 70, page 65 (lines 7 to 11), omit subsection 994(2), substitute:
- (2) If a young person (other than an adopted child) is a relationship child of a person because he or she is a child of the person, and of another person, within the meaning of the *Family Law Act 1975*, the person and the other person are taken to be the young person's only parents for the purposes of this section.
- (42) Schedule 6, item 71, page 65 (lines 14 to 18), omit subsection 995(3), substitute:
- (3) If a young person (other than an adopted child) is a relationship child of a person because he or she is a child of the person, and of another person, within the meaning of the *Family Law Act 1975*, the person and the other person are taken to be the young person's only parents for the purposes of this section.
- (43) Schedule 6, item 73, page 65 (lines 25 to 30), omit subsection 1061PL(8), substitute:
- (8) If a person (other than a person who is an adopted child) is a relationship child of another person because he or she is a child of the other person, and of a third person, within the meaning of the *Family Law Act 1975*, the other person and the third person are taken to be the person's only parents for the purposes of subsections (3), (4), (5), (6) and (7).
- (44) Schedule 6, item 85, page 67 (lines 3 to 8), omit subsection 1067A(13), substitute:
- (13) If a person (other than a person who is an adopted child) is a relationship child of another person because he or she is a child of the other person, and of a third person, within the meaning of the *Family Law Act 1975*, the other person and the third person are taken to be the person's only parents for the purposes of subsections (5), (6), (7), (8), (9) and (11).
- (45) Schedule 6, item 88, page 67 (lines 16 to 20), omit subsection 1067B(2), substitute:
- (2) If a person (other than a person who is an adopted child) is a relationship child of another person because he or she is a child of the other person, and of a third person, within the meaning of the *Family Law Act 1975*, the other person and the third person are taken to be the person's only parents for the purposes of paragraph (1)(b).
- (46) Schedule 6, item 101, page 69 (lines 10 to 14), omit subsection 1067D(4), substitute:
- (4) If a person (other than a person who is an adopted child) is a relationship child of another person because he or she is a child of the other person, and of a third person, within the meaning of the *Family Law Act 1975*, the other person and the third person are taken to be the person's only parents for the purposes of paragraph (1)(b).
- (47) Schedule 6, items 104 to 106, page 69 (line 20) to page 70 (line 4), omit the items.
- (48) Schedule 6, item 110, page 70 (lines 14 to 18), omit subsection 1067J(2), substitute:
- (2) If a person (other than a person who is an adopted child) is a relationship child of another person because he or she is a child of the other person, and of a third person, within the meaning of the *Family Law Act 1975*, the other person and the third

person are taken to be the person's only parents for the purposes of subsection (1).

- (49) Schedule 6, item 118, page 71 (lines 8 to 13), omit the item.
- (50) Schedule 6, item 125, page 72 (lines 5 to 11), omit all the words from and including "is the product" to and including "relationship.", substitute "is a child of the person within the meaning of the *Family Law Act 1975*."
- (51) Schedule 6, item 127, page 72 (lines 23 to 29), omit all the words from and including "is the product" to and including "relationship.", substitute "is a child of the beneficiary within the meaning of the *Family Law Act 1975*."
- (52) Schedule 7, item 1, page 73 (lines 7 to 12), omit all the words from and including "who is the product" to and including "relationship.", substitute "of the person within the meaning of the *Family Law Act 1975*."
- (53) Schedule 7, item 9, page 74 (lines 22 to 28), omit the definition of *child*, substitute:
- child*: without limiting who is a child of a person for the purposes of this Part, someone is the *child* of a person if he or she is a child of the person within the meaning of the *Family Law Act 1975*.
- (54) Schedule 7, items 49 and 50, page 83 (lines 12 to 18), omit the items.
- (55) Schedule 7, item 52, page 83 (line 23) to page 84 (line 21), omit the item.
- (56) Schedule 7, heading to Part 2, page 85 (line 2), omit the heading, substitute:
- Part 2—Superannuation amendments**
- (57) Schedule 7, page 85 (after line 6), after item 53, insert:
- 53A At the end of section 51**
- Add:
- (7) The reference in paragraph (6)(a) to the birth of a child of the person includes a reference to the birth of a child who is a child of the person within the meaning of the *Family Law Act 1975*.
- (58) Schedule 7, page 85 (after line 9), after item 54, insert:
- 54A At the end of section 51A**
- Add:
- (8) The reference in subparagraph (1)(b)(i) to the birth of a child of a person includes a reference to the birth of a child who is a child of the person within the meaning of the *Family Law Act 1975*.
- (59) Schedule 7, item 55, page 85 (line 13), omit "(whether Part 2, 3 or 4)".
- (60) Schedule 7, Part 3, page 86 (lines 2 to 21), omit the Part.
- (61) Schedule 7, Part 4, page 87 (line 2) to page 88 (line 7), omit the Part.
- (62) Schedule 8, item 7, page 90 (lines 23 to 30), omit the definition of *child*, substitute:

child: without limiting who is a child of an individual for the purposes of this Act, someone is the *child* of an individual if he or she is a child of the

individual within the meaning of the *Family Law Act 1975*.

- (63) Schedule 8, item 14, page 92 (lines 12 to 18), omit the definition of *child*, substitute:
- child*: without limiting who is a child of a person for the purposes of this Act, someone is the *child* of a person if he or she is a child of the person within the meaning of the *Family Law Act 1975*.
- (64) Schedule 9, item 4, page 94 (lines 9 to 15), omit the item.
- (65) Schedule 9, item 6, page 94 (line 20) to page 95 (line 9), omit the item.
- (66) Schedule 9, item 8, page 95 (lines 20 to 22), omit paragraph (b) of the definition of *child*, substitute:
- (b) someone who is a child of the person within the meaning of the *Family Law Act 1975*.
- (67) Schedule 9, item 8, page 95 (lines 23 to 25), omit the note.
- (68) Schedule 9, item 14, page 96 (lines 16 to 21), omit the definition of *parent* (including the note), substitute:
- parent*: without limiting who is a parent of a child for the purposes of this Part, a person is the *parent* of a child if the child is a child of the person within the meaning of the *Family Law Act 1975*.
- (69) Schedule 9, item 18, page 97 (lines 8 to 14), omit the item.
- (70) Schedule 9, item 19, page 97 (lines 23 to 25), omit paragraph (c) of the definition of *parent*, substitute:
- (c) the child is a child of the person within the meaning of the *Family Law Act 1975*.
- (71) Schedule 9, item 19, page 97 (lines 26 to 28), omit the note.
- (72) Schedule 9, item 21, page 98 (lines 8 to 10), omit paragraph 84(3B)(c), substitute:
- (c) someone who is a child of the person within the meaning of the *Family Law Act 1975*.
- (73) Schedule 9, item 21, page 98 (lines 11 and 12), omit the note.
- (74) Schedule 9, items 23 and 24, page 98 (lines 15 to 34), omit the items.
- (75) Schedule 9, item 26, page 99 (lines 2 to 23), omit the item.
- (76) Schedule 9, item 30, page 101 (lines 12 to 14), omit paragraph (c) of the definition of *child*, substitute:
- (c) someone who is a child of the person within the meaning of the *Family Law Act 1975*;
- (77) Schedule 9, item 30, page 101 (lines 18 to 21), omit all the words from and including "For the purposes" to and including "relationship."
- (78) Schedule 9, items 36 and 37, page 102 (lines 18 to 32), omit the items.
- (79) Schedule 10, item 1, page 104 (lines 9 to 15), omit all the words from and including "is the product" to and including "relationship.", substitute "is a child of the person within the meaning of the *Family Law Act 1975*."

- (80) Schedule 10, item 7, page 105 (lines 7 to 18), omit section 8, substitute:
- 8 Children born as a result of artificial conception procedures or surrogacy arrangements**
- (1) This section applies if a child is:
- a child of a person under section 60H or 60HB of the *Family Law Act 1975*; and
 - either:
 - a child of the person's spouse or de facto partner under that section; or
 - a biological child of the person's spouse or de facto partner.
- (2) The child is taken for the purposes of this Act:
- to be the child of the person and the spouse or de facto partner; and
 - not to be the child of anyone else.
- (81) Schedule 10, page 107 (before line 5), before item 13, insert:
- 12A Subsection 5(1)**
- Insert:
- adoption** has the same meaning as in the regulations.
- (82) Schedule 10, item 20, page 108 (lines 9 to 18), omit subsection 5CA(1), substitute:
- (1) Without limiting who is a child of a person for the purposes of this Act, each of the following is the **child** of a person:
- someone who is a child of the person within the meaning of the *Family Law Act 1975* (other than someone who is an adopted child of the person within the meaning of that Act);
 - someone who is an adopted child of the person within the meaning of this Act.
- (83) Schedule 10, item 79, page 120 (lines 6 to 13), omit the definition of **parent**, substitute:
- parent**: without limiting who is a parent of anyone for the purposes of this Act, a person is the **parent** of another person if the other person is a child of the person within the meaning of the *Family Law Act 1975*.
- (84) Schedule 11, item 3, page 122 (lines 7 to 13), omit the definition of **child**, substitute:
- child**: without limiting who is a child of a person for the purposes of this Act, someone is the **child** of a person if he or she is a child of the person within the meaning of the *Family Law Act 1975*.
- (85) Schedule 11, item 8, page 124 (lines 7 to 13), omit the definition of **child**, substitute:
- child**: without limiting who is a child of a person for the purposes of this Act, someone is the **child** of a person if he or she is a child of the person within the meaning of the *Family Law Act 1975*.
- (86) Schedule 11, page 125 (after line 21), after item 13, insert:
- 13A Paragraph 15(d)**
- After "spouse" (wherever occurring), insert "de facto partner".
- (87) Schedule 11, Part 3, page 125 (after line 35), at the end of the Part, add:
- 14A Paragraph 38(d)**
- After "spouse" (wherever occurring), insert "de facto partner".
- (88) Schedule 11, item 16, page 126 (lines 8 to 15), omit the definition of **child**, substitute:
- child**: without limiting who is a child of a person for the purposes of Part 3 and this Schedule, someone is the **child** of a person if he or she is a child of the person within the meaning of the *Family Law Act 1975*.
- (89) Schedule 11, item 23, page 129 (lines 4 to 10), omit the definition of **child**, substitute:
- child**: without limiting who is a child of a person for the purposes of this Act, someone is the **child** of a person if he or she is a child of the person within the meaning of the *Family Law Act 1975*.
- (90) Schedule 12, item 4, page 133 (lines 16 to 22), omit the definition of **child**, substitute:
- child**: without limiting who is a child of a person for the purposes of this section, someone is the **child** of a person if he or she is a child of the person within the meaning of the *Family Law Act 1975*.
- (91) Schedule 13, item 1, page 135 (lines 20 to 26), omit the definition of **child**, substitute:
- child**: without limiting who is a child of a person for the purposes of subsection (10), someone is the **child** of a person if he or she is a child of the person within the meaning of the *Family Law Act 1975*.
- (92) Schedule 13, item 3, page 136 (lines 3 to 9), omit all the words from and including "is the product" to and including "relationship.", substitute "is a child of the individual within the meaning of the *Family Law Act 1975*."
- (93) Schedule 14, item 91, page 152 (lines 9 to 15), omit all the words from and including "is the product" to and including "relationship.", substitute "is a child of the individual within the meaning of the *Family Law Act 1975*."
- (94) Schedule 14, item 98, page 154 (lines 8 to 14), omit the definition of **child**, substitute:
- child**: without limiting who is a child of a person for the purposes of this Act, someone is the **child** of a person if he or she is a child of the person within the meaning of the *Family Law Act 1975*.
- (95) Schedule 14, item 110, page 157 (lines 6 to 12), omit the definition of **child**, substitute:
- child**: without limiting who is a child of a person for the purposes of this Act, someone is the **child** of a person if he or she is a child of the person within the meaning of the *Family Law Act 1975*.

- (96) Schedule 14, item 113, page 158 (lines 16 to 22), omit the definition of *child*, substitute:
- child*: without limiting who is a child of a person for the purposes of this Act, someone is the *child* of a person if he or she is a child of the person within the meaning of the *Family Law Act 1975*.
- (97) Schedule 14, item 125, page 160 (lines 15 to 21), omit the definition of *child*, substitute:
- child*: without limiting who is a child of a person for the purposes of this Act, someone is the *child* of a person if he or she is a child of the person within the meaning of the *Family Law Act 1975*.
- (98) Schedule 14, item 130, page 162 (lines 6 to 12), omit the definition of *child*, substitute:
- child*: without limiting who is a child of a person for the purposes of this Act, someone is the *child* of a person if he or she is a child of the person within the meaning of the *Family Law Act 1975*.
- (99) Schedule 15, item 6, page 165 (lines 23 to 30), omit the definition of *parent*, substitute:
- parent*: without limiting who is a parent of anyone for the purposes of this Act, a person is the *parent* of another person if the other person is a child of the person within the meaning of the *Family Law Act 1975*.
- (100) Schedule 15, item 34, page 168 (lines 21 to 27), omit the definition of *child*, substitute:
- child*: without limiting who is a child of a person for the purposes of this Act, someone is the *child* of a person if he or she is a child of the person within the meaning of the *Family Law Act 1975*.
- (101) Schedule 15, item 68, page 175 (lines 3 to 8), omit subsection 5Q(5), substitute:
- (5) For the purposes of this Act, if under a provision of this Act one person is the child of another person because the person is a child of the other person within the meaning of the *Family Law Act 1975*, relationships traced to or through the person are to be determined on the basis that the person is the child of the other person.
- (102) Schedule 15, item 68, page 175 (lines 9 to 13), omit the note, substitute:
- Note: Paragraph 10(1)(b) and paragraph (b) of the definition of *child* in section 52ZO are examples of provisions under which one person may be the child of another person because the person is a child of the other person within the meaning of the *Family Law Act 1975*.
- (103) Schedule 15, item 70, page 175 (lines 26 to 28), omit paragraph 10(1)(b), substitute:
- (b) a child who is a child of the veteran within the meaning of the *Family Law Act 1975*; or
- (104) Schedule 15, item 70, page 175 (lines 32 to 35), omit subsection 10(2).
- (105) Schedule 15, item 73, page 176 (lines 8 to 15), omit subsection 10A(1), substitute:
- (1) Without limiting who is a parent of anyone for the purposes of this Act, a person is the *parent* of another person (other than an adopted child) if the other person is a child of the person within the meaning of the *Family Law Act 1975*.
- (106) Schedule 15, item 90, page 178 (lines 6 to 12), omit all the words from and including “is the product” to and including “relationship.”, substitute “is a child of the person within the meaning of the *Family Law Act 1975*.”.
- (107) Schedule 15, item 92, page 178 (lines 24 to 30), omit all the words from and including “is the product” to and including “relationship.”, substitute “is a child of the person within the meaning of the *Family Law Act 1975*.”.
- (108) Schedule 15, item 93, page 179 (lines 1 to 3), omit paragraph (ba) of the definition of *child*, substitute:
- (ba) someone who was a child of the deceased within the meaning of the *Family Law Act 1975*; or
- (109) Schedule 15, items 94 and 95, page 179 (lines 4 to 14), omit the items.
- Mr McCLELLAND** (Barton—Attorney-General) (9.26 am)—I move:
- That the amendments to be agreed to.
- Senate amendments (1) to (109) amend schedules 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13, 14 and 15 of the Same-Sex Relationships (Equal Treatment in Commonwealth Laws—General Law Reform) Bill 2008. The amendments also amend clause 2 of the bill, which provides the commencement dates of the schedule to the bill. These amendments were proposed by the government in the Senate. A number of these amendments implement recommendations of the Senate Standing Committee on Legal and Constitutional Affairs in relation to the bill, and I would like to commend the work of that committee in respect to this matter. These amendments will make a number of changes to those schedules of the bill, including amending references in the bill to ‘the product of a relationship’ definition of child to instead refer to ‘a child of a person’ within the meaning of the *Family Law Act 1975* and removing amendments relating to the concepts of ‘legal responsibility’ and ‘custody, care and control’. The amendments also remove the amendment inserting a definition of ‘de facto partner’ into the Acts Interpretation Act 1901 as the Same-Sex Relationships (Equal Treatment in Commonwealth Laws—Superannuation) Bill 2008 will now insert this definition into the Acts Interpretation Act.
- The passage of this legislation—which I assume will take place, given the opposition has indicated its consent—will complete the process of removing discrimination from a wide variety of Commonwealth laws identified by an extensive audit of those laws as a result of considerable work from the department and the Senate committee to which I have referred. I would

also like to acknowledge the tremendous work undertaken by the Attorney-General's Department and senators and members of the House who have made a constructive contribution to the debate. At the end of the day, I think it is quite a significant event for this parliament to confirm that at long last we have removed discrimination against same-sex couples from Commonwealth laws.

Question agreed to.

(Quorum formed)

TAX LAWS AMENDMENT (LUXURY CAR TAX—MINOR AMENDMENTS) BILL 2008

Second Reading

Debate resumed from 26 November, on motion by **Mr Bowen**:

That this bill be now read a second time.

Mr TRUSS (Wide Bay—Leader of the Nationals) (9.31 am)—Last night when I was speaking on the Tax Laws Amendment (Luxury Car Tax—Minor Amendments) Bill 2008, I drew attention to the fact that it was a piece of legislation that endeavoured to correct some of the flaws in the luxury car tax legislation. This is a fatally flawed piece of legislation. The changes that are being made in the bill, while they are an improvement, go nowhere towards fixing what is a ridiculous tax that has been imposed in an incompetent way. The flaws in this tax, which is badly developed, have arisen because of the bungled process. Deals done in the Senate at the last minute to get the legislation through were not properly considered and when the regulations came out it turned out that the concessions proposed to be granted were in fact largely ineffective.

If we go back a little into its history, this particular tax was a part of the \$19 billion tax grab that was included in the Rudd Labor government's first budget. This drove them into a situation where they became the biggest taxing government in Australian history. In spite of inheriting a \$20 billion surplus and \$60 billion in the Future Fund, the Rudd Labor government could not even develop a satisfactory budget without imposing another \$19 billion worth of new taxes. In spite of \$19 billion in new taxes, yesterday we heard the government admit that after only 12 months in office the budget is going to plummet into deficit. It was deficit day yesterday when Labor admitted that, in spite of the \$20 billion they inherited in surplus and the \$60 billion in the Future Fund, they cannot even balance their first budget. Their first budget is going to go into deficit. That is obviously a demonstration of Labor's incompetence when it comes to financial management.

Whilst they cannot manage the budget in a macroeconomic sense, this legislation is proof positive that they also cannot manage it in a microeconomic sense. The detail associated with the luxury car tax was flawed. The luxury car tax set in place an additional

complication in our taxation regime. As a result of the introduction of the luxury car tax, there will now be a total of six separate rates at which a car can be taxed. It brings back memories of the horrors of the tax system that existed under Labor with the wholesale sales tax rates, which they defended to the death, with multiple complexities of rates. Following this legislation and these amendments, some cars will be able to be taxed at zero per cent, other cars will be taxed at 25 per cent and other cars will be taxed at 33 per cent. All cars will attract a 10 per cent GST, but for some people that GST will be refunded. So in reality there will be six separate rates of car tax.

If you think that it is only luxury cars that are taxed at the top end, you need to think about the poor people who have large families and need a vehicle that can move a large family. Some of them are going to be paying 33 per cent in tax. In fact, including the 10 per cent GST, 43 per cent on a top-of-the-range Tarago will go to the government in tax. That is 43 per cent tax for a large family with all the extra costs that they have in ensuring that their family is able to meet their daily needs. If they need a large vehicle to carry their family around, Labor will tax them 43 per cent on top of the cost. But if you buy a Mercedes, Jaguar, Audi or BMW under Labor, a significant proportion of those imported luxury cars will not have a 43 per cent tax or a 33 per cent tax; they will have zero tax. There will be no tax at all on a Mercedes, but, if you buy a people mover for your family, you will be up for 43 per cent. The reality is that this demonstrates something about Labor when it comes to fairness.

This was a poorly conceived tax and the concessions made to the Greens made it a whole lot worse. This legislation will provide for refunds and/or exemptions for those parties promised by Labor when they introduced the tax, namely primary producers who purchase four-wheel drives, eligible tourism operators and those who ordered a luxury car before the budget. Specifically, it will clarify and correct another one of the incredible bumbles in the original legislation. If you purchased a car or a vehicle that was subject to the luxury car tax through a finance company or a lease plan, you do not qualify for the exemption. That in fact affected 60 per cent of the people who were purported to be eligible for this concession—farmers and tourism operators. Sixty per cent of those vehicles are purchased through leasing or finance arrangements. The bungle in the original legislation meant that most of the people who were supposed to get the concession did not in fact get it.

There are many other anomalies in relation to the concession that is granted on four-wheel drives. These are anomalies that are not being corrected by Labor in this legislation. Under the arrangements, a farmer who owns the land can get the concession on the luxury car

tax for his four-wheel drive vehicle. But if he is a shearing or harvesting contractor working on the same farm he cannot get the concession. The concession is not available to those people, even though they may be working right alongside the farmer with an identical vehicle in an identical place.

The doctor who needs to visit his country patients on dusty roads or on wet nights is not eligible for the concession, even though he may live in a remote country town. But we desperately need to get doctors and other professionals to work in regional Australia. There are one or two members sitting on the government benches at the moment who represent some regional towns. They also represent some of the towns where it is very difficult to get doctors and other professionals to work. Why are you flogging these people with a 43 per cent tax on their vehicle while allowing certain other people who live in Toorak or in the luxury suburbs in Brisbane to get their vehicle while paying no tax at all? If there were any Labor backbenchers who cared about regional Australia and were prepared to stand up for their communities, they would be outraged that the professionals in their country towns are flogged by a tax that people in the cities do not pay. Where is the justice in this? How has Labor managed to think through this sort of nonsense?

Under the arrangements that were put in place, a farmer who was leasing his LandCruiser instead of buying it would also have to pay the tax. That is being corrected by this legislation and that is a welcome move. In addition, we have issues associated with cars that were purchased before the budget but not delivered until after 1 July. This legislation will ensure that the tax increase will not apply to them. This will also confirm that eligible refunds under this provision will be paid directly to the people who are entitled to receive them.

There are many other anomalies in this legislation. For instance, if a person buys a BMW 3 Series, they will pay no tax at all. If they buy a Holden Commodore, they will be slugged with the full 33 per cent luxury car tax. If they buy a Jaguar X-Type, which is totally imported, the luxury car tax will not apply. But if they buy a top end Ford Falcon there will be \$1,000 worth of extra tax.

This government have waxed lyrical about their new \$6 billion car subsidy program. This is a \$6 billion plan to try and encourage the Australian car industry to manufacture new models and be competitive. I am supportive of the Australian car industry. I wish it were more economically competitive and better focused. I wish that the government would adopt the same attitude to other Australian industries that they have to the car industry. When they inquire into future arrangements, they pick their mates to organise the outcome that they want rather than trust the Productivity Com-

mission. The standards that this government have adopted in relation to the car industry are totally different from what they apply to so many other industries in Australia.

But in one area they are consistent: they are consistently inconsistent. Why are they putting a \$6 billion subsidy into the Australian car industry and yet taxing Australian luxury cars but allowing imported Jaguars and Mercedes and Audis and BMWs to be imported tax free? If you buy an up-market Holden or Falcon you pay up to 43 per cent in tax; if you buy a Mercedes or a Jaguar you pay zero tax—you do not even pay the standard luxury car tax rate of 25 per cent; you pay nothing at all. That means the government are artificially subsidising the import of a range of foreign produced cars that are built by foreign workers. They are giving those people a subsidy, yet on the other hand Australian workers are producing cars that are taxed at a rate of 43 per cent.

Is it any wonder that the government need to give them a \$6 billion subsidy when they are flogging them with a 43 per cent tax at the other end? This government is so inconsistent and this policy is so poorly thought through that this is the kind of rubbish that is being delivered. That is what results from the kinds of backroom deals that allowed this legislation to pass in the first place.

A large Australian-built Holden attracts the full tax, but if you buy Jaguars, Mercedes, Audis, BMWs et cetera—the cars that you are more likely to see double parked at Double Bay—you get those tax free; no tax at all; zero.

Mr Bidgood interjecting—

Mr TRUSS—We have the honourable member opposite defending that situation. Let him go home and talk to the doctors in the remote towns in his electorate and tell them that it is fair for them to pay 43 per cent tax while the people parked at Double Bay can have their cars tax free.

The reality is that this government has not thought through its legislation. It is has bungled the process. The original legislation was fatally flawed. This new legislation, a great embarrassment to the government, has had to be brought in to fix just a few of the problems. We welcome the fact that those problems will be fixed and that a few of the bumbles are being unravelled. For that reason, the opposition will support the bill. But if the government is serious about having a luxury car tax regime that is fair and equitable, it will recast the entire legislation and withdraw the whole of the luxury car tax and devise a scheme that is fair and equitable.

As others have said in this debate, we have had a luxury car tax now for quite some time, set at 25 per cent. Labor, as a part of its tax grab, decided to put an

eight per cent surcharge on the luxury car tax. Now it has allowed a set of exemptions. Those exemptions are in areas where it is appropriate to make exemptions, but in addition to that it has actually taken off the existing 25 per cent luxury car tax that has been applying to the Mercedes, the Jaguars and the BMWs. It has taken that away. The inconsistency in what the government has done is absolutely mind-blowing. It needs to fix the legislation. It needs to fix the tax—lock, stock and barrel. The opposition will be supporting these amendments, but they do not go anywhere near far enough to resolve the problems, the injustices, that this legislation has created.

Mr NEUMANN (Blair) (9.45 am)—After listening to the member for Wide Bay, I wondered what sort of response he would have if there were a bill which he fully supported. He would be almost orgasmic in his support, because the response we had here from the member for Wide Bay was quite extraordinary. It really is a bit rich for the National Party, or the Liberal-National Party—whatever they call themselves in Queensland today—to criticise us for a lack of commitment to rural and regional Australia. For the authors and architects of the Regional Partnerships rorts to say that somehow the luxury car tax is all our responsibility and something that we have imposed is to not look at or consider history, because in 1979 the Fraser coalition government imposed a form of additional tax on luxury cars.

The coalition government did that in 1979 and the luxury car tax was first introduced in the form it is currently in on 1 July 2000. We were not sitting here on this side of the House on 1 July 2000. If you look at history, it was the Howard coalition government which introduced the luxury car tax. But when you listen to the member for Wide Bay, it is almost like he has political amnesia on that point. The luxury car tax was first introduced when the GST was introduced, and for members of those parties opposite to lecture us about imposing tax is a bit rich when you consider it was they who imposed the GST upon the people of Australia with almost no compensation.

In addition to that, one would think when you listen to those opposite that in fact there are different tax rates for those who live in rural and regional areas and those who live in the cities. We heard the member for Mackellar talk about the Constitution today. I would suggest that those opposite have a look at the Constitution, because it talks about the fact that you cannot do these sorts of things. We on both sides of the House, conservative parties in different forms and the Labor Party in its current form, have been here since Federation. You would think that those opposite would have some sort of collective memory in relation to this, but, no, they have not.

The member for Fadden said last night that our luxury car tax was rushed. It is the case that the Treasurer announced on 13 May this year, in the budget speech, that we would bring fairness and integrity to this area. That is when it was first announced that we would increase this tax from 25 per cent to 33 per cent. I can hardly say that is rushed in the circumstances.

The luxury car tax currently applies at a rate of 25 per cent for every dollar over the luxury car tax threshold. The rate of increase we are talking about here is to 33 per cent, with effect from 1 July 2008. The current luxury car tax threshold is \$57,123. The threshold is indexed annually and there is a definition of luxury cars in section 25-1 of the act, and that excludes certain vehicles. If you listened to the member for Wide Bay talk, you would think that we had some intention of punishing low- and middle-income earners who buy cars to take their kids to school and get themselves to work and that we had some sort of pernicious attitude towards those who live in rural and regional areas. That is the attitude you would get from those opposite. Then at the end he said he supported the tax legislation before the House, the Tax Laws Amendment (Luxury Car Tax—Minor Amendments) Bill 2008. It is quite extraordinary.

Section 25-1 of the act excludes certain vehicles, including prescribed emergency vehicles, motor homes, campervans and commercial vehicles and, provided they are not GST free, vehicles that are specifically fitted out for transporting disabled people seated in wheelchairs. The exemptions to the luxury car tax in the legislation remain unchanged, and that is a fact. It is the case that both sides of politics have supported the luxury car tax, and it will apply in this bill to both domestically produced and imported vehicles.

The measure that the Treasurer announced in May is expected to raise about \$555 million over four years. The actual tax change will result, as he said in his press release of 13 May 2008, in a car with a current price of \$100,000, inclusive of goods and services tax and the luxury car tax, being subject to an additional \$2,541 in luxury car tax. 2007 was a pretty good year for the car industry in Australia. There was a new record for the industry: for the first time, more than a million sales were achieved. It is the case that locally produced vehicles accounted for over 19 per cent of the total vehicle sales in 2007.

The member for Wide Bay should have particular regard to the second reading speech of the Treasurer, where he pointed out some facts which are directly at odds with so much of what the member for Wide Bay said. I will go through the speech because I think the member for Wide Bay needs to listen closely. The Treasurer, in this second reading speech, said:

It is estimated that around 10 per cent or around 100,000 of all new car sales made in Australia in 2007 were subject to

luxury car tax. ... Of the top 20 selling cars in 2007, which covers more than 50 per cent of the car market, less than four per cent of those sold are subject to luxury car tax. At the lower end, the increase is in the hundreds, not thousands, of dollars. The increase in the luxury car tax for the lowest cost Toyota Prado models are \$39 and \$98. For the Ford Territory Ghia, the increase is \$496.

And there was mention of Toyota Taragos in the speech. The Treasurer correctly points out:

Of the five Toyota Tarago models, only one attracts the luxury car tax. Of the three largest selling people mover brands, this is the only model that will be impacted by the tax increase.

The explanatory memorandum concerning this bill says that around 105,000 new luxury cars are sold each year. Luxury cars which cost \$100,000 or more are currently taxed at about \$8,000 and under the new tax increase they will be taxed at about \$10,500. As I said, the luxury car tax only applies to the portion of the motor vehicle cost above the \$57,123 threshold.

The coalition have opposed so much of our budget measures, as I have said in this House before, that you would think they had the same mentality as the opposition in 1974 or 1975. They opposed our tax on ready-to-drink alcoholic beverages, the new excise on condensate, changes to the Medicare levy surcharge threshold and others. The truth is that those opposite wish that they were over on this side of the House. They almost have the attitude that the Australian people were really in some sort of stupor on 24 November last year when they voted for us to occupy the benches over here. The truth is that those opposite are yet to come to grips with the fact that they are in opposition. That is the reality.

The government have brought this legislation to the House. We have listened to what Senator Fielding and Senator Xenophon have to say and we have agreed to their amendments. Under what I describe as the Fielding amendment, there will be a refund of the increase in the luxury car tax to primary producers and eligible tourism operators purchasing eligible four-wheel drive and all-wheel drive vehicles. The cap for the refund will be \$3,000 for one vehicle per year for primary producers and \$3,000 per vehicle for eligible tourism operators. Under what I describe as the Xenophon amendment there will be provision that vehicles purchased under a contract entered into before 7.30 pm on 13 May 2008 but delivered after 1 July 2008 will have the 25 per cent luxury car tax. It is a fact that when people buy cars they often arrange for finance subsequently. It is a fact of life.

We have listened to what the good senators have had to say and we have worked with them. We have adopted their amendments to ensure that our luxury car tax increase becomes law. Lest anyone says that we have abandoned the car industry, we have announced a \$6.2 billion plan to make the car industry in this coun-

try more economically viable and environmentally sustainable by 2020. It is the Rudd Labor government that has done that, and it has been done in the context of ensuring that the tariffs in the area are reduced to five per cent.

Like many in this House, I strongly believe that free trade is the way to go in terms of relations between countries. As much as possible we need to ensure that our very competitive car industry, primary producers and those in the manufacturing industry get a fair deal when it comes to selling their produce overseas. We are part of a global community when it comes to the car industry and so many other industries. We will continue to pursue a free trade agenda because that is where the future lies in terms of innovation and global integration.

The Hansonite or McEwen type of solution in terms of protectionism is not the way to go. Quotas and high tariffs only result in the Australian economy suffering. In these circumstances I support this legislation. It will mean, through the extra \$555 million, that the people in my area will receive the kinds of assistance that they need from government. If those opposite want to keep knocking down our tax measures one wonders how they expect us to pay for schools, roads, hospitals and the like. I say to those opposite that they need to look back and think about the lessons of history before they come into this House and start criticising us for taxes they initially imposed themselves. They need to come to grips with the fact, after 12 months, that they sit opposite. They have to recognise that fact. They are trying to bury Work Choices as quickly as they possibly can, but the truth of this matter is that they sit opposite because of Work Choices and they need to support the government's agenda.

The luxury car tax is part of the government's response, in terms of budget, which will have a huge impact in my electorate of Blair and a huge impact in terms of the viability of the Australian government's finances, and that will have a big impact on the economy as we roll out our Economic Security Strategy. People in the 43,792 households in my electorate who receive money in the next few weeks will benefit by virtue of the federal government's responsibility and action. I commend the bill to the House. I think it is a good tax for our economy and a good tax for the integrity and fairness of the Australian taxation system. I support the Treasurer in his endeavours to ensure that the luxury car tax legislation gets through this House.

Mr BRIGGS (Mayo) (10.00 am)—Here we go again: Labor is back with big budget deficits and new taxes. 'It is a good tax'. That is quite an amazing statement by the member for Blair. Two points I will pick up. The member for Blair raised the Whitlam government. How appropriate when we see, after 12 months, a budget going into deficit already. How ap-

propriate that we see a budget with new taxes. Understand this, Mr Deputy Speaker: they inherited the best budget position in the history of the Commonwealth. They inherited a \$22 billion budget surplus; they inherited no net government debt. In fact, they inherited \$60 billion in savings because of the hard work that was done for 12 years by the Howard-Costello government. It is quite extraordinary to have a situation where, after 12 months, we are entering into deficit with new taxes, including a new tax on an industry which is already struggling. This tax is designed to damage the Australian car industry. The effect it will have is to damage the Australian car industry at a time when it is already struggling.

But let us start with the bill. These amendments are amendments to fix mistakes in Labor's own bill. We are debating today the Labor incompetence bill. It is an amendment designed to fix their own stuff-up in their own bill. The flaw that we are correcting is so serious that up to 60 per cent of the farmers and tourism operators Labor claim would be eligible for the rebate on the tax are not eligible. This is a mistake by Labor that we are spending time on in the House again today. The member for Blair said this was a well thought through plan when the Treasurer announced it in May. As I understand it, the Treasurer had not consulted with the car industry. The industry directly affected by this had not been consulted. How is that a well thought through plan? It is quite extraordinary. It really does point to the way that this government is managing this economy at an important time and it is very concerning.

A little bit of history about this tax. The member for Blair claimed it was a tax introduced by the Fraser government—not a prime minister I have a lot of time for. In fact, it was not; it was a tax introduced by the Hawke government back in 1986—Labor in government, new taxes. We had the spectre of the Whitlam government raised in the previous speaker's speech, and I think it is very appropriate that we had that government raised because that is where we are heading with higher taxes and big budget deficits. That is what Labor stands for: higher taxes and big budget deficits. They do not manage the economy well; they do not know how to make the tough decisions required to keep the budget in surplus. For 12 years the Howard-Costello government made the tough decisions to pay off Labor's debt and to keep the government in surplus. Within 12 months that has disappeared. We saw yesterday the Prime Minister slowly and quietly mention into the *Hansard*—he sort of snuck it in there towards the end of one of the most boring speeches the parliament will ever record. After about 24 or 25 minutes, I think, he added in there a 'temporary deficit'. A temporary deficit? Is this like the temporary deficit introduced in 1990 by the Hawke government, which lasted until 1996 when we had to pick up the pieces when we came to government? This is what it is about. There is

no such thing as a temporary deficit with Labor. There will be higher taxes, and this bill is part of the higher taxes, and there will be big budget deficits. This is what Labor will do in government.

The member for Blair says that we have not accepted the loss of the election. We have accepted it all right. The Australian people voted for the Labor government. Labor are governing and the people are dealing with the consequences. And the consequences are that they are dealing with the incompetent management of our economy at a time when we cannot have incompetent management of our economy. They have introduced new taxes when they had a \$22 billion budget surplus hand-delivered to them, and with savings unseen before in a Commonwealth budget. But we know what Labor is like; we know what they are about. They are about deficit budgets, they are about higher taxes. It is the same in my home state of South Australia, where the budget is a disaster. The mismanagement of the South Australian economy will damage South Australia for years to come.

Let us look at New South Wales: one of the most extraordinarily mismanaged, corrupt governments in the history of our Commonwealth—probably the worst government in the history of the Commonwealth—to the point where a major daily paper used their front page to say 'Sack yourselves'. That is all because of the mismanagement of the economy. The New South Wales economy is dragging the Australian economy down, because it is in deficit and the government are putting new taxes on. Where is the familiar ring? The familiar ring is here, in this place, with this bill. It is another example of the mismanagement of this economy: higher taxes, big budget deficits. That is what Labor stands for: higher taxes, big budget deficits.

We saw it yesterday. The Prime Minister announced that we will have a temporary deficit—or, as the Treasurer would like to say, a 'negative surplus'. It is only temporary though; it will only last the Australian people five, maybe 10 years and it will damage them for however much longer, and it will require us in government again to fix it. Someone with the competence of the Leader of the Opposition understands how to run an economy, he understands how to make the tough decisions—like the members Higgins and the former Prime Minister did for 12 years.

The government inherited the best budget position in the country's history, yet they put a new tax on the car industry at the wrong time. Can you understand the consistency of handing the car industry \$6 billion with one hand and applying a new tax with the other? It is a tax which wholly and solely hits the Australian car industry. I note the member for Makin is in the House. South Australia's reliance on the car industry, particularly in the northern suburbs of Adelaide, is vital. Holden is a vital part of the South Australian economic

fabric. This sort of tax will put pressure on them remaining viable in Australia. Can you imagine a government putting a tax on this industry at this time but on the other hand handing them \$6 billion? The inconsistency is breathtaking. But it is what Labor do—big budget deficits and higher taxes. That is and always has been the Labor way. Those on the other side are the most remarkably trained spinners of all time—they are the Shane Warnes of the parliament. They come in here and they have been handed their Hawker Britton talking points in the morning—the hollow men in the PM's office have worked hard overnight. High tax is good; budget deficits are okay. That is what we will hear from the other side—black is white, white is black; budget deficits are good and higher taxes are good—and we will hear how economically irresponsible we are for standing in the way of higher taxes. I will tell you, Mr Deputy Speaker: I will always stand for lower taxes; I will always stand for budget surpluses.

When there is economic growth—and the Treasurer's own MYEFO statement says that the government expect the economy to grow by two per cent—under no circumstances should there be any room for a budget deficit. Under no circumstances should there be any room for a budget deficit when you are putting on a new tax, and that is what this is. We are debating an amendment bill about a new tax. It is quite an extraordinary bill. Have no doubt about the position of the budget when the new government came to office. They formed a budget in May this year with the best set of books that they could dream of. The Prime Minister must have woken up on 25 November, had his briefing from Dr Shergold and Dr Henry and said, 'I've just walked into candy land.'

Mr Randall—Won Lotto.

Mr BRIGGS—Just won Lotto. We have the best budget position of all time. How could we stuff this up? How possibly can we stuff this up within 12 months? Again, it is interesting that the member for Blair spoke about the Whitlam government—the similarities are breathtaking. It is not just us who say that they inherited the best budget position of all time. There is a point I noticed the Treasurer did not mention yesterday on 'Deficit Day', as it will become known in his place—not the 'fundamental injustice day' that we all remember so well. Yesterday was 'Deficit Day'. The OECD said on page 144 of their Economic Outlook that the recent budget measures—these are the budget measures that the Labor Party are taking great pride in, the 10.4 billion pump priming of the economy—were 'made possible by the significant fiscal leeway built in the previous years'. I will repeat that: 'made possible by the significant fiscal leeway built in the previous years'. Who built that fiscal leeway? It was the member for Higgins and the former Prime Minister. This government within 12 months has

turned it around with big budget deficits and new taxes. That is what Labor stands for—big budget deficits and new taxes. That is what this bill does. It is a disgrace—12 months in.

Mr Garrett—You're repeating yourself now.

Mr BRIGGS—That is from the minister for no portfolio who sits there while the South Australian Lower Lakes die and does nothing about it—the ultimate hollow man, the ultimate sell-out. Talk about sell-outs—this bloke wrote the book on it or sung the song about it maybe. Talk about sell-outs—the Whitlam government spectre is back, inherited by the—

Mr Sullivan—We have a convention here that we refer to members by their electorates, but not this fellow.

The DEPUTY SPEAKER (Hon. BC Scott)—The member for Longman in his interjection makes the point. The member for Mayo will refer to ministers and people in this place by their seat or their title.

Mr BRIGGS—I will leave it on this note. The Labor Party stands for higher taxes and big budget deficits.

Mr ZAPPIA (Makin) (10.12 am)—I rise to speak in support of the Tax Laws Amendment (Luxury Car Tax—Minor Amendments) Bill 2008. Before I get on to the substance of the bill, can I respond to some of the assertions and comments made by the member for Mayo. He started off by talking about what the Rudd Labor government inherited when we came to office. Let me remind him just what we inherited. We inherited a Murray-Darling Basin in absolute crisis after 12 years of a coalition government that did absolutely nothing about securing Australia's water supplies. I can talk about that in detail on another occasion because there are plenty of examples that I can use where the previous coalition government—

The DEPUTY SPEAKER (Hon. BC Scott)—The member for Makin will heed the good advice he has given himself. You will talk about that on another occasion. I will remind you of the bill before the House.

Mr ZAPPIA—I am speaking on the bill before the House. The comments I am about to make will all be relevant. We inherited an infrastructure deficit in this country to the tune of tens of billions of dollars. Just in local government alone there is a \$1.3 billion annual infrastructure maintenance deficit each year, let alone what happens in state and federal governments and let alone the deficit we inherited in infrastructure that was never built and should have been. We inherited an education standards deficit in this country, a health system that was in crisis, a broadband system that was worse than most other countries in the world and a housing affordability crisis. That is what we inherited, not what the member for Mayo would like people to pretend the

Rudd government inherited, a healthy economy, on coming to office.

Let me just respond to a couple of other things that the member for Mayo raised. He made comments about the South Australian financial situation. It took the Rann Labor government, when they came into office in 2002, to restore a AAA credit rating to the South Australian government. Previous to that it did not have it. So, when he talks about economic responsibility, perhaps he ought to get his facts right. Can I make a final comment about another matter that he raised when he talked about the coalition government having to fix matters after Labor had been in government. I say to the member for Mayo: just like he stitched up the Australian workers with his personal involvement in the extreme Work Choices legislation, which he now says is dead, let us see how he stitches up and fixes up the other issues that he believes need to be fixed up if the coalition ever return to the government benches. They might say for now that things like Work Choices are dead, but looking at their actions and their past performance one would be foolish to believe that.

This is an important bill because the luxury car tax in itself is an important issue. It is important because it is relevant to the government's tax-raising measures, and it is important because this bill will have an impact on the future of the Australian automotive industry. I am going to address both of those issues separately. It is interesting when you hear members opposite talk about how they are so concerned about the Australian automotive industry, but their rhetoric is not matched by their actions in respect of this bill. The luxury car tax is not a new measure. As the member for Blair pointed out, it was introduced by the coalition government in 1979, and the current 25 per cent tax that applies was set by the coalition government when the GST was introduced. If you accept that the coalition government introduced the tax in 1979, and if you accept that they had a chance to change, modify or remove it—do whatever they believed ought to be done with it when they set it at 25 per cent—you must also accept, presumably, that they believe it is a reasonable tax to impose. If they believe that a luxury car tax is an unfair tax, why did they not do anything about it, and why did they not do anything about it in the 12 years they were in office?

The world faces some tough economic times ahead. Yesterday we heard the Prime Minister tell parliament just how serious the global economic outlook is and of the impact the global financial crisis is having on many other countries. Governments around the world are bracing themselves for serious economic downturns and are attempting to stabilise and strengthen their economies with whatever measures are available to them. The Rudd government understands the gravity of the situation here in Australia and has been acting deci-

sively and responsibly. It acted prudently earlier on this year when, in May, it set the federal government's budget. It acted prudently when it set aside a healthy budget surplus. When members opposite keep talking about the budget surplus that was only possible because of what the Rudd government inherited, I say to them: it was the Rudd government who set the budget in May. I say to them that the Rudd government could have done whatever it liked with that budget but, very responsibly, it set aside a surplus. It was not because the surplus we have is the same surplus that was inherited by the Rudd government; that surplus was used in the May budget and the Rudd government quite deliberately set aside a surplus. It is a surplus that can now be used to stimulate the Australian economy and help buffer Australia from the impacts of the global financial turmoil we are facing.

That surplus is contingent on the tax-raising measures contained in the budget, and that includes the luxury car tax increases proposed in this bill. It is a tax that is not unreasonable and is consistent with the general principles of taxation—that those who can afford to pay more tax in times of greater need should contribute more to the tax revenue of governments. Interestingly, the Senate committee made a point about that when it said that, given that tax reductions were provided in the May budget which commenced on 1 July, it would not be unreasonable under those circumstances and under the present conditions to increase the luxury car tax.

As I said earlier, when the members opposite were in government, they introduced the tax and now they are opposing it. Again, interestingly, if they were to come into this House and say, 'We're not opposing the tax; we're not opposing the principles but perhaps it ought to be set at a different level,' I could understand that, but I have not heard one single member from the coalition actually say that. But of course it should not surprise any of us that they are opposing this tax, because if there is one thing that members opposite are consistent about it is about being inconsistent. Their position on policy changes like the weather: they have a different position each day, and, depending on which coalition member you ask, there are likely to be several different positions on any one day.

Taxes are raised by governments in order to pay for government funded services and infrastructure. The Rudd government recently committed to a \$10.4 billion Economic Security Strategy both to assist Australians doing it tough and to provide a stimulus to the Australian economy. That \$10.4 billion Economic Security Strategy provides for \$4.8 billion for an immediate down payment on long-term pension reform, \$3.9 billion in support for low- and middle-income families, \$1.5 billion to assist first home buyers and \$187 million to create 56,000 new training places in the year

2008-09. From within those expenditures, single pensioners will be paid \$1,400 before Christmas, couples will receive \$2,100, people receiving the carer allowance will receive \$1,000 and for families on tax benefit A there will be a one-off payment of \$1,000 for each child.

That package is only possible because of the surplus the Rudd government provided for in the budget and only possible if all the tax-raising measures that provide and create that surplus are put into place. From the outset, members opposite have, on the one hand, said they support the Economic Security Strategy yet, on the other hand, they come into this place and say they want a 5c a litre reduction on the petrol excise. They opposed the alcopops tax. They opposed the gas condensate tax. Now they oppose the luxury car tax proposed in this bill. I say to members opposite: do they support the Economic Security Strategy or do they not? If they do support it, how do they expect it to be funded if they oppose every tax-raising measure that the government uses to create a budget surplus? It simply does not add up. If you oppose this tax, then tell us just which parts of the economic security package you are prepared to do away with. Are you going to suggest that perhaps the \$1,000 payments to the carers ought not to be paid? Or are you going to suggest that perhaps the \$1,000 payment to the children of families on tax benefit A ought not to be paid? Just tell us where you are going to make the cuts to that economic security package if you are going to oppose the tax-raising measures?

We know from their own statements that when they were supposedly concerned about pensions they were prepared to leave out over two million pensioners under the coalition's proposals to provide pension payment relief to people in this country. Under the coalition's proposal there would have been 1.1 million age pension couples who would have received nothing. There would have been 732,000 disability support pension recipients who would have received nothing. There would have been 130,000 carer payment recipients in this country who would have received nothing. There would have been 32,000 wife and widow pension recipients who would have received nothing and 200,000 veterans and partner service pension recipients who would have received nothing. So much for their care for the people that are doing it tough in this country and so much for their care and concern for the pensioners of this country! I suspect that if you really gave them the choice between a luxury car tax and making cuts to one of those pension recipients, it would be the pension recipients who lost out. Coalition members cannot have it both ways. They cannot say on one hand that they want the government to spend and on the other hand say they will not allow us to raise the funds we need in order to spend.

I now want to turn to the second issue associated with this bill, the issue of jobs. In recent days the mantra from the coalition has been all about Australian jobs. We heard it in question time yesterday; we heard it in question time the day before. Their actions, however, do not match their rhetoric and they certainly do not when one looks at their position on this bill.

This legislation will provide a much-needed boost to the local Australian automotive industry because it will very likely boost sales of locally made cars. In respect of that, I refer to a comment from Peter Vaughan of Business SA when the announcement to do with the luxury car tax was made. On 11 May he said:

Business SA has welcomed the Federal Government's promise of tax reform ahead of Tuesday's budget.

It says the decision to increase tax on luxury cars could be beneficial for South Australia's car market, which mostly makes models outside the prestige market.

Business SA chief executive Peter Vaughan says that could boost sales for a lot of locally manufactured cars.

'It may well of course lead to a greater demand for locally produced cars that are in the non-luxury class,' he said.

'That would certainly help our local producers, particularly Holdens in South Australia, so that may well be a welcomed initiative ...

That is one of the very important impacts of this legislation: it will help the local producers. The Australian automotive industry is worth \$7.7 billion to Australia's economy. It employs over 60,000 Australians and undoubtedly sustains tens of thousands more. It contributes to Australia's export dollars. It sustains much of the research and development in Australia's manufacturing sector.

As with all automotive manufacturers around the world, the Australian automotive manufacturers are going through some exceptionally tough times. New vehicle sales have slumped, and I understand that in October they slumped by about 11 per cent, reflecting the global economic situation and the credit squeeze.

The Rudd government understands the importance of the automotive industry to the Australian economy. That is why earlier this year the Rudd government announced the \$6.2 billion automotive plan for Australia, and I refer to the press release put out by Senator Kim Carr in respect of the \$6.2 billion automotive plan, because it sums it up as well as I could do in my own words. The release said:

... a \$6.2 billion plan to make the automotive industry more economically and environmentally sustainable by 2020.

The Green Car Plan will feature an expanded \$1.3 billion Green Car Innovation Fund which will provide Australian car companies with the opportunity to receive Government funding to design and sell environmentally friendly cars.

The Innovation Fund will see the Australian Government match industry investment in green cars on a \$1 dollar to \$3 dollar basis over a 10 year period from 2009.

... ..

The 13-year *New Car Plan for a Greener Future* is about manufacturing competitive, low-emission, fuel-efficient vehicles in Australia. It will create well-paid, highly-skilled green jobs for the future.

The plan is expected to generate \$16 billion in investment in the Australian automotive industry over the life of the plan.

... ..

a better-targeted, greener, \$3.4 billion assistance program, the Automotive Transformation Scheme, running from 2011 to 2020;

... ..

and it went on to say:

\$116.3 million to promote structural adjustment through consolidation in the components sector and to facilitate labour market adjustment;

\$20 million from 2009-10 to help suppliers improve their capabilities and their integration in complex national and global supply chains.

In respect of that plan, let me quote some of the responses from industry. Mark Reuss from Holden said:

This announcement provides certainty for the industry, its 64,000 employees and hundreds of direct and indirect suppliers. Through the Government's commitment to doing what is right, local manufacturers will embark on a decade of innovation.

Marin Burela from Ford said:

The Federal Government's new car plan represents a significant and comprehensive package, with a number of key elements that have the potential to drive a paradigm shift in Australian automotive manufacturing.

Max Yasuda from Toyota said:

The Government's policy settings will assist the industry to evolve to meet this competition and build a solid base for future development.

It is a good plan and a plan that was welcomed by the industry.

In my home state of South Australia I am acutely aware of the importance of the GMH plant to the economy of South Australia and to the thousands of families who are dependent on a viable and sustainable automotive industry. Three and a half thousand South Australians are employed at the GMH plant at Elizabeth and thousands more in associated industries. Many hundreds of those families and workers at the GMH plant at Elizabeth live in my electorate of Makin; I speak to them every day. I visited the GMH plant with Senator Kim Carr only two weeks ago, and we met with both GMH executives and representatives of the many automotive suppliers in South Australia. They welcomed the Rudd government's automotive plan. They also shared their concerns with us about the effects of the global financial crisis on the automotive sector and particularly on GMH operations in Australia.

This proposal, the luxury car tax, will assist automotive manufacturers in Australia because it is very, very likely that people will choose their product ahead of an imported car as a result of this tax—and that is a good thing, because it will sustain jobs in this country. We know that in the last 30 years sales of Australian manufactured cars have dropped from about 80 per cent 30 years ago to around 20 per cent today. We know that the automotive sector in this country is important to the future economy of our country, but we also know that if it is going to be sustainable then we need to do whatever we can to ensure that it can compete with the rest of the world, and this is one measure which I believe will do that.

To those people who talk about this tax as taking away choice—and I noticed that the Leader of the Opposition in his remarks on this bill talked about how this would remove choice—let me say that this is all about choice. You can choose whether you buy a luxury car or not. You can choose whether you want to pay the tax or not. What is more interesting and perhaps not surprising is that, when it comes to this bill, the Leader of the Opposition's view is consistent with the position that we have seen in recent years from the opposition when it comes to excessive CEO salaries and bonus payments. On those matters the opposition are absolutely silent, because we know which side of the community they support and we know who buys the luxury cars in this country. This bill is about tax-raising. It is also about enabling the government to deliver its Economic Security Strategy. I commend the bill to the House. (*Time expired*)

Debate interrupted.

PERSONAL EXPLANATIONS

Dr STONE (Murray) (10.32 am)—Mr Deputy Speaker, I wish to make a personal explanation.

The DEPUTY SPEAKER (Hon. Peter Slipper)—Does the honourable member claim to have been misrepresented?

Dr STONE—I most certainly do.

The DEPUTY SPEAKER—Please proceed.

Dr STONE—On 25 November, this week, in the Water Amendment Bill 2008 debate in the Senate, Minister Penny Wong seriously and, I suspect, purposely misrepresented my position on Labor's water-purchasing strategy. Minister Wong said:

Dr Stone does not mind purchase—

of water—

as long as it is only in New South Wales. I am not sure she has told you, Senator Nash, that she is happy if we purchase but only if it is in New South Wales.

Mr Deputy Speaker, I have been on the public record continuously and loudly since Labor announced its naive and destructive water buyback scheme.

Mr Garrett—Mr Deputy Speaker, on a point of order: the purposes of a personal explanation are to correct matters on the record. The honourable member is entering into debate about matters that have been debated in the House.

The DEPUTY SPEAKER—I thank the minister for his assistance. I am well aware that the honourable member must show where she has been personally misrepresented and I am listening very closely to make sure that in fact the standing orders are observed. The member for Murray will show where she has been personally misrepresented.

Dr STONE—I can understand the Minister for the Environment, Heritage and the Arts being concerned about my putting the record straight. As I was saying, I have been on the public record continuously and loudly since Labor announced its naive and destructive water buyback scheme, including—

The DEPUTY SPEAKER—Order! The member ought to show how she personally has been misrepresented and ought not to seek to score political points in the process of doing so.

Dr STONE—What I am explaining is that Minister Wong claimed—and I read out the quote—that I do ‘not mind purchase of water as long as it is only in New South Wales’.

Mr Garrett—Mr Deputy Speaker, on a point of order: the purposes of a member seeking to correct the record on a matter of personal explanation is if they have been specifically misrepresented, not in the context of a debate in the parliament but rather on matters that are on the public record. That is the practice in this House, and the member opposite is abusing it.

The DEPUTY SPEAKER—The minister will resume his seat. Under the standing orders an honourable member is allowed to show where she has been personally misrepresented, whether that misrepresentation takes place in a speech in the parliament or in the media. If the honourable member for Murray could bring it to a conclusion, that would assist the House.

Dr STONE—Certainly, Mr Deputy Speaker. I need to make it quite clear that this is a serious misrepresentation, since this matter is of critical importance in my electorate, and my reputation has been smeared by the suggestion that I in fact follow Labor policy on water purchasing. That is why it has been important for me to make this personal explanation in this House.

The DEPUTY SPEAKER—I think the member has shown where she has been misrepresented.

Dr STONE—I have stated, and I just restate for the record, that I have continuously and loudly opposed the water buyback scheme by Labor because it destroys the market—

The DEPUTY SPEAKER—Order!

Mr Garrett—Point of order, Mr Deputy Speaker—

Dr STONE—and distorts prices for irrigators—

The DEPUTY SPEAKER—I think the member has finished her personal explanation.

TAX LAWS AMENDMENT (LUXURY CAR TAX—MINOR AMENDMENTS) BILL 2008

Second Reading

Debate resumed.

Mr LAMING (Bowman) (10.36 am)—In winding up the debate, I do not think it would be terribly constructive to simply restate the arguments, so instead I will just focus on three elements of this Tax Laws Amendment (Luxury Car Tax—Minor Amendments) Bill 2008. In essence, what we are doing here today is fixing up the scrambled egg as best we can before we send it back to the other place to pass what I believe is a bill that has already proven itself to be completely out of its economic times.

The point that has not been made today about the luxury car tax is that at any time a government finds itself in a position where it has to raise a tax it has to make the case to the Australian people that that is an appropriate thing to do. What we have not heard stated today in this debate or in the debate that ensued after this tax was announced is that economic times have changed. Probably page 1 of any economic textbook says that, while an economy is in contraction, it is not terribly smart to start taxing all over again. No government in its right mind would introduce new taxes or increase taxes at a time of fiscal contraction. I guess the New South Wales government is a notable exception. It has introduced taxes just at a time when you are trying to put money back into people’s pockets and keep it circulating. The last thing you want to do economically at that time is increase taxes. Keynes talked about that, and every economist since would probably agree that it is not a terribly wise move unless an extraordinary case is made.

At the start of the year when the new government was increasing taxes I am sure the other side felt that this was a good way to pay for Labor’s promises. Well, that was then. It is a completely different time now. We are debating the minor luxury car tax amendments today in a completely different context. Right now we need to be asking why \$550 million over the forward estimates is being ripped out of Australians’ pockets. No matter what explanation comes from the other side of how the money will be spent, we have to ask why it is being done now. If this were an economic debate, I think most governments—even those in their third or fourth terms or in their decline—would agree this is a foolish tax and would have screwed it up and thrown it away. Instead, this is more of a political point that is being made today: it is more important to avoid rolling back and rolling over than it is to correct a foolish tax.

The case for increasing taxes has not been made in this economic climate. Right now the world is engaging in fiscal stimulus. OECD economies are trying to put money back into people's pockets to circulate the money locally. We are actually seeing the reverse happening here. This is an inflationary tax grab that might well have been appropriate for a Labor government at its hegemony—choosing to increase taxes in areas where it was not going to cop too much political opprobrium—but right now we are in a completely different economic time.

Once you have endeavoured to make a case to increase a tax, you need to look at the sector that is the target of that tax. Moving from page 1 to page 2, the lesson is that you choose, where possible, not to tax highly-elastic purchasing. If you are going to tax something like luxury imports, you can increase that tax only so far before people stop purchasing luxuries. Let us take this to the ad absurdum: if you move the tax from 25 per cent to 100 per cent and make all luxuries twice as expensive, no-one will buy them and you will collect no tax. There is a very subtle balance, as Ronald Reagan himself found with the famous J-curve of tax collection. They found they collected more tax from certain demographics by lowering the rate. That increased the collection. So there is a fine balance.

It is a little precious to say that, because we on this side of the House in 1979 introduced a luxury car tax, we cannot argue that it should not be raised. Every government that chooses to change a tax has to make that case again. It is a case that has not yet been made. It has not been made in this economic climate. It has not been made to tax luxury imports. I do not stand here as a defender of luxury imports; I stand here saying that we know that luxury imports is the one sector that will be hurt most by the economic climate we are about to enter next year. We know that they will shrink the most. We know that anyone employed in that sector has the most to lose. When you choose to tax or estimate how much you will gain from a tax, you should keep in mind that that is shrinking as we speak. MYEFO laid it out: the estimated \$555 million that we would make from this tax has already been shrunk by 20 per cent. I put to you that it will shrink again by another 20 per cent by this time next year. You can only push so hard with a tax before it starts being a self-feeding cycle of lost tax. The case has to be made that this is a tax that will even work.

I move from whether you raise taxes and whether this government has chosen the right sector to how it is being implemented upon the sector. We know that, once you set any level of tax, there is gaming around the margin. There will be gaming to produce a car that is slightly cheaper to avoid the tax, knowing that once you exceed a price of \$75,000 there is considerable disincentive to purchase the vehicle. Of course, this tax

came in long before there were the safety add-ons—electronic steering, airbags and all the other things that make vehicles safer. The one fear we have with this tax is that it is a disincentive to purchase safe vehicles. It is only a small consideration, but one that needs to be aired in this debate.

A far better tax design would take account of those who upgrade for safety reasons, those who need a larger car for their family and farmers and tourist operators who need larger and more expensive vehicles for their businesses. It has taken an unseemly and messy debate between these two places to get the government to agree to that. My personal view is that we should have torn this tax up completely and come up with a luxury car tax that took into account those elements. The opposition in fighting hard for this have gone about as close as we can to unscramble the egg.

So I have gone from whether we should increase the tax to should we be attacking the very sector most vulnerable in the economic climate ahead to are we even going to collect the revenues that we hope to through to are we doing it in the right way at all. At all four levels the government has fallen at the hurdles. It is something you might expect from a government that is in decline. It is something you might expect from a government that is running out of ideas. It is extraordinary that we have these messy debates with rushed legislation being rammed through the chambers in the first six months when there has been all that clear air and time to prepare legislation properly. It is fascinating that this government has simply chosen not to do so. It is fascinating that this government has not chosen to tailor and modify this legislation to make it fit the economic times that we are in. It makes many in the general community outside of this chamber wonder whether this is more a political point being made than an economic one. The other side of the chamber have the general comfort that so long as they hit the rich they can probably get away with it politically. The fact that every time you hear about the luxury car tax on the TV you see an image of a Ferrari makes them think that they can get away with this tax politically.

The speaker who preceded me, the member for Makin, made a very strong case that taxation on vehicles over a certain price—\$555 million over four years—is actually good for the local car industry. There is the counterargument that, by taxing the higher end of Australian car manufacturing, we are removing the most profitable subsector of local manufacturing. The great tragedy is that some Australian vehicles fall in the remit of the luxury car tax. I think it is terribly unfortunate that we added a 25 per cent tax and now a 33 per cent tax on Australian made vehicles. That is an unfortunate design of the tax. Many countries are smart enough to avoid that, but it happens here.

There are ways around that. Of course, we can pull our vehicles down underneath that threshold. But the counterintuitive is that the government's modifications, where fuel efficient vehicles are exempt from the tax, have effectively given a leg-up to foreign made, fuel efficient vehicles over the Australian made equivalents. Do not for one moment read my words to say I do not support fuel efficient vehicles. But I would like to see our domestic vehicle manufacturing sector transitioned to fuel efficiency before the tax is placed. It is extraordinarily painful and frictional to tax the higher end of Australian manufactured vehicles—the most profitable sector of Australian made vehicles—and at the same time make imported BMWs, for instance, because they are fuel efficient, cheaper and more attractive. That is the counterline that we need to consider when we read poorly thought through quotes from business identities in South Australia. I am sure, were they made aware of the alternative impacts of this tax, they would not have said the words that were read into the *Hansard* a few moments ago.

The outcome of cheaper imports being exempt from the tax is quite simple: you undermine Australia's car manufacturing industry. Right now it is a miasma—isn't it?—of money being given and money being taken away. Of course, both sides can make a case that Australian car manufacturing is either better or worse off. But in the end the whole process has been muddied by this legislation. The reality is that Australians are today working on car manufacturing lines and putting together Australian made vehicles that will be subject to a 33 per cent tax. I think this side of the House is right to make the point that that is foolish. You cannot simply say that we cannot make that point purely because we brought in this tax in the first place. The current taxation on luxury vehicles, at 25 per cent, is at a historical level. We are very happy to leave it where it is. The government propose to raise it to 33 per cent. They need to make the case to people in the chamber, to people in the media and to those in the general community that this is the right thing to do at this economic time to this sector, while the Australian car industry is producing cars that can be slugged with the tax. It is unseemly.

The government are quite prepared to do the big-picture things. This week they have been naming healthcare ambassadors and hair care ambassadors. I really cannot resist. There could well be a time for a car care ambassador. There are a number of people on the other side of the chamber. I see the Minister for the Environment, Heritage and the Arts sitting there. He may well have a close relative or a very close friend who might like to be a car care ambassador. If they have a drivers licence, they are probably perfectly capable of being a car care ambassador. Why not name some car care ambassadors to go down to the manufacturing plants and explain a 33 per cent tax on the vehi-

cles we are manufacturing now? The machining and the lines are producing these cars now, and they are going to be taxed at 33 per cent. That would be a fascinating conversation and I would like to be a part of it.

Until we transition our car industry to a point where it can make smaller and more fuel efficient vehicles, I respectfully put that a 33 per cent tax on Australian made vehicles is not really the way to do it. The way to do it is through packages of assistance to transition the sector. That is appropriate. There is no point killing off the demand for Australian vehicles while they are being made. That is not the sequencing of events that is likely to be effective and successful. There are a number of completely unintended consequences of this tax. I do not think the government even realised, when they raised this tax, the impact it would have locally. I do not think they realised how they were going to scramble the egg for tourist operators and farm operators, who were buying vehicles for very good business reasons and being faced with a completely unfair tax. It took an extraordinary battle to have these amendments passed. It was not easy. People listening to this debate will say: 'Surely common sense prevails. Surely two heads can get together and work out a tax that is going to be efficient.' It has been an extraordinary struggle to get farmers and tourist operators exempted from this silly tax in the first place.

Right now the argument for a tax increase is flimsy. As the final speaker in the second reading debate on this bill, the only thing I can say is that I hope we can transition the Australian vehicle manufacturing sector in a way that does not cost us jobs. There are a lot of threats on the horizon. They come not only from the international economy; they come not only from the potential shrinkage of Chinese domestic consumption; they come not only from alterations in the terms of trade; they come also from not maintaining confidence within Australia to consume locally. Make no mistake. This tax will harm the Australian appetite for locally made vehicles, and that is particularly unfortunate. The sequence of this process has to be supporting the sector and transitioning it to smaller and more fuel efficient vehicles, and only after that should we contemplate or even debate any form of tax increase. Now is clearly not the time.

We saw from the other side LandCruisers being deemed to be luxury cars. Vehicles with safety modifications and additions unintentionally fell into the category of luxury cars. It was coarse. It was poorly put together and poorly conceived. Let it be a lesson. We have had yet another episode of painful and often non-productive debate with this government over how to do something as simple as slightly modify a luxury car tax. There has not been a case made for change. There has not been a case made that this is the right time. There has not been a case made that this is the right

sector to target. There has not been a case made that we should be taxing Australian made vehicles prior to delivering assistance packages to allow our plants to move towards smaller and more fuel efficient vehicles. It is with great reluctance that we find ourselves supporting these amendments. They were the best that could be achieved given the conditions and the time available. I think this legislation will come back to haunt the government. I think the car industry has a lot of tough times ahead. I think people will look back on 2008 and remember that a tax hastily conceived at the start of 2008, and rushed and rammed through these chambers at the end of 2008, in the end did more harm than good.

The DEPUTY SPEAKER (Hon. Peter Slipper)—I thank the honourable member for Bowman. I must disappoint him, as I gather he is not the last speaker on this bill. I understand the honourable member for Groom is seeking the call. If that is the case, I call the honourable member for Groom.

Mr IAN MACFARLANE (Groom) (10.51 am)—Mr Deputy Speaker, I am seeking the call because the car industry in Australia is not only very close to my heart but also very close to the heart of anyone who believes in having a manufacturing sector in Australia. We have heard from the Prime Minister at various times how he never wants to see this nation not producing or not making anything. I must admit that, in his time as Prime Minister, he has not actually backed that rhetoric with actions. Instead he has introduced a tax, a tax which is so symptomatic of the problems of this government, that will in fact impact on the manufacturers of Australian cars—particularly manufacturers of Australian cars that have been the backbone of the automotive industry in this country for a very long time, for more than half a century in fact.

It is ironic that we come to this place from time to time to see the government take positive action, and they did take positive action in relation to the car plan—\$8 billion is by any measure positive action. But in actual fact as part of that \$8 billion they were giving back to General Motors Holden and to Ford Australia money that they were taking off them in the luxury car tax in the Tax Laws Amendment (Luxury Car Tax—Minor Amendments) Bill 2008. They were saying to them, ‘Our economic policy in the automotive and manufacturing area is so confused that in May we are going to put up the luxury car tax by over 30 per cent to 33 per cent.’ That is on top of the GST, so we have a government that is increasing an extra tax. So confused are they though that they come back to this place in November and say, ‘Well, we’ve got to give the industry \$8 billion to remain afloat.’ I certainly applaud that. And now of course here we are today trying to amend what is basically a mess. It is a mess because it is policy made on the run and it is an example of the politics

of envy that we so often see from those who sit on the other side of his House.

In the days when the Treasurer oft repeated claims that the inflation genie was out of the bottle, the luxury car tax grab was an attack—as the member for Lindsay so eloquently said on behalf of his party, a tax grab against ‘conspicuous consumption’. Those on that side have decided that it is alright to buy a Cartier watch or whatever takes your fancy, but do not buy a luxury car. If your family has more than five children, do not buy a car that is bigger than a sedan—a people mover or, more likely, a four-wheel drive; do not buy one of them because that is conspicuous consumption. We have a party here who are railing against conspicuous consumption, who want to attack those families who need a vehicle that costs more than \$57,000. Instead of saying, ‘We understand that necessity.’ They say, ‘We’re going to brand you as conspicuous consumers.’ What a deplorable thing to say.

To add to that, they are also saying they are quite happy to tax those people who live in rural and regional Australia where a four-wheel drive is anything but a luxury and anything but conspicuous consumption—it is an absolute necessity. It is an absolute necessity for those wonderful occasions when the heavens open, the rains fall and the roads become boggy, but it is also an absolute necessity at those other times when the roughness of the roads, the ruts and the debris that sometimes falls on those roads mean that if you want your wife and children to travel in safety and in the surety that they will arrive at their destination then you are going to buy a four-wheel drive vehicle.

Of course you also have small business people who buy four-wheel drive and so-called luxury vehicles as a means to conduct their business. We have seen a debate in this House about how important it is to ensure those businesses continue. This is a government that stand up at the dispatch box and say: ‘We are on businesses’ side. We want to encourage people to invest. We want to make sure the economy keeps going.’ But then at the first opportunity they introduce an even bigger tax on some of those small businesses.

These vehicles in this price range are not the Ferraris, the Maseratis and the Porsches that we see the Prime Minister so deceptively refer to any time anyone dares to query this tax grab. These vehicles in this sector are predominately four-wheel drive vehicles. They are predominately vehicles that you and I and other members of his House see regularly in our electorates. These are vehicles which, as I say, are used for business; they are vehicles which are used by larger families; they are vehicles which are used by those people who need these sorts of vehicles to allow them to communicate and transport themselves and their families in a way that you and I perhaps take for granted. When we see taxes like this targeted against conspicu-

ous consumption, against what the Labor Party see as a luxury, it underlines the fact that they have begun in government their war on aspiration. They have wanted for a long time to be in government, and having attained that position their first attack is on that fundamental quality that has made Australians great—that is, aspiration.

When we were in government we wanted to encourage a culture of aspiration, and as the previous government we encouraged it. We wanted everyone to increase their feeling of wellbeing. That is why under our government we saw real wages increase by 20 per cent after inflation. That stands in very stark contrast to what we saw from the previous government when real wages actually fell. Having increased real wages, our government set about lowering taxes with tax reform never before seen in Australia with the introduction of the new tax system—with reforms that Paul Keating when he was Prime Minister never had the courage to implement. Though we know there were times when the Labor Party under the prime ministership of Bob Hawke wished they had the courage, in the end they did not. And so we are now seeing the Labor government attack an area where they see they can do so without political retribution, because in the end there is no economic strategy to what they are doing. They are in fact a government devoid of strategy when it comes to the economy.

As I said in my opening comments, this legislation is symptomatic of a government with no strategy for the economy, at a time when we desperately need to see strategy and when we desperately need to see a government that is surefooted when it comes to dealing with the global financial crisis. We actually have a government who have no strategy and no idea of how to deal with it and who are continually making mistakes that they are not prepared to correct because they do not want to admit they have made mistakes. They do not want to admit that they made a mistake on the deposit guarantee. They do not want to admit they made a mistake on the wholesale lending guarantee. So in the global financial crisis, which we know the rest of the world is experiencing, instead of Australia being in a strong position to deal with it thanks to the previous government, who lowered taxes, got rid of government debt and raised surpluses, this government introduced \$20 billion worth of new taxes and we have gone from having a GFC to having a KFC. Through a whole series of mistakes—and this legislation is part of it—they have actually exacerbated the impact of the global financial crisis here in Australia.

At a time when the government should be instilling confidence in Australians in the economy, we have seen a confused message that has ebbed and flowed across the page depending on what this week's research is turning up as to whether or not the inflation

genie is out of the bottle or whether we have to prepare ourselves for a deficit in the budget. 'Deficit' is a word that they did not dare speak three or four days ago, but they are now saying that we are heading into a deficit. It highlights that, despite the fact that the now Prime Minister said when he was in opposition that he was a fiscal conservative, he is now surrendering all fiscal discipline. Tax grabs, like the luxury car tax, whenever he can apply them, combined with poorly designed legislation right across the board, is how he is managing the current financial crisis. Every day, instead of talking up the economy, we have a government that are talking us into recession and deficit. Increasing the taxes on consumer goods such as motor vehicles only adds to the uncertainty and the fact that consumers are now not sure what they should be doing.

As part of that overall process and the overall lack of understanding of how to run an economy, we are seeing mistakes in the legislation coming forward continually. This particular legislation on luxury car tax has been hastily thrown together and it is an extraordinarily ineffective piece of legislation. The coalition has always recognised the blatant flaws in this legislation, but the Labor Party has pressed ahead with it anyway. As the law currently stands less than half of Australia's farmers and tourism operators are eligible for the luxury car tax surcharge exemptions, which the Labor Party trumpeted after it realised it had made a monumental mistake with this legislation. Only half of those who are affected by this have been able to access the exemption under the legislation as it was carried—only half, not because of conspicuous consumption, which the Labor Party wants to go to war on, or for buying a luxury good but because of buying something that is essential to their daily lives or businesses. Hence, we have a need for these so-called minor amendments. Of course, we support these amendments because they provide for those people who understand the necessities of life. People who need a four-wheel-drive vehicle or a larger vehicle—a vehicle worth more than \$57,000—should be able to access them without an increase in the luxury car to 33 per cent tax.

These mistakes are the direct consequence of Labor arrogantly pushing through—did we just have a glitch in the audio then?

Government member interjecting—

Mr IAN MACFARLANE—Yes, you can use them any time when your guys are speaking too.

The DEPUTY SPEAKER (Hon. Peter Slipper)—We have some gremlins in the system.

Mr IAN MACFARLANE—I am a farmer, give me a screwdriver and a hammer and I can fix it.

The DEPUTY SPEAKER—Let us hope, member for Groom, that we do not have to go down that road.

Mr IAN MACFARLANE—Yes, probably a good hope to have. This mess we now find ourselves in with the luxury car tax amendments is a direct consequence of the Labor Party arrogantly pushing through a tax grab without proper consultation and without taking the time to examine the consequences of what they were doing. We would like to think that this is a rare occasion, but of course it is commonplace with this government—rushed legislation that causes all sorts of discrepancies and distortions. But I guess in this instance, unlike in most, we should be grateful that the government has at least admitted its mistakes and come back to try to rectify them in some way.

What the government cannot rectify is the fact that, as a result of this tax, sales in the car sector have fallen 17 per cent. It said to Ford and Holden, ‘You have vehicles that will attract the luxury car tax but here is \$8 billion to help you along.’ But now they have not even got the sales to recoup the loss. A 17 per cent drop in sales says to me that the government has no understanding of the consequences of what it does. It knows from its record that you stand for three things when you are a Labor government. You stand for higher taxes, higher spending and deficits. What we see from this legislation are higher taxes which are affecting consumer confidence. At a time like this, we really should be wondering if this government has any understanding at all of what is going on. An increase in the luxury car tax is a sign of a tax-hungry government and is a sign of things to come. It is a cash grab against 105,000 vehicles owned by 105,000 Australians and their families.

It is a sign of things to come, as Labor rushes ahead with this reckless approach on a whole range of issues. Compared to some of those issues—some of which are yet to come—this is minor. But, if it makes these sorts of fundamental mistakes in this legislation, one can only wonder what will happen when it introduces the greatest economic change Australia has ever seen in the form of the emissions trading scheme, which we understand we will see legislation on next year. There is a growing concern in the financial and banking sectors in Australia but most importantly among the men and women on the street that this government does not know what it is doing. This is just another example of that.

I have no doubt that this is not the last time you will see us in this House mopping up the errors of the Rudd Labor government. We are going to see from this government more mistakes and more increases in taxes. This is bad legislation. It is a bad tax. It is a sign of a government that does not know what it is doing and does not have a strategy for the economy. Labor is tinkering on the side of this legislation to try and fix it before it moves on to even bigger mistakes.

Mr BOWEN (Prospect—Minister for Competition Policy and Consumer Affairs, and Assistant Treasurer) (11.08 am)—in reply—I thank all honourable members who have contributed to this debate. The Tax Laws Amendment (Luxury Car Tax—Minor Amendments) Bill 2008 corrects some anomalies in amendments moved in the other place by minor party and Independent senators. I would again like to emphasise that these are technical amendments to the legislation. The measures in this bill ensure that the amendments moved in the other place during the debate on the increase to the luxury car tax operate as intended.

I note that one of the provisions being amended was supported by the opposition without the issue of its operation being raised at the time. Now they come in and ‘tut tut’ about technical anomalies that they did not raise at the time. The finance industry and the motor vehicle industry came to the government after that debate and raised their concerns about the interaction of those amendments with the vehicle financing arrangements. We are always more than happy to listen to industry groups, and we listened to those concerns and are acting to provide certainty to car buyers, finance companies and dealers. The measures in this bill are not expected to have any impact on revenue over the forward estimates.

I note from the opening remarks of the shadow minister for trade, transport, regional development and local government that the opposition will not oppose this bill, which we welcome. His remarks were followed by a series of illogical and hypocritical contributions by other members opposite. Many honourable members opposite took the opportunity to discuss the merits of surpluses versus deficits. The inconsistency of those contributions while talking about a revenue measure appeared to pass them by. The hypocrisy of their contributions appeared to escape them, as they complained that the global financial crisis had led to the situation in which a potential deficit was possible while railing against a revenue measure as they continued their opposition to the revenue and savings measures instituted by the government at the last budget. They indicated that they are ferociously and ideologically opposed to deficits at the same time as opposing a government measure to ensure the continued robustness of the revenue base for the taxpayer.

The previous government’s spending record was recently described by Access Economics in terms that would be grossly unparliamentary. I would not think for a second to use those terms in the House, but they are there on the public record for all to see. The previous government’s spending record was described in grossly unparliamentary terms by Access Economics. Their spending was out of control. Fiscal profligacy will always be a mark of the Howard-Costello years. I commend the bill to the House.

Question agreed to.

Bill read a second time.

Message from the Governor-General recommending appropriation announced.

Third Reading

Mr BOWEN (Prospect—Minister for Competition Policy and Consumer Affairs, and Assistant Treasurer) (11.11 am)—by leave—I move:

That this bill be now read a third time.

Question agreed to.

Bill read a third time.

GUARANTEE SCHEME FOR LARGE DEPOSITS AND WHOLESALE FUNDING APPROPRIATION BILL 2008

Returned from the Senate

Message received from the Senate returning the bill without amendment or request.

NATION-BUILDING FUNDS BILL 2008

Cognate bills:

NATION-BUILDING FUNDS (CONSEQUENTIAL AMENDMENTS) BILL 2008

COAG REFORM FUND BILL 2008

Second Reading

Debate resumed from 26 November, on motion by **Mr Tanner**:

That this bill be now read a second time.

Mr PYNE (Sturt) (11.12 am)—Mr Speaker—

The DEPUTY SPEAKER (Hon. Peter Slipper)—Mr Deputy Speaker.

Mr PYNE—I am sorry: Mr Deputy Speaker, in rising to speak on the Nation-building Funds Bill 2008, Nation-building Funds (Consequential Amendments) Bill 2008 and the COAG Reform Fund Bill 2008, I note that my contribution is particularly drawn towards the Higher Education Endowment Fund, which has been renamed and slightly restructured as the Education Investment Fund. The Education Investment Fund will have \$8.7 billion, \$2.5 billion from the 2007-08 surplus and the remainder from the Higher Education Endowment Fund. To put it another way, the Education Investment Fund will contain \$2.5 billion from the surplus created by the remarkable economic legacy of the coalition government and more than \$6 billion from a fund established for this purpose directly by the coalition government.

The Higher Education Endowment Fund was an excellent initiative of the coalition. In rebranding it, the government are conducting a cynical exercise in claiming credit for something that they did not do. They do not fool anyone. As the former Minister for Education, Science and Training the member for Curtin said in May last year when the fund was established, this in-

vestment will promote excellence, quality and specialisation in Australian universities for years to come, helping our institutions to become truly world class. It was an unprecedented investment in the future of the higher education sector.

In the same manner as the Future Fund, the Higher Education Endowment Fund was innovative and forward thinking. It was a demonstration of the fundamental importance that the coalition places on higher education. It could only have been achieved by a coalition government. It was the coalition that took the tough decisions necessary to pay off Labor's \$96 billion debt. Labor, addicted to deficit, as we saw again today and yesterday, voted against every one of those very tough decisions but now seeks to claim the credit for the fruits of that hard work.

Despite promises at budget time of increasing the size of this fund to \$11 billion, that figure relied on future surpluses. No doubt the government is hoping that people will have forgotten that headline by the time next year's budget comes around and the government slips into deficit and debt. The fact is that it seems that the Rudd government will not have sufficient fiscal surpluses to contribute any significant extra dollars to these funds in 2009 and 2010.

Turning to the sorts of projects that this fund will support, I note that moneys from the funds will not pay for any ongoing running, maintenance or staff costs. According to the explanatory memorandum, where specific projects have an ongoing cost component it is intended that such funding would be sourced through other means. This could include direct funding from the bank, outside the Building Australia Fund, or funding by the states or territories in relation to proposals that are brought forward as part of the COAG reform agenda.

Given that capital costs are being split from ongoing maintenance costs, I am concerned that this could lead to instances where the whole-of-life costs of an asset are not appropriately considered when these funds are being invested, and this is an issue on which this government has form. This is, after all, the government that delivered—or failed to deliver—the computers in schools program, the rotten core at the centre of the failed education revolution. The lack of a whole-of-life assessment of the cost of this project has meant that additional capital and recurrent costs of two to three times the initial cost were not factored into the rollout of the program.

The Rudd government's claim that the infrastructure program will be subject to rigorous cost-benefit analysis is not reassuring. For example, the computers in schools program is typical of the government's approach to date—a proposal that was not subject to any serious analysis, resulting in a delivery failure. The computers in schools program has been a monumental

embarrassment for the Rudd-Swan government. As recently as yesterday new details emerged as a further indictment of the mismanagement of the program. Freedom of information documents have revealed that, while \$51 million of federal funding is expected to be given to the Western Australian state government for computers in schools, the program will cost the state an additional \$167 million. This works out to a ratio of \$3.27 of costs to the states and to the schools for every federal dollar spent. We are talking here, Mr Acting Speaker, about—

The DEPUTY SPEAKER (Hon. Peter Slipper)—If the member would just pause for a minute. When I corrected him the first time, I said that the correct means of referring to the occupant of the chair is ‘Mr Deputy Speaker’. He may have misheard me.

Mr PYNE—I did mishear you, Mr Deputy Speaker.

The DEPUTY SPEAKER—If you would just observe that in future.

Mr PYNE—Certainly, absolutely. Thank you for your guidance. We are talking about \$1.2 billion of federal investment in relation to this program. If this ratio is the same in all states and territories—a not unreasonable assumption—then this means that the government’s election promise is going to cost the states and territories \$3.9 billion to implement. Is there any wonder that the Western Australian Minister for Education, Dr Liz Constable, is today quoted in the *West Australian* as saying:

... it is patently absurd that Mr Rudd can make an election promise that the States have to meet.

The Western Australian government is not the only government that has expressed its dismay at the Deputy Prime Minister’s handling of this program. Even the government’s Labor friends across the country have been lining up to take a shot. Today, in fact, the Premier of Western Australia, Mr Colin Barnett, indicated in the clearest possible terms that Western Australia is considering withdrawing entirely from the computers in schools program because, as he says, there is absolutely no reason why the state governments should fund the promises made by the Rudd government when they were in opposition.

The New South Wales government has pulled out of the program. The New South Wales Minister for Education and Training, Verity Firth, likened the program to offering to buy someone a suit but then asking them to buy the jacket themselves. In South Australia the Minister for Education, Jane Lomax-Smith, admitted in estimates that she was exchanging old computers for new to avoid these massive new costs. Exchanging old computers for new is not reducing the computer-student ratio; it is just providing states with replacement computers. That can only be described as an abject failure of the policy.

The ACT government is not only exchanging old computers for new—it claims that the costs of the program are even steeper than has been revealed in Western Australia, with four territory government dollars to every one federal government dollar spent. In Victoria we have seen some public school parents being slugged with increased fees if they wish their children to have access to computers. Lilydale public school featured the details of the plan on their website, which was hastily pulled down after it was exposed in the media.

I am not sure whether the Labor Party policy before the last election came clean with the Australian people that parents were going to be asked to provide the funds for the services and infrastructure of the computers in schools program. I think the election result might have been quite different if some of the things we are now discovering about the Rudd government had been known before the election—not only their profligate economic management, which is leading the government into debt, deficit and ruin, but their management of computers in schools. I think if parents had known that they would be asked to pay for the costs of services and infrastructure there might have been quite a different response.

Mr Ripoll—I doubt it! You wish.

Mr PYNE—I hope the honourable member interjecting can go back to the parents in his electorate, look them in the face and explain to them why the states are pulling out of computers in schools across the country, why parents are being slugged for the costs of services and infrastructure, why the Western Australian government and the New South Wales government have either pulled out or threatened to do so, and why old computers are being replaced with new computers. The honourable member should hang his head in shame and disgrace that he is part of a government that fooled the Australian people last November into believing that they would get a laptop for every student when they now face the prospect of having no improvement in the position that they faced before the Rudd government came to power—except that Investing in Our Schools has been abolished and a \$1.2 billion program which was terribly popular and very successful was taken to the guillotine as part of the education revolution and replaced with a damp squib.

The Rudd government and the Deputy Prime Minister like to pretend that they are unaware of these costs. In fact, soon after New South Wales pulled out of the computers in schools program, a comment from the Deputy Prime Minister in the media implied it was the states’ problem to fund the rollout. However, it is on the record that the government is fully aware that the costs of this program are blowing out. It emerged in Senate estimates that the federal Department of Education, Employment and Workplace Relations had pro-

vided to the Deputy Prime Minister a report detailing the additional costs for the states but, when asked to release the report by my colleague in the other place Senator Mason, departmental officials refused to do so.

So we have established that the federal department of education has prepared a secret report for the government on the true costs associated with the computers in schools program. The minister has refused to release it and never comments on the extra costs. This government seem to like to pretend they are incapable of mistakes. The reason is that the computers in schools program has become an embarrassment and a shocking indictment on the ability of the government to deliver on their promises.

Now that the coalition has managed to obtain figures for Western Australia it is long overdue for the Minister for Education, the Deputy Prime Minister, to come clean on the costs for all states. No-one—no parent or student—would disagree that it is a very useful thing for a student to have access to a computer at school. The computers in schools program grabbed headlines during the election. This so-called digital education revolution was going to provide a computer for every student in years 9 to 12. Kevin Rudd waved a laptop about and said he would give one to every student. But what sort of government creates a program that completely fails to take into account the costs of the roll-out? What sort of incompetent government does not factor in these sorts of costs? What sort of government thinks that the state governments will just gratefully accept the government's computers and not ask for maintenance, support and technical costs? It is not as though the states are flush with money at the moment. It appears that New South Wales government is in free-fall economically, and yet it is being asked to come up with the extra funds that the Rudd-Swan government is refusing to provide.

So how can we trust the government now to deliver on the Education Investment Fund? We cannot, and therefore I am supporting the opposition's amendments to these bills that will not only provide for increased transparency and an assurance that projects are supported by the Productivity Commission but especially will provide that all funding commitments depend upon financial commitments from all asset owners and stakeholders to meet the whole-of-life of asset costs. Then again, maybe if Australia had a full-time education minister with an eye on the details, the computers in schools program would not have become such an embarrassing failure.

It is time for the Prime Minister to follow through with his plans for a reshuffle. It is time for the Deputy Prime Minister to relinquish at least one of her portfolios. Education and industrial relations by themselves used to be cabinet-level positions in separate people's hands. My colleague the shadow minister for employ-

ment and workplace relations is in the House today, doing a tremendous job at holding the government accountable in industrial relations, but I am sure he would prefer that the minister had her eye on at least one ball all the time—

Mr Keenan—On jobs!

Mr PYNE—and on jobs, particularly, for Australians. We have a situation where the education minister is also the industrial relations minister. It is unprecedented in Australia. It has not been done before because it is a bad idea. The Deputy Prime Minister should relinquish one or the other portfolio and ensure that education has a full-time minister so that the parents and children of Australia can get the quality of education and the choice of education that we in the coalition support, and so that the teachers of Australia can get the pay and conditions, respect and support that they require in order to do such an important job.

Mr RIPOLL (Oxley) (11.25 am)—I rise to speak on the Nation-building Funds Bill 2008, Nation-building Funds (Consequential Amendments) Bill 2008 and the COAG Reform Fund Bill 2008, but just before the member for Sturt runs out of the chamber I would like to comment to him that listening to him is like being slapped in the face with boiled lettuce. Sure, it feels sloppy and annoying but it does not quite knock you off your feet!

Mr Pyne—The same old line! You need some more lines.

The DEPUTY SPEAKER (Hon. Peter Slipper)—Order! The member for Sturt ought not to interject from the doorway.

Mr RIPOLL—Thank you, Mr Deputy Speaker. You are quite right; he ought not do that, at all. In his speech the member for Sturt talked about computers in schools and about our program to put laptops in schools. At least we have a program; we have a policy; we have an education revolution. The strongest policy the opposition had in terms of getting computers in schools was to provide slate tablets and chalk! That is about the extent of any commitment they had to the education future of young Australians.

It is a bit rich when opposition members come in here wanting to attack us on education, of all things, when for the past decade plus they did the least they possibly could. They did not just take the easy road; they took the sloppiest, easiest, cheapest, nastiest road they possibly could. So I do get a little bit annoyed when opposition members come in here and start to rant about education policy and about us actually putting extra funds, to the tune of billions of dollars, into schools to try and make a difference.

It will take some time to make that difference because we have a lot of catch-up work to do after what we were left—the legacy of the former government,

the Howard government, who diminished schools. The extent of their education program, in terms of trying to provide a future to children in schools, was to provide a steel post—a steel post called a flagpole. I support the flag and I loved the idea of having a flagpole in schools, but you have to do a little more than that. So it is a bit sloppy of them to come into this place and try to attack us on these issues.

Today we are talking about the Nation-building Funds (Consequential Amendments) Bill 2008, which is one of the most significant pieces of infrastructure legislation this country has seen. It is about an economic boost; it is about productivity; it is about efficiency. And it comes at a critical time: a time when Australia needs to be looking to the future, insulating itself and providing the best possible way forward in terms of dealing with the significant global financial crisis—a deep crisis which is affecting the United States principally but flowing on to every other country in the world. We cannot just sit back and let that happen.

The beauty of what we have done is that this is not a knee-jerk reaction to the global financial crisis, although it fits perfectly with what you would do in any circumstance, regardless; this is something that has been carefully thought through and considered for quite a number of years. Contained in these bills are policies and matters that we have been discussing for years and around which we have been developing policies. And we are delivering on that. So regardless of whether there was a financial crisis we would do this. Why would we do this? Why would we go through with this regardless of whether there was a global financial crisis? The answer is simple: because it is good for all Australians. It is good for the future of the Australian economy. This legislation will provide the basis by which we continue to grow, whether there are financial problems in the world or not. We may be growing slower, but this will ameliorate some of those international problems that we face.

The nation-building funds that we are talking about today establish three new nation-building funds, very important ones. The Building Australia Fund, which I have talked on a number of times; the Health and Hospitals Fund, which I think is critically important so as to get the health infrastructure and policy framework right in Australia; and something that is very close to my heart, the Education Investment Fund, because I think that is how we provide a platform for young Australians to be the best they possibly can to give this country a decent shot at competing with our competitors to make sure that we do not slip behind, which is what is taking place. We are slipping behind the rest of the world. We cannot just hang our hat on an old book and say: 'You know, we're pretty smart and we do things pretty well in Australia. We're innovative and

competitive and we can go out there on the international stage and we can compete with our neighbours.' While we are busy patting ourselves on the back, our neighbours have been very quietly and busily educating themselves. They have been spending more and more, as a percentage of GDP, of their total government revenues on further educating their young people and educating their nations. However, in this country, for the past decade or so, the government has been more than happy to ride on the old adage of: 'Look, it's good enough. Let's not interrupt what's currently in place.'

That is not good enough. There is a saying that I love that if you are not moving forward, if you are standing still, then you are actually going backwards. And by standing still for the past decade, that is exactly what we have done: we have gone backwards, and in a significant way. Everybody else who is in this race, the global race, the competitive race of staying in front, has moved forward a long way ahead of us. We have slipped behind. We have slipped behind in infrastructure. Countries which were once looking to us for guidance and policy direction and a future on how we deal with our infrastructure development in Australia no longer look toward us. We now turn and look towards them because we have fallen behind. When it comes to health provision and the state of our hospitals and doctors and training in this country, we have slipped behind. We have allowed other countries in our immediate region to get in front of us. And they have done a good job. They have worked very hard, they have had some vision about where they ought to be, but we have slipped behind.

When it comes to education, the evidence is stark. How can anybody come into this place and possibly defend the policies of old when you have a look at what the results are? We are not still debating these old, dead issues, but the opposition are. They are still the party of Work Choices. They are still the party of failed education policies which have left our young kids unable to match the competitive education standards of our neighbours. They are still the party of the old policies. They still have not gotten through that. And every once in a while you will hear them in here saying, 'Look, we'll support it, we'll support that there are going to be fair workplace laws in this country,' but deep down they do not believe that. They just say they support that because they know they have no political choice. Political judgements, ideological judgements from this mob, who once were in power now really struggle with the concept of being in opposition—although I have to say this: they do not struggle with opposition in one sense; they have taken to it like ducks to water. They are the natural party of opposition. They can take the high moral ground, they can get on their high horses, they can bat on about everything, have a different policy view every single day—twice a

day, it does not really matter. They are in opposition; they are happy to be there. They have not quite worked out that they are in opposition, even though they have really taken to it like ducks to water, but this is the conundrum they face. Two leaders in 12 months; I am sure there is another leader in the waiting.

The member for Higgins, Peter Costello, the once so-called great Treasurer—he thought he was the greatest thing that ever happened to this country—talks about the legacy that he left us. After 12 years, what did he leave us? If he is so great, why aren't we better insulated against the global financial crisis? If the member for Higgins was such a genius Treasurer, how come the day after he resigned—sorry, the day after he was no longer—

The DEPUTY SPEAKER (Hon. Peter Slipper)—Order! The member for Oxley will resume his seat.

Mr RIPOLL—They really don't want to hear this, do they?

The DEPUTY SPEAKER—Order! The member for Oxley will resume his seat!

Mr Keenan—Mr Deputy Speaker, I rise on a point of order on relevance. The member has been rambling far and wide, but I ask that you to draw him back to the substance of the bill.

The DEPUTY SPEAKER—The honourable member for Oxley is well aware of the standing orders, and I would ask him to ensure that he focuses on the cogent debate before the chamber.

Mr RIPOLL—Thank you for your wise counsel, Mr Deputy Speaker. That is exactly what I am doing, so I appreciate your counsel on that. It just goes to show that when you get serious about what the opposition really responsible for, they do not want to hear it. They are prepared to do anything not to hear it. They will stand up, they will interrupt me, they will do all sorts of things, but they do not want to hear the truth about nation-building, they do not want to hear the truth about education—

The DEPUTY SPEAKER—Order! The honourable member for Oxley will not defy the chair. I would ask him to return to the bills before the chamber!

Mr RIPOLL—Sorry, Mr Deputy Speaker. In terms of nation-building funds, in terms of education and health—which is what we are discussing here today—they do not want to hear this. They do not want to hear about the legacy they left behind by not dealing with the areas covered by these nation-building funds, because it hurts. It hurts to hear someone tell you the truth. The truth is always ugly. The truth is always going to be painful. But that is the reality of the legacy they left behind. They have got nothing to hang their hats on now. Where were the nation-building funds? Where were the great nation-building projects? Where were the great education revolutions that the previous

government put into place? Where were the reforms in health? Where were the great programs that would deliver us in times of need? It is easy to be a great Treasurer when times are good, when the rivers of golden revenue flow into the coffers in Canberra. More money than you know what to do with: company profits up, stock market at record highs, resources being sold at unprecedented levels with record prices, company receipts back to government at all time highs. Easy. Any buffoon can run an economy like that because you have more money than you know what to do with. You can always run a surplus; that is easy. Just spend less on education, spend less on health and keep more of the money under the bed. But what are you keeping the money for? It is great to have the surpluses: I support them and we will work very hard to continue that.

But when times get tough, when the rubber hits the road, when you as the government are actually required to make tough decisions to deliver for people beyond the political rhetoric, when the whole world is facing a crisis—not just a financial crisis; a jobs crisis, a crisis of confidence—that is when you have to step up to the plate. That is when you are really required to make tough and hard decisions. That is when you have to show what you are made of, and that is what this bill is about—showing what you are made of. It is about ensuring this country actually has a future. And we are going to do it the proper way. We are going to do it through legislation, by providing funds that are properly measured, strategically delivered, and by making sure those funds are not just a great big pork barrel which is decided geographically based on electoral boundaries. I will not have to go into the detail of that, Mr Deputy Speaker. You would be well aware because, like all other members of this House, you have heard many times before about those great rorts, those great pork barrels that we got from the other side—credible wastes of money, millions and millions of dollars wasted, and lost opportunities. That is what I call them—lost opportunities.

I will give you just one example. In my electorate, there is the Queensland Pioneer Steam Railway. It is a real community based organisation, not-for-profit. These guys work hard and every single weekend they run a steam train in and out of the area. They provide services, they hold Christmas carols, they actually maintain old steamers and they do a really good job. For years they have been looking to government to get a bit of funding and a bit of help from the feds. Guess what they got? They got nothing from the previous government. These are people with real steam trains. Take a marginal Liberal seat like Forde, which had an organisation that was thinking about perhaps one day having a train at all if it could get some tracks. It got given \$7 million by that mob—an utter waste of money which got completely wasted, by the way. Whoosh! It disappeared into thin air while people in my elector-

ate—and it must have been just because they were in my electorate; what other possible logical conclusion could you come to?—got nothing. This mob should be the ones hanging their heads in shame. They should be the ones coming in here and apologising to Australians, apologising to parents for never delivering on the education outcomes that they should have been providing. After 10 years, what can the other side actually stand up in this place and say they really did? What did they really do? Build more detention centres—detention centres that are being shut down now because they are useless?

The DEPUTY SPEAKER—Order! The honourable member will resume his seat. I would ask the honourable member to return to the provisions of the cognate debate before the chamber.

Mr RIPOLL—In talking about nation building and nation-building funds, you have to understand one clear principle. It is at the core of what this debate is really about. What do you as a government do to provide for the future? How do you use taxpayers' dollars in a proper transparent, accountable way? That is what these bills are about. They are about health and education. There are three funds, nation-building infrastructure, education and health. What is more important in this place than for a government to actually deal with the core issues at hand?

I can tell you that our record in 12 months has already eclipsed the record of the past 12 years. The former government now comes into this place—for 12 years they did nothing—and in 12 months they have done everything possible to block any new measures we have, any reforms, any investment, any form of trying to provide stability, credibility and confidence back to the market. How could an opposition do that? I looked very closely at a lot of the policies and what they actually delivered for people now, now that people are in need, now it is actually raining. Governments are supposed to do probably two things in essence: one is to build for the future and the other is to make sure that they have something in reserve, something ready to go when there is a rainy day, when there is a crisis.

Thank God there was the election of a Rudd Labor government last year because we had already been working on, for example, the bill that we are talking about today. We had already been structuring and working on the policy, years of work had gone into infrastructure policy, to make sure that it would provide for this country into the future in education and in health. It is not as though the other side did not have an opportunity. It is not as though, in those lost Howard years, they did not have an opportunity. They sat back; they enjoyed the good times. It was a huge party. Being in government was always about smiles, about handing out millions of dollars to your mates, about not worrying about what the future was going to be like. They

did not have to worry about it because during their reign, particularly in the last year, it was all blue sky sailing—the resources boom would go on forever.

We have a former resources minister here, and I remember quite clearly some of the rhetoric that came from him and some of the people that he was involved with, certainly from the then Howard government, about how there was a 20-year run. The resources boom would go on forever. Everything that went wrong was always the fault of the states, but when it actually came to the crunch we actually talked about having to have more than that because, when the resources boom is over, what are you left with? Only what is in your head, and that is your smarts. The only thing that you can rely on in the end is how clever you are. How do you provide for that cleverness? You provide it through education. How do you do that? You actually have to invest in it. You have to put money down on the table. You have to provide the funding for it. You have to make sure that our schools are properly equipped. We do not need those old tired debates about government schools versus non-government schools. No-one even cares about those tired old debates—about the percentage of federal government funding which goes into XY school compared to the percentage of kids from what background go there. That is not the debate. The debate should be about how we best provide for all young people in this country to get a decent opportunity.

The great innovators in this country are probably in rural and regional areas that do not get the resources that they need to get the opportunity to perform. That is what is at the core of the bills that are before us today. We are going to be out there building the roads, the ports and the rail and working on the productive means to make this country more efficient. Not only are we going to do that, not only are we going to provide the essential infrastructure, social and hard infrastructure, but we are going to do it in a proper, transparent and accountable way. We are going to do it in a way that does not just rely on a single person or an inner circle of people making a decision on billions of dollars of funding in totality just based on which electorate you belong to. We are going to look at this in an objective matter. That is why we have set up Infrastructure Australia. That is why we have these funds in place. That is why it is part of legislation—to make sure we do this right. You have to get it right. You have to be big enough, you have to at least be responsible enough, to say that you cannot be the fount of all knowledge and that every decision you make cannot always be the best decision unless you get some sound advice, unless you consult the community, unless you go out there and are prepared to make decisions like we have made.

There are good examples already. Out of the top 10 infrastructure projects being funded currently, only two

are in Labor electorates. The other eight are in country and rural seats, Liberal seats and National Party seats. That is fine; I do not mind. I do not care. In fact, I support it because if we are going to talk about the national interest, the national economy, about being productive in this country and making sure that we have jobs growth to insulate ourselves against the global financial crisis then we have to do this from a national perspective. It does not matter which colour the seat is, red or blue; it does not matter whether it is Independent.

A government member—The light is on.

Mr RIPOLL—Exactly; the light is on. People in the community have, I think, twigged to this. They understand what has happened over the years and years of neglect and irresponsible behaviour we had in the lost Howard years—the lost opportunities, the wasted millions, the begging opportunities and all the people, all the schools, all the parents who could just not quite get that little bit of a hand-up they needed, a little bit of assistance and support. But, today, let me tell you some really good news: amongst all the bad news that we have out there on the international platform, the Rudd Labor government is doing everything it can in its power and it is doing it the right way, the proper way. It is about the national interest, the national economy. It is about making sure that the precious tax revenues, which are now less because of the international circumstances we find ourselves in, will be expended for the right reasons in the right areas on the right programs. We are going to make sure every school is looked after. I commend these bills to the House. (*Time expired*)

Mr IAN MACFARLANE (Groom) (11.46 am)—I must say—

Mr Ripoll—You must say something. Apologise—that is what you must do.

Mr IAN MACFARLANE—Mr Deputy Speaker, the member for Oxley, after having delivered 20 minutes of absolutely nothing, is out of his chair and interjecting.

The DEPUTY SPEAKER (Mr KJ Thomson)—Order! The member for Oxley will cease interjecting.

Mr IAN MACFARLANE—I am more than happy to take him up on his interjection and what was probably the most vacuous speech I have never heard on infrastructure and these very significant proposals, he claims, that are being put forward by his government. After 10 years in this House he is reduced to hyperbole and insults from the backbench in attempting to attack the legacy of the previous government.

Let me just say for the record that the money that will be used in this Nation-building Funds Bill 2008 did not fall out of the sky. That money was accumulated by the Howard government, by the member for

Higgins, in a well-thought-through economic and fiscal strategy that has put this country in arguably the best position of any modern economy in the world to withstand what will be one of the most difficult periods of the globe's economic history. It is because of the legacy of the member for Higgins that this government has this money to spend on infrastructure. No-one argues that infrastructure is needed. The member for Oxley had the audacity—in fact, the ignorance—to say that we had 'more money than you knew what to do with'. I assure the member for Oxley that we knew exactly what to do with that money. The first thing we had to do with that money was to address the fact that whenever Labor gets into office they run deficits—and they are softening us up for another deficit now. Yesterday we heard the Prime Minister, instead of trying to hold the economy together, instead of saying we have an economic strategy, say that we will be going into deficit. What the member for Higgins did in his time as Treasurer was to pay off the \$96 billion legacy left by the previous government. That is the economic management of Labor. We are seeing it again in this House and we are seeing it again in this bill. The member for Oxley should at least have the decency and the wit to talk about some of the infrastructure needs in his electorate.

Perhaps I know those needs better. Perhaps I drive on the Ipswich Road more often than he does. Perhaps I am in his constituency more than he is. The reality is that there was ample opportunity for him to talk about the problems with computers in schools. His government's program is failing out there. There was ample opportunity for him to talk about the health needs and the growing waiting lists for operations at the Ipswich Hospital. And of course there was ample opportunity for him to talk about the issues in relation to Ipswich Road, a road which the Rudd government has politicised beyond belief. The member for Oxley will leave a legacy of a road that will be at capacity before the Rudd plan of six lanes will be completed. They will take us nowhere. Not once did his vacuous statement and his sort of political point-scoring draw on the positives of this bill. I know there are limited positives, but the reality is that, instead of at least addressing the issues, he showed why, perhaps, the people of Ipswich have the problems they have.

Labor governments in Queensland and now federally are failing to address the key issues, and this bill will need to be amended to ensure that it does. The Nation-building Funds Bill 2008 establishes three separate financial asset funds: the Building Australia Fund, the Education Investment Fund, and the Health and Hospitals Fund. Where did that money come from? Of course, it came from the surpluses laid down by the Howard government. The government announced in the budget of 2008 that there would be \$41 billion of funds by 1 July next year. It is estimated that there will

be a shortfall of some \$14.7 billion due to the government's decision to spend most of the anticipated surplus. The Rudd government have no credibility when it comes to infrastructure funding. They can talk the talk but they cannot do the work. They cannot set down a clear economic management policy for what is happening in Australia, let alone define how these bills are going to be put into operation. They have no strategy for economic management in Australia. They sit there and abandon fiscal management by saying the country will go into deficit. The Treasurer says that within the economic cycle they will be in surplus. We know what that economic cycle is. The economic cycle means deficits under Labor were corrected by surpluses under the coalition government. We continue to see that the Rudd government is unable to show anything at all after being in government for 12 months except a great deal of talk. At a time when we should be seeing legislation that is going to build confidence and show the investors and the mums and dads of Australia that we have a government that understands economic management, what we are seeing is rhetoric, economic recklessness and continued mistakes.

By contrast, the coalition had a track record of getting out there and actually getting projects rolling. It allocated \$38 billion under AusLink 1 and 2. Not only has the Rudd government not advanced infrastructure but it has actively sabotaged the work of AusLink 2 by turning it into a political football. Given the sorry record of state Labor governments on infrastructure projects—and I must say that Queensland's record is bad enough but it pales into insignificance when compared with the New South Wales government—and the dismal start by this government, the need for greater scrutiny will be paramount under the Rudd government's infrastructure program.

The coalition is calling for transparency in the workings and analysis undertaken with regard to all competing projects. There will be very strong concerns about how transparent the process will be. Even before any of the money has been allocated Labor has shown repeatedly that it is prepared to play political football with the issue in an attempt to score political points.

In early October it was reported in the *Sydney Morning Herald* that the New South Wales government was told by the Rudd government not to bother applying for funds for a major Sydney infrastructure project. There were no votes in it because it did not give the political reward—forget the economic reward—that the Rudd government was searching for. Concerns that these funds were a political slush fund for Labor were exacerbated by a report in the *Age* newspaper that the original legislation was pulled by the infrastructure minister 'because it gave him insufficient ministerial discretion over how the money would be allocated'. We know that he is going to allocate this in a nontransparent way

unless we put in place the required transparency and the required amendments to this legislation.

Another case in point is one in my own electorate—and unlike the member for Oxley, I am happy to stand at this dispatch box, as I stood at that dispatch box and as I stood in that seat over there and argued the case for the Toowoomba Range Crossing. Under the Howard government we saw that crossing being given the green light. In the May 2007 budget \$700 million was allocated to start building that road, a project that is probably going to cost \$2 billion to complete. Yet as soon as Labor came into government, as soon as the new minister took his place, that money was withdrawn. He continues to refuse to say that that project will go ahead and he cannot give any reason. He knows that the money is there, he knows that it was in the budget, he knows that the need for the range is there, and so we are left to surmise that the only reason that that money has been withdrawn is because of politics.

Why do we know that? As is their wont, the member for Longman, who sits in this chamber, let the cat out of the bag in a speech that he gave when he actively advocated withholding infrastructure funding to coalition electorates as a 'form of punishment' for those of us on this side of the House who had the audacity to use the democratic process available in this place to oppose new Labor taxes. So the penalty for us for using the democratic process, which we should all hold so dear, according to the member for Longman is that we be 'punished', that those on this side of the chamber should be punished for daring to oppose new Labor taxes. So he quite actively and quite blatantly stated in this House that there should be infrastructure funding withheld as a result.

The infrastructure minister himself is not without blame in that area. He has certainly used every opportunity in this chamber to exploit infrastructure projects like the Toowoomba bypass. We saw him in this House produce a letter, which I dared him to table, where I asked him for the Toowoomba Range Crossing. He seemed to think that I had committed some sort of political sin and that, being the member for Groom and asking for a road that is probably 30 years overdue, I should be used as the target of a political point. I am proud of the letter. I wish he had tabled it. I wish that he had enough nous, enough politics, enough sense to understand that a local member advocating a road in his electorate, which stands up to all the guidelines that he is putting forward—and I will come to them in a moment—should not be held up to ridicule by the minister for a cheap political point. So between the minister and the member for Longman—and I am sure that there are others on the other side—the Labor Party is preparing to punish those on this side of the House. Those are the member for Longman's words; I am not making them up. The word 'punishment' was said.

The Rudd Labor government has not even been upfront with our local community in terms of admitting that politics is now the obstacle to the construction of the Toowoomba Range Crossing. It has reduced the issue to cheap theatrics. It makes a mockery of the Prime Minister's claim that he would 'govern for all Australians'. Based on the Prime Minister's own criteria for the Building Australia Fund, the case is clear for the Toowoomba bypass. It is a bypass which fits all the requirements outlined by the Prime Minister and it is one project which needs to be built as soon as possible.

It is little wonder then that there are grave concerns about the \$20 billion infrastructure fund becoming a slush fund for Labor. The potential also exists for state governments to duck their responsibilities and simply take infrastructure projects off their own books. Every single dollar allocated to the funds has been provided for by the surpluses of the previous, Howard government—every single dollar. The Rudd government has already shown that it has no economic strategy to manage the current situation and it will now have insufficient surpluses to contribute any significant extra dollars to these funds in 2009 and 2010. In fact, we will be damn lucky if there are any surpluses at all. According to the Treasurer, we are going into a temporary deficit situation. Who knows how long that temporary deficit will last?

I noticed last night on *The 7.30 Report* that there is a new interviewer called Terry—I thought it was Kerry, but the Treasurer called him Terry, and I assume the Treasurer knew what he was talking about—and, when 'Terry' asked the Treasurer how long the temporary deficit would last, the Treasurer was unable to answer the question. For those of us who know the record of Labor governments, state and federal, that chilled us to the bone.

The coalition want full disclosure of the cost-benefit analysis for recommended projects and for those rejected as well, including all data, assumptions and models used. It means that there will be full transparency of PPP contracts. That is the only way we will have confidence in this whole process. We have already seen that, in their attempts to carry out major infrastructure, the Rudd government do not have the capacity to execute the plan. The first major infrastructure project was the computers in schools program, and that is already falling apart. Even where they are able to put computers on desks, they are unable to supply the data links to run them. I have a school in my electorate, in Quinalow, that has these computers waiting for the links to come but with no way in the world the line will run.

We see the shemozzle, the absolute shemozzle, that the minister for communications, Senator Conroy, has produced in his ham-fisted attempt to deliver broadband into regional areas. A project going nowhere

would be the best way to describe the broadband proposal being put forward by the government. Telstra have put forward an almost farcical proposal, saying they will not proceed unless they are given a number of guarantees first. When you have economic managers like those on the other side and you are a corporate operator in Australia, I guess you would try to find some form of certainty in moving forward.

But the computers in schools program is falling apart. The government have precluded using any funds to pay for ongoing running or maintenance costs, including staff costs, and state governments are saying that they simply cannot afford to install these computers in their schools. The lack of economic understanding on that side of the House means that they are unable to foresee that there are whole-of-life costs in putting computers in schools. It is not just the capital costs of the machine itself; it is the time to install it, to operate it, to maintain it and to train the people who are going to be teaching the children how to best use it. This is a classic example of a government obsessed with photo opportunities but failing in terms of rigorous planning to see the project through.

These nation-building funds and the accompanying infrastructure projects they will fund do not represent a timely response to the global financial crisis or address concerns about the slowing Australian economy. These are major infrastructure projects, and again they highlight just how little the government has thought about them. It can throw the money at the state governments—and I am sure the state Labor governments will find a way to spend it—but, if we are looking for a long-term, quality infrastructure plan to come out of this, this money will not be spent in time to have a major impact on the current global economy and the effect that it is having here in Australia.

The Commonwealth's plan, if delivered in haste and for the wrong reasons—which it is—is likely to result in a number of problems. Even if some major public infrastructure projects can be brought forward, there is a likelihood that they will be rushed and bungled and of dubious economic or social benefit. And if you want to see a good example of dubious economic benefit then go and have a look at the member for Oxley's proposal for Ipswich Road. Go and have a look at what the vehicle numbers are going to be on the road by the time that road is completed in 2012. The legacy of the Labor government and the member for Oxley will be a road that is at capacity before it is even completed.

It is important to stress that a good public infrastructure program is based on an accurate assessment of each proposed project to see if it produces a net benefit to the public. The Productivity Commission ought to analyse all proposed projects and report publicly on their merit or otherwise. That would give us some confidence that all the talk we hear from the Rudd gov-

ernment, although it never delivers, can actually be turned into something useful and lasting. On roads, on education and on health, the coalition government got down to the hard work and it delivered. The Rudd Labor government continues to dither and politick.

The coalition will be moving a number of amendments to the government's nation-building funds bills to provide transparency, to guarantee productivity, to reveal total costs—that is, whole-of-life costs—and to stop revenue-gouging by the state governments. On transparency, productivity, funding of ongoing costs and up-front fees, we require that sort of accountability to have any confidence in these bills.

Mr RAGUSE (Forde) (12.05 pm)—I should commend the previous speaker, the member for Groom, for his impassioned speech. Being a fellow Queenslander I know he has a passion about the state. I am concerned, though, that he is not a little bit prouder of what we have achieved in Queensland. Certainly, investment in the area of infrastructure has been going on for many years. That investment has not been, to a large degree, underwritten by the federal government, and that is essentially what we are going to change as a government. We are nation builders, and I am going to talk more about this as I go through my speech today, because it is an understanding of our vision as a government. The Rudd Labor government is a nation builder, as were the previous Labor governments. Labor governments in the Whitlam years, certainly the Hawke and Keating era and now into the Rudd period are about long-term vision. Unfortunately, sometimes that long-term vision gets cut off along the way simply because the Liberal coalition governments come into office and they really do not understand what we are doing or pick up where we have left off in terms of putting those parts together.

I rise to speak on these three consequential bills: the Nation-building Funds Bill 2008, the Nation-building Funds (Consequential Amendments) Bill 2008 and the COAG Reform Fund Bill 2008. This package of three bills makes way for the government's 2008-09 budget announcement to establish three financial asset funds to provide financing across sources to meet the government's commitment to Australia's future by investing in critical areas such as transport, communications, energy, water, education and health, with the COAG reform fund as the vehicle that will provide grants of financial assistance to the states and territories. The legislation repeals the Higher Education Endowment Fund, with the funds being transferred into the Education Investment Fund. It also allows for amounts to be transferred from the Future Fund to the Building Australia Fund, the Education Investment Fund, and the Health and Hospitals Fund.

For a long time many Australians have been calling for funds to be invested back into the community. Last

year we went to the election outlining our plan for nation building. We want to get on with the job, unlike the opposition, who have continuously delayed the legislative process in the House and the Senate. This is having an effect on the economy. Business wants the government to get on with the job and is becoming increasingly frustrated with the delays. In the current climate we need to ensure security.

The COAG Reform Fund will take effect from 1 January 2009. COAG has agreed to this new framework for federal financial relations. A key element of this new framework is the provision of new incentive payments to drive reforms. The Commonwealth will provide national partnership payments to the states to support the delivery of specific projects, to facilitate reforms or to reward those jurisdictions that deliver nationally significant reforms.

On budget night the Treasurer announced that we would establish three new nation-building funds—the Building Australia Fund, the Education Investment Fund, and the Health and Hospitals Fund—on top of the COAG Reform Fund. These cognate bills will lift our productivity capacity by providing leadership in the planning, financing and provision of significant national infrastructure projects. The COAG Reform Fund will not be a fund to bail out states and territories. They will be subjected to an agreement between the Commonwealth and states and territories. A national partnership agreement will set out performance benchmarks and the amount of payment for meeting each benchmark.

Financial assistance to the states will be subject to the independent COAG Reform Council assessment of whether the performance benchmarks have been achieved. At present the current law is convoluted and involves many complex payment arrangements in various areas. There is no specific account that currently exists to channel funds to the states and territories. This legislation proposes exactly that. This legislation will allow for the funds to be made available on the condition that the state governments meet their obligations. This is not a slush fund, as has been mentioned by those opposite.

This legislation will allow foresight in infrastructure, education, health and transport. The Deputy Leader of the Opposition in speaking on these bills yesterday laid out her achievements when she was the Minister for Education, Science and Training. Unfortunately, in her speech the Deputy Leader of the Opposition failed to mention universities. The previous government's record on universities is appalling. An article in the *Age* newspaper on 4 March this year stated:

The Federal Government had cut total public funding to the universities by 4% in the period 1996 to 2004—compared with an OECD average increase in public funding of 49% for tertiary education in the same period.

... ..

Monash University vice-chancellor Richard Larkins said it would take the Government some time to rebuild the sector after years of under-investment. But a starting point, he said, would be to supplement the \$6 billion Higher Education Endowment Fund by an extra \$2 billion a year, bolster research grants, and deregulate the HECS funding system so universities could set higher course fees.

Universities went backwards under the Howard government and all that evidence points directly to a lack of understanding in terms of nation building. Shortly I will talk about how the education reforms and our education revolution are also part of this nation building.

The Deputy Leader of the Opposition was also scathing of state governments. Again this is the blame game. We came to government talking about the necessity to get out of this blame game, but here it continues. She quoted Dr Henry Ergas, who is conducting the opposition's current tax review. She said:

I would like nothing more than to stand here today and say that these additional funds were invested wisely by state governments.

... ..

Dr Ergas found that a very substantial part of the increased funding went to higher wages for public servants and increasing the numbers of public servants, increasing the public sector. Only a very small percentage of that windfall, of that funding to state Labor governments, was invested in the states' infrastructure.

That is just a nonsense. In Queensland I have direct evidence and understanding of that. Queensland and the nation have had major issues with water. The critical last few years has meant some major investment. One critical investment was nearly \$9 billion for securing water for South-East Queensland. The previous federal government contributed only \$400 million for the western corridor and \$100 million towards the green power for the desalination plant on the Gold Coast. Out of \$9 billion spent by the Queensland government only \$500 million was contributed by the federal government.

The Treasurer's second reading speech stated these nation-building reforms have two essential outcomes: increasing productivity and sustained improvements in the efficiency and quality of services for all Australians. He also said:

The reforms to the Commonwealth-state relations will be the platform on which significant policy change is delivered in Australia in key areas such as education, health and infrastructure.

When the Rudd government was elected we promised to end the blame game, to modernise the Federation, to build the productive capacity of the economy and to ensure better services for all Australians. This is a new era in cooperative federalism.

We talk about the enormous growth, and I have talked about Queensland. Certainly the member for

Groom would understand the enormous impact of our growing state. It is very easy to blame state governments, particularly the Queensland government, for the building of infrastructure. There is huge investment, but there is also still huge growth in the numbers. Almost 1,500 people a week—that is a net figure—arrive in South-East Queensland. It is almost the case that they come across the border, find the Gold Coast, put their bags down and say, 'We'll stop here.' People are moving to Queensland. It puts enormous pressure on the infrastructure that we have and we need investment to roll out new infrastructure.

I have mentioned in this chamber before the population counter as you leave the Brisbane airport. Only two years ago Queensland celebrated its population reaching four million. Just last week I think the counter showed almost 4.3 million people, so 300,000 people in a short period of time have moved to live in Queensland. Particularly in the south-east that is putting enormous pressure on the infrastructure and this has meant that the Queensland state government has had to invest heavily.

I heard one of the Queensland opposition members some months ago having a go at the state government about the huge debt it is carrying. The debt is about nation building. It is about assets. It is about investment. It is about building infrastructure. None of the state governments around the country would be borrowing so much if the former federal government had played their part in investing in the states. The interesting thing for Queensland and my electorate of Forde is this. A number of times I have extolled the virtues of Forde. We are in the south-east corner of Queensland and a Gold Coast hinterland seat. We are lacking good, solid infrastructure. That is due to 12 years of neglect. There was no funding federally to support some of the major projects that we have had to put together in Queensland.

With 1,500 people arriving in Queensland each week, we only have to drive on the roads in and around the city to understand. Not only are the roads choked and blocked but we now have extensive delays because of some of the road building that is going on. Good investment in infrastructure is what the Rudd government are all about. We are about aligning the three tiers—and we are now calling them the three 'spheres'—of government to work together. I wonder whether the opposition really understand what we are attempting to do. They talk about us announcing inquiries and setting up committees and boards. That is exactly what we need to do. This is not ad hocery. This is not a case of throwing money at a problem. This is about building a future and building a structure. We talk about hard, physical infrastructure, but it is also about the social infrastructure and soft infrastructure that we must put in place. Nation building is not just

about building roads and bridges. That is only a small part of it.

I briefly mentioned the three spheres of government. Last week was historic when over 400 mayors from the 569 councils around this country were brought together. That is the first time we have had local government members as a group sitting across the table from and talking to our federal ministers. This is a reform. We as a federal government are attempting to bring those tiers of government together. There have been reasonable relationships built between the state governments, and the opposition would argue that is because they have been of the same political flavour. I know from my work in government circles in an advisory capacity over the last few years that states are very competitive. Madam Deputy Speaker Burke, you would understand that as well. The reality is that those state governments worked together because they had a common interest. The common interest was essentially surviving without the support of the Howard government.

Now we have a new opportunity. While the political flavours around the country will change, that should make no difference to our ability to build our nation. Infrastructure Australia, the Australian Council of Local Government, the rollout of national broadband and the education revolution all fit as a package. It is about putting together a jigsaw. It is about addressing the needs of a nation via a vision and putting the appropriate pieces together. It is interesting to hear the opposition argue that we are putting up committees or running inquiries. It is all about information gathering. For the first time in 107 years local government want to engage with us as a government and want to be part of the discussion about how they better build infrastructure. The \$300 million package is very much an incentive package to put money into small projects in local government authority areas to stimulate the economy. I will not go into detail about Keynesian theory and about investment by the public sector in stimulating the economy in uncertain times like now.

The reality is that Labor governments build nations. I spoke in this chamber yesterday about education, about education reform and about what we are attempting to do with curriculum. That is integral to building our nation. The member for Groom spoke about the computers that are arriving in schools as part of the education revolution. His view was that this was ad hocery, that we were just buying computers and sticking them on desks. The member for Groom and the opposition generally do not understand what the education revolution is about. It is not just about computers. It is not just about putting boxes on desks. It is part of the solution. The education revolution is very much about the way we teach and train our future generations. Computers are tools; they are only part of that

process. Part of the solution is to have a nationally based curriculum, and we are working through the process to establish a national curriculum.

I mentioned in that speech the fact that change always brings concerns. The teachers in my electorate I have spoken to understand the need for a federal approach but are somewhat concerned. They explained that distrust developed over nearly 12 years of the Howard government. The schools had a lot of funding ripped from them in so many ways. It was a case of not providing the resources needed for quality education. The Rudd government took to the people at election time the education revolution initiative. Part of my history is as an educator. I have written and developed a lot of curriculum. It is very much the basis of getting an understanding of what we as a nation need and what skills we have to give our future generations to carry on the legacy that will be established by the Rudd government.

The funds will specifically go to the outcomes that we as a government decide are priorities. When I say 'we', it is about those three spheres of government talking together. It is about good dialogue and good involvement with those three levels of government. There is some concern from the other side that we would consider recognising local government in our Constitution. I am amazed. If we remember, back in 1974 the Whitlam government attempted it. In 1988 the Hawke government tried it. Of course, on both of those occasions the opposition that came from the other side essentially meant that it did not occur. We now have an opportunity. We have 569 councils. I am sure the majority of those want to see recognition. That recognition would allow us as a government to engage in the process of delivering good infrastructure on the ground, by having efficiencies and by cutting back on and getting rid of the red tape that causes so many frustrations at all levels.

I heard the member for Groom saying that Labor state governments are wasteful and are not doing the right thing—that they are spending unwisely. That is just untrue. I have given some examples about my home state of Queensland—which is also the home state of the member for Groom. I would have expected that he might have been a bit more proud of what we have been able to achieve. Queensland is a very strong state. There are a couple of other states around the country that are doing as well—and some are not doing as well.

The reality is that it is all about us as a federal government being able to engage at that level with the states and with the local authorities to provide much needed infrastructure. As I said, we have established Infrastructure Australia simply to be able to put some good processes in place to allow the delivery of all of

that infrastructure, both soft infrastructure and physical infrastructure, as part of our nation-building agenda.

I spoke this morning in fact about the new funding arrangements with local government. This certainly replaces the old Regional Partnerships program. That just shows you what happens when you do not have a process and you do not have something that is quite critical in terms of how we apply funding directly to certain priorities. The inquiry looking at Regional Partnerships certainly supports the fact that there were some bad decisions made under that program. In fact I am being kind when I talk about bad decisions—there were some very direct and deliberate decisions made in favour of certain electorates. Without trying to politicise this too much today, the reality is that in my own electorate I have seen public funds wasted and ultimately not able to deliver the sort of infrastructure required on the ground.

I am going to conclude by simply saying that this is a major reform for federal and state relations and certainly at the local government area. State governments have been calling for reform in many years. We need to work in partnership on infrastructure, particularly social infrastructure such as health, communications and education. These cognate bills remove the complex system of federal financial relations. There will be performance based benchmarks for the states to meet their obligations in receiving financial assistance. There will be an assessment by an independent COAG Reform Council. This will not be money just handed out to the states; this will be managed responsibly, as I have outlined in my speech today.

The Rudd government are serious about ending the blame game, and we have. These bills are one step in cooperative federalism, and I commend the Treasurer and the Minister for Finance and Deregulation for moving this agenda forward. For all of these reasons, I commend these bills to the House.

Mr WINDSOR (New England) (12.25 pm)—I have listened with some degree of interest to the last 10 minutes of the previous speaker's contribution. One of the issues that I would like to raise in relation to this debate on the Nation-building Funds Bill 2008 and cognate bills is the process of accountability and transparency in the use of public funds. The previous speaker referred to the Regional Partnerships arrangements. I would also like him to look closely at what the Leader of the National Party had to say, I think it was yesterday, in terms of the processes that the current government seems to be deliberating on at least in terms of Infrastructure Australia and some of the funding arrangements.

I was a great critic of the previous government's accountability or lack of accountability, particularly in terms of some of their discretionary funding. But I think the new government, the current government, is

potentially at risk of if not repeating the same mistakes and following the same trail then of committing similar mistakes. I think there was a classic example of this last week. The government put in place a meeting with local government and there were various funding arrangements reached. I have not heard one person criticise that, and the reason they did not criticise it is that everybody got a fair go. The previous government had a similar scheme with the Roads to Recovery program. Everybody got a fair go, they accepted the formula and they were pleased to get direct funding from the Commonwealth—funding direct to local government rather than passing it through the states.

The common denominator in those two schemes is that they are seen to be fair. I think the response from the mayors and others across Australia to that fairness should be sending a signal to government generally that you do not have to pork barrel to gain acceptance from the community. In fact, if you are seen to be fair, you are rewarded at the polls. A classic case is the Regional Partnerships arrangement under the former government and the way in which some of that money was expended, and the shameful way that some people who still reside in this place think it was a good idea. They lost government. Part of that process was the loss of a credibility in terms of the broader electorate and even those who received the largess. There were a number of examples raised in the inquiry. I have been part of that inquiry, and the inquiry has not finished yet.

One of the things that really does need to be examined is the Financial Management and Accountability Act and the penalties that accrue when there is a breach of the law. Quite clearly from what the Audit Office had to say in terms of the previous arrangement, there were breaches of the law. So one would have to ask, and people in my electorate have asked, 'What is the penalty?' There is none. Nothing happens. So what do we do for the next lot? Allow a system to develop in a full knowledge that you can breach the law without anything happening? I hope not.

I would hope that when the Minister for Finance and Deregulation does have a look at the Financial Management and Accountability Act and the breaches—he may not go on some witch-hunt to persecute those who perpetrated the breaches in the past—he remedies those failings for the future. The Australian National Audit Office and others, I believe, have the potential to assist in doing that. That is going to be a real test of this government, because it made great play of the weaknesses of the previous government in relation to the way it spent taxpayers' money. I will be making sure where I can that when there are similar transgressions they are made public. It would be extraordinary if the minister for finance or the government does not want to fix the problem in terms of the penalties, the accountability process and the way in which the cash is followed. In

the previous system, if recipients were getting \$1 million, they had to meet certain milestones for whatever it was they were doing. The department or someone ticked them off—in some cases, no-one bothered.

The Audit Office—and I have great respect for the Audit Office; I think the work that they do is outstanding—do not have the capacity to find out who got the money. The money was spent on projects, some of which never occurred, and we do not seem to be able to find out who got the money. I think that is something that we need to know. If we are spending public funds, we should know who gets it. It is not good enough to say, ‘Well, I received it to have a look at something and I have spent it and then I did nothing with it because it was not worth looking at.’ There have been cases where there have been blatant transfers of taxpayers’ money to projects that were supposed to happen but did not happen. So what happens to those people? If we go out and speed in our vehicles, we break the law. We pass laws in here that the general public have to abide by, and here we are in this place abiding by breaches of the law.

I say to the members of the government that are here that, if you are genuine and you look at these problems and you solve them, you will be rewarded by the people. They have a view now, whether it be the white-board affair of the Labor Party years ago or Regional Partnerships of the more recent past government, that that is the way all governments operate. I have some faith in Prime Minister Rudd. I think he would prefer to go that way, but it is going to be a real challenge not to follow the path of ‘Because the others did it’, not to go to war in Iraq because Bob Hawke went there, not to use that old process, ‘We can do it; we can go without asking the people because the other guy did it some other time.’ So I challenge the members of the government: do the right thing by the people and you will find that they do the right thing by you. If you ever want an example, look at that local government conference the other day. I know people who are diehard supporters of the conservative parties in my electorate have sent Prime Minister Rudd glowing thankyou notes for being recognised for once and not having the stuff washed through the state and for being able to make a few decisions at the local level. That is the way to build infrastructure in this country: give the people that are on the ground the capacity to feel as though they are part of the process and that they can go ahead and do it.

I emphasise once again that the finance minister really has to have a hard look at the Financial Management and Accountability Act 1997. Where there are breaches, irrespective of whether it is a minister, a departmental person or a recipient, there should be penalties. Those penalties should be clearly imposed upon whoever breached the law. There has to be, even for

decisions where an electoral promise was made, some accountability at the ministerial level as to why that was chosen and not something else, irrespective of process. I ask members to look at a few of the comments that the Leader of the National Party made yesterday, because they were important. They were about what seems to be developing as a bit of a Clayton’s process of assessment of priorities in infrastructure. If that is there now, it is something that the Prime Minister and others really need to have a hard look at. If you put in place a dummy run of assessments to determine priorities across the nation and it is nothing more than a washroom to wash the money through to friends and those loyal, that is not picking the real priorities for the development of this nation.

One of those priorities that I see is obviously transport in the electorates of New England, Hunter and Parkes. The corridor to the port of Newcastle—and I recognise one of the Newcastle members here—is absolutely essential to this nation and our part of the world in the New England, the north-west and the Hunter. There is a third coal loader being built at the port of Newcastle at the moment which has a loading capacity of 120 million tonnes—an extraordinary amount of coal. There are major developments of coal in the Hunter, the New England and the north-west, some of which I am disputing in terms of some of the ground water issues. Nonetheless, there is major development taking place.

Ernst & Young carried out a \$5 million inquiry that the former government instigated when it was looking at the inland rail route and the various options. I took the time to read the two volumes and they were pretty heavy going. One of the things that was identified as part of that process was that on the eastern side of Australia, the three states of Victoria, New South Wales and Queensland, there is 220 million tonnes of freight movement—that is not export freight—and 110 million tonnes of that is in the Moree to Newcastle corridor. If we are serious about exports and all the things we talk about, there will have to be major upgrades of some of the rail facilities in that corridor, not just in the Hunter but on the Murrurundi Range and further, through to Gunnedah, Boggabri, Narrabri et cetera, which are not all in my electorate. That is critical in terms of priority on the eastern seaboard. I have heard some of the Queensland members talk about Gladstone, where there are similar issues. If we are serious about all of these issues, whether it be grain production, cotton production, coal production or other minerals, infrastructure of that nature has to be the first cab off the rank.

The other significant area that I would like to spend a little bit of time on is the issue of water and the importance that it has for this nation. We currently have a bill before the House looking at the Murray-Darling. I

have amended some legislation in this very place. It was supported in the Senate yesterday. I was highly delighted that the Liberal and National parties supported the amendment. That amendment was going to allow a scientific study to be done of the interconnectivity issues of groundwater and surface water in the basin before mining exploration and mining took place. I am appalled that only some minutes ago the National Party withdrew its support for that amendment. The mining industry magnates have been at work overnight. An amendment that has been supported twice, not by the government but by the coalition, in this House and in the Senate has just been overturned in the Senate. That is a disgraceful betrayal of people who have put their trust in them. It is also a betrayal of a very important piece of infrastructure.

I am not against coal—I have just been talking about upgrading railway lines so that coal can be transported and so that coal loaders can be maintained—but I am against coal where the current state based approval process is so flawed that it takes no regard of the off-site impacts. The legislation that Senator Wong and others have brought into parliament about the Murray-Darling, which I support, ignores the difference and assumes that you can still have a state based coalmining approval process, but now we have a Commonwealth legislative arrangement for water. What happens when they interact? We do not have a process that actually works. We have some nonsense that the Minister for the Environment, Heritage and the Arts carried on with here a few weeks back that, under the new bill, the minister or the authority may or could instigate some sort of inquiry if in fact there is an unintended diversion of water. Translated from French, that would mean, ‘If the mine has some impact on the water, we will look at it.’ What if it is irreparable? What does it mean to the \$10 billion Basin Plan that all this is about? Why are we spending that money when we do not have the scientific knowledge of these systems and the contribution they make to our groundwater? And we talk to the people at Lake Alexandrina and say that we are doing something. We do not know what we are doing. We buy a bit of water out of a property and it becomes the major event of the year. But there is no water there.

Surely if we are going to develop inland Australia and infrastructure in inland Australia we really need to know what is happening in terms of our water resources. One of the reasons that this new bill has been introduced is to assess risk of various practices across the basin. Translated again, that means, ‘Check out the irrigation industry and do something where there has been overuse or overallocation’—and there has been. The National Party betrayed country people this morning. Here we are, removing the need for a risk assessment process for a coalmine, for exploration. What we have now is this flawed process—they cobbled to-

gether an amended amendment in the Senate—which virtually mirror-images the flawed state process, where when you go to mine you do an EIS, which has no regard for any offsite impacts because we do not know the scientific linkages between the water systems.

I would have thought that Senator Wong, Kevin Rudd and others who have played on this Murray-Darling stuff would have taken the time to actually look at the sites that are there. It is not about stopping mining; it is about removing an activity that can have an adverse impact on part of our environment. What you could end up with if the proper scientific work were ever done is a three-dimensional map which shows the areas of risk, and then we could assess the risk based on real science. Obviously there will be vast areas where there is no risk.

Senator Wong and others say that they are doing the Murray-Darling a great favour and leaving this state based process in place. They are saying that the state based water process did not work, and I agree that we have to bring it together to make it work. They leave this gaping hole in the system to allow the money men to pillage and plunder once more. I think that is an indictment of the three major parties. The Labor Party voted against it and the Liberals and Nationals changed their minds in the Senate, voting one way yesterday and a different way today. That is to their shame. They will never be able to say again that they support the food bowl in the Murray-Darling system.

Mr COMBET (Charlton—Parliamentary Secretary for Defence Procurement) (12.45 pm)—I have long been an advocate of significantly increasing the level of infrastructure investment in this country and am on the record in my previous role as the Secretary of the ACTU in this regard. I made a number of addresses dealing with this question. Anyone with experience in the real economy would be more than familiar with the fact that investing in infrastructure development is critical to jobs growth, expanding GDP, overcoming a number of the capacity constraints that have developed within the economy because of the failure to invest in infrastructure over the last decade and boosting productivity. So it is an essential economic activity. It is a lesson we have learnt from our experience of economic development throughout the 20th century but it is a challenge that was failed by the previous coalition government.

In this context I am very proud to be able to speak on the Nation-building Funds Bill 2008 and the Nation-building Funds (Consequential Amendments) Bill 2008. These two bills continue the theme of national renewal that is at the heart of the Rudd Labor government’s agenda. The process of national renewal has been underway for a year and the government is determined to continue to deliver to improve the eco-

conomic performance of our country and to lift our standards of living and rebuild society.

The Nation-building Funds Bill 2008 and the Nation-building Funds (Consequential Amendments) Bill 2008 establish the three nation-building funds that are the central instruments of the government's renewed infrastructure investment. These funds are the Building Australia Fund, the Education Investment Fund and the Health and Hospitals Fund. Those three funds taken collectively will finance improvements in critical infrastructure in transport, communications, higher education, vocational education and training, research and health. It is expected that they will drive up private sector investment in these areas as well. Importantly, the funds also complement the government's Economic Security Strategy to help strengthen the Australian economy against the impact of the global financial crisis.

The bills establish the Building Australia Fund, as I said. I will deal with that fund first. This will finance capital investments in critical economic infrastructure in transport and communications but most notably, it would be expected, in road, rail, urban transport, port facilities and broadband. The government will constitute the fund by transferring the remaining proceeds of the Telstra 3 sale, the assets of the Communications Fund, which will be closed, and \$7.5 billion from the 2007-08 budget surplus, leading to total funds in the Building Australia Fund in the order of \$12.6 billion. Infrastructure Australia will give advice to the Minister for Infrastructure, Transport, Regional Development and Local Government regarding potential payments from the fund in relation to the creation or development of transport infrastructure. The Minister for Broadband, Communications and the Digital Economy will receive advice also from Infrastructure Australia regarding the potential for Building Australia funds to help create or develop communications infrastructure.

The Education Investment Fund will be constructed by closing down the Higher Education Endowment Fund and transferring \$2.5 billion from the 2007-08 budget surplus, which will endow the fund with \$8.7 billion to focus on capital investment in higher education and vocational education and training. In other words, the purpose of this fund in particular is to help provide capital expenditure for renewal and refurbishment in universities, vocational education and training institutions, research facilities and major research institutions. This broader focus of course is an important distinction between the Education Investment Fund and the former Howard government's Higher Education Endowment Fund. While the latter was restricted to supporting capital renewal in universities, which of course is an important objective, the Rudd government's fund will pursue that objective but will also

support other research institutions and vocational education and training facilities.

Unlike the coalition, the Labor government respects and supports an important level of investment in vocational education and training, and that is evidenced in the approach that we are adopting. There are many more students who participate in the vocational education and training systems than the university system, as important as it is. If we are serious about renewing education infrastructure we should not be discriminating against one part of the education system. An advisory board will be established to provide advice to the Minister for Education and the Minister for Innovation, Industry, Science and Research on potential fund investments within their portfolio areas.

The Health and Hospitals Fund is the third component or fund within the nation-building funds, and this will be endowed with \$5 billion from the 2007-08 budget surplus. This fund will be focused on capital investment in health infrastructure, including funding for renewal and refurbishment of hospitals, medical technology equipment and major medical research facilities and projects. The bills also establish a Health and Hospitals Fund advisory board to give advice to the Minister for Health and Ageing regarding potential payments from the Health and Hospitals Fund in relation to the creation or development of health infrastructure. In other words, the board will give advice to the Minister for Health and Ageing to ensure that we are appropriately boosting investment in this area.

For each of the funds, evaluation criteria will be developed in consultation with the Treasurer and the Minister for Finance and Deregulation, and this will provide the analytical rigour to ensure the appropriate use of moneys from the funds. The ministers with portfolio responsibilities are required to obtain and have regard to the advice from the advisory boards where the minister recommends a payment from one of the funds. What that means is that, unlike what happened under the previous government, investment under these nation-building funds will be made according to the strict application of appropriate and rigorous criteria. For too long, infrastructure funding was allocated on the basis of the margin of seats or the members that may hold them and the political party of which they are a member, rather than the general infrastructure needs of the economy. This must be a nation-building effort, not something along the lines of the coalition's application of its discredited Regional Partnerships program. Nor will the Rudd government exclude the Treasury from input into major investment decisions. Unlike the current Leader of the Opposition, who apparently when Minister for the Environment and Water Resources opposed Treasury input into the \$10 billion water policy fiasco as it unfolded, we think it is very important to include Treasury and appropriate bureaucratic ad-

vice in the formulation of responses and the application of these funds.

While the main purpose of the funds is to help meet our long-term infrastructure challenges, the funds will also help Australia meet some of the impacts of the global financial crisis. To this end, the government has announced that it will fast-track our nation-building agenda. This bill and the consequential amendments bill allow for interim arrangements to begin as soon as is practicable. This investment in critical infrastructure will result in a short-term economic stimulus, while at the same time expanding the economy's growth potential. To achieve this bringing forward, if you like, of our infrastructure investment, interim advisory bodies will be established for the health and education funds. Of course, Infrastructure Australia has already been constituted, and I met with Sir Rod Eddington, the Chair of Infrastructure Australia last week. Infrastructure Australia is already concentrating on a priority list of potential areas for investment. The government has indicated that Infrastructure Australia is expected to produce that interim report on the national infrastructure priority list in December—so in the very near future.

We all have a number of projects for infrastructure investment that we consider extremely important, particularly in the context of our constituencies or the regions in which we reside and we are representing—and I am no different from anyone else in that regard—but, of course, these proposals will be properly considered by Infrastructure Australia in a national economic context. Not to be left behind by other members who may be speaking on this bill, I would like to mention a couple of elements. The previous speaker mentioned the importance of the coal industry to the Hunter region and the importance of the Newcastle coal export capability. There is currently investment going into additional coal-loading capacity—which I strongly support—through the port of Newcastle, but we also need investment in the rail infrastructure to ensure that there are no bottlenecks in getting the demand for export coal through to the port. I think that clearly sits within nationally appropriate consideration for Infrastructure Australia in investment in infrastructure that is of national economic significance.

The member for Hunter and I have adjoining electorates. My electorate of Charlton adjoins the electorate of the Minister for Defence, the member for Hunter. One of the important road transport investments that is of interest to both of us and to all residing in the Hunter region is the extension of the F3 freeway. That extension, which has been mooted and is currently under examination, would commence within my electorate and traverse a good deal of the eastern side of the Hunter electorate. There is also an important infrastructure need for that area. Within my electorate of Charl-

ton, there is an investment that is on a much smaller scale but that is nonetheless economically significant for the Hunter region, and especially for the lower Hunter, and that is an infrastructure requirement known as the Lake Macquarie transport interchange. It is essentially a railway station at Glendale, a road overpass and the development of a road network that will link an industrial area in Cardiff, where about 10,000 people work, with a large retail centre operated by Stockland on the other side of a railway line which divides the industrial estate and the retail centre and would facilitate the movement of thousands of people into and out of that area every day using public transport rather than the motor vehicles that they are currently having to rely on, causing significant congestion and making it very difficult to get to and from work and the shopping centre. That is a more modest infrastructure investment that is extremely needed in the area and one which I strongly support.

This is an opportunity for the opposition to come forward and support the government very clearly in its objectives to accelerate the level of investment in infrastructure. Earlier, I made the remark that we have seen a decade of what I certainly consider to be neglect by the coalition government. If we are to get these funds established by 1 January 2009 and for the infrastructure funds to play a role in the government's Economic Security Strategy, we need to get the legislation considered quickly. It is an opportunity for the opposition to get on board and be clear in its commitment to ensuring the economic growth of the country by supporting these initiatives. Labor has already begun the process of lifting infrastructure investment. We have committed to rolling out a fibre-to-the-node broadband network as an essential component of a modern economy—and it is. It is also very important to my electorate and the Hunter region. We have committed to investing in innovative solutions to secure our water supply, including recycling and desalination plants. We have committed to developing a national emissions trading scheme or the Carbon Pollution Reduction Scheme, which will help drive investment into innovative renewable energy solutions, including coal technology, by having a more market based approach to carbon pollution.

Also, I am very proud to say that this government has put housing back on the national political agenda, and that is a critical element of infrastructure. This is essential, given the housing stress so many Australians are under at the moment. An example of the government's response has been the announcement of the Housing Affordability Fund. This fund will address the cost of developing new infrastructure associated with housing development in new suburbs such as water, sewerage, transport and parklands. Within the context of the global financial crisis and the consequences of that crisis in the residential mortgage sector of the

economy, the government has undertaken to purchase up to \$4 billion worth of residential mortgage backed securities to ensure that that part of the marketplace picks up again and that credit is available that leads to stimulations in demand in residential housing sales. So the government has already taken a number of initiatives to pick up the infrastructure baton, and these bills represent a significant step further in relation to that commitment.

The bills will establish nation-building funds with \$26.3 billion at their disposal. If we are to attack the infrastructure crisis and avoid the costs of congestions, the pressure on an increasingly interdependent industrial economy, the reduced competitiveness that comes with it, the reduced living standards that are the consequence of a failure to invest and the growing environmental problems associated with crumbling infrastructure, we need to get these measures into place. In the past Australia has experienced the benefits of sustained, well-planned infrastructure investment. The commitment of the Curtin and Chifley governments to post-war reconstruction and infrastructure development, as we can see with the benefit of 50 to 60 years hindsight, was an enormously significant factor in the post-war boom that carried the country through to the early 1970s. Similarly, the Whitlam and Hawke-Keating governments made very significant improvements in the infrastructure in the western suburbs of Sydney, for example, and of Melbourne.

The OECD has estimated that the annual investment required in telecommunications, road, rail, electricity and water infrastructure is 2.5 per cent of world GDP. The OECD also found that if you add electricity generation and other energy related infrastructure investment, that figure should rise to 3.5 per cent of world GDP. That is the level of annual investment that is needed to ensure that needs are met and economic growth continues in a consistent and stable manner. A much quoted report from the Australian Council of Infrastructure Development and Econtech found that there was a nearly \$25 billion backlog in infrastructure investment within this country in electricity, gas, road, rail and water infrastructure. Econtech calculated that, if that investment were made, it would result in a long-term increase in GDP of nearly one per cent and that exports would rise by roughly two per cent.

This should not just be looked at, either, in solely an economic context. Economic growth and development are very important for social development and the creation of social infrastructure such as schools, childcare centres and the like, and they help address inequities in the distribution of income in our society through the creation of employment and the improvement of living standards. So all of these measures are extremely important.

Linked to this nation-building agenda, too, is looking at infrastructure investment through the prism of climate change that I mentioned earlier. A vital role of Infrastructure Australia will be to provide advice on infrastructure policies arising from climate change. Reducing congestion and improving the efficiency of transport networks will play a very important part in the abatement of greenhouse gases and the improvement of urban amenity. The Building Australia Fund has a key role to play in this context.

As I said in my opening remarks, I have been a long-time advocate for increased infrastructure investment. For that reason I am extremely pleased that these bills are before the House. The three nation-building funds will result in \$26.3 billion being made available to fund critical infrastructure in transport, communications, higher education, vocational education and training, research and health. It is important to pause to consider how important that is: \$26.3 billion being committed to infrastructure investment in these areas will be very important to our economy and our immediate, medium-term and long-term economic performance. The early infrastructure investment will also be part of the government's Economic Security Strategy, as I outlined, that will help Australia face the challenge of the global financial crisis. Advancing important infrastructure investment will have an important stimulatory impact on the economy in the short term.

We should never lose sight of the importance of investment of this nature. It is an extremely important initiative for government to take. It is critical, as it always has been in the history of our Federation, that the national government—the Commonwealth—takes leadership in this area, works with the states and brings about the investment in all areas of infrastructure to bolster our economy, to boost jobs, to lift living standards and to build productivity for the future economic security of this country.

Mrs HULL (Riverina) (1.05 pm)—It is always great as a rural and regional member to rise in the House to talk about infrastructure funding, because you always hope that funding will be made available in regional areas for key and vital infrastructure. I am sure that as a result of the Nation-building Funds Bill 2008 and the Nation-building Funds (Consequential Amendments) Bill 2008 there will be funding available to assist in building critical infrastructure in rural and regional areas. We would like to see transport hubs and intermodals. We would like to see refurbishment and rebuilding of terminal access for regional aviation. We would also like to see pavement strengthening and runway upgrades for aviation in rural and regional Australia, because there is no point spending an enormous amount of money on putting in an enormous amount of security at rural and regional airports if the passengers land on substandard runways. As I said,

rural and regional members are always hopeful that infrastructure funds will deliver good and key quality infrastructure building projects in rural and regional Australia. The former government did that through the AusLink proposals and we have major infrastructure building projects that are still in progress which will make a difference for all Australians.

The primary reason I stand here today to speak on the Nation-building Funds Bill 2008 is the establishment of the three separate financial asset funds: the Building Australia Fund; the Education Investment Fund, which I spoke on yesterday; and the Health and Hospitals Fund. Health is the key area that I would like to raise today, and I raise it with hope that the voices of the people in the region and the electorate that I represent in the Riverina will be heard. I am going to take this opportunity to speak on the bill with reference to the Health and Hospitals Fund and to the words in the Prime Minister's statement yesterday on the financial and fiscal issues that are confronting Australia and the possible need to go into a temporary deficit but, in doing so, being able to shore up and build critical infrastructure projects such as hospitals. That was the thought that struck me when I heard those words spoken.

I want to again remind the House of probably the most urgent and critical piece of health infrastructure that is required. Earlier in the week I initiated a question in the House that was asked by the member for Cowper on the blowing out of hospital waiting list times for Wagga Wagga. The Minister for Health and Ageing indicated that money has been put into reducing these waiting times from the New South Wales state government perspective. I have always maintained that it was not going to be easy for the waiting list at Wagga Wagga Base Hospital to be reduced, because the infrastructure is simply not available to reduce any such waiting list—the theatre time is not available. The operational mechanisms of theatres are simply unacceptable and are almost unable to be used in many instances. There is an enormous regional referral centre that is responsible for the referral of over 170,000 people, at today's count, to one hospital with around 220 to 240 beds.

The Wagga Wagga Base Hospital was made a regional referral centre. It was just an announcement made on paper. The rest of the hospitals in my electorate—such as Griffith, which services a community of around 30,000 people—were downgraded to being just local hospitals, and the Wagga Wagga Base Hospital was determined to be the regional referral centre. What happened in order to enable Wagga Wagga Base Hospital to fulfil the obligations of being the centre? Nothing happened as far as infrastructure enhancements go. All that happened, as I have said in this House time and time again, was that two-bed wards were made into

four-bed wards and four-bed wards were made into eight-bed wards. It just seems to be an ongoing saga, so I would like to point out to the House the process that has taken place and the plight of the people of the Riverina.

I take encouragement and heart from the words of the Prime Minister that one of the benefits of taking this nation into a deficit would be the ability to build this important hospital infrastructure. I want to say, 'Please, Sir, let us be first,' because I think we deserve it. The Wagga Wagga Base Hospital was designed in the 1930s. During the latter half of the 1950s the then minister for health, with significant support from an ever-growing population, lobbied the Health Commission of New South Wales to replace the outdated and defunct original hospital. The current building that we have was built in 1962. There was no input into the design by our professionals: Wagga doctors, specialists et cetera. Then we had our original 110-bed facility transformed into a 220-bed facility by transforming those single rooms into doubles, doubles into quadruples and so on. Some small scale redevelopments have taken place, but there has really been nothing to enable the hospital to meet the capacity that is required of it.

We have been promised this capacity for the hospital for around 30 years by successive state governments, both coalition and Labor. On 20 February 1980, \$15 million was provided for in the Labor state government's 1979-80 capital works program for a Wagga Wagga Base Hospital redevelopment program. The amount was intended to finance all phases of the planning and the construction. On 12 September 1980, no money was allocated to the project in the government's 1980-81 loan program. On 6 November 1980, the government promised Wagga Wagga that a new hospital would be built on the corner of Red Hill Road and Holbrook Road. They said that a 250-bed hospital costing \$30 million would be constructed, starting in 1981. The then Premier, Neville Wran, said, 'I see no reason why the site should not be prepared next year.'

In May 1981, the Liberal Party member for Wagga Wagga, Joe Schipp, said that there were warning signs that there might be delays to the development. In June 1981, the then Minister for Health, Kevin Stewart, confirmed that there was no specific allocation in the state budget for the promised Wagga Wagga Base Hospital. In February 1982 the government scrapped all plans for a new hospital. The then minister, Laurie Brereton, said that it was one of a number of projects scrapped because of a shortage of funds. In April 1982 the government diverted the planning money to some short-term renovation, and in July 1982 more than 1,000 people attended a protest rally to complain about the government's treatment of Wagga Wagga, including the dropping of those hospital plans.

In March 1988 the then opposition leader, Nick Greiner, pledged to continue to work on the hospital if the coalition were elected. After the coalition won the election, they decided they would reinstate the architect for the new works on the hospital. In June 1988 doubts arose from Peter Collins, the then Minister for Health, because he said that the hospital works had not been included in the former government's five-year works program. In July 1988 they said, again, that there would be no major redevelopment of the hospital for another five years but that there would be upgrading. Then in July 1988 Albury had a \$70 million facility built. It has gone on and on. In October 1988 the hospital board said that the Wagga Wagga redevelopment had been set down for 1992-93 at a cost of \$30 million.

We moved on and nothing happened in the nineties, and then in March 2003 finally the state government announced \$400,000 for the planning of a new regional hospital at Wagga Wagga and the opposition pledged to build a new hospital in Wagga Wagga. In October 2005 there was a value management study done that said a new hospital was needed to be built on the existing site at an estimated cost of more than \$222 million. Then in March 2007 specialists were angry that there was no ability for them to do their work. They were made aware that work on the hospital would not start before 2011 and could not be finished before 2015. On 15 March 2007 the Riverina residents held a public rally of around 2,000 people and demanded that they be provided with a new hospital.

The process moved on and the health minister in New South Wales indicated that, yes, there was an option for a new hospital under a public-private partnership or for perhaps the government to build it. Then came the debacle of electricity privatisation. The then Minister for Health, Reba Meagher, made commitments and said that the hospital would go ahead and that building would commence hopefully in 2009. Then there was an issue with Morris Iemma, the former Premier, wherein he had a problem with his own Labor colleagues on electricity privatisation, and ultimately electricity privatisation fell through in New South Wales. Of course, as a result of that, the then health minister, Reba Meagher, came out and said that because the coalition did not support electricity privatisation—and the member for Wagga Wagga happens to be a Liberal member—the coalition were responsible for the so-called demise of electricity privatisation. That was untrue; it was brought about by Labor members themselves. Even so, the minister came out and said that the hospital was tied to electricity privatisation, which was absolutely untrue. She also said that, because it was linked to privatisation, the base hospital would no longer be built.

This is the saga that has been taking place for nearly 30 years and people are tired of it. They are sick and tired of this process. Then we had the fall of the Iemma regime. We now have the Nathan Rees regime, with a new Minister for Health, Mr Della Bosca. Of course, New South Wales have found themselves in significant financial decline and are having problems with their budget, so a minibudget has come out. What was again scrapped in the minibudget? Wagga Wagga Base Hospital.

The Wagga Wagga Base Hospital has referral centres for Cootamundra, Temora, West Wyalong, Hillston, Hay, Griffith—you name it and they have got it. We are now finding that whether you have access to adequate treatment or bed treatment in the Riverina almost boils down to whether you can afford to go away to Sydney to have the most fundamental of care because the hospital is stretched to capacity. I find this absolutely unacceptable.

Rebecca Holiday, a young journalist with the *Daily Advertiser*, Wagga Wagga's daily paper, contacted Mr Della Bosca's office and was told, 'The future of Wagga Wagga Base Hospital lies with the Commonwealth.' So Mr Della Bosca conveniently wiped his hands of the future of the Wagga Wagga Base Hospital and said it now lies with the Commonwealth infrastructure funds—the Health and Hospitals Fund and the infrastructure fund—which makes it very relevant to this bill. When we contacted the minister's office to find out how I as the federal member for Riverina could initiate action from the Commonwealth on the Wagga Wagga Base Hospital, we were advised that the minister's office did not know that they were responsible for the Wagga Wagga Base Hospital construction because Mr Della Bosca had not advised the minister's office that that was what he was telling the journalist from the *Daily Advertiser*. We then went back to the state government to tell them, 'The Commonwealth does not know about the redevelopment of the Wagga Wagga Base Hospital, so it seems that the ball is back in your court,' only to be told again that it would be subject to the Commonwealth-state discussions on the \$10 billion Health and Hospitals Fund.

I am thus taking this opportunity in the House to make this plea on behalf of the people of the Riverina to have the federal government minister assist the state government in moving forward the construction of the Wagga Wagga Base Hospital by enabling the state government discussions to make Wagga Wagga Base Hospital a priority piece of capital works infrastructure—to be built on time and delivered not only to the people but also to the professionals, who are working in absolutely unsatisfactory conditions, and the patients, who are being treated in absolutely unsatisfactory conditions.

I raised in this House the situation in the children's ward. It was so infested with termites that the major problem and crisis for the children was certainly not the illness they were in hospital for but that the children's ward was so infested it was on its last legs. It sat out on a veranda and it was obviously a major concern. The Greater Southern Area Health Service did move to have that remedied very, very quickly, for which I am grateful.

The bottom line in using my time in this House to be as constructive as possible is to say that I welcome nation-building funds, but out of those nation-building funds I want responsibility taken for the construction of the Wagga Wagga Base Hospital.

In closing, could I mention my absolute dismay at the demise of the Communications Fund, which again is robbing rural and regional Australia of their rights and entitlements. Again, I make the point that the Labor Party voted against the sale of Telstra in this House. I know because I was on this side of the House at the time voting against the sale of Telstra. I am astounded and dismayed that I now find a raid on this Communications Fund that will ensure that, with the bundling of this money, rural and regional people will be again left when considering the need for up-to-date communications in rural areas. I express my disgust at that decision and believe that that is so unjust and so wrong for the government to now do this.

Debate (on motion by **Mr Byrne**) adjourned.

COMMITTEES

Economics Committee

Report

Mr CRAIG THOMSON (Dobell) (1.25 pm)—On behalf of the Standing Committee on Economics I present the committee's report entitled *Competition in the banking and non-banking sectors* together with the minutes of the proceedings.

Ordered that the report be made a parliamentary paper.

Mr CRAIG THOMSON—by leave—Competition within the mortgage market has grown considerably since financial deregulation in the 1980s. In particular, the entry into the market of non-bank lenders and overseas financial institutions has resulted in greater competition, lower interest rates and margins, and an increase in mortgage products.

In August 2007, the collapse of the US subprime mortgage market disrupted wholesale funding markets around the globe making it extremely difficult for lenders to access funding, as well as undermining consumer confidence. During September 2008, the upheaval in financial markets escalated with large falls in equity prices and severe volatility across financial markets. As a consequence, a number of governments

implemented financial stability packages in an attempt to stabilise their financial systems.

During the past year there has been a noticeable increase in interest rates which can be attributed to increases in the official cash rate and the cost of funding. Between January and September, Australia's four largest banks increased their interest rates by an average of 100 basis points, of which 50 to 60 points were raised independently of the Reserve Bank of Australia's official cash rate. There has also been a reduction in the number of institutions offering home loan products.

Early in the year the rise in interest rates, combined with increasing petrol and grocery prices, put Australian households under financial pressure. Fortunately between September and November, the Reserve Bank of Australia reduced the official cash rate by 200 basis points to 5.25 per cent and the world price of oil is currently falling. The banks have passed on most of this rate cut but not all. For commercial rates to fall further the cost of funding needs to decrease and competitive pressures within the marketplace need to be more effective.

The non-banking sector, which has primarily used securitisation as the main source of funding, has found it particularly difficult to remain competitive in the current financial conditions. This has resulted in a decrease in competitive pressure within the banking and non-banking sectors.

The government is currently taking positive steps to increase liquidity both for the banking and non-banking sectors. There is still some uncertainty as to how long the recent downturn in the global financial market will last and the government should therefore continue to monitor market developments.

The committee has also recommended that the government examine a range of other proposals that could provide additional liquidity, including expanding the RBA's repurchase agreements by extending their term to maturity even further and allowing authorised deposit-taking institutions to issue covered bonds.

In addressing matters relating to the state of competition, the committee received evidence on a range of other issues. I would like to highlight two of these issues for you now.

Some concerns were raised with the committee regarding whether the current mechanisms were adequate to monitor the state of competition within the banking and non-banking sectors. The committee therefore recommended that government review the current adequacy of the Trade Practices Act to provide the Australian Competition and Consumer Commission the powers to investigate and address issues of concern in markets and regulated sectors.

Making it easier for a customer to switch between providers is an obvious way to improve competition.

The switching rate in Australia's transaction account market is approximately three per cent. This represents about half that of the United Kingdom and is well below that of the European Union average. The committee acknowledges and supports the work undertaken by the government and industry to arrive at a switching package. The committee has recommended that the government review the account-switching package in 12 months time and that consideration be given to including card schemes in the package.

To promote a more efficient sector and enhanced consumer protection for borrowers, the report contains several additional recommendations including that:

- the government implement the findings of the Australian Law Reform Commission's report recommendations on reforming Australia's credit reporting system;
- the government consider mechanisms for making entry and exit fees more transparent and for addressing unfair entry and exit fees;
- the government consider the feasibility of regulating unsolicited credit card limit increases;
- the Australian Securities and Investments Commission includes a glossary of standardised financial terms and Treasury develop a standardised key facts document for mortgage products to help consumers to compare financial products; and
- the government make it compulsory for all credit providers to be a member of an external dispute resolution scheme approved by ASIC.

On behalf of the committee, I would like to thank all of the organisations and individuals who participated in this inquiry. I would also like to place on record my thanks to the secretary of the committee, Mr Boyd, and his staff for the work that they undertook during this inquiry. I commend the report to the House.

Mr ANDREWS (Menzies) (1.31 pm)—by leave—I join with the Chair of the House of Representatives Standing Committee on Economics, the member for Dobell, in commending the recommendations of this report to the House. This inquiry and the report which flows from it, *Competition in the banking and non-banking sectors*, which has been tabled today, is both timely and important given the developments in the financial markets and in financial regulation over the past few months, both here in Australia and overseas.

The reality is that the global financial crisis has affected Australia. In the first instance there was a dramatic loss of liquidity in the market for residential mortgage backed securities—securitisation products. This was because these products were tarred with the same brush throughout the world irrespective of the quality of the securities. The subprime issue originated in the United States, where more than 15 per cent of loans were subprime. People who could not afford to

borrow were overextended. Securitisation products in the US packaged a number of loans, both good and bad, but the market collapsed because of the loss of confidence following dramatic falls in home prices in the United States, which unfortunately left many defaulting loans. As an example, during the boom, people were being assessed for creditworthiness on their ability to pay a honeymoon rate of 0.5 per cent rather than the normal rate of around 5.5 per cent.

Part of this problem flows back to what undoubtedly was a noble intention some years ago to try and increase the homeownership rate, particularly of poorer people in the United States. But one of the unintended consequences of that was that, when these problems arose, the reality was that many people were unable to repay loans and simply returned to the keys to the lenders, as they can do in the United States. Fortunately, in Australia our subprime level is well below one per cent. Yet liquidity in the residential mortgage backed securities dried up—hence the providers of such products either fell over or were bought out. This has led to a contraction in the number of providers of home and other loans, and hence there has been a reduction in competition.

The reality is that Australia's financial sector is well regulated and relatively strong on any global or international comparison. However, there are a series of recommendations which the committee has made in order to further strengthen that system of regulation in Australia—for example: that the government review the current adequacy of the Trade Practices Act to extend the Australian Competition and Consumer Commission's powers, that the government implement the findings of the Australian Law Reform Commission report recommendations on reforming Australia's credit reporting system, that the government review the account-switching package in 12 months time and that consideration be given to including card schemes in the package, and also that the government consider mechanisms for making entry and exit fees more transparent and address unfair entry and exit fees, giving consideration to the feasibility of regulating unsolicited credit card limits. There are also a series of other recommendations.

One thing that the committee did not recommend was the adoption of an Aussie Mac model in Australia, along the lines of the two mortgage instruments in the US. I think one of the reasons for that is not just what has happened with them in recent years but that, otherwise, Australia has a well-regulated market.

The ultimate guarantee, of course, in terms of people being able to repay their loans is for them to have a job. If people have a job, if there is full employment in the country, then generally people are able to continue to meet their obligations to pay off their home mortgages. They become stressed when they lose their jobs,

and that is where the threat of default is most acute. In this context, the government guarantee is important at present, while we are still in the midst of this financial crisis, but it should not be ongoing. It must be terminated in due course, when we are over the current difficulties so far as Australia is concerned. In conclusion, I join with the chairman of the committee, as the new deputy chair of the committee, in commending the report to the House and the recommendations contained in it to the government.

Mr CRAIG THOMSON (Dobell) (1.36 pm)—I move:

That the House take note of the report.

The DEPUTY SPEAKER (Hon. BC Scott)—In accordance with standing order 39(c), the debate is adjourned. The resumption of the debate will be made an order of the day for the next sitting.

NATION-BUILDING FUNDS BILL 2008

Cognate bills:

NATION-BUILDING FUNDS (CONSEQUENTIAL AMENDMENTS) BILL 2008

COAG REFORM FUND BILL 2008

Second Reading

Debate resumed.

Mr SIDEBOTTOM (Braddon) (1.36 pm)—The bills before us, namely the Nation-building Funds Bill 2008, Nation-building Funds (Consequential Amendments) Bill 2008 and the COAG Reform Fund Bill 2008, are fundamental to the future of Australia. In fact, when the plan was first brought before the new government—and even as late as May of this year, when the Rudd government brought down its first budget—I am not sure many of us realised how important it would be. Since that time we have all seen the turnaround in the world economy—something that has reinforced the need to make every cent count and to look for efficiencies wherever we can. Why are the bills so important? They are important because they seek to bring the relationship of funding between the Commonwealth, states and territories into the 21st century. It will mean a new and streamlined approach to dealings between levels of government. Rather than their battling for months and having to put up with a less than acceptable result, the aim is for them to work together for the best result for all.

We have all heard the term ‘ending the blame game’, but surely this is an objective we should all be working towards rather than spending time blaming each other for the deficiencies in the current system. Wouldn’t it be better to look at improving the system from the bottom up? Indeed, I would have to say that the message that this government received from the voters at the last election—and the lesson that the state governments and other levels of government should have heard—is that people are sick to death of the

blame game. They want us to cooperate. They want us to get on with it. They want us to do things effectively and efficiently. That is what we need to do, and these bills seek to establish the framework to allow that to happen.

The COAG Reform Fund will be established to distribute funds to the states and territories, and these will be crucial funds in building our nation in the new century. The COAG Reform Fund Bill 2008 is all about a partnership—a framework—between the Commonwealth and the states and territories. At a micro level you may be interested to know that this is, in a way, similar to a very successful partnership established in my home state of Tasmania, by the late Premier Jim Bacon, with many of the local councils around Tasmania. I use this as an example of a framework.

These partnerships were built on a shared agreement between the Tasmanian government and the councils involved. They came about from a recognition that local government, in this instance, was in touch with local needs. The first partnership was with the Circular Head Council in my electorate of Braddon. For those who do not know, that is on the north-west coast of Tasmania. The partnership was established in 2000, early in Mr Bacon’s first term as Premier, though many others which were signed over the years since have produced many benefits.

The partnerships in Tasmania steered away from the tradition of having specific programs and annual begging before the state budget. They allowed the councils to work directly with ministers and the key people in their departments. It built a rapport between the government and councils, often despite political differences, which saw them working together in a much more cooperative and cohesive way. That spirit of cooperation is maintained to this day and was evident in these very halls just last week, when many of the mayors from my region and around Tasmania and the country came together for the Australian Council of Local Government.

I know the mayors from Braddon came here with open minds, ready to cooperate with this government, to play their part in building a better future for Australia. Some got more than they bargained for. That is what the \$300 million Regional and Local Community Infrastructure Program set out to do and is all about. The \$300 million in funding will go towards boosting local economies and helping all 565 councils and shires to build and refurbish community infrastructure such as swimming pools, sports grounds, community centres, libraries and walkways. This includes the \$250 million proportionately allocated to every council and \$50 million for strategic projects.

I know councils in my area and their regional body, the Cradle Coast Authority, are already working hard to put some important and very worthy projects forward.

The community infrastructure program plays a vital part in tackling the impact on Australia of the global economic crisis. It will give councils in our local areas the extra spending power to continue to stimulate their local economies, through the continued employment of both their own workforces and contractors, to carry out these much needed projects. The councils will also stimulate private enterprise through buying supplies and equipment for these projects. And that is what these bills are intended to do at the national level; what I am talking about at present is at the local level.

A number of councils and community groups in my region have already shown their ability to cooperate on significant projects such as those promised to my electorate and now funded by the Rudd government in its first year in office. A long list of those projects are now making their way from the drawing board into reality in Braddon. These include the exciting redevelopment of the Ulverstone Showground and Recreation Centre, for example. The Central Coast Council has reached agreement with the government on a \$1.8 million funding injection in what will be a major development for the region.

It is also another great example of cooperation at the local level, with the council and the state government also making important, significant financial contributions to this project. The redevelopment will culminate in the provision of a new stadium, which will be a multipurpose area for dozens of local sporting and community organisations and will enhance the local cultural precinct. It will be a flexible area and is already on the list to host national events, and I am sure that once it is completed and in use it will become a honey pot for many other events, sports and activities.

This is the type of cooperation we are talking about that can be achieved in partnerships between federal, state and local governments. I have a number of other examples in Braddon and would like to share some more with you. These include a commitment from the Rudd government to put \$750,000 into the Circular Head Community Recreation Centre, in Smithton in the far north-west of my electorate. The money will go into the second stage of what is already an impressive, well-used and much needed development in the community of just over 8,000 people. The current facility has been great for Circular Head but the expansion will serve a new purpose: to recognise some of the great sports men and women who have come from the area over many decades with a hall of fame.

We are also working closely with community groups for the benefit of many in the region, such as the Port Sorell Surf Life Saving Club, where I was privileged to take the Prime Minister recently during his visit to Tasmania. The surf club, which has grown from a caravan less than a decade ago, will receive \$200,000 to add to its current clubrooms, in an effort to help the

club continue to improve its membership in what is one of the fastest-growing—and, I might add, most beautiful—areas in Tasmania. It will allow them to continue with the vital task of training young and not-so-young people in important lifesaving skills such as CPR and first aid, as well as water safety and awareness. Clubs like these also make a great contribution to the health of the community through their emphasis on competition, both on and off the water. These are just a few of the examples where partnerships between various levels of government and the community can have real and obvious benefits for the community.

It is partnerships and working hand in hand that will make this bill work. The bill is an important part of the modernisation of federal financial relations and fits in alongside the nation-building funds. This includes the Building Australia Fund, the Health and Hospitals Fund and the Education Investment Fund, which will be used to finance projects through the states and territories in these specific areas. The government is committed to implementing an infrastructure investment program allocating funds for transport, communications, energy, water, education and health. This year the government will contribute a total of \$12.6 billion to the Building Australia Fund for transport, communications, energy, water and infrastructure, including proceeds from the Telstra 3 sale and the balance of the Communications Fund; a total of \$8.7 billion to the Education Investment Fund for education infrastructure, including the balance of the Higher Education Endowment Fund; and \$5 billion to the Health and Hospitals Fund for health infrastructure. This is an infrastructure program of historic proportions, and the government has committed to making future allocations to the funds as budget circumstances permit.

The COAG Reform Fund will be used to channel money from the nation-building fund to the states and territories for other needs. It will also disburse funds in future budgets to states and territories for specific reform as part of building the productive capacity of the economy and delivering better services to all Australians. The aim is to provide greater funding certainty to the states and, in tandem, not leave them in a situation where they are so hamstrung by regulation that they cannot efficiently and effectively spend the funds that they have. This will include the framework decided in March this year at COAG, which agreed on a new framework for Commonwealth-state financial relations. That framework includes a rationalisation of specific purpose payments, but without a reduction in the total Commonwealth funding which those payments would have delivered. The aim is to reduce the number of specific purpose payments from more than 90 to around five or six national agreements. These will be aimed at the delivery of health care, affordable housing, early childhood development and schools, vocational education and training, and disability services.

These will be ongoing national agreements, but with a periodic review rather than the current system where the states and territories must come cap in hand every few years for an allocation along with a long list of dos and don'ts. Indeed, it is a pauper mentality, a beggar mentality, for the Commonwealth to be standing there with whip in hand ready to coerce or otherwise.

The states will also continue to receive funds that are not tied to any specific purpose, such as compensation for the national scheme for the regulation of companies and securities. The reform will take away the emphasis on conditions and be more about meeting mutually agreed objectives and outcomes. So it is indeed a true agreement. Each of these agreements will specify, for example, what the Commonwealth and states expect to achieve from their joint involvement—that is, the objectives and expected outcomes; the role of each jurisdiction, the responsibilities it will be accountable for and the outputs it will deliver; and indicators and measures of performance to assess whether or how well a jurisdiction has achieved outcomes.

The new framework will recognise the important partnerships established with the states and territories with the new national partnership payments. These come under three specific areas: project payments, for example to support national objectives and help fund specific projects such as road and rail under AusLink; facilitation payments, which may be used to help a state to lift its standards of service delivery in areas identified as national priorities; and, finally, reward payments, an incentive to encourage states to undertake reforms, and structured in a way as to encourage the attainment of performance benchmarks. After all, we are talking about the use of taxpayers' funds and, in any agreement, there needs to be stated aims and objectives, measures of performance and measures of the outcomes. That is common sense and we expect nothing less, yet to arrive at this has taken nearly a century of argy-bargy between the states and the Commonwealth. So this legislation is nothing more than common sense.

Mr Windsor—Who wrote this?

Mr SIDEBOTTOM—Indeed, it should be supported. I am sure the member for New England is going to rise after me to support this! These reward payments will be similar to the previous national competition policy payments made to the states to encourage them to adopt competition reform. Through the reform under this bill, the funding of these agreements will be streamlined, negotiated as a single financial package by treasurers for eventual endorsement by COAG.

Importantly, this will allow portfolio ministers to focus on the policy aspects of delivering more effective and efficient services rather than the politics. Now that is something. This is where the rubber will really hit the road in avoiding the blame game, cost shifting and

duplication that we have suffered under for years and years. Rather than spending weeks and months quibbling over dollars, the ministers and their best and brightest will be able to concentrate on how they improve their relative portfolios—that is, by developing good policy, good programs and delivering them efficiently, effectively and cooperatively. Surely, this is the best way forward in solving some of the problems that have dogged our nation for so long.

This legislation will mean that, rather than having to spend time meeting onerous checks and balances, the people on the ground can go about finding better ways to deliver the services that are so needed by our communities. Indeed, I think one of the great benefits of this—and it is something that I will be particularly monitoring—is that it will do away with needless duplication not just in services and programs but in bureaucracies that so absorb taxpayers' moneys when we try to roll out services in this nation. Rather than having precious resources tied up on compliance, they can go into the improvement and delivery side of the various programs and projects.

States and territories will be given increased freedom to design and implement innovative methods of service delivery, of course within the context of the mutually agreed national objectives. Ultimately, this will help to protect Australia and all its residents from the current pressures we face in the global economy. Unfortunately, yesterday the Prime Minister delivered further bad news on that front. That is why it is absolutely crucial that these investment funds are rolled out sooner rather than later. They are an investment in both now and the future. I hope those opposite will give this all the support that it thoroughly deserves.

It is about nation building, and these bills are part of a broad package of legislation and measures being taken by this government to help shield Australians from the global financial crisis. Bringing on the nation-building agenda is a vital part of this, and it cannot be done in isolation by just one arm of government. It needs us all to work at all our levels of government, federal, state and more recently local. Indeed, local government are generally some of the best providers of services. I am really pleased at the way this government is trying to re-enhance relationships with local government. A partnership with the states and territories and, indeed, our local governments is crucial to this and the COAG Reform Fund is a vital part in delivering this partnership and the efficiencies it can provide into the future.

As I said in my introduction, this is a major step forward for the government and it is much more important than when it was first put into motion, particularly given the serious economic circumstances that we all face, share and want to do something about. We as a parliament have a responsibility to do whatever we can

to improve the relationship with other levels and spheres of government, state and local. Let us join together, all parties and the Independents, if they can raise a vote and get into this House to support us, in supporting this important piece of legislation which is one of the building blocks to help to sustain this great nation and to see it go forward strongly into the future of the 21st century. I commend the COAG Reform Fund Bill 2008 and related bills to the House.

Mr HARTSUYKER (Cowper) (1.56 pm)—Yesterday, 26 November was a significant date on the Australian political calendar. It was ‘Deficit Day’. It was the day on which the PM confessed to what he would not admit to the Australian people. It was back to the future, back to the old ways of Labor, back to the dark days of deficit. The rhetoric of Labor on the economy has been transforming on a daily basis. The inflation genie and the war on inflation have been confined to history even though inflation is rising. Kevin Rudd and the hollow men are no longer inflation fighters; they are now obsessed with fiscal stimulation. I note the comments on the front page of the *Australian* today in an article by Michael Stutchbury. It says:

IT took six months for Wayne Swan to tear up Labor’s first Budget in 12 years. It has taken another three weeks for Kevin Rudd to shred the replacement budget that insisted Australia would keep growing through the global crisis and preserve its budget surplus.

The Rudd rhetoric speaks of being ahead of the curve whilst the reality is that the government has been on the backfoot, the government has been playing catch-up and the government has been misleading the Australian people and concealing the truth from the Australian people.

Were they so blind that three weeks ago they could not see collapsing commodity prices? Could they not see falling employment, falling business confidence or falling consumer confidence? Were things that good just three weeks ago? Was there a subprime crisis three weeks ago? I think there was. Were there bank failures three weeks ago? Were there falling retail sales in this country three weeks ago? The world has not changed that much in three weeks. The simple reality is the Prime Minister and the Treasurer have been misleading the Australian people and they have been misreading the economic conditions time and time again.

How can the Australian people have faith in a government which is putting its political interests ahead of the nation’s economic interests? How can the Australian people have faith in a Treasurer who clearly just does not understand? There is the bungled bank guarantee, egging the Reserve Bank to put up interest rates just as the economy was beginning to contract. These are the actions of a government more interested in politics than jobs. With a recession looming around the world, jobs, not photo opportunities, are the most im-

portant priority of government; jobs, not spin, are the most important priority of the government. This government has been found wanting time and time again as it seeks photo opportunities and as it seeks promotional opportunities for itself ahead of the interests of the Australian people. This is a government that is happy to allow our future generations to pay off the debt that they are about to incur. The global financial crisis has arrived at our shores, the brown material is about to strike the rotating implement and this government has been found wanting.

The SPEAKER—It being 2 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.

MINISTERIAL STATEMENTS

Mumbai Terrorist Attacks

Mr RUDD (Griffith—Prime Minister) (2.00 pm)—Mr Speaker, on indulgence: overnight in the Indian city of Mumbai there have been a series of coordinated attacks on up to 10 hotels, train stations and other public places. It is unclear at this stage who is responsible for these attacks, although one organisation has claimed responsibility. The Australian government unreservedly condemns the atrocious attacks on innocent people in Mumbai, whoever has carried out those attacks.

As we speak, these events continue to unfold, but we understand that up to 80 people have been killed and some 250 injured. Our sympathy and condolences go to the victims and to their families. Attackers may still be in the hotels, and there are reports that hostages have been taken. The government is seeking to confirm as a matter of urgency the safety and welfare of Australians who may be affected. We have 317 Australians registered with us as being in Mumbai. There are likely to be more than that. Our consular staff are currently attempting to contact all the Australians who are registered. At least two Australians have been injured, and our thoughts are with them and their families. I am advised that Australian casualties may rise. The Department of Foreign Affairs and Trade has been in contact with the families of those who have been known to be injured so far and with their families in Australia and is providing consular assistance on the ground in Mumbai.

Australians who are concerned about the welfare of loved ones can contact a hotline that has been established by the Department of Foreign Affairs and Trade. The number of the consular hotline is 1800002214. I have just now spoken to the Australian High Commissioner to India, who is in Mumbai and leading the government’s response. Officials from the Australian Consulate-General in Mumbai and the Australian High Commission in New Delhi are checking with local authorities and hotel owners to determine exactly how

many Australians may have been caught up in these incidents.

The group that has claimed responsibility for this attack calls itself the Deccan Mujahideen. Together with other ministers, I have just attended a meeting of the National Security Committee of Cabinet. At this stage, little is known about this group—or at least a group using that name. But whichever group has perpetrated this attack, they are cowards—absolute cowards—and murderers. It is likely to take some time to identify all the perpetrators. This cowardly attack on India's stability, peace and democracy reminds us all that international terrorism is far from defeated and that we must all maintain our vigilance. We have to continue to work closely with our allies and partners around the world to defeat terrorism.

In the light of this attack, we have today reissued our travel advice for India. The advice says that Australians should avoid travel to Mumbai at this time. I would encourage all Australians to read the advice carefully. We are offering, through the Australian Federal Police, assistance with counterterrorism and forensics policing to the Indian authorities and any other assistance which may be of direct relevance at this critical time. We stand ready to assist India in any way it needs right now.

This latest attack on Indian peace, stability and democracy reminds us again of the need to remain forever vigilant. I remind all honourable members of this: this is an unfolding event; it is a serious incident and it is therefore of deep concern and distress to all Australian families who have members of their families in India, especially Mumbai, at this time. I would join with all members in offering our thoughts and prayers at this time, given the great uncertainties which continue.

Mr TURNBULL (Wentworth—Leader of the Opposition) (2.06 pm)—Mr speaker, on indulgence: on behalf of the coalition I join the Prime Minister in expressing our deep sense of shock and revulsion at today's cowardly and murderous terrorist attacks in the very heart of Mumbai. This is an assault on all of us who cherish the value of free societies. We may not know how many lives have been lost to this senseless savagery but we do know the cost will be horrific and the pain will be immense for the families of the innocents who have died or suffered serious injury.

For the people of Mumbai, sadly, this is far from their first encounter with violence and extremists—the cowardly, murderous terrorists. We well remember the horrendous bomb blasts in March 2003 which claimed 257 lives. We remember the serial bombings on the Western Railway three years ago, claiming the lives of more than 200 people simply going about their daily business. After a wave of terrorist attacks across India this year—in Delhi, Hyderabad, Bangalore and other

cities—in which hundreds of people have been killed or wounded, these murderers have now returned to Mumbai. It is a reminder to the world that the terrorist threat to freedom has not retreated and we must remain, as the Prime Minister said, as vigilant and courageous and as stalwart and forthright in our opposition to terrorism as ever. It is a reminder too to Australians that terrorism is a present threat around the world and we must be resolute in our own determination to defeat the enemies of freedom and democracy.

At this time we understand that two of our own citizens have been injured in these attacks and we pray for their safe recovery as we pray for the families of all the people affected by this tragedy. Our thoughts and prayers are also with those trying to contact friends or family in Mumbai, the hub for many Australians who are dealing with, working in, or trading with India, one of the world's oldest and most revered civilisations. Today the people of India have our heartfelt support and solidarity.

Australia and India have so much in common—a common heritage through the Commonwealth through the British connection, the English language, cricket and, above all, democracy. When we think of our achievements in Australia, of our parliamentary democracy, let us spare a thought of admiration for India, that vast country of over a billion people, which maintains a rich and vibrant democracy and which is now facing these murderous cowards who are trying to bully and threaten the people of India to try to disrupt their economic growth and disrupt their democracy. Democracy and economic freedom have lifted tens if not hundreds of millions of Indians from the very bottom of poverty. They have provided great opportunities in that free society, and these terrorists seek to stop that. They are seeking to stop the progress of poor men and women out of poverty, and for that terrible crime they are condemned. We on the opposition benches stand together with the government in condemning the men and women who committed this crime and resolve to be as vigilant and stalwart as ever in our opposition to terrorism wherever it may be around the world.

Mr RUDD (Griffith—Prime Minister) (2.10 pm)—On further indulgence, I will just add to my further remarks for the benefit of the information of the House and of the Australian people. The government is advised that at this stage Qantas will be flying to Mumbai on Friday, 28 November. However, the situation is being reviewed and reassessment will occur at 3 pm today, given the security situation. We further advise that Qantas stands ready to assist the Australian government if asked to help evacuate Australians.

QUESTIONS WITHOUT NOTICE

Economy

Mr TURNBULL (2.10 pm)—My question is addressed to the Prime Minister. Given that the OECD,

the International Monetary Fund, the Reserve Bank and the government all forecast positive economic growth for this year and next year, why is the Prime Minister continuing to talk down our economy and talk up his plans for a budget deficit?

Mr RUDD—As I indicated to the Leader of the Opposition yesterday following my return from both the G20 summit in Washington and the APEC summit in Lima, the conversations with heads of government at both those meetings indicated that the situation in their respective economies was dire and becoming direr. Furthermore, the data released during the course of the month of November revealed a further significant deterioration in the overall state of the global economy. Therefore, I reiterate what I said to the House yesterday. In the current circumstances it is not necessary for the government to contemplate that course of action. However, if the global financial crisis gets worse and puts the Australian economy more at risk, the government will take decisive action in the national interest including a temporary deficit to stimulate the economy, build infrastructure and support jobs and families. That is the responsible course of action for the future, should it become necessary.

The alternative is to sit around and simply allow jobs to be sacrificed as the global financial crisis unfolds. I would say to the House: our policy on this is clear. We have engaged in a process of fiscal stimulus, beginning with the Economic Stimulus Strategy of October releasing \$10.4 billion, some one per cent of GDP. Secondly, we have added to that with further statements designed to provide support for aspects of the Australian economy, including a long-term plan to support the automobile industry in this country to the tune of \$6.2 billion. Thirdly, we have indicated our support also for early local government activity in spending and investing in local government areas through the \$300 million grant program which was announced by the Minister for Infrastructure, Transport, Regional Development and Local Government at the first meeting of the Australian Council of Local Government here in Canberra last week. The government remains prepared to take whatever further action is necessary to support growth, to support jobs and to support families.

That is our policy and it is clear: to support the economy, to support growth and to support jobs through the mechanisms I have just outlined and those which we stand ready to take into the future. The question which the House would like to have an answer to is: what is the alternative strategy? I have yet to hear any detail on that whatsoever.

Council of Australian Governments

Mr MARLES (2.13 pm)—My questions to the Prime Minister. Will the Prime Minister outline the

importance of this weekend's Council of Australian Governments meeting?

Mr RUDD—We have in this parliament and, more broadly, in the nation been discussing the impact of the global financial crisis on jobs, on growth and on families. We have indicated in my answer to the Leader of the Opposition's earlier question one of the measures we have taken so far in the Economic Security Strategy, which was an economic stimulus package of some \$10.4 billion, equivalent to about one per cent of GDP. As a rule of thumb, a \$10 billion injection by government in the economy is capable of generating up to 75,000 jobs. That is one of the reasons why we have provided that injection now, and the reason we are doing it now is that the unemployment data across the developed and developing economies around the world is becoming gloomier and gloomier.

A second core element is the figure that I outlined in my statement to the parliament yesterday on the global financial crisis, and that is that we are prepared to put to the states a proposal of some \$11 billion or more in terms of the reform proposals contained in the areas of health, education and elsewhere for the long-term better working of the federation. The employment stimulus of that is also of significance because, if you combine that with the other actions that we have taken, these again represent concrete, direct investments by government into the real economy to support jobs growth at a time when the global financial crisis, the global economic crisis, is turning on us.

As I have outlined in earlier remarks, it is important that, in addition to providing stimulus to the economy now, stimulus to growth now and stimulus to jobs now, the government continue to prosecute our long-term economic reform agenda and our broader agenda of reform of the federation. First and foremost, that hinges on what we do with long-term productivity growth. Long-term productivity growth is built on the basis of investing in education, skills and training, investing in infrastructure and ensuring that we have got the best possible settings when it comes to business regulation in the future—and in fact we are taking as much of the regulatory burden off business as possible. This long-term reform agenda will continue to be prosecuted in the proposals we put to the states, most particularly on education but also on business deregulation, in the days which lie ahead. That is because we believe that we have to get on with the business of long-term reform, to make sure that we are building long-term economic growth.

At the same time, the government is also prepared to advance the whole area of reforming the relationship between the Commonwealth and the states in health and hospitals. There has been a gross and grave history of underinvestment by the Commonwealth in the public hospital infrastructure of Australia, and that is what

this government in its first 12 months in office has sought to get down to and tackle in detail with the states and territories in the negotiations leading up to the Council of Australian Governments' meeting which is scheduled to be held on Saturday. Therefore, these long-term reform agendas—aimed at up-skilling the Australian workforce for the long term, aimed at investing in our nation's infrastructure for the long term, aimed at taking the regulators off small business's back for the long term—are important agendas which we intend to prosecute with the states and territories to advance the long-term economic interests of Australia and, furthermore, to prosecute reform across the wider fabric of the federation to deal with health and hospitals as well.

So, as the Council of Australian Governments gathers in Canberra on Saturday, what will be close to the government's heart and mind is this: (1) what we do in terms of providing further stimulus to the economy and jobs growth through the investment we are proposing; (2) to continue to prosecute the education revolution which underpins so importantly long-term productivity growth for the Australian economy; and (3) we actually tackle the substantial underinvestment in public hospitals and health that we saw over such a long period of time while those opposite occupied the treasury benches.

The government, therefore, in its strategy seeks to deal with the immediate challenges presented to us by the global financial crisis by investing in and stimulating the economy, growth and jobs and at the same time, through those investments, prosecuting our long-term agenda of reform. For Australia this represents not just a strategy which deals with the immediate problems which confront us but also, critically, a strategy for the long term. We are on about the business of reforming the federation, we are on about the business of ending the blame game and we are on about the business of using the instruments of policy available to us to invest in long-term jobs growth and support for families in Australia. To those opposite: this is a necessary course of action and I would suggest, as I respectfully suggested yesterday, that they might join the national project on this rather than simply engage in the rank political opportunism for which they have become so renowned.

Economy

Mr TURNBULL (2.19 pm)—My question is again to the Prime Minister. Given the official cash rate is still over five per cent, shouldn't the Reserve Bank be given time to stimulate the economy and protect jobs by cutting interest rates before the government drives the budget into a deep Labor deficit?

Mr RUDD—When it comes to the challenges presented by the global financial crisis, you have got to ask yourself two or three basic questions: (1) what can

the private economy do in the current environment, (2) what can be done through monetary policy and (3) what can be done through fiscal policy? If we go to the private economy first, what is happening in terms of the global credit crunch and the credit rationing we see across the global financial community flowing through the real economy, the answer is that the year ahead is going to be very difficult and very tough indeed—which therefore leads us to the conclusion reached by heads of government representing 20 large economies from around the world in Washington, reinforced by those of 21 other economies meeting in Lima at the APEC summit, which is that governments must act through fiscal policy and monetary policy to bring about appropriate support for growth and jobs in the critical year that lies ahead.

Secondly, when it comes to monetary policy, right around the world at the moment there are differing degrees to which monetary policy can be activated. Some economies currently are running interest rates at around one per cent; therefore, the capacity for monetary policy to bring about real increases in economic activity is not great. What the honourable member for Wentworth fails to draw attention to is that we have already had 200 basis points worth of reductions in interest rates, noting carefully that the Leader of the Opposition said not all that long ago that a 25 basis point reduction actually did not add up to much at all. Do we all remember that? The honourable member who asked the question about interest rates said quite recently 'a 25 basis point addition to interest rates is not worth much at all'. So at that stage he seemed to place not much significance at all on shifts in interest rate policy and monetary policy. I would suggest to those opposite that having endured so many interest rate rises in a row while they occupied the treasury benches—10 interest rate rises in a row—the fact that in the last several months we have had a 200 basis points reduction in interest rates should be of some consequence—

Mr Pyne interjecting—

The SPEAKER—The member for Sturt!

Mr RUDD—and concern for the conclusions of the Leader of the Opposition. Thirdly, on fiscal policy, I would draw the Leader of the Opposition's attention to, most recently, a statement by the Governor of the Reserve Bank—

Mr Pyne interjecting—

The SPEAKER—Order! Member for Sturt, again!

Mr RUDD—who indicated that appropriate fiscal policy stimulus in worthwhile projects was entirely appropriate under these circumstances. What we need is fiscal policy and monetary policy working in the same direction to stimulate the economy, support jobs and support growth. It is important that the Leader of

the Opposition gets with the national project on this. Our strategy is very clear.

Mr Pyne interjecting—

The SPEAKER—Order! The member for Sturt for the third time!

Mr RUDD—If the financial crisis gets worse and puts the Australian economy more at risk than the government will take decisive action in the national interest, including, if necessary, a temporary deficit to stimulate the economy, to build infrastructure and to support jobs and families. That is our policy. It is clear-cut. We have demonstrated that policy through the stimulus packages we have foreshadowed and those that we have already implemented.

Again I go back to the basic differential: our policy is clear; what is the opposition's policy? All I have heard from those opposite is one essay after another in rank political opportunism. The Leader of the Opposition every day seems to change his tune—whether it is on the fuel excise, Work Choices or the Economic Security Strategy. On one policy instrument after another he says one thing and does another. I say to the Leader of the Opposition that at times like these the nation requires strong economic leadership. They are getting it from this government. I suggest the Leader of the Opposition get with the national project.

Economy

Mr SIDEBOTTOM (2.23 pm)—My question is to the Treasurer. Will the Treasurer outline the importance of taking action to strengthen the economy and to protect jobs, and update the House on the views of respected economists on this matter?

Mr SWAN—I thank the member for Braddon for his question. It becomes readily apparent day after day in this House that the opposition do not think that the government should act at all to deal with the global financial crisis. They think that nothing should be done to protect jobs, to protect families and to protect households. They think nothing should be done. This government will act, and it will act in a coordinated way and it will act with international governments that absolutely understand the need to act.

The Leader of the Opposition was asking before about forecasts from the IMF and other organisations. This is what the OECD said this week:

Against the backdrop of a deep economic downturn, additional macroeconomic stimulus is needed.

Fiscal policy stimulus over and above the support provided through automatic stabilisers has an important role to play. Governments around the world recognise that. They recognise that it is important that fiscal policy, fiscal stimulus, works in tandem with monetary policy, or monetary stimulus in the economy. That could not be more important than at a time like now when there is a dramatic slowdown occurring in the

international economy. The US and the UK are about to enter recession, the Euro zone and Japan are in recession and countries we trade with are now moving into recession. All of that is the case for substantial government action—substantial government action which must be taken.

The government's position is supported widely by respected economists. Indeed, I do not think there is a respected economist in the country who agrees with the federal opposition at the moment—not one. Those over there think the global financial crisis is simply overhyped. That is what the Leader of the Opposition said. That is an excuse for the Liberal Party to fail to stand up for jobs, families and business. Let us just go through some of the comments from respected economists. Westpac chief economist, Bill Evans, said:

We've already seen a very laudable \$10 billion stimulus coming from the government, but we need to see more of that, and we need to certainly accept that there's nothing wrong, in fact it's responsible to have a deficit in this environment.

The Prime Minister before referred to the Governor of the Reserve Bank, who said some weeks ago:

If we see governments at state level or federal level pull back from worthwhile things because of the budget balance deteriorating, which it's going to do in this environment, that's not stabilising, that's potentially destabilising.

That is the environment that we are in. Jobs are threatened and growth is threatened by what is going on internationally, but the Liberal Party will never put jobs first. Whether it is Work Choices or the global financial crisis, Mr Turnbull's solution is to do nothing—absolutely nothing—to protect jobs and nothing to protect families.

Opposition members interjecting—

The SPEAKER—Order! Those on my left will come to order.

Mr Pyne—Monumental fool!

The SPEAKER—The member for Sturt will withdraw that remark.

Mr Pyne—I withdraw.

The SPEAKER—The member for Sturt will approach the dispatch box and withdraw that remark.

Mr Pyne—On the basis that 'monumental fool' is unparliamentary, I withdraw it.

The SPEAKER—The member for Sturt is warned. The member for Sturt will withdraw without any additions.

Mr Pyne—I withdraw.

Mr SWAN—They say one thing in the parliament and another thing entirely in their electorates. This is what the member for Cowper had to say about the stimulus package that the opposition do not believe is needed:

The Rudd Government's \$10.4bn crisis package would put money where it was most needed—in the pockets of pensioners, carers and families.

Too right it will, and it will do it in a timely and temporary way, which is the recommendation to the Australian government by all of the international organisations that understand the depth of this global financial crisis. This government is acting decisively to stimulate the economy and to protect families and the jobs that are at risk from the global financial crisis. If that means going to a temporary deficit, we will do that to invest in the future of the economy, to protect jobs and to protect households. Those opposite have no plans for the future and will do nothing to protect households or businesses and they should be condemned for their attitude.

Budget

Ms JULIE BISHOP (2.29 pm)—My question is to the Prime Minister. I refer the Prime Minister to his statement on 14 October last year when, declaring himself an economic conservative, he said:

That's why I've always said and why I will always say, with pride, I'm an economic conservative. I believe in budget surpluses ...

Prime Minister, when will the government deliver its first budget surplus?

Mr RUDD—I thank very much the honourable member for Curtin for her original question.

Opposition members interjecting—

The SPEAKER—Order! I am not sure about the rest of you, but I have plenty of time to wait.

Mr RUDD—The honourable member asked a question about the credentials of an economic conservative. That is a badge I own with pride. It means this. It means adhering to the orthodoxy outlined by the member for Higgins: to support a budget surplus across the economic cycle. That is our orthodoxy. That, at least as articulated by the member for Higgins—the increasingly smirking member for Higgins—was his orthodoxy. We face at present the challenges of the global financial crisis and the challenges of the part of the cycle that we are in. That is the bottom line. I would also draw the attention of the member for Curtin to action taken most recently by the European Commission. Overnight it released a stimulus package of €200 billion. The President of the European Commission, President Barroso, said:

Exceptional times call for exceptional measures. The jobs and well-being of our citizens are at stake ...

The Recovery Plan can keep millions in work in the short-term ...

The timely, targeted and temporary fiscal stimulus will help put our economy back on track ...

The EU goes on to say:

If we do not act now, we risk a vicious recessionary cycle of falling purchasing power and tax revenues, rising unemployment and ever wider budget deficits.

That is from the EU. The United Kingdom has just introduced a £20 billion stimulus package aimed at a concerted and comprehensive plan. In the United States, under the current Bush administration, fiscal stimulus of US\$168 billion will lead to a projected budget deficit of 4.6 per cent of GDP in 2009. In Japan a fiscal stimulus package of ¥7 trillion in August and October will result in a projected forecast deficit of 3.8 per cent of GDP.

Ms Julie Bishop—Mr Speaker, I rise on a point of order. The question was: when will this government deliver its first budget surplus?

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

Mr RUDD—Mr Speaker, the honourable member for Curtin spoke at length about the credentials of being an appropriate economic conservative. I am responding entirely within that framework. Therefore, I would draw her attention to the conservative government of Germany, the conservative government of Japan and the conservative government of the United States—running fiscal deficits of minus 4.6 per cent of GDP and minus 3.8 per cent of GDP. Germany, on the back of its most recent stimulus package, is running a deficit of 0.8 per cent of GDP. I would also draw the attention of the honourable member for Curtin to the good old bank that the Leader of the Opposition used to work for. The former merchant bank Goldman Sachs said as follows:

The combination of aggressive central bank easing and judicious fiscal stimulus will leave Australia better placed than its global peers in avoiding a deep and prolonged recession.

Can I say to the member for Curtin, who is renowned for her originality in this place, that the challenge for responsible leadership—

Government members interjecting—

The SPEAKER—Order! Those on my right will come to order.

Mr Hockey—Mr Speaker, I rise on a point of order. I would ask the Prime Minister to drop his natural nastiness and to answer a question—

The SPEAKER—Order! The member for North Sydney will resume his seat.

Mr RUDD—The challenge in implementing the government's orthodoxy, which is to maintain a budget surplus across the economic cycle—something we said before the election campaign, during the election campaign, subsequent to the election campaign—applies to the immediate challenges we face in the current state of the economic cycle. That is something that the member for Higgins, in his more honest of private reflections, would agree with. Therefore, we have a strategy for

dealing with the challenges presented by the global financial crisis. It is called economic stimulus to support families and jobs. I would reiterate what the Treasurer said just a moment ago: when it comes to the challenge of supporting families and jobs in the global financial crisis, at the end of the day the Liberal Party never put jobs first. They did not put jobs first with Work Choices. When it comes to the choices we face in dealing with the global financial crisis, they put jobs last as well. We stand by an economic stimulus strategy. It is the right thing for the nation, the right thing for the economy and the right thing for jobs.

Education: Reform

Mr PERRETT (2.36 pm)—My question is to the Minister for Education, Minister for Employment and Workplace Relations and Minister for Social Inclusion. Will the minister update the House on the visit to Australia by New York's Chancellor of Schools, Joel Klein? How has this visit contributed to the education reform debate? Will the minister update the House on the government's delivery of an education revolution?

Ms GILLARD—I thank the member for Moreton for his question and his interest in education. As members of the House are aware—and a number of members of the House actually availed themselves of the opportunity of meeting with him—Joel Klein, New York's Chancellor of Schools, was in Australia this week, and in Canberra, speaking on education reform. He addressed a major event on the transformation of school education in Melbourne on Monday. He spoke at the National Press Club on Tuesday, and it was my pleasure to join him in Sydney last night at a dinner hosted by UBS with a number of leading business identities and education leaders to talk further about education reform. I take this opportunity to thank UBS for sponsoring not only last night's event but also Joel Klein's visit to this country.

I was able to speak last night at the event with Joel Klein and whilst there I announced that the Australian government will introduce a national program recruiting and training high-achieving graduates to teach in challenging schools around Australia. I called on business at that dinner to support this initiative and I am pleased to be able to say that our business community has already responded. Organisations like UBS, Microsoft and the Australian Broadcasting Corporation have already said that they would be involved. BCA, the Business Council of Australia, have already confirmed that they will play a coordinating role. I would like to thank them for their interest and these early indications of support.

This is also a scheme where the Victorian government has shown leadership and enthusiasm. It is already moving to implement a program, and the Rudd Labor government is committed to working with Victoria and states and territories around the nation to de-

liver this program. This scheme will work to recruit committed graduates, provide them with intensive training and mentoring, and then have them teach in some of the most challenging school environments in this country. This is a program about bringing the best and the brightest to the schools where they will make the most difference.

Beyond this initiative on teacher quality, which forms part of the government's half a billion dollar plan for teacher quality—a plan that will be discussed and pursued by the Prime Minister at COAG this Saturday—the government is also determined to deliver a new era of transparency in school information. Joel Klein's principal message to this nation is: if you are going to deliver excellence and equity—

Mr Pyne—Mr Speaker, I rise on a point of order going to relevance. The question asked about the delivery of the education revolution and the minister appears to be avoiding answering the part of the question dealing with the collapse of the computers in schools program. When is she going to get to the collapse of the computers in schools program so that she can be relevant to the question?

The SPEAKER—The member for Sturt knows that that was not the way in which he should approach a point of order and, as he has already been warned, I would ask him to leave the chamber for one hour under standing order 94(a).

The member for Sturt then left the chamber.

Ms GILLARD—I think we have just seen an indication that not only did the Liberal Party fail to deliver on excellence and equity in education in government but in opposition it could not care less about anything other than cheap political point-scoring. I actually thought that members opposite showed interest in Joel Klein and his reform message, but I was wrong. They care nothing for the future of Australian students and Australian children—and the fact that that member serves as their shadow minister for education says it all. They care nothing about this reform agenda. Despite the active disinterest of those opposite in education excellence and equity for Australian children, the Rudd Labor government will pursue its education revolution.

Amongst the things they are completely disinterested in is our plans for a new era of transparency in Australian schooling. We believe that parents and members of the public should have available to them full information about what is happening in Australian schools—information about academic results, information about who is teaching in schools and information about the resources in schools. Who is opposed to these measures? Of course the Liberal Party is demonstrating its opposition through the way in which it is treating the Schools Assistance Bill 2008.

We are determined that across this nation a new era of transparency, coupled with new investments in teacher quality, will make a difference for children in every school. Our aim is excellence in every school across the country, irrespective of which school sector it is in. Our aim is to make a difference, particularly to disadvantaged students. And should the members opposite ever choose to think about education policy—and I think that that is unlikely—and about the prospects for reform in education, they might like to reflect on why at the end of 12 years of the Liberal Party in government this nation on international testing still had a long tail of disadvantaged students from poor families not achieving minimum benchmarks and students who were high achievers being let down by the system. This is a track record of failure at the top of the achievement band and a track record of failure for children at the lower end of the achievement band. We will make a difference on quality. We believe that every child, whether from a poor family or from a rich family, deserves a good education. It is a pity that the Liberal Party cares absolutely nothing about it.

Unemployment

Mr TURNBULL (2.43 pm)—My question is to the Prime Minister. I refer to his claim a moment ago that the Liberal Party had no interest in protecting jobs or never puts jobs first. Could the Prime Minister confirm that during the 11½ years of the coalition government 2.1 million jobs were created, that during the previous Labor government unemployment rose to over 11 per cent, that at the time of the election in 1996 when the Labor government left office unemployment was over eight per cent, and that at the time the Prime Minister's party won office unemployment had dropped to a historic low of only a little over four per cent?

Mr RUDD—I thank the Leader of the Opposition for his question because I think it is time that the parliament was presented with a few basic facts about what the opposition stand for. And it is about time that we had a little bit of intellectual honesty on the part of those opposite.

Opposition members interjecting—

Mr RUDD—Those opposite laugh and jeer because they are led by Captain Smirk, the member for Higgins.

Mr Hockey—Mr Speaker, I rise on a point of order.

Mr Turnbull—Mr Speaker, I rise on a point of order.

The SPEAKER—Order! The Manager of Opposition Business and the Leader of the Opposition will resume their seats. The Prime Minister will refer to members solely by their—

Mr RUDD—I withdraw.

Opposition members interjecting—

The SPEAKER—Order! The Prime Minister has withdrawn. The Prime Minister has the call. It will help us all if there is less audible interjecting and noise so that we can hear what is actually going on.

Mr RUDD—As I was saying in my response before—and it was interesting to see the member for Wentworth jump so quickly to the defence of the member for Higgins; I have not seen that for some time, nor have I seen it in reverse.

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

Opposition members interjecting—

Mr RUDD—Let us be frank about the division in the Liberal Party. They are out there; they are staring us in the face.

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

Mr Hockey—Mr Speaker, I rise on a point of order. We just asked the Prime Minister to answer a question about jobs, to put aside his nastiness and answer a question about jobs.

Honourable members interjecting—

The SPEAKER—Order! The Manager of Opposition Business will resume his seat. I repeat to the House that I am feeling very tranquil and have plenty of time on my hands, so I can wait. But I think it would be far better if the chamber became tranquil itself and under control. I have asked the Prime Minister to respond to the question; he may not have heard that through all the hubbub. The Prime Minister will respond to the question.

Mr RUDD—In response to the honourable member's question, the economic circumstances which prevailed from 2001 on, as the member for Higgins will well recall, were those of an unrestrained boom in global commodity prices. I said to those opposite that we should inject some intellectual honesty into the debate, but of course those opposite are not interested in intellectual honesty, they are not interested in the facts of this debate, because their single objective is to find an opportunity for political point-scoring. That is what their agenda is all about. On the one hand—

Mr Dutton—You're a fraud from way back, mate.

Mr Sidebottom interjecting—

The SPEAKER—Order! The member for Dickson will withdraw.

Mr Dutton—Mr Speaker, I withdraw.

The SPEAKER—I thank the member for Dickson, and the member for Braddon is on very fragile ground.

Mr RUDD—In the economic circumstances which have prevailed since 2001, as any objective economic—

Opposition members interjecting—

Mr RUDD—Those opposite interject during my answer to a question concerning the economic record of the previous government. What I am seeking to do is refer those members opposite, if they are interested in facts rather than simple political point-scoring, to this: as a consequence of the global commodities boom—

Opposition members interjecting—

The SPEAKER—Order! The Prime Minister will resume his seat. That was not an instruction, it was just to try and get the House to come to order. I am not that brave. When the House has come to order, we will continue. I am quite comfortable here and happy to be here for the whole afternoon.

Mr RUDD—In the context of that unprecedented boom in commodities prices, the estimates are that something in the order of \$400 billion flowed into the Treasury coffers beyond normal budget parameters. The question which people have asked themselves in recent times is: what did the previous government use that money for? Did they invest it in infrastructure? No. As a consequence, the inflationary pressures which then emerged in the Australian economy were significant. As a consequence, the member for Higgins presided over 10 interest rate rises in a row. I did not hear anything about that in the question that was asked just before—10 interest rate rises in a row. Anyone sitting in the gallery or listening to the broadcast today who has a mortgage would know what suffering 10 interest rate rises in a row meant for the family back pocket. These were the circumstances which the government inherited.

Secondly, we now confront, as any honest analyst of current economic conditions would conclude, the worst financial crisis we have seen in three-quarters of a century. Those opposite find this an inconvenient truth. It is the truth and it is therefore becoming a crisis in the real economy. So I would say to those opposite: we can either have a real debate about real policy options to deal with the real economy challenges presented to Australia because of this crisis which originated in the United States or we can continue with this sort of bogus interjection on the part of those opposite, pretending that these underlying realities have somehow not changed. The member for Higgins in his most honest of moments knows all this to be true and factual. We are responding to the practical challenges with which we are confronted. I reiterate what I have said already: if the global financial crisis gets worse and puts the Australian economy more at risk than the government will take decisive action in the national interest, including temporarily going into deficit to stimulate the economy, build infrastructure and protect jobs.

Commonwealth-State Financial Arrangements

Mr RAGUSE (2.52 pm)—My question is to the Treasurer. Will the Treasurer outline for the House the

government's priorities for tomorrow's meeting of state and federal treasurers?

Mr SWAN—I thank the member for Forde for his question. Tomorrow, I will meet with state and territory treasurers here in Canberra to negotiate a historic set of reforms to federal-state financial relations—reforms that are long overdue. On Saturday, the Prime Minister, the premiers and the treasurers will meet to finalise these reforms. These reforms are very important and go to the long-term economic health of the country, our capacity to lift our productivity, and our productive capacity, in the long term—something that was put in the too hard basket for 10 or 11 long years by those opposite.

I am confident that by Saturday afternoon we will sign an agreement which delivers for our communities and also an agreement which recognises appropriately our new fiscal and economic environment that has come through courtesy of the global financial crisis. Our priorities are to stimulate the economy and create jobs in the short term and the long term, to put in place the long-term structures that can make our economy more efficient and the long-term federal-state structures that can lead to better service delivery. Most importantly, we need to put in place a process which can put an end to the blame game.

The Commonwealth is committed to genuine reform across a range of policy fronts but especially in health and education, which those opposite were simply incapable of addressing during their time in government. Like the states, we are determined to fix the health system. We recognise that under previous governments there was an erosion of Commonwealth funding for our nation's hospitals. It is critical that we deal with that over the long term. That is why we will offer the states a better deal on health funding. On education, we will put forward significant reforms to teacher quality, as the Deputy Prime Minister pointed out earlier this week.

What we are looking for is a new and modern federalism. This will be reflected in the financial arrangements. We will put in place new incentive arrangements with the states through national partnership payments to drive reform and better service delivery, particularly in health and education. In the next two days, the Prime Minister and I will use these new payments to deliver specific economic and social reforms that the Australian people have been waiting for for a long time. We are confident that we can agree on investments to stimulate the economy, to create jobs and to reform the Federation in the interests of all Australians.

Economy

Mr TRUSS (2.55 pm)—My question is also to the Prime Minister. I refer him to his statement at the Na-

tional Press Club on 21 November last year in which he said:

I pride myself on being an economic conservative, committed to budget surpluses. This forms the economic bedrock of my plan for the nation's future.

Given that after only 12 months in office the government is now planning budget deficits for the future, does the Prime Minister accept that in fact it is debt and deficits that are the economic bedrocks of Labor governments?

Mr RUDD—The honourable member's question underlines the fact that I outlined in my response to an earlier question. Their interest—in fact, their relish—is in the prospect of rising unemployment in Australia. That underpins the political strategy of those opposite. They spot the global financial crisis coming, see it becoming a real crisis for the global economy, look at the projected wash-on effects for the Australian economy in 2009, including pressures on employment, and, rather than engage in a debate about solutions, spot the opportunity to make the most politically out of the prospect of rising unemployment. That, as the honourable member knows, underpins the political strategy of the question that he just asked. He knows that. That is why he asked it. That is what underpins the question he has just asked. This is about politics, not about a real economic solution.

We face the worst global financial crisis in three-quarters of a century. We have a strategy for dealing with it which is based on fiscal stimulus. We have announced a \$10.4 billion fiscal stimulus strategy. We have announced a long-term \$6.2 billion investment in the automobile industry. We have announced, as the Leader of the National Party may be interested to hear, a modest stimulus package to assist local governments across the country—a \$300 million package. We will presently put a proposal to the states for in excess of \$11 billion to support services in health and education for the future. These are the elements of our strategy; these are the elements of our stimulus approach; this is what we are doing about the reality which the global financial crisis has created and the threat which therefore bears down for families, for growth and for jobs. That is our strategy.

The question for those opposite is: what is theirs? Their strategy is this: rank political opportunism. Their strategy never gets past political first base. It is all about politics, politics and politics and how to score political points out of other people's pain. The government has a strategy for the future. I again say to those opposite that it is time that they join the national project of finding solutions rather than simply playing politics every step of the way.

Health

Mr BIDGOOD (2.58 pm)—My question is to the Minister for Health and Ageing. What is the government doing to end the blame game in health?

Ms ROXON—I thank the member for Dawson. I know that at least everybody on this side of the House is interested in the investments that we will be making this weekend in health. On our side of the House, we are determined to help fix health, unlike those on the other side of the House, particularly the member for Warringah, who oversaw the pulling of a billion dollars out of our hospital systems. He was responsible in large part for a decade of neglect in health, symbolised by the pulling of money out of our public hospital system. We acknowledge that rebuilding our health and hospital system is going to take time. We have been making advances step by step during the last 12 months.

But we expect to take an even bigger step this weekend. First of all, you are going to see a very large investment in our hospitals. In doing this, we acknowledge—as the Prime Minister and the Treasurer have both done already today—that Australians are demanding that we stop the bickering between the Commonwealth and the states and start working to deliver some real solutions. What you will see in the health package that will be put on the table this weekend is work that has been developed cooperatively with the states that looks at investing in all sorts of areas: hospitals, prevention, Indigenous health—improving health outcomes in areas where we know we have to do better and, very importantly, improving in areas where there are bottlenecks that were created by the previous government.

One of the most devastating 'neglects', if that is the right term—the most neglectful activity of the previous government—was starving our health system of doctors and nurses. We know the previous government is on the record as having acknowledged its mistakes in terms of the shortage of doctors in particular. The member for Warringah, the member for Bradfield and even the new opposition spokesperson for health are on the record as admitting that they failed to invest early in university places for doctors. They cut funding to training hospitals and they capped GP training places and, as a result, far too many Australians cannot get the health care they need. In fact, over 60 per cent of the country cannot get access to doctors. There is a shortage of doctors in that big a chunk of our country.

So there are a litany of problems that we have inherited and we are determined to fix them. We have started investing, and this weekend you are going to see not just some repair work but some major renovations. We want to make sure that these changes and investments will be tied to outcomes, and I am pleased to see that it looks like the opposition might actually be

supporting this package. The member for Dickson went out today and said: 'Any new money does have to come with strings attached to it. We can't be tipping buckets of money, billions of dollars of Commonwealth taxpayers' money, into what has been a failed system.' That sounds to me like he is going to support what we want to do. We want to put more money into the system and we want to tie it to outcomes. I would like to invite the opposition to now indicate a change of heart. It seems they are prepared to join with us in this battle instead of constantly blaming the states and territories.

This weekend is going to demonstrate the difference in having a Commonwealth government prepared to work with the states and territories to achieve what the community needs us to—more doctors, more nurses, more investment in our hospitals and more investment in keeping people out of our hospitals. We will be focused on those outcomes, and that will be very clear when we get to COAG this weekend.

Economy

Mr LAMING (3.02 pm)—My question is to the Prime Minister. I refer the Prime Minister to the statement of the Treasurer last Monday, when he said:

We stick by our forecasts. There are many forecasts out there but the official forecasts of the Commonwealth are for modest growth and modest surpluses.

Prime Minister, in the past three days what new information has the government received that has caused it to panic and abandon its forecasts?

Mr RUDD—I would refer the honourable member, in answer to his question, to the statement that I made yesterday. The statement that I made yesterday said that, under current circumstances, it is not necessary for the government to contemplate a temporary deficit to support jobs, growth and families. What I went on to say, in response to the honourable member's question, was that, if the global financial crisis continues to worsen and puts the Australian economy more at risk, then the government will take the decisive action that is necessary, including the possibility of a temporary deficit, in order to support the economy, invest in infrastructure and support families and jobs. That is the government's strategy. It is clear cut. Those are the circumstances which surround it.

The honourable member asks what the changing circumstances are, and again I would draw his attention to the statement I made yesterday and the stream of data which has emerged from the United States and around the world during the course of November. Secondly, I would draw the honourable member's attention to my statement and its reference to the comments made to me by heads of government at both the G20 meeting and the APEC summit meeting. I say again to the honourable member: our strategy is clear—it is called fiscal stimulus to try and support jobs, growth and fami-

lies. The alternative strategy is simply missing in action.

Regulatory Reform

Mr KELVIN THOMSON (3.04 pm)—My question is to the Minister for Small Business, Independent Contractors and the Service Economy. Will the minister outline to the House the work that has been undertaken this year by COAG's Business Regulation and Competition Working Group in advancing the cause of a seamless national economy?

Government members interjecting—

Dr EMERSON—They are going wild again, Mr Speaker.

The SPEAKER—Order! Those on my right will not overly encourage the minister. The minister will respond to the question.

Dr EMERSON—I thank the member for Wills for his question. Earlier this year the Council of Australian Governments agreed to a program of regulatory reform covering no fewer than 27 areas of business regulation—an unprecedented commitment. Never before, in fact, in Australia's history has a government attempted such an ambitious program of reducing unnecessary business regulation, including the red tape that has been strangling small businesses. But I will point out that the Rudd government is doing this in the tradition of reforming Labor governments, such as the Hawke and Keating governments, which were committed to transforming Australia into an open, competitive economy.

My colleague the Minister for Finance and Deregulation and I have been co-chairing the Business Regulation and Competition Working Group that was established by the Prime Minister, the premiers and the chief ministers late last year. This program of cutting business red tape is designed to move Australia to what both the Business Council of Australia and the 2020 Summit have described as a seamless national economy. That is where we want to take Australia.

Do you know, Mr Speaker, that in many areas of business regulation there are fewer impediments within the European Union, with its 467 million people, than there are within Australia, with its 21 million people? So we are moving Australia from being nine markets to being one market, a seamless national economy. In doing that, we are putting an end to what we call 'rail gauge economics'. Rail gauge economics has plagued the business community for more than a century now.

Australia can no longer justify having eight different systems for licensing tradespeople. Australia cannot justify any longer having eight different systems for small businesses just to register their business names. Australia can no longer justify having eight different systems of weights and measures. I remember that the member for Forde, in particular, spoke eloquently of

the need to have a single system for weights and measures. I can announce to the House that just before question time the Senate passed the National Measurement Amendment Bill 2008, which means that we will now move to a single national system of weights and measures.

The significance of that is doubled by the fact that this is one of the regulatory hot spots that was identified by the Council of Australian Governments in 2006, when the coalition was in power. And what has happened to those 10 regulatory hot spots? What has happened to the reforms? Ms Katie Lahey, the head of the Business Council of Australia, said that she does not know what happened to those hot spots under the previous government. She said they were so hot they must have burnt a hole in the paper and fallen to the floor. Nothing was done—and that is the problem.

The Rudd government is vigorously pursuing the reform of Australia's tangle of business regulations. Why? Because it will help lift productivity growth off the floor and reverse what the Business Council of Australia, in this document, has described in these terms:

The creeping re-regulation of business and the introduction of policies that are inconsistent and overlapping across jurisdictions are additional examples of how the benefits of past reform can be quietly eroded over time.

Hear, hear! That was an indictment on a decade of squandered opportunity by the previous government, which re-regulated the Australian economy. While the government is managing the impacts of the global financial crisis and navigating with the business community and the Australian people at large through the turbulence created by the global financial crisis, we will never give up. We will never give up on fundamental economic reform that will boost productivity growth and the competitiveness of Australian industry. On that point, the OECD, in its policy brief just recently said:

It is also important to reduce product market segmentation caused by the regulatory differences between the states ...
The government—

that is, the Rudd government—

is putting a wide-ranging reform programme in place.

The report went on:

It is promising, for example, that there are now financial incentives for the states to move this process forward.

Those are the very financial incentives that the coalition has described as the creation of slush funds. This comes after 10 years of policy sloth, neglect and nothing being done in the business regulation area—nothing at all, other than the creeping re-regulation of Australian business. I want to thank the states and territories for their cooperation in pursuing these reforms and lifting productivity growth so vital to Australia's future.

Economy

Dr JENSEN (3.10 pm)—My question is to the Prime Minister. Prime Minister, what is a temporary deficit?

Mr RUDD—As I said in response to an earlier question, the government's policy, like that of those opposite, is to have a budget surplus across the economic cycle. Therefore it is a question of the length of the economic cycle. We are in unprecedented territory at the moment because of the global financial crisis. Therefore, under those circumstances, while I have said to the House that under current circumstances the government does not see the need to embark upon that course of action, if the global financial crisis worsens and if we need, therefore, to defend jobs, families and the economy in the national interest, then a temporary budget deficit would be acceptable under those circumstances.

I would say to those opposite, as they seek again to extract political mileage out of this because they are not concerned about defending jobs—they are not, because they are not interested in answers on this—that we have a strategy to see Australia through this crisis. Those opposite simply have a series of political clichés. As a jobs impact flows to Australian families, I would strongly suggest to those opposite that they pay close attention to the real answers that mums and dads of families across Australia will want. Mums and dads of families wanted decisive action on the question of their bank guarantees. This government delivered it.

Dr Jensen—I rise on a point of order. It was a very simple question. The point of order is on relevance. What is a temporary deficit?

The SPEAKER—Order! The Prime Minister is responding to the question.

Mr RUDD—I draw the honourable member's attention to the orthodoxy of the government which preceded us, which was to have a budget surplus across the economic cycle, as is the orthodoxy of this government. The challenge we face is the unprecedented global economic terrain we now face—the worst crisis in 75 years—and therefore the necessity to embrace measures to support growth, families and jobs in what will be a very difficult 2009. Those opposite are interested in simple political clichés; we are interested in real policy responses to help families, to help jobs and to help the real economy.

Child Care

Ms CAMPBELL (3.13 pm)—My question is to the Minister for Education, Minister for Employment and Workplace Relations and Minister for Social Inclusion. Will the minister update the House in relation to yesterday's announcement by the receivers of ABC Learning? Are there any other significant developments or issues that the minister can detail to the House?

Ms GILLARD—I thank the member for Bass for her question. I know that she has been following this matter and is very keen to provide her affected constituents with information. Members of this House obviously would recall that a receiver was appointed to ABC Learning in the first week of this month. I would want to remind the House that the receiver found the financial and operational accounts of ABC Learning in such a poor state that he effectively had to start from scratch, centre by centre, to work through the future of ABC Learning. As the receiver has gone about this work, experts engaged by the government have been embedded with the receiver, working with him side by side.

Yesterday, as a result of these efforts, the receiver was able to provide the next update to the anxious mums and dads and employees about the future of ABC Learning childcare centres. Of course this update from the receiver comes against the background of the government having worked with the receiver and having made up to \$22 million available to ensure continuity of care for children until 31 December this year. Having that continuity of care assisted mums and dads and employees with working their way through this situation, but obviously people are anxious to know the situation for 2009. Yesterday, the receiver, Mr Honey, was able to confirm that 656 ABC Learning centres would continue to operate in 2009 and the details of the centres which will continue to operate are available from both the government's information hotline—1802003—and on the pages of our mychild.gov.au website.

Knowing that the 656 centres are going to continue to operate obviously would provide some relief and reassurance to the parents who have their children cared for there. That is more than 70 per cent of the children attending ABC Learning. I think that is to be noted and is significant for those parents and those employees. Clearly there is more work to do on the remaining 386 ABC Learning centres in order to get information to parents and employees about the circumstances next year. The receiver is still engaged in a detailed analysis of the future of these centres. The receiver has said that a further statement will be made available for parents and employees in a week's time. I think it is very important to stress that if a childcare centre is on the list of 386 that does not mean that it is marked for closure. Being on the list of 386 means the receiver is continuing to work on the situation and more information will be available in a week's time—a very important message for mums and dads and employees anxious about all of this.

Obviously mums and dads and employees of ABC Learning—and I would suggest the broader community—across the nation are asking themselves the question: how did this happen? We know that the circum-

stances for ABC Learning came about because the former Liberal government uncapped the number of childcare places and then just let the market rip. No quality plan, no workforce plan, no plan to bring childcare centres to areas where they were needed, no action on the question of creeping acquisitions—just let the market rip. The Liberal Party were not only neglectful in this matter; they were complicit in this matter as ABC Learning—a bloated company, full of debt—gained such a share of the private childcare market, leaving us open to the risks and uncertainties that parents and employees face today. It is something that, if the Liberal Party had any decency, it would apologise to the Australian people for and make a full statement about its degree of complicity. The Rudd government will continue to manage this situation, working alongside the receiver, getting certainty to parents as soon as we can provide it. Our highest priority in all of this has been continuity of care. We will continue with this important work and I will continue to update the House as future information becomes available.

New South Wales Government

Mr HAWKE (3.19 pm)—My question is to the Prime Minister. I refer the Prime Minister to his announcement yesterday of a budget deficit. Prime Minister, can you advise the House how much of this new Labor debt will be used to bail out the failed New South Wales state Labor government this weekend?

Mr RUDD—I say to the honourable member who has just asked the question that again we are faced with some serious economic challenges in our country—for jobs and for families—and his interests, following the direction of his political masters, is simply again to engage in political point scoring. I think the people of Australia would want something more from their representatives than that sort of intervention.

This government, when it comes to the reform of the federation, believes that the responsible course of action is to invest in education, to invest in schools, to invest in TAFE and to invest in universities—to make sure that we have an education system designed for the 21st century. I would say, firstly, to those opposite that, had they bothered to deploy the proceeds of the mining boom over the previous half decade and more, they could have invested in the future productive capacity of the economy.

Opposition members interjecting—

Mr RUDD—I would draw the attention of honourable members who howl their interjections to a report recently released by Access Economics, which said exactly the same thing. Secondly, they could have done something about the nation's infrastructure. They could have done something about water infrastructure. They could have done something about broadband. They could have done something about the other needs in ports—

Mrs Bronwyn Bishop—Mr Speaker, I rise on a point of order relating to relevance. The question asked was: why is the Prime Minister associating himself with the failed state of New South Wales?

The SPEAKER—The Prime Minister is responding to the question.

Mr RUDD—So rather than invest in needs of communities across the country—for the future of education, for the future of infrastructure and, as the minister for small business just indicated, taking action to create a seamless national economy for the benefit of small business—they instead did nothing. They sat there and played politics in government, as they play politics in opposition.

The other part of the honourable member's question goes to the question of a temporary deficit. I draw the honourable member's attention to what actually constitutes the elements of a budget. Firstly, on the revenue side, the honourable member's attention should be drawn to the fact that because of the global financial crisis, \$40 billion has been sliced off the government's revenues—as has happened across much of the OECD. I would draw the honourable member's attention, for example, to what is happening in other economies. The conservative government of the United States is running a 4.6 per cent of GDP deficit, the conservative government of France is running a 3.9 per cent of GDP deficit, the conservative government of Germany is running a 0.8 per cent of GDP deficit, the conservative government of Italy is running a 2.9 per cent of GDP deficit, the conservative government of Japan—

Mr Hockey—Mr Speaker—

An opposition member—We live in New South Wales.

The SPEAKER—I wasn't sure whether the Manager of Opposition Business was deferring.

Mr Hockey—Mr Speaker, on a point of order which goes to relevance: the Prime Minister was asked about New South Wales, not China, not Germany, not the United Kingdom, not the United States—

The SPEAKER—The Manager of Opposition Business will resume his seat. The question had a preamble relating to yesterday's statement.

Mr RUDD—The conservative government of Japan is running a deficit of 3.9 per cent of GDP. These are the facts about what is happening around the world as individual governments seek to respond to a global financial crisis—facts which those opposite to find personally confronting because they are politically inconvenient. These are the inconvenient truths.

Secondly, when it comes to revenues those opposite need to accept the reality that \$40 billion has been sliced off the government's revenues across the forward estimates because of the global financial crisis. That has happened right across the developed world.

Thirdly, on the question of outlays, what did this government do in its preparation for the last budget? Through the activity of the Minister for Finance and Deregulation and through the Expenditure Review Committee, it sliced \$5 billion worth of excessive expenditures by way of a savings program which he delivered in the context of the budget and which the Treasurer announced in May of this year—\$5 billion. On top of that, that has given us the capacity to bring in the stimulus package that we announced in October of \$10.4 billion and, in addition to that, to make forward provision for the auto plan of \$6.2 billion and to make forward provision for various other stimulus packages which I have already announced.

I would say this to those opposite, as they seek to provide a lecture on the question of fiscal probity: have those opposite bothered to cost those promises which they have stuck out there in the public domain—ready-to-mix drinks, luxury car tax, crude oil excise condensate? Whatever the position may now be—

Mr Hawke—Mr Speaker, on a point of order: my question was in relation to why the federal government is bailing out the New South Wales state government, not in relation to Liberal Party policy.

The SPEAKER—I remind the Prime Minister that his response must be related to the matters in the question.

Mr RUDD—And, in responding to the question, the honourable member asked a question about the matter of deficits and I am going to the question of how you construct a budget on the revenue side and on the expenditure side and, therefore, the proposals also being put opposite. Those opposite have said they support the Economic Security Strategy.

Mrs Bronwyn Bishop—Mr Speaker, on a point of order on relevance: the prime minister was asked a question about New South Wales. If he wants to add to his answer concerning deficits, he may do so at the end of question time.

The SPEAKER—The difficulty of the precedents of this House is that the matter which was contained in the preamble in the run-up to other things that people might think are a specific question is open to response. The start of the question referred to the statement of the Prime Minister yesterday and referred to the mention of 'deficit' in that statement. In that regard, if the Prime Minister is relating his response to that aspect, based on the precedents of this House it is in order.

Mr RUDD—Therefore, when it comes to looking at the way in which you put together outlays, we have a capacity, as we have indicated, through the budget to provide stimulus. Those opposite in providing a lesson on fiscal probity need to answer these questions. Do they support the Economic Security Strategy? Their formal position is yes, I believe. Does anyone oppose

the Economic Security Strategy over there? Therefore, let us give that a big tick because that is what they have said. The car plan I think they support. Does anyone oppose the car plan over there?

Opposition members interjecting—

The SPEAKER—The member for North Sydney will resume his seat until the House comes to order. My degree of tranquillity might be lowering and my capacity to remain here for the whole afternoon might be lessening, but I think that it would assist the House if it came to order.

Mr Hockey—Mr Speaker, a point of order that goes to relevance.

The SPEAKER—The Prime Minister will respond to the question in the context of comments that I have made in response to other points of order.

Mr RUDD—I refer again to the honourable member's question as it related to the statement I made yesterday and its reference to the management of budgets. If those opposite support the three measures that I have just referred to—the third one, of course, is the local government infrastructure package—does anyone over there oppose the \$300 million for local infrastructure? I do not think so. Therefore, they support those three sets of measures—

Mr Morrison interjecting—

Mr RUDD—That is right, I am sorry, the member for Cook is an exception. So we support those three measures. If you put them all together, that is a reasonable amount of money. Then you go to their promises which they have been putting out all year—ready-to-mix drinks; luxury car tax; crude oil excise condensate; Medicare levy surcharge; heavy vehicle road user charge; dental treatment offset; Commonwealth seniors health card; family trusts; this is the interesting one: the 5c reduction in petrol excise—what status does that have these days? Not sure—Investing in our Schools, Lower Lakes, increased rate of the single pension. Putting all those together, is it five, 10, 15, 20 billion—could be more?

Can I say to those opposite, if they are seriously putting forward an argument about fiscal rectitude, first of all put together what you have supported by way of government measures to stimulate the economy in terms of your formal press releases and the three that I have just mentioned you formally have. Secondly, put together the five, 10, 15, 20 billion dollars worth of outlays contained in the promises you have made to the Australian people and you end up with a very interesting set of fiscal circumstances indeed. I would say to the honourable member for Mitchell, as he put this question to the House on how budgets are put together, that he should have a long look at the fiscal probity which is contained in the promises being put out by the Liberal Party in opposition.

The SPEAKER—The Prime Minister will bring his answer to a conclusion.

Mr RUDD—They played politics and spent like drunken sailors in government. They are playing politics and spending like drunken sailors in opposition as well.

Australian Public Service

Mr ADAMS (3.29 pm)—My question is to the Minister for Finance and Deregulation. How is the government dealing with wasteful spending within the Australian Public Service? What legacy issues is the government addressing?

Mr TANNER—I thank the member for Lyons for his question. The opposition seem interested today in debating their economic management record in government. I am delighted to oblige, because, when we took over, we had government spending running at five per cent real growth. We had growth of approximately 35,000 additional public servants within about five or six years and astonishing scandals like \$457 million being spent on government advertising within the last 16 months of the Howard government. In addition to this, we inherited a structure of government that was totally, absolutely decentralised, where government departments and agencies were essentially left to their own devices to do whatever they liked in managing their resources and their activities. They were virtually without any overarching scrutiny or coordination from central government. But this government is committed to tackling the inevitable waste and inefficiency that flows from that ultra-decentralised structure and is ready to address these problems. This government has put in place over \$5 billion worth of spending cuts, savings in the budget for this year, a major clampdown on abuse of government advertising, new rules with respect to discretionary grants and a process of reforming procurement in order to ensure that aggregated buying, collective buying, can get better value for money for the taxpayer.

But the area that has had some of the most appalling problems has been ICT—information and communications technology—where the government spends somewhere between \$5 billion and \$6 billion per year. In the past, we have seen problems such as the rollout of the new Custom systems, the integrated cargo system, which we and countless small businesses remember with some degree of horror. We have seen FaHCSIA and the Department of Defence waste \$50 million, \$60 million, \$65 million on projects that were ultimately abandoned, and we have seen a general problem with the lack of coordination of spending and the lack of aggregation of government buying power.

In order to tackle these problems, the government commissioned Sir Peter Gershon, a world-renowned expert, to advise the government on putting in place a new strategy. His findings about the current deficien-

cies in the way the federal government deals with IT were very interesting, and they have been released recently by the government. The first was that there is virtually no across-the-government strategy to deal with purchasing or management of information technology; that there has been minimal scrutiny of business-as-usual spending by agencies and departments; that the purchase of desktop computers and associated elements ranged from \$1,500 per desktop to \$3,500; that costs per transaction with respect to members of the public from different systems ranged between 10c and \$30 per transaction; that costs of human resources systems in various government agencies ranged from \$10 per employee to \$500 per employee; and that, if the current fragmented arrangement with respect to data centres that prevails in the Commonwealth were left in place, this would cost the Commonwealth an additional billion dollars over 15 years more than it should and that there should be an aggregated arrangement, a coordinated arrangement, with respect to data centres. But, most amazingly of all, the report from Sir Peter Gershon indicated that the ratio of public servants to desktop computers in the Australian government is one to about 1.6.

Mr Hockey—Give them to the schools.

Mr TANNER—In other words, for every employee in the Commonwealth, including military employees, including some who have no particular need to have their own computer, there are over 1½ computers. Indeed, there are some agencies that have more than two computers per employee. I note that the member for North Sydney says ‘give them to the schools’. Now we know why we have to invest in computers for schools. Now we know why the Howard government did not do anything about computers for schools—because they gave them all to the public servants.

The government is putting in place a new framework to deal with these issues. There will be a ministerial committee, as part of the ERC, to deal with overarching government decisions, and business-as-usual spending that was allowed to grow like Topsy under the member for Higgins will be cut by almost \$400 million in a full year, and half of that will be returned in investment in new projects to upgrade IT systems and to enable the legacy systems, the mess that we have inherited, to be improved. A whole-of-government data centre strategy will be developed. There will be a reduction in the proportion of expensive contractors being used in place of full-time employees at, in some cases, double the cost, and there will be a whole-of-government IT sustainability strategy developed.

I am delighted to be able to indicate, as I announced this week, that the government has adopted all of Sir Peter Gershon’s recommendations and will be implementing the report in full. We will continue to work

hard to have every possible efficiency to eliminate all the waste that we can from the budget we inherited from our predecessors, because the Liberal Party were asleep at the wheel. We are committed to maximising value for money for the Australian taxpayer. For those on the opposition benches who have suddenly got very excited about the prospect that the global financial crisis could conceivably push the budget into deficit, I ask this question: given all of the uncosted promises you have made—given all of the uncosted promises about fuel excise, about pensions and about capital gains tax for small business—where would they leave the budget position if you were in government? The Rudd government is committed to delivering efficiencies and savings and to eliminating the waste and mismanagement that we inherited from the previous government.

Economy

Mrs HULL (3.36 pm)—My question is addressed to the Prime Minister. Prime Minister, I refer you to the recent OECD World Economic Outlook that has warned the government that the \$10.4 billion stimulus package would have limited effect unless confidence were restored. Prime Minister, with the government running up the white flag on making the tough decisions that would maintain a budget surplus, hasn’t it undermined the confidence that the OECD says is necessary to make the spending package effective?

Mr RUDD—I would say in response to the honourable member for Riverina’s question the following: if you look at the global financial crisis which began in credit markets in the United States, which flowed through to equity markets in the United States, which flowed through to property markets in the United States, which then flowed through to the financial institutions throughout the world through the agency of credit default swaps and securitisation of the various loans made with highly liquid money against bad assets in the real estate sector, that is the cancer that has spread across the entire global financial system. That is the real cause of what has happened. Why you are therefore seeing a consequential impact on confidence, both consumer confidence and business confidence, is because that has worked out to the real economy. When consumers are confronted by the nonavailability of credit or the other challenges which now present themselves in terms of employment, it has an effect on consumer confidence, as night follows day. Similarly, with business confidence, if there is a crunch in terms of the availability of credit for business and its normal lending arrangements, business as a consequence begins to evidence a lack of confidence. That also follows through a contraction of demand in the overall economy.

These are the facts. They might be uncomfortable facts; they might be politically inconvenient facts for those opposite, but that is actually what is occurring. It

is what is occurring in this country. It is what is occurring in the United Kingdom. It is what is occurring in the United States, in France, in Germany, in every other economy around the world. The question is—and I say this to the honourable member for the Riverina, whom I regard to be a decent person—what are we as a nation going to do about this?

We have a course of action for dealing with this and it hangs off the whole proposition of providing economic stimulus through the fiscal policy measures that we have outlined so far, acting in tandem with monetary policy. Our course of action is clear together with range of task forces we currently have at work with elements of the financial sector that are dealing with the rollout consequences of the global financial crisis—detailed work, practical work, sector by sector, subsector by sector, then across what we do in one stage after the other; a fiscal policy in coordination with what the Reserve Bank is doing with monetary policy. This is a strategy, a plan of action for the future. I would say to those opposite that the alternative which they offer the people and the economy and the nation is as follows: do nothing and take political advantage of the crisis. That is your strategy in a nutshell and, frankly, the Australian people condemn you for it.

Drugs in Sport

Ms COLLINS (3.40 pm)—My question is to the Minister for Sport and Youth. Will the Minister for Sport update the House on global developments to tackle drugs in sport?

Ms KATE ELLIS—I thank the member for Franklin for the question. In answering the question I acknowledge from the outset that both sides of this House have worked hard for a very long period of time to ensure that Australia is at the forefront of the battle against doping in sport. I think that we as a nation can be very proud of where we stand in this regard. We know that it is important that sport is fair and that it is clean and drug-free, and of course we need sport to be a healthy activity, one that makes a positive contribution in our community, one that we want to encourage our children to take part in, not one that becomes a race between those who can get the best access and who can best disguise performance-enhancing drugs. As a very passionate sporting country we need to insure that the integrity of sport is maintained. Whether through ASDA, or now ASADA, Australia has worked to pursue this at home, and I particularly know that one of the former ministers for sport, Rod Kemp, was very passionate about this issue.

We have also provided leadership at an international level, most notably of course with the election of the president of the World Anti-Doping Agency, WADA, John Fahey, someone that I know that many members opposite are very proud of. Indeed all Australians

should be very proud of the fine job that he is doing in that role.

Earlier this week I attended meetings of WADA in Montreal and I can advise the House on developments in terms of both Australia's representation on this global body and, indeed, new steps which have been adopted in order to tighten the net on drug cheats. Mr Speaker, whilst you would know that I am certainly not one for shameless self-promotion, I can inform the House that Australia will now have a seat on the WADA executive committee from 1 January 2009.

Honourable members—Hear, hear!

Ms KATE ELLIS—Thank you. I think it is significant to note that, along with President Fahey, Australians will now hold two out of just six government positions worldwide on this executive committee, the highest international antidoping body. I would also like to acknowledge the role of the former New Zealand Minister for Sport, the Hon. Clayton Cosgrove from whom we will take over the role in representing Oceania.

It is also significant to note that a memorandum of understanding has now been finalised between WADA and Interpol in order to provide a framework for cooperation between these two bodies to gather evidence and share information. Because we know the pursuit of drug cheats has to be broadened from just testing and detection, drug cheats will now be actively investigated with the assistance of these new arrangements. This is a model which we have had in place in Australia and ASADA has been working on but which will now be strengthened by the international movement. Our government here is committed to upholding our strong reputation when it comes to being ahead of the game and fighting drugs in sport and I am happy to inform the House of these new developments.

If I can just take another 20 seconds of the parliament's time whilst I am here, I would also like to take this opportunity to pay tribute Peter Bartels who has just ended his term as the chair of the Australian Sports Commission. Peter has served for a long period of time and he is passionate about Australian sport. He has been very professional and I have enjoyed working with him. I wish him the best of luck in the future.

Economy

Mr NEVILLE (3.44 pm)—My question is addressed to the Prime Minister. Prime Minister, with 168 committees and reviews coming up with spending promises attached—none of them associated with the global financial crisis—isn't it the case that you have 168 reasons to go into deficit, all of them part of a political strategy and not an economic plan?

Mr RUDD—I know the member for Hinkler's heart was not in that question, because I know him to be a decent man who actually deals with the facts. I could

actually hear the wince in his voice as he was required by the party whip to ask it! The great thing about our friend the member for Hinkler is that he is not a bad bloke; you can actually hear when he is uncomfortable with the question. To go to the facts of it, from the most recent set of government annual reports of 2005-06, the total number of committees launched by the previous, Howard government is 493, from memory. My response to those opposite would be these words: physician, heal thyself.

Renewable Energy

Mr HALE (3.45 pm)—My question is to the Minister for the Environment, Heritage and the Arts. How is the government delivering on its commitments to support solar power in Australia?

Mr GARRETT—I thank the member for Solomon for his question—and it is true that he has a sunny disposition which we on this side of the House appreciate! The support provided by the Rudd Labor government for solar power and for renewable energy across the board is unprecedented. Yesterday in Sydney I opened the Asia-Pacific Regional International Solar Energy Society Conference and had the pleasure of announcing that the government will fund half of a \$6.6 million solar power station to be built in Alice Springs as part of the Australian government's Alice Solar City project. The Alice Springs Ilparpa solar power station will become a significant landmark in the region, with 26 fourteen-metre-high solar concentration dishes built to the south of Alice Springs. It has got Australian designed technology using dishes to track the movement of the sun throughout the day, concentrating the sunlight onto highly efficient photovoltaic cells and contributing around 1,800 megawatt hours of clean power to the Alice Springs grid each year. I know the member for Lingiari will agree with me that this project will further enhance Alice Springs's contribution and its position as a showcase town for renewable power generation in Australia.

This commitment further underlines the additional \$18.8 million the government have committed to create new solar cities in Coburg, in Victoria, and in Perth. That commitment comes at a time when the identification of green job potential, the time for being serious about renewable energy, is increasingly something which is being noticed, being written about and coming to our attention. We have seen the CSIRO and Allen Consulting Group report of June this year, *Growing the green collar economy*, which shows the significant potential for employment growth in sustainable trades and the clean technology workforce as we set about tackling dangerous climate change. That report identifies an increase of more than 10 per cent over 10 years in sectors with high-potential environmental impacts—the potential for stable, green jobs if you have robust policy support for sustainable industries and renewable

energy. The government believe that we need to produce significant opportunities for this renewable energy industry to grow and we need well-designed policies of substance that attach to that.

I have to say for the benefit of the member of Flinders, who has responsibility for this issue but is actually not in the House at this point in time—so serious is the opposition's contemplation of the issues that their shadow minister cannot even stay in question time for the full duration of question time; he is bobbing in and out. This is the member for Flinders, the one that we know as the stunt master of the parliament, who jumped out of a plane with a parachute on to say that Australia's solar industry was in free fall when in fact applications were at an all-time high. It is actually that absent member for Flinders—someone is scurrying out to bring him back into the House—who said, about the solar industry on 18 May, that we have seen the collapse of that industry 'and that is not overstating it'. I would hate to see what happens when the member for Flinders does actually overstate something! This was at a time when applications for solar panel rebates were at an all-time high. But then he went on to say: 'Few people, if any—

Mr Billson—Mr Speaker, I rise on a point of order.

Mr GARRETT—I think it is a little bit late for the honourable member to come to the rescue of the member for Flinders—

The SPEAKER—The minister will resume his seat. The member for Dunkley on a point of order.

Mr Billson—Mr Speaker, it is a bit rough, having a crack at a member who is not here, particularly—

Government members interjecting—

The SPEAKER—Order! Order!

Mr Billson—Particularly when the minister's cred is burning on solar.

The SPEAKER—Order! That is not a point of order and the member for Dunkley is warned! The minister has the call.

Mr GARRETT—The absent shadow minister for climate change and the environment said, 'Few people, if any, are signing on to new solar power contracts.' Let me put it on the record in the House that under the Rudd Labor government we will be providing more solar rebates in a single month than were committed to in a single year previously, but according to the absent member for Flinders few people are signing contracts. In his absence, I will not go on to say that the Evil Knievel approach to politics just will not do in the parliament any longer. Stunts will not suffice; what we need is substance. Those opposite had 12 years and they refused to increase the renewable energy target. They had 12 years and they refused to put a price on carbon. They had 12 years of denial and delay on climate change. The Australian public want substance on

the matter of delivering solar power and solar energy, and that is what this government is providing.

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

QUESTIONS TO THE SPEAKER

Matters of Public Importance

Mr BOWEN (3.51 pm)—Mr Speaker, I have a question for you. My question relates to the letter to you today proposing a matter of public importance, purportedly from the shadow Treasurer. My question is: as the letter suggests discussion of the matter for 27 September 2008, which was two months ago, and also, although it is signed by the shadow Treasurer, the letterhead is marked ‘Shadow Minister for Employment, Business and Workplace Relations’, can you assure the House that the letter is in order and are you satisfied it is genuine and has not been plagiarised in any way?

The SPEAKER—I again indicate that I am at this point in time only taking questions about the administration of the departments that are under my control or joint control with the President of the Senate. In relation to the question being taken as a point of order, except for the last part, to be consistent it was not totally crafted as a point of order. Fortunately for me, the decisions I make under standing order 46 about matters of public importance are not rulings; they are decisions vested in me. I find this particular one in order because I am more interested in the topic. The date above the salutation is correct. As far as I am concerned, the matter is signed by the Deputy Leader of the Opposition.

Questions in Writing

Mrs VALE (3.54 pm)—Mr Speaker, my question relates to questions on the *Notice Paper*. Question No. 176 to the Minister for Infrastructure, Transport, Regional Development and Local Government from 25 June 2008 is still outstanding. I ask you to write to the minister under the relevant standing orders for a response.

The SPEAKER—I will write to the minister as I am required to by the standing orders.

AUDITOR-GENERAL'S REPORTS

Report No. 9 of 2008-09

The SPEAKER (3.54 pm)—I present the Auditor-General's Audit report No. 9 of 2008-09 entitled *Assurance report: Defence Materiel Organisation major projects report 2007-08*.

Ordered that the report be made a parliamentary paper.

The SPEAKER—I apologise because I have these out of order. I will do this slowly, because obviously I have a lot of time. Taking another group, perhaps my theme song would be *Most people I know (think that I'm crazy)*.

COMMITTEES

Intelligence and Security Committee

Report: Presiding Officers' Response

The SPEAKER—I present the Presiding Officers' response to the Parliamentary Joint Committee on Intelligence and Security's annual report of committee activities 2007-08.

LEGISLATIVE ASSEMBLY OF NORFOLK ISLAND

The SPEAKER (3.55 pm)—I inform the House that I have received a copy of a resolution passed by the Legislative Assembly of Norfolk Island on 19 November 2008 forwarding the Chief Minister's statement in response to statements made in the Australian Parliament on 23 October 2008. Copies have been placed on the table for the information of honourable members.

DOCUMENTS

Mr ALBANESE (Grayndler—Leader of the House) (3.55 pm)—Documents are presented as listed in the schedule circulated to honourable members. Details of the documents will be recorded in the *Votes and Proceedings*.

MATTERS OF PUBLIC IMPORTANCE

Budget

The SPEAKER—I have received a letter from the honourable member for Curtin proposing that a definite matter of public importance be submitted to the House for discussion, namely:

The Government's failure to responsibly manage the Budget and to honour its pre-election and post-election commitments to deliver Budget surpluses.

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

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

Ms JULIE BISHOP (Curtin) (3.56 pm)—Today Australians are asking why it is that the Rudd government after just 12 months has abandoned the notion of a budget surplus. Having inherited a \$20 billion budget surplus just 12 months ago, why has the Rudd government abandoned the budget surplus and decided to plunge the Australian budget into deficit? There is no valid reason for the government to do this. There is no economic reason for the government to plunge the budget into deficit. When you look at the economic growth forecasts for Australia, the OECD, the IMF, the Reserve Bank and the government's own forecast all predict positive growth over the next year and the year beyond. The government's own forecast, which the government were committing to just three weeks ago, has growth at two per cent—that is positive, respectable growth at two per cent over the next financial year. Every indicator concerning growth—from the

OECD, the IMF, the Reserve Bank and the government—forecasts growth. In those circumstances there is no reason for the government to plunge the budget into deficit.

We have positive terms of trade. We have positive investment. I refer the House to today's release by the Australian Bureau of Statistics of figures for private new capital investment. Members will recall the Prime Minister talking today about private investment. The results released today show a rise of 2.9 per cent in the September quarter of 2008. With private sector investment increasing, why is the government seeking to use a budget deficit that we know potentially crowds out private sector investment? Deficits have consequences and one of the consequences of increased government expenditure financed by borrowing is that it can crowd out more productive private investment. If government expenditure is at the expense of more productive alternatives then the result will be lower growth.

We have to look at Labor's history in that regard. When Labor were last in office federally they ran up a debt of \$96 billion. Interest on that \$96 billion debt was \$8 billion to \$9 billion every year. When we came into office in 1996 we had to find \$8 billion to \$9 billion every single year to pay off that \$96 billion debt. That is almost equivalent to the government's stimulatory package. Had the coalition not paid off the Paul Keating government's debt of \$96 billion we would still be trying to find \$9 billion each year to pay off the interest. But, no, it was paid off and that interest saving can be used by this government for a stimulatory package.

On the basis of the terms of trade, the growth, the private sector investment, why is this government going into deficit? Look at the question of monetary policy. At present the cash rate is at about 5¼ per cent. There is plenty of room for the Reserve Bank to move in reducing interest rates, which will stimulate the economy. When you look at countries around the world, official interest rates as at the middle of November include Canada, at about 2¼ per cent; Switzerland, at 2¼ per cent; the United States, at one per cent; and Japan, at 0.3 per cent. But here in Australia—and we know the history of why this occurred—interest rates are still at 5¼ per cent. Monetary policy can be used to stimulate the economy, yet this government refuses to wait for the Reserve Bank to do what it is meant to do—that is, to use monetary policy to stimulate the economy—when cash rates are at 5¼ per cent.

Why would the government plunge the budget into deficit when its stimulus package of \$10.4 billion has not even been delivered? The majority of the package is to be delivered into bank accounts on 8 December. Yet even before the package has had the time to hit the bank accounts of pensioners and families and carers, even before it has had the time to work through the

economy and stimulate growth, the Labor government has put up the white flag and said that it will plunge the Australian budget into deficit. What confidence does this government have in its own economic judgement when it chooses to spend—and this is a discretionary spend—one per cent of GDP, about half of the forecast budget of \$21 billion, on a stimulatory package yet before that is even delivered puts up the white flag and says, 'We have to go into deficit'? It has not even given the time for the monetary policy and the fiscal policy to do its work. The OECD has said that Australia will avoid recession. As recently as yesterday the report from the OECD said that this country will avoid recession. Why is the government sending a message to the Australian public that it has so little confidence in its fiscal policy and its monetary policy that it would plunge this budget into deficit?

We heard today that there have been 168—and I would suggest that number is now 169—reviews and committees announced by this government. Another one was announced in question time today. I think we can see the answer to why this government is plunging the government into deficit. This government came to office and inherited a \$20 billion surplus. It inherited a situation where there was zero government debt. The government did not have to find \$8 billion every year to pay off the interest on a debt. There was zero government debt. It made promises that no government could ever keep. It has set up review after review, committee after committee, knowing that people will come with wish lists, seeking funding promises. How is the government going to meet those expectations? This is all about a political strategy. This is not about a clear economic plan for the future of this country.

We know that this weekend the Prime Minister will be sitting down with the premiers of the failed Labor states, including New South Wales. The Prime Minister will be called upon by his mate Nathan Rees to bail out the incompetent New South Wales government. What has the Prime Minister done? He has flagged in advance to the Australian public that, because of the global financial crisis, he has to plunge the budget into deficit. Yet we know that the plan is to bail out the failed Labor state of New South Wales. That has nothing to do with the global financial crisis. What the Prime Minister is seeking to do is to take federal taxpayers' funds and divert them into New South Wales Labor. I am not sure how the other state Labor governments are going to cope with that, with the redirection of funds to New South Wales Labor. Maybe the Queensland Labor government will also put its hand out. But you have at play here a political strategy, not an economic strategy.

What a hypocrite this Prime Minister has turned out to be. Remember, before the election, how the Prime

Minister said time and time again that he was an economic conservative? When he was asked—

Mr Bowen—Madam Deputy Speaker, the Deputy Leader of the Opposition should withdraw that remark.

The DEPUTY SPEAKER (Ms AE Burke)—I will ask—

Mr Hockey—That has never been an unparliamentary term!

The DEPUTY SPEAKER—‘Hypocrite’ has been stated before.

Mr Hockey—When?

The DEPUTY SPEAKER—It has.

Mr Hockey—No.

The DEPUTY SPEAKER—It has been stated before, and I think it would assist if the Deputy Leader of the Opposition would withdraw.

Ms JULIE BISHOP—I understand the Prime Minister has a glass jaw. Therefore, I will withdraw.

The DEPUTY SPEAKER—The Deputy Leader of the Opposition will withdraw unreservedly.

Ms JULIE BISHOP—In relation to the glass jaw or in relation to ‘hypocrite’?

The DEPUTY SPEAKER—You will just withdraw unreservedly.

Ms JULIE BISHOP—I withdraw.

Mr Bowen—Madam Deputy Speaker, the Deputy Leader of the Opposition just showed great disrespect for your office by repeating that comment again. She should know better.

The DEPUTY SPEAKER—There is no point of order.

Ms JULIE BISHOP—We know that before the election the Prime Minister talked big. Last year he took out expensive television advertisements to tell the Australian people that he was an economic conservative. He was trying to convince the public that he could manage the economy as responsibly as the coalition did. In fact, he draped himself in the language of the coalition to reassure the Australian public that Labor would not go back to the bad old days of Labor debt and Labor deficits. The closer we got to the election the more strident the Prime Minister became about claiming to be an economic conservative. He said that to be an economic conservative you believed in budget surpluses. Time and time again he said that. On 23 November, in an interview on *AM*, he said:

Economic conservative means a fundamental belief in budget surpluses ...

Then he tried to claim credit for the Goss government’s surpluses. He said:

... go back to my experience ...

This is the Prime Minister. He said:

... go back to my experience in this respect. I worked at a senior level in the Goss government in Queensland in the first half of the 90s.

When national economic circumstances were difficult, when there wasn’t a lot of money flowing into the economy particularly, there wasn’t the presence of a global resources boom, and budget after budget, we produced budget surpluses.

So the Prime Minister, back when he was a bureaucrat in the Queensland government, is now claiming that he delivered budget surpluses, and he said that is what it means to be an economic conservative. In question time today we asked when the Prime Minister, not as a bureaucrat in Queensland but as the Prime Minister of the Rudd government, would deliver the first budget surplus. He was unable or unwilling to answer that question. He will not tell the Australian people when the Rudd government, this government of economic conservatives, will deliver what it says is a fundamental cornerstone of economic conservatism—that is, budget surpluses.

The Prime Minister has said that there will be a temporary deficit. When asked what is a temporary deficit he again refused to answer. He ducked and weaved and avoided the question because he knows that the last time Labor were in government federally and they announced a temporary deficit it lasted for six long years—driving the country into debt to the tune of \$96 billion. Over six years, from 1991 to 1996, they blew out the debt from \$16 billion to \$96 billion. That was in just six short years. So we know that when the government talks about a temporary deficit it means for years and years. In 1990 the last Labor government had a deficit of \$438 million. By 1996 it had a budget deficit of \$11 billion.

It took a coalition government only two years to re-establish a budget surplus, but it took us 10 years to pay off Labor’s \$96 billion debt. The Prime Minister went on and on about his economic conservative credentials. He said he prided himself on being an economic conservative and that meant he was committed to budget surpluses. He said, ‘That’s why I’m an economic conservative: to ensure that we have budget surpluses.’ He said, ‘I’ve said it before, I’ll say it again; I intend to stick to it. I believe as an economic conservative in budget surpluses.’ What we have seen today is a government prepared to throw the economic conservative facade away—and thank goodness because this was never a Prime Minister who was an economic conservative. He has never been an economic conservative and now the facade has been dropped.

What the Prime Minister has been doing over the last couple of days since he jetted in from Lima—since he stopped in Australia for long enough to take off his poncho—is talk down the Australian economy. The OECD and, indeed, the Reserve Bank have said that confidence is all-important. The OECD warned the

government that, unless it restored confidence, its stimulatory package would have limited effect. The Reserve Bank warned the government to restore confidence, yet all we have heard from this government is talking the economy down. They do not focus on the strengths. They do not focus on the forecast of two per cent. They do not focus on the positive terms of trade. They do not focus on monetary policy at 5¼ per cent. They do not focus on unemployment at 4.3 per cent—steady at historically low levels. And how was the Prime Minister today suggesting that the coalition did not care about jobs? It was the coalition government that brought unemployment from eight per cent to just over four per cent. We created two million jobs while in government and the last time Labor was in government unemployment rose to 11 per cent—one million Australians were unemployed under Labor. What we are seeing today is a return to old-style Labor: high unemployment, budget deficits and debt. It is in their DNA—debt and deficit equals Labor governments. This government should focus on talking about the strengths of the Australian economy—giving people confidence in this nation. (*Time expired*)

Mr BOWEN (Prospect—Minister for Competition Policy and Consumer Affairs, and Assistant Treasurer) (4.11 pm)—The contribution by the Deputy Leader of the Opposition in this matter of public importance shows that, despite their rhetoric, the opposition are determined to put cheap political point-scoring and economic sophistry in front of good economic management. Everywhere around the world since the 1930s it has been an accepted economic given that at times when there is downward pressure on economic growth, at times of economic downturn, you can put a stimulus into the economy by government expenditure. Not only is it accepted that that is a reasonable approach but it is accepted that that is a responsible approach—accepted by all apparently except those opposite, the Leader of the Opposition and the Deputy Leader of the Opposition, as they attempt to emulate Herbert Hoover and say, ‘All we need is more surpluses and everything will be okay.’ Whatever the question, their answer is the same: surplus. What we have said and what the Prime Minister has said very clearly, despite the mischaracterisation by the Deputy Leader of the Opposition, is that, while our projection is for a surplus, a deficit may be necessary to ensure robust growth next year.

Yesterday the MPI was all about jobs. The opposition proposed an MPI saying the government does not care about jobs. And today the surplus is paramount. The inconsistency and illogicality of those two arguments seem to escape those opposite. Yesterday they said, ‘Where is your plan for jobs?’ and today they say, ‘How dare you have a plan for jobs which involves a stimulus to the economy.’ The hypocrisy and inconsistency is breathtaking. Even if the situation deteriorates further around the world, even if there is upward pres-

sure on unemployment, the view of those opposite apparently is: the surplus must be defended at all costs.

How does this neoclassical, anti-Keynesian view of the world compare to the serious views of economic commentators around the world? Let us start with the managing director of a little organisation called the IMF. This is what Dominique Strauss-Kahn had to say recently:

If there has ever been a time in modern economic history when fiscal policy and a fiscal stimulus should be used, it's now.

And John Lipsky, the First Deputy Managing Director of the IMF—and this is a particularly interesting contribution—last week said:

It is appropriate, therefore, that fiscal expansion will play a central role in helping to sustain domestic demand.

He went on to say:

Any fiscal stimulus should be timely in its impact, as the need to cushion demand is immediate. As a result, innovative measures could be helpful. For example, measures to support low-income households would be particularly helpful in boosting demand, and would be targeted at those most in need.

That is a pretty good endorsement of the Rudd government's approach from the IMF, I would have thought. It is not only every credible economic commentator around the world. Let us go to some Australian economic commentators. Let us start with the most respected of them all because of his office, the Governor of the Reserve Bank. Mr Stevens has this to say:

... if governments are able to so order their affairs as to continue supporting worthwhile ... investment, even if that involves some prudent borrowing, then Australia will come through the present period.

... ..

If we see governments at state level or federal level pull back from worthwhile things because of the budget balance deteriorating which it is going to do in this environment that is not stabilising. That is potentially destabilising.

What a disendorsement of the opposition's point of view from the Reserve Bank.

Let us have a look at some economists. Chris Richardson from Access Economics said:

We should not fear a deficit. That would be a mistake.

He said of the government on a different occasion:

... I would like to see them do more, more of exactly what they've already done with the stabilisation package. That's good spending, because it's temporary and it's targeted and it's rolled out in time to help protect us against recession. The Government could do more like that. You don't want deficits to become a habit, but right now they would help, not hurt.

Let us go on to Access Economics. They had this to say:

We support the government's \$10.4 billion package and would make the wider point that Australia should not be

scared of a deficit in the next couple of years. Australia's government has the ability to help the economy fend off tough times and it can assist the Reserve Bank in that endeavour.

The list goes on. Stephen Koukoulas of TD Securities said:

In this context, it is important for the current Rudd government to jettison the idea that the Budget must stay in surplus—even in a recession ...

... ..

If indeed, the economy is as bad as it looks, embrace a Budget deficit, spend up to limit the inevitable human misery that a recession inevitably brings and manage fiscal policy in a counter cyclical way.

Bill Evans from Westpac said that it would be entirely appropriate to move the budget modestly into deficit. Saul Eslake from ANZ said:

The time is rapidly approaching when it would be appropriate for the Government to push the budget into deficit as a result of deliberate policy decisions rather than deteriorating economic conditions.

The *Australian Financial Review*, that well-known journal of socialism, said in its editorial:

... Mr Turnbull's opposition to budget deficits is only pandering to opinion polls that show an understandable but ill-considered concern about deficits in the community. He should not be ruling anything out with the economy facing its biggest negative shock in decades.

Perhaps the most conservative economic commentator in the country, Terry McCrann, not traditionally somebody who supports the policies of this government, said:

More pointedly we should want it to go into deficit—to provide some further boost, along with lower interest rates, to a slowing economy.

There we have every economic commentator in the country saying it would be irresponsible for the government to rule out a budget deficit. As I say, we have indicated that, should the circumstances deteriorate further, a budget deficit may be the appropriate response.

Of course, there have been budget deficits before. I note that the Leader of the Opposition was asked about this on Steve Price's show this morning. He was asked about the the last federal budget deficit in Australia, which happened to be in 2001. The Treasurer at that time was our old friend, the member for Higgins. The Leader of the Opposition was asked to explain that deficit. He said, 'There was also the GST as part of that. That was rather a special context.' So apparently budget deficits are okay some of the time when there is a special context. I am not sure what the biggest global financial crisis since the Great Depression is if it is not a special context. What we are seeing is inconsistency and double standards from the opposition. That deficit was not actually mainly a result of the GST, in fairness. It was a result of the dotcom crash, a very big

dislocation in the world financial markets—although, not as big as the dislocation we are going through at the moment.

As I say, it is a well-respected economic approach for governments in times of downturn and downward pressure on economic growth to have an expansionary budget. But in the boom times they should perhaps have a contractionary budget. Of course, the previous government governed through the times of the commodity boom. Their approach was, 'We can spend our way out of this boom no problems.'

Let us have a look at what some of the economic commentators think about the previous government's spending record. They lecture us about financial rectitude; let us hear a bit about their record. Again, Mr Koukoulas of TD Securities argued this a couple of days ago:

The current economy circumstances bring into focus the inept, short-sighted and hopelessly misguided handling of the economy in the final years of Howard and Costello government.

He went on to say:

In the period from about 2003-2004—

this is good—

Howard and Costello were continually surprised by the size of the budget surplus as the economy boomed on the back of a once in a century surge in national income from the staggering strength in commodity prices and remarkable growth in Australia's major trading partners.

Instead of saving for a rainy day or building war chest of money for when this bubble burst ... they spent the windfall fiscal gains like drunken sailors, which fuelled a surge in inflation, which in turn caused the RBA to hike rates aggressively, which in turn is one reason why Australia is so vulnerable now to the global slow down. Right now, the near certain collapse of the terms of trade and the risk of a deep recession are not helped by this past profligacy.

I wish he had made his views are bit clearer; I am not really sure what he meant!

We do have others to rely on as well. Access Economics recently provided commentary on the previous government's spending record. Unfortunately, Madam Deputy Speaker, I cannot repeat what they said because I am a gentleman and it would be most unparliamentary to repeat their language and I would not disrespect your office by trying. Suffice it to say, it is on the public record and honourable members can look it up. It is not just them. Let us have a look at Stephen Anthony, a former very senior official of the Australian Treasury and the Australian department of finance. This is what he had to say about the tax-and-spend Liberals who sit opposite. He said:

Unfortunately, the Howard government lost its way from 2004. When the China boom arrived with soaring commodity prices there was no offsetting tightening in fiscal settings to 'bank' windfall revenue gains from mining. The

drunken sailors pillaged the budget for political expediency and produced a structural deterioration in the bottom line.

Pretty clear. He went on to say:

The huge spending injection coincided with the further upturn in the business cycle. Blind Freddy knew inflation would be the result.

There we see not only ever serious economic commentator in the country endorsing our result but those same respected serious economic commentators condemning the approach of those opposite without reservation, saying in effect, 'God forbid the day they ever return to the Treasury benches.' So they should not come in here and lecture us on fiscal rectitude.

What we have now is a situation in which they, who spent like drunken sailors and who let the situation get out of control, say, 'There must be a surplus at all costs and you can't let those nasty socialists get their hands on the surplus because they might spend it with the terrible aim of keeping unemployment as low as possible and economic growth as high as possible.' What inconsistency.

They say that Australia should ignore the rest of the world. Last night, the European Union recommended to its member states a stimulus package of 1.5 per cent of GDP when already many European countries have deficits approaching three per cent of their GDP. An economic stimulus package in the United States is not only being proposed by President-elect Obama but also being delivered by President Bush. There are economic stimulus packages around the world which have not taken budgets from surplus into deficit but which have significantly increased the size of deficits around the world.

But those opposite have the view that we should wait and we should not flag to the Australian people in an upfront and honest way that next year a deficit may be the appropriate response. They say that we should just sit tight, hold our nerve and defend the surplus against all comers. What an irresponsible point of view. They say that we should wait. I am not sure what for. For the unemployment rate to go up? Maybe for the economic growth rate to go down. Maybe we should wait until it is too late. We have taken a different approach. They do not like to hear it, but we are going to keep reminding them: we like to be decisive; we like to be ahead of the curve. We say: 'We're not going to wait for the worst to happen; we're going to avoid, if we possibly can, the worst happening. We're going to use our judgement and stimulate the economy where possible with every lever at our disposal.'

The Reserve Bank have indicated that they are more than happy to stimulate the economy, but around the world reserve banks have indicated that it is not enough. Governments have to do the same thing. Governments have to have fiscal policy working in the same direction as monetary policy. I know that that is a

concept honourable members opposite have difficulty in coming to terms with. They do not believe that the federal government should use their budget to help the Reserve Bank do their job; they think that the federal government should make the Reserve Bank's job harder.

The Governor of the Reserve Bank in this country has indicated on more than one occasion that it is useful when the government of the day indicates that fiscal policy will be used in the same direction as monetary policy. That is the responsible thing to do. That is what you do if you want to keep unemployment low; that is what you do if you want to create jobs; that is what you do if you want to promote economic growth in the most difficult circumstances any government has faced since the Great Depression.

There are signs that the world economic situation is deteriorating even further. We stand ready to respond, as we need to to responsibly do the right thing. We stand ready. Those opposite stand ready to reject what is commonsense and what is obvious to every economic commentator in Australia and around the world.

Mr ANDREWS (Menzies) (4.26 pm)—If you believe what the Assistant Treasurer and what the Prime Minister was suggesting in question time today—

Government members—We do.

Mr ANDREWS—Then you would be foolish. You would be believing that reducing and paying off a \$96 billion debt, which the coalition government inherited along with a \$10 billion black hole, was somehow poor economic management. You would be believing that reducing unemployment, which was over eight per cent in 1996, to just over four per cent at the election last year was somehow economically irresponsible. You would be believing that creating over two million jobs in Australia over that period of time and having the lowest unemployment rate for over 35 years was economically irresponsible.

The reality is that the current government was concerned last year when in opposition that the perception of Labor as poor, incompetent and inexperienced economic managers was something that the Australian people believed. We had the then Leader of the Opposition, Mr Rudd, going on television, as Australians will remember, prior to the last election saying, 'I am a fiscal conservative; I am an economic conservative.' He did not say that just once; he said it over and over again. You could not switch on your television set prior to the election last year without that advertisement showing Mr Rudd standing up and saying, 'I'm an economic conservative.'

He went further when asked about that. He was asked, 'What does it mean to be an economic conservative?' What he said was, 'That means amongst other

things that we will keep the budget in surplus.' That was part of his definition of what an economic and fiscal conservative would be.

The reality is that Australians were right to have a perception that Labor are poor, inexperienced and incompetent economic managers. Whether you go back to the Whitlam government—probably the worst in Australia's history—or you go back to Paul Keating's recession that we had to have, Australians have a long and realistic memory that Labor are inexperienced and incompetent when it comes to the economic management of this country.

Let us look at the situation that has occurred over the past few months and ask whether that plays into this perception that Australians have about the experience and the competence of Labor as economic managers. Imagine a government that seeks to reassure the public that our financial system is sound but then announces the need for an unlimited guarantee of the banking system. How would you describe such a government? Inexperienced? Incompetent? Panicked?

Mr Perrett—Irish?

Mr ANDREWS—Not Irish—the government of Australia. Imagine a government that puts in place a measure to guarantee the financial system and prevent a run on financial institutions that then causes a run on financial institutions in Australia. How would you describe that government? Inexperienced? Incompetent? Imagine a Prime Minister who regularly brags about which world leader he has phoned recently not phoning the Governor of the Reserve Bank before making a critical decision about monetary policy and financial regulation. How would you describe that? Inexperienced? Incompetent? Imagine a Prime Minister who argues that other financial institutions are not banks but then proposes that they all become banks and, regardless of their credit rating, gain bank guarantee status—in order, of course, to solve the mess that he had created. How would you describe that?

Debate interrupted.

ADJOURNMENT

The DEPUTY SPEAKER (Ms AE Burke)—Order! It being 4.30 pm, I propose the question:

That the House do now adjourn.

Groom Electorate: Roads

Economy

Mr IAN MACFARLANE (Groom) (4.30 pm)—This week we heard much about the one-year anniversary of the Rudd Labor government, but missing from the fanfare of those opposite was the list of failings recorded over the last 12 months. Despite the Prime Minister's promise to govern for all Australians, in reality life under the Rudd government has been a disappointment for rural and regional Australia. While the Prime Minister has spent a sixth of his first year in of-

fice overseas, he has done little for the people of regional Australia.

The big issue facing my electorate and the broader South-East Queensland area is, of course, transport. In its first year of office the Rudd government has undone the good work of the coalition on road infrastructure in this region. The legacy of the first year of the Rudd government has been to stall the progress of one of the top infrastructure projects in South-East Queensland, the Toowoomba bypass. Members of this place may be becoming familiar with this project, as it is one which I have raised often because of its vital importance to the future road transport between the rapidly growing western Queensland region and the south-east corner, particularly Brisbane.

This road services trucks that go to all parts of western Queensland and north-western New South Wales and, in fact, as far north as Darwin. This road sees heavy transport—cattle trucks, coal trucks and trucks carrying general freight—traversing the main street of Toowoomba. In no other city in Australia—certainly in no other city the size of Toowoomba, which is the largest provincial inland city in Australia—would this be tolerated. For those who are unfamiliar with this road, it is well worth seeing the pressure that it puts on the city of Toowoomba and the motorists who share that road taking their children to school and servicing their business needs and their social needs.

Those who are not familiar with the road may well be familiar, though, with the attitude of the Minister for Infrastructure, Transport, Regional Development and Local Government. The last time we heard anything from the member for Grayndler about important road projects such as the Toowoomba bypass it was to deride them, belittle the legitimate infrastructure requirements of the region in Queensland and turn them into a game of political stunts and point scoring—to the stage, as I mentioned earlier in this House, where he brought a letter which I had written to him asking him to uphold the decision of the previous government, the Howard government, which in May 2007 committed \$700 million to the construction of this road. But he has such contempt for the people of South-East Queensland that he would much prefer to play politics with the issue and ensure that the people of Toowoomba and the western region of Queensland continue to miss out on such a vital piece of infrastructure.

The attitude towards this road is not the only attitude that concerns me. The economic decline which we are witnessing in Australia under the policies of the Rudd Labor government is alarming in every degree. As we heard in the previous discussion on the matter of public importance, the people of Australia were told that the Prime Minister was in fact—I will get the right words—an 'economic conservative'. I will read the whole quote from the Press Club. He said:

We have learnt from the experiences in the 1980s. I pride myself as being an economic conservative committed to budget surpluses ... This forms the economic bedrock of my plan for the nation's future.

Yet yesterday, instead of inspiring confidence, instead of instilling the confidence that Australia needs, he plunged Australia into deficit and encouraged people to be concerned about the risk of a recession.

A year has passed since the Rudd Labor government was elected to govern for all Australians. Not only is it not governing for regional Australians and not only is it not governing for the people of my electorate of Groom but it is doing a terrible disservice to Australians and future generations in the way it is mishandling Australia's economy.

Cycling

Mr RIPOLL (Oxley) (4.35 pm)—Australian cycling has a long and proud history, most notably dating back to Sir Hubert 'Oppy' Opperman, who was Australia's greatest cyclist of his time and who held many world records in the 1920s and 1930s. In 1951 there was the great ride from all over Australia to Canberra, and there was the centenary ride in 2001 to celebrate 100 years since Federation.

There are many great cycling moments of significance and importance in our history, from the opening up of the Tour de France by people like Phil Anderson, Stephen Hodge, Robbie McEwen and the greats of today, to the stage win of Simon Gerrans and the outstanding results of Cadel Evans—not only by taking many yellow jerseys but also in his enormous courage and his personal effort in being the first Australian to stand on the finishers' podium, having taking out second place two years in a row in this most prestigious of international cycling races. All Australians are proud of his efforts and are hoping for bigger results in the future. Cadel, we are all with you in your efforts.

Last week I had the great pleasure of representing the Minister for Sport, the Hon. Kate Ellis, at the Australian cycling awards. This was a gathering of Australia's great cycling past and present and also our very bright future. The event was hosted by Cycling Australia and it was a showcase of the talented young Australians who give their all to their sport in all its forms. All the nominees are great ambassadors for cycling at all levels—nationally and also on the international stage. I want to congratulate the Cycling Australia president, Mike Victor OAM, for the huge success of the awards and acknowledge also former Tour de France rider Stephen Hodge for being the MC for the evening.

The winners this year are fantastic. They are fantastic ambassadors for Australia. They are Cameron Meyer from Western Australia, who is the elite male track cyclist of the year, and Anna Meares OAM, a great Queenslander, who is the elite female track cy-

clist of the year. The elite road cyclist of the year was Cadel Evans from Victoria, who, at the peak of his career in 2008, was on the podium for second place in the Tour de France and who, despite an injured knee, finished fifth in the time trial in Beijing and 15th in the road race at the Olympic Games. We all know that Anna Meares had a great victory in the sprint at the Oceania Championships but in January suffered major injuries in a crash at the Los Angeles World Cup. She fought back from a broken neck to secure a start in Beijing and won an Olympic Games silver medal in the sprint. That was a fantastic effort from her.

The elite female road cyclist of the year is Vicki Whitelaw from the ACT and the elite male mountain bike cyclist of the year was Sam Hill from Western Australia. The elite female mountain bike cyclist of the year is Caroline Buchanan from the ACT. The BMX male cyclist of the year is Jared Graves from Queensland and the elite female cyclist of the year is Nicole Callisto from Western Australia. The male para-cyclist of the year is Chris Scott OAM, a fellow Queenslander. The female para-cyclist of the year is Lindy Hou OAM and pilot, Toireasa Gallagher from New South Wales. There are some great people there.

The junior male track cyclist of the year is Luke Davison from New South Wales. The female junior track cyclist of the year is Megan Dunn of New South Wales and the male junior road cyclist of the year is Michael Matthews of the ACT. The female junior road cyclist of the year is Lauren Kitchen from New South Wales. The male junior mountain bike cyclist of the year is Sam Willoughby from South Australia. The female junior mountain bike cyclist of the year is Caroline Buchanan from the ACT. The male BMX junior cyclist of the year is Sam Willoughby from South Australia and the female junior BMX junior cyclist of the year is Lauren Reynolds from Western Australia. Of course, the SBS Television Coach of the Year award went to Brian Stephens, who coaches Anna Meares, who is absolutely fantastic.

The Scody 2008 People's Choice Cyclist of the Year was awarded to Anna Meares, a truly great Australian who overcame great adversity to be recognised for all her efforts and the silver medal that she won. For me whether it is a silver medal or any medal, it is gold, gold, gold all the way for her efforts. The biggest gong of the evening was the Sir Hubert Opperman Medal and Trophy. It was a wonderful evening and to have that presented to Anna Meares was a great finale to a fantastic event. (*Time expired*)

Mumbai Terrorist Attacks

Diwali Festival

Mr JOHNSON (Ryan) (4.40 pm)—Terrorism knows no boundaries. Terrorists care for no faith or gender. Terrorists care for no country or region. Today, on behalf of the people of Ryan, I want to express my

sympathy and condolences to all those in the city of Mumbai in India who were killed and all those who were terribly injured in the attacks that both the Prime Minister and the Leader of the Opposition touched on in their speeches on indulgence today in the House of Representatives. We understand that some 101 people have been killed and some 287 have been injured in the attacks. We also understand that two Australians are missing and several Australians are injured.

The constituents of Ryan include hundreds and hundreds of Australians of Indian background who have come to make western Brisbane home, and I take this opportunity to salute their wonderful contribution to the community of Ryan, the city of Brisbane, the state of Queensland and this great country, Australia. I very strongly condemn the evil, barbaric terrorist activities that took place. They showed the dark side of humanity. We condemn this, but, more particularly, we mourn for those families that have lost fathers, mothers or children.

As the Leader of the Opposition said, India is a country which we have so many common and enduring ties with. Of course, we share a British heritage. We share a love of cricket and we share a priceless belief in the power of democracy. India is the world's largest democracy. It is a nation of one billion-plus people. India along with China, are the two countries on the planet that have more than a billion people. So India is a country of immense significance, not only to the future prosperity of the South Asia region but to the prosperity of the world. It is a country of remarkable history, culture and tradition. Our nation must continue to work together with India to do all we can to bring about peace, stability and security and to give people less fortunate than ourselves opportunities to make the most of their lives and to enjoy all the fruits that so many people in developed economies enjoy.

I know that the 52,000-plus students in Australia who are from India will be mourning the loss of lives of their fellow citizens. Many students of Indian background are studying at the University of Queensland in St Lucia, in the Ryan electorate. They have made St Lucia and the suburbs surrounding the University of Queensland their temporary home while they study in our country. I say to them: 'My thoughts are with you. Perhaps some of you are from Mumbai. Perhaps some of you have, in fact, lost loved ones. I share your outrage, but I also share your loss and the deep pain that you will feel.'

I also take this opportunity to say thank you to a constituent of mine, Mrs Das, who is of Indian heritage. She very generously and very warmly hosted so many Australians of Indian and non-Indian descent last Sunday evening at her home to celebrate Diwali, the Festival of Light. It is an occasion that is so important in the Indian calendar: a celebration of Indian culture, a

celebration of Indian success and a celebration of all that is good in life—hence the translation to Festival of Light. She is a lady who recently lost her dear husband, Dr Das, a man of remarkable ability who had the great respect of the Ryan community. He was a medical doctor, a man of global outlook, a man who lived a global life. He recently passed away. We celebrated his life on that occasion last Sunday evening as well. He is an inspiration to so many in the western suburbs of Brisbane. (*Time expired*)

Neil Sachse Foundation

Mr Richard Maurovic

Mr ZAPPIA (Makin) (4.45 pm)—On Saturday, 15 November, I attended a fundraising dinner organised by the South Australian branch of the Australian Workers Union. The funds raised on the night went to the Neil Sachse Foundation. The foundation was established in 1995 by Neil Sachse to provide treatment to victims of spinal cord injury and help find a cure for that injury. The current goal of the foundation is to raise \$5 million for a dedicated research and treatment centre for spinal cord injury at the University of Adelaide. Senator Anne McEwen spoke about this matter in the Senate chamber on 11 November this year. To date, \$2 million has been raised by the foundation. At the AWU dinner over \$16,000 was raised for the Neil Sachse Foundation. Wayne Hanson, state secretary of the AWU in South Australia, and his members have, since 1999, been instrumental in raising over \$34,000 for the foundation. This is just one example of the good community work the South Australian branch of the AWU is doing and highlights that it is not only business that contributes to or initiates fundraising for charitable organisations.

There are more than 9,000 Australians with spinal cord injury. Most, but not all, are caused by motor vehicle accidents. One of my schoolmates has lived the past 40 years of his life in a wheelchair after being left a paraplegic in a motor vehicle accident. I saw him about two weeks ago, and at the time I could not help but wonder how different his life might have been had he not been in a car accident. I am, however, impressed by and admire people like Neil Sachse, who, despite his disability, has made the most of his life and became a champion for people with spinal cord injuries. Neil was a former outstanding North Adelaide football player. As a North Adelaide Football Club supporter, I well recall his great football skills and his high-flying marks. Sadly, he was injured playing his second game for Footscray in 1975 and was left a quadriplegic. I spoke with Neil at the AWU dinner and again about a week ago. Neil strongly believes that with more research dollars a breakthrough can be made in finding a cure for spinal cord injury and he is determined to raise the \$5 million that the foundation needs.

Quite coincidentally, on the same morning of 15 November, I also caught up with another quadriplegic, and long-time acquaintance, Richard Maurovic. As a result of a work accident in the prime of his life, Richard has, since 1986, also been confined to a wheelchair. Richard is another remarkable South Australian who, since his accident, has become a talented author and artist. In 1997, Richard Maurovic was named Young South Australian of the Year. On 15 November this year he was also recognised as a living legend of the City of Salisbury. I congratulate Richard on that very much deserved recognition.

Both Neil Sachse and Richard Maurovic are shining examples that life does not end as a result of becoming a quadriplegic. But, if a cure could be found for spinal cord injury, there is no doubt it would bring so much joy to the 9,000 Australians who live with the injury and to their families and friends who care for them. I can only imagine how delighted they would be if that could be achieved, as would, I suspect, the tens of thousands of people from around the world who suffer from this injury. After many years of research, we have still not found a cure. I am told, from my discussion with Neil Sachse, that one of the key problems is that there is not enough money being put into research. And, while there is good work being done around the world, if all of that work could be coordinated and if it were better funded, he is confident that we could find a cure for it. The Neil Sachse Foundation provides a ray of hope to those Australians who are looking for a cure for spinal cord injury, and I applaud Neil Sachse and the foundation for the good work being done.

Mumbai Terrorist Attacks

Queensland Health

Child Care

Mr LINDSAY (Herbert) (4.49 pm)—I would like to join with the member for Ryan and his comments in relation to the Mumbai shootings. One of my constituents, David Coker, was injured in that event, and I think that the Coker family must be enormously relieved to know that David has not been badly injured. But none of us can understand why this murderous behaviour goes on or what it achieves. All Australians—indeed, all of the world—should reject this kind of action.

I am calling on the Queensland Department of Health to hold itself accountable when it comes to utilising its share of an expected \$11 billion in funding to be offered by the Rudd-Swan government this weekend. Queensland Health is essentially a failed system that needs a major lifeline, but it must come with strings attached, in my view. We need to make sure that the money is going to turn around the bad management practices and make a noticeable difference in the processes of our health system, especially now in this time of economic instability. We need conditions attached to

this deal that the states are about to undertake with the government.

The deterioration of the hospital system, particularly over the past 12 months in Townsville, needs to be turned around and turned around quickly. We are in an extraordinary situation in Townsville: we have a significant level 6 hospital servicing a rapidly growing population and it has literally been unable to keep up with demand. The Queensland Minister for Health appears to have a limited amount of interest in and commitment to the hospital by not meeting with the federal Minister for Health and Ageing and pushing for these great and urgent additional funds before this. It is quite disturbing: he has just sat back and waited for the federal government to step in and do his job for him. At the end of the day, hospitals are fully administered and run by the state—everybody knows this. Maybe it is time the Commonwealth took over the reins from an incompetent bureaucracy. Indeed, it is a Soviet style bureaucracy run by the Labor government in Brisbane, which has been complicit in the continued downturn of our health system.

The state government has promised 78 extra beds by 2012 at the Townsville Hospital, but just eight have been opened. Another 30 are supposed to be open by peak season next year—that is, in winter. The deadline for the final 40 is in 2011. We need those 78 beds now. It is just a shame that there has been such a delay put on these much needed beds. I am certainly saying tonight in the parliament on behalf of the people of Townsville that this funding needs to be used wisely. It is a desperate situation and it needs urgent attention.

In the time remaining to me, I would like to express my serious concerns about the possible effects of the ABC Learning closures on defence families in Townsville, especially those families who are already dealing with the stress and upheaval of having a member serving on operational deployment. Men and women of the ADF make an extraordinary contribution and sacrifice to the defence of our nation. It is astounding that not one of the defence ABC Learning centres has been confirmed to remain open in 2009. It is absolutely vital that the government have a coherent strategy to assist and support those defence families that may face closure of their centres in the new year.

In Townsville, ABC Annandale, ABC Riverside Gardens, ABC Condon Central, ABC Kirwan East, ABC Townsville, ABC West End and ABC Wulguru are still under threat of closure according to a list released by receivers earlier this week. It is important to appreciate the exceptional circumstances of Defence Force families. The Minister for Education must take immediate action to protect and reassure those now dealing with the prospect of centre closures when in some cases one or even both parents may be on deployment. The Minister for Education, Julia Gillard,

and the Parliamentary Secretary for Early Childhood Education and Child Care, Maxine McKew, need to understand the particular imperative that defence families have for competent and functioning child care. I thank the men and women of the Australian Defence Force for the service that they give to our nation and I believe that both sides of the parliament will support them in this particular time of need.

Eastern Emergency Relief Network

Mr SYMON (Deakin) (4.54 pm)—I would like to inform the House of the great work being done by the volunteers at the Eastern Emergency Relief Network in my electorate of Deakin. They help out those less fortunate in our community. At the same time I would like to draw attention to the founder, Keith Rooney, a local visionary and champion of the disadvantaged because it was through his persistence that the Eastern Emergency Relief Network has become the indispensable organisation it is today.

As we know, most welfare agencies face enormous challenges on two fronts: to provide day-to-day support to their clients and to maintain a steady supply of resources to keep up with demand. Many agencies have to go out on their own and run appeals and ongoing awareness campaigns to attract donations of clothing, food and furniture. These activities consume enormous amounts of their time and energy. All the while they are competing for resources against other welfare agencies that are out there doing exactly the same thing.

For this reason the Eastern Emergency Relief Network is a wonderful local resource to those welfare agencies on the front line of tackling poverty, particularly in the local community within Deakin and the surrounding areas. Eastern Emergency Relief Network provides a centralised supply source for all the crucial items welfare agencies rely upon, such as clothes, furniture, household goods and food.

This service allows member welfare agencies to get on with their core task of looking after their clients rather than spending time trying to track down particular items that are needed. In fact, 118 member organisations now rely on distributions from Eastern Emergency Relief Network services throughout the year. As of 30 September 2008, distributions of food, furniture and appliances totalled 2,554. This includes the quite startling figures of 784 beds; 360 lounge suites or couches; 134 wardrobes; and 1,591 various types of electrical goods, including 110 fridges and freezers, 183 washing machines and dryers, 125 microwave ovens and 272 televisions.

And a single 'distribution', as it may be called, can be huge. It may just be a package of food and clothing, but it can also refer to a full household of furniture, and that depends on the circumstance of the welfare agency client. So in reality we are talking about many truck-

loads and tonnes of on the ground support. I have personally visited the warehouse and seen the vast amount of second-hand items that are in the process of being picked up, repaired, checked and then sent out to new homes. At the warehouse they have specialist volunteers who are trained in repairing things like washing machines and fridges or testing and tagging electrical appliances to make sure that they are safe before they are sent out. It is quite vital with second-hand gear that, if it is going to be given away, we do know it works and, even more so, that it is safe to use.

The other opportunity that comes up from this is, of course, recycling. Most of the items that I saw in the warehouse did not need repairing, they were fine, but they had been replaced. People had decided that they wanted a new TV, for instance, or a bigger fridge and they had got rid of the old model. But, instead of sitting at the tip, it has ended up at the Eastern Emergency Relief Network so that someone who cannot afford such an item then gets the benefit of it.

There are food parcels and racks of clothes at the warehouse and even essential items such as toilet paper and toothbrushes. Financially, the network relies almost entirely on the donations of individuals, community organisations, local businesses and charitable trusts along with grants from local government to cover its non-discretionary operating expenses and purchases of food supplies with member agencies paying a small annual subscription.

Local welfare groups had previously highlighted that there was a need for a centralised source, particularly of second-hand furniture and household goods for distribution as emergency aid. So Keith, along with a small band of volunteers, turned what started as the Whitehorse Emergency Relief Group back in 1995 into the Eastern Emergency Volunteers Network. Within five years, they had grown to include 85 member agencies, assisting 1,100 families and individuals in the period 1999 to 2000 from a warehouse that they use to this very day. The warehouse is open five mornings a week and is supported by 50 dedicated unpaid volunteers, including drivers, jockeys, telephone staff, sorting personnel, maintenance staff and client services. Local service clubs such as Rotary also help out. In only a few short years, this organisation has moved from being very little more than an idea to a full-time volunteer organisation helping thousands of people. I commend the great work of all the volunteers at Eastern Emergency Relief Network to the House.

The DEPUTY SPEAKER (Ms AE Burke)—Can I add very cheekily my appreciation also for the Eastern Emergency Relief Network and Keith Rooney's fantastic work. As my electorate abuts Deakin, we both benefit from the great services they provide. It being 5 pm, the debate is interrupted.

House adjourned at 5.00 pm

NOTICES

The following notices were given:

Mr Albanese I give notice that, at the next sitting, I shall move:

That, unless otherwise ordered, the following sessional orders, adopted by the House on 24 June 2008, operate for the remainder of the 42nd Parliament:

(1) Standing order 34, Figure 2, as follows:

| MONDAY | TUESDAY | WEDNESDAY | THURSDAY |
|--|------------------------------------|------------------------------------|------------------------------------|
| Prayers | | Prayers | Prayers |
| 12 noon | | 9.00 am | 9.00 am |
| Government Business | | Government Business | Government Business |
| 2.00 pm | Prayers | 2.00 pm | 2.00 pm |
| Question Time | Question Time | Question Time | Question Time |
| approx 3.30 pm | Approx 3.30 pm | Approx 3.30 pm | Approx 3.30 pm |
| Documents, Ministerial statements | Documents, Ministerial statements, | Documents, Ministerial statements, | Documents, Ministerial statements, |
| Government Business | Approx 4.20 pm | Approx 4.20 pm | Approx 4.20 pm |
| | Government Business | | Government Business |
| 6.30 pm | 6.30 pm | | 4.30 pm |
| Divisions and quorums deferred | Divisions and quorums deferred | Government Business | Adjournment Debate |
| | | | 5.00 pm |
| 8.00 pm | 8.00 pm | 7.30 pm | |
| 8.30 pm | 8.30 pm | Adjournment Debate | |
| Petitions (to 8.40pm) Committee & delegation reports and private Members' business | 9.00 pm | 8.00 pm | |
| 9.30 pm | | | |
| Adjournment Debate | | | |
| 10.00 pm | | | |

(2) Standing order 207 to read:

207 Presenting a petition

A petition may be presented in one of two ways:

- (a) The Chair of the Standing Committee on Petitions shall present petitions and/or reports of that committee, and the Chair and one other Member of the Committee may make statements concerning petitions and/or such reports presented, in accordance with *standing order 34 (order of business)*. The time provided may extend for no more than 10 minutes.
- (b) A Member may present a petition during:
 - (i) the period of Members' statements in the Main Committee, in accordance with standing order 192A and standing order 193;

(ii) adjournment debate in the House in accordance with standing order 31, and in the Main Committee in accordance with standing order 191; and

(iii) grievance debate in accordance with standing order 192B.

(3) Standing order 209 to read:

209 Petition may be referred to a Minister for response

- (a) After a petition is presented to the House, the Standing Committee on Petitions may refer a copy of the petition to the Minister responsible for the administration of the matter raised in the petition.
- (b) The Minister shall be expected to respond to a referred petition within 90 days of presentation by lodging a written response with the Committee.

- (c) The Chair of the Petitions Committee shall announce any ministerial responses to petitions. After the announcement, ministerial responses shall be printed in Hansard and published on the House's internet website.

Mr Coulton to move:

That the House:

- (1) notes that children living in isolated regions of Australia face unique challenges when trying to access educational services; and
- (2) calls on the Government to provide the additional assistance and support that would enable isolated children and students to access a full range of educational services from early childhood to tertiary education.

Thursday, 27 November 2008

The **DEPUTY SPEAKER (Ms AE Burke)** took the chair at 9.30 am.

CONSTITUENCY STATEMENTS

Forrest Electorate: General Practice

Ms MARINO (Forrest) (9.30 am)—I wish to speak about the shortage of doctors in the south-west of Western Australia, particularly in my electorate of Forrest. We certainly have a distinct shortage of doctors, even throughout the rural towns and communities. It is an issue that comes through my office on a regular occasion. I actually have people ringing my office to see whether I know where they can get a doctor's appointment. It is not unusual for people to wait between two and five weeks, and sometimes more, to see a doctor. In fact, some people have been looking to see a doctor outside their immediate area.

June Foulds from the Greater Bunbury Division of General Practice has advised me that the latest statistics show that Bunbury's ratio of GPs to residents is one of the worst in Western Australia. Bunbury is a regional centre for the south-west and it is a regional health centre. It is a regional campus for health. Its postcode does not always reflect the numbers of patients that are drawn from other areas, which often makes it difficult when assessing the various ratios. In 2006 the city had a ratio of one doctor to every 1,612 people, which is well above the national ratio of one doctor to 1,172 people, according to the Primary Health Care Research and Information Service. That is over 27 per cent above the national average. The Greater Bunbury Division of General Practice Chief Executive, June Foulds, has said that the district is at least 11 doctors short of what is required.

We have many doctors who need to work part time and we have some who are particularly loyal. We have one very senior aged gentleman, Dr Manea. He is an icon. He is part of the region. I would say that Dr Manea would be in his 80s. He is completely devoted to his patients and will not give up practice while those same patients do not have an alternative doctor to see.

The shortage of doctors is significant right throughout my electorate, certainly not just in Bunbury. Potentially 30 per cent of the patients that are seen by Bunbury doctors come from outside the Bunbury 6230 postcode area. That is the situation for health care in my electorate.

Sydney Electorate: Lord Howe Island

Ms PLIBERSEK (Sydney—Minister for Housing and Minister for the Status of Women) (9.33 am)—I want to report to the Committee about a recent rescue on Lord Howe Island. Lord Howe Island is part of my electorate of Sydney. One of my constituents, Pam Goyen, a resident of Lord Howe Island, wrote to me about an incident, which was also reported in the marvellous local paper, the *Lord Howe Island Signal*.

Climbing Mount Gower is a serious challenge. I can show you the view from the top of Mount Gower. It is an all-day walk. It is one that I have done, and I must say there are parts of it that are quite terrifying. One part of the walk is along a ledge. This article describes it:

'Ledge is an overstatement, so is Jan's 50 centimetres. There's a rope attached to the cliffside on the left and I'm told to use it for safety but my hands are sweating and I fear I will slip. To my right, as far as the eye can see, is the ocean, where the wind swallows your screams; beneath me, a cliff that plunges hundreds of metres to the sea.

Recently a woman who was on her return from this walk slipped and broke her leg. She broke her leg very badly and was losing blood. She was in a party led by an experienced guide, Jack Shick, with an assistant guide, John Trey. I have climbed the mountain with Jack Shick and indeed he is a marvellous guide. They were able to apply first aid and stop the bleeding. But it took 25 wonderful people, including the relieving doctor and nurse, to walk back up the mountain and stretcher this woman down in the dark on a slippery, muddy track.

I cannot tell you how difficult this track is for people who are able-bodied, but carrying someone else down the track is indeed a phenomenal act of bravery. Not only was it dark and muddy but there were also strong winds and part of the track is literally only wide enough for one person, with sheer cliff falls down to the ocean and the sharp rocks on the other side. Lord Howe Island is a small remote island. As Pam Goyen said:

Over there you'd have a rescue helicopter and all that goes with it but this was done by manpower and God's grace.

The air ambulance cannot land on the Lord Howe Island airstrip after dark—it is not lit—so another visitor to the island chartered a small aircraft and had this woman taken back to the mainland for medical treatment. It was a marvellous rescue, a tribute to the islanders. I would be happy to support nominations for bravery awards for all of those who were involved in the rescue. I should also add that the government has recently provided \$560,000 in funding under the Caring for our Country grants scheme for the eradication of rats and weeds, which was much needed and well received by the islanders of Lord Howe Island.

Young People in Nursing Homes

Mr FARMER (Macarthur) (9.36 am)—Today I rise to speak on a subject which is very dear to my heart and one that has been an issue for me ever since I came into this political career. It is the issue of young people living in nursing homes. I have a particular nursing home in my electorate called Carrington, and I have been out there on several occasions and visited these young people who have been through the mill. They are living in this nursing home with a lot of very elderly people. They are being cared for. It is true that they are being subjected to living their life in a wheelchair or in a nursing home bed, but they are still young on the inside. They are people who have fallen off horses and cracked their skull on the ground; they are people who have been in car accidents, motorbike accidents and even had swimming accidents. As a consequence of all of that, they find themselves in wheelchairs and in nursing homes because in New South Wales there are no other facilities available to them.

There is an organisation called Youngcare which is doing phenomenal work up in Queensland. It was set up for this very purpose. These young people need support and care but they also need stimulation from other young people and young surroundings. For that very reason I took a number of these people out to Oran Park Raceway in the bus that was provided to us. They spent the day out with me and they watched the motor car races out there. That was their first outing like that—doing young things, getting involved with things that they still had an interest in—in all the time that they had been there, and in some cases we are talking about four to five years.

I call on the New South Wales government to please address this issue. Since I came into this job, I have had numerous people, numerous federal ministers, come out and have a look at the situation in New South Wales. Whilst there have been commitments by the federal government to provide funding for beds, that has not been followed up by state government support and consequently those beds have not been provided. I call on this House to address this issue, for people to be more aware of this issue and for us as a nation to work with the state governments to come up with an answer for these young people so that they may have a more fulfilled life. Just because they are in a wheelchair, just because they have had an unfortunate accident, does not mean they should be consigned to a life without stimulation as far as their mind is concerned. They should be able to watch young programs, listen to the music that they like to listen to, be able to experience some things that will give them an improved quality of life.

Port Adelaide Electorate: Dolphins

Mr BUTLER (Port Adelaide) (9.39 am)—I rise today to talk about one of the great treasures, alongside our football teams, of the electorate of Port Adelaide—that is, our dolphins. Some years ago the Rann Labor government declared the Port River up to the Gawler River, I think, a dolphin sanctuary—the Adelaide Dolphin Sanctuary, which is home to about 30 bottlenose dolphins and visited by hundreds more dolphins. It is the world's first such sanctuary in an urban environment.

I recently met with Dr Mark Bossley, who has been studying the Port River dolphins for some 20 years and is the regional managing director of the Whale and Dolphin Conservation Society of South Australia, to talk to him about the possibility of a dolphin interpretive centre in Port Adelaide. The sanctuary is regularly patrolled by government rangers but dolphins are still needlessly suffering, often due to carelessness by people who use the river and due occasionally, I have to say, to some malice on the part of humans who think it is fun to attack them. Dr Bossley believes that education is the next extension of the sanctuary in order to provide real safety and security to the dolphins that live in the river.

The society is currently preparing a feasibility study for an interpretive centre in Port River, and I know that such a centre would promote further awareness of the sanctuary and provide visitors with information about these complex and fascinating creatures—their intelligence, their teamwork, their communication abilities and their sociability. Visitors to the centre would be able to learn about the extraordinary dolphin Billy, a wild dolphin who spent a short period of time at a marine park that used to exist in Adelaide called Marineland where he picked up some new tricks.

Honourable member interjecting—Free Billy!

Mr BUTLER—Yes, free Billy. He picked up some new tricks, particularly tail walking—which is actually a trick not known to dolphins in the wild. Once released into the wild, Billy set about teaching other dolphins in the river how to tail walk. I am sure people will remember, particularly those opposite, the phenomenon of moonwalking in the 1980s. I am sure those opposite did that at various discos. This is the equivalent of moonwalking and Billy has been teaching it to some of the dolphins in the river.

By using displays such as the dolphin's eye view of the river people can form an emotional connection to these mammals and an understanding of their behaviour. As I visited the river with Dr Bossley we also saw a new calf, the only new calf born in the last three years, who is called Hope. Seeing Hope the calf dolphin and the other dol-

phins there I could not do anything but wholeheartedly support the society in its bid to create an interpretive centre in Port Adelaide.

Gippsland Electorate: Child Care

Mr CHESTER (Gippsland) (9.42 am)—I rise to highlight the concerns of parents, children and staff involved in the ABC Learning Centres in Gippsland. As the Deputy Prime Minister announced in this place yesterday, the receiver of ABC Learning Ltd has identified that 656 centres will continue to trade as normal in 2009. That is obviously good news but I fear for the future of those centres listed on the ABC website as being 'subject to further operational review'. In the electorate of Gippsland, there are three centres at Sale, one in Lakes Entrance, one in Maffra and one in Morwell which are listed in this category on the website. I am reassured by the words of the minister and the receiver that this does not necessarily mean these centres will not be operating in 2009, but we can expect a further announcement within a week.

This is an incredibly complex and difficult issue for all concerned. Of course we are all concerned about the quality of care and level of service provided, particularly in our regional communities. We need to provide these services in an affordable and accessible manner to allow parents to have the flexibility to be involved in the paid workforce. My thoughts are also with the many loyal staff, who are concerned about how they are going to pay their own bills if the worst happens and centres close in Gippsland next year. I congratulate the minister for being very upfront and keeping the parliament informed on this issue with regular statements.

I have already written to the minister and sought some assurances on behalf of the staff in Gippsland in relation to their entitlements. Now I seek the minister's support for towns in my electorate that may lose their only child-care centres in 2009 without any opportunity for replacement services to be developed in the meantime. I do not believe it is the government's job to continually bail out a failed business but there is an obligation to provide an essential service where a market based model has failed. It has been a very easy target for the current government to attack the previous administration for allowing ABC Learning to become too big; but I think it is always easy to be wise after the event.

Gippslanders are not interested in petty political point scoring or the blame game when it comes to the provision of childcare services, particularly in our regional areas where the options are often very limited. The government says it has a taskforce in place which is working with the receiver and it does sound promising, but Gippsland families want a guarantee that there will be somewhere for their children to be safely cared for in 2009.

I urge the minister to remember the small country centres that are caught up in this issue. If there are no alternative service providers, the government must act to guarantee services in the future. I am urging the minister to continue to work with the service providers, both the commercial service providers and the not-for-profit sector, in Gippsland and to work with the local communities to ensure that we are in a position to develop local solutions to this problem. The bottom line is that we must have these services available to regional families in 2009, and I am committed to working with the government to ensure that happens.

Community Achievement Awards for Tasmania

Mr ADAMS (Lyons) (9.45 am)—On Saturday night in Hobart the Community Achievement Awards for Tasmania will be presented. I note that nine of the finalists are from my electorate of Lyons, which shows me that I have the most energetic, community minded people of all the entries. The Community Achievement Awards for Tasmania are about recognising individuals who are making a difference in our local communities and our state. There can never be enough support for those working towards making our state a better place. Awards such as these say thank you to those who work tirelessly to develop and improve in their chosen field of endeavour or interest.

There are eight different categories of awards to be won and they include: primary industry, volunteering, press events and tourism, disability achievement, environment and sustainability, outstanding achiever, economic development and tourism business enterprise, and community of the year award. This gives us the opportunity to recognise all the different achievers in our community.

I am pleased to be going to these awards on the invitation of one of my very special towns, the community of Rossarden and Gipps Creek, two delightful spots high up in the Fingal Valley almost on the slopes of Ben Lomond. It is a magic spot with people with enormous energy and spirit, so I am very proud that some of them are finalists on Saturday night. There are also the abalone farms of Bicheno, the Derwent Valley Autumn Festival, Sailability Tasmania from Beauty Point, the West Coast Weed and Fire Management Group of Zeehan, Port Arthur historic site, Brighton Alive and the community of St Mary's—truly a remarkable group of entries and all should be winners. All the entries, I am sure, have fantastic stories behind them so it will be a hard job for the judges to make the selection. There are many groups within the Lyons electorate that are worthy of winning an award for commitment to their communities and to those that they help. To all my finalists in Lyons, all the very best on

Saturday. I am very proud to be your representative and at this exciting time, in my own mind, you have all won in your categories.

Budget

Mr JOHNSON (Ryan) (9.48 am)—If Australians thought at the last election that they were going to get a government that was very much in the responsible Howard-Costello mould, one that would know how to manage the national economy and one that would know how to steer the Australian \$1.1 trillion economy in tough economic times, they were sadly mistaken. I certainly knew that the people of Ryan were not going to risk their constituency with a Labor member and they very kindly and very generously returned me. I want to say ‘thank you’ in the parliament again and to honour their confidence and their faith.

We have today a significant, indeed profound, economic challenge ahead of us; one that requires genuine leadership, one that requires expert leadership and one that requires leadership that has, as its central features, courage and expertise. But we find, of course, in the new Prime Minister and in the new Treasurer, both from Queensland, leaders who are way out of their depth and really do not know what they are doing. I know that the people of Ryan will be deeply concerned that the government appears to be taking the budget into deficit.

I want to take my constituents to a comment by a very distinguished public commentator, one who has been in and around politics for decades. I refer to the Editor-at-Large of the *Australian*, Paul Kelly. Yesterday he made the following very profound and very insightful remarks. He said:

Understand what has happened here: the Rudd Government’s refusal to confront this issue is a sign of its weakness, not its strength. If the Government cannot come clean with the public during what it repeatedly declares to be the worst financial event since the Depression, then it merely underlines its lack of influence, persuasion and authority.

I think this sentence more than any other I have heard goes to the heart of both the challenge facing the government and the ineptitude of the government. Families across the country, including families in Ryan, do not want their budget to go into deficit. In 1996, when the Howard government was elected, it confronted a \$96 billion black hole. That was a significant amount of money and it took nearly a decade to right it. We fear that generations of Australians will pay the price very deeply. (*Time expired*)

Hindmarsh Electorate: Cypriot Community

Mr GEORGANAS (Hindmarsh) (9.51 am)—This weekend I will be attending a function to commemorate the 60th anniversary of the Cypriot community in South Australia. Cypriots were first recorded in Australia in the 1850s. They were mainly Cypriots who came to Australia as gold prospectors. But after the British takeover of Cyprus in 1878 more Cypriots arrived, with many working their way to Australia as crewmen on British ships or coming on British passports. The first significant arrival of Cyprus-born immigrants began after World War II, in response to the politically unstable homeland. Cyprus became an independent republic in 1960 but in 1974 Turkish troops invaded Cyprus and displaced nearly half of the island’s total population. This caused increasing numbers of Cypriots to migrate to Australia, with the community almost doubling in size. In my electorate, for example, there are well over 2,000 people who identify themselves as Australian Cypriots.

I am pleased to say that the Australian government continues its support for a UN resolution for the peaceful resolution and reunification of the island. We recently saw the appointment of Alexander Downer. I would like to congratulate Mr Downer on his appointment. I had the pleasure of meeting with him to discuss some of these issues, and I am sure that he will do all he can to ensure a peaceful resolution and a peaceful reunification of the island soon.

As we celebrate this significant anniversary this weekend, the Australian government will be continuing its support for the independence, sovereignty and territorial integrity of Cyprus and for achieving a just and lasting solution to the Cyprus problem. The Republic of Cyprus has resolved that any actions which are contrary to binding UN Security Council resolutions in Cyprus should be avoided. The primary goal of the President of the Republic of Cyprus, His Excellency Mr Demetris Christofias—whom I have had the pleasure of meeting on two occasions—is for a just, viable and functional solution to the Cyprus problem in accordance with UN resolutions on Cyprus, international and EU law. The President’s initiatives have led to the resumption of fully-fledged negotiations under the auspices of the UN Secretary-General. The aim of Cyprus is for a solution that will reunite the territory, the people, the institutions and the economy of the country, restore and safeguard the human rights and fundamental freedoms of the Cypriots, and terminate the occupation.

The Republic of Cyprus believes this can be achieved in accordance with the agreed basis of a bizonal, bicomunal federation—as envisaged by the 1977-79 high-level agreements with the relevant UN Security Council resolutions—with a single sovereignty, a single citizenship and a single international personality. The Republic of Cyprus hopes that foreign troops are withdrawn and that Turkey, with whom the key to a solution lies, will show the necessary political will and constructive approach in light of the direct negotiations current underway. For in-

stance, illegal settlers, guarantees and the withdrawal of occupational troops from the island are fundamental issues that Turkey has to deal with. (*Time expired*)

Swan Electorate: Grandcare

Mr IRONS (Swan) (9.54 am)—The first official duty I undertook after I was declared the federal member for Swan last December was at a Christmas event for Grandcare. Grandcare is an organisation that helps grandparents who are put in the position of having to look after their grandchildren. Sometimes the situation arises because the child's parents have died. On other occasions children have been removed from their parents because of parental problems with alcohol, drugs, violence or divorce. Either way, suddenly having to raise a child can have significant lifestyle and financial implications for the grandparents.

I ask members present today to imagine the impact that suddenly having to take on the responsibility for a child can have on people thrown into this position. Without an income other than a pension and beyond working age, grandparents often struggle to cope. Grandcare assists in many ways. It acts as an advisory group and makes grandparents aware of the benefits available, such as fostering assistance. Many grandparents are unaware of the existence of extra support, believing that it is simply a duty of theirs. Grandcare also helps fundraise. On 14 December I shall be attending the Ascot Rotary Club's Christmas sausage sizzle at Burswood Park. Christmas food baskets will be given to grandparents, created with the generous support of the Rotary Club and charitable organisations such as Foodbank in Welshpool. Food baskets will also contain Christmas goodies to help lift spirits over the festive season.

Grandcare has an extraordinary group of supporters, like Gwen and Michael Evans from the Ascot Rotary Club, who help to raise money. Social events last year helped raise approximately \$1,000. A three-day campaign at the Swan District Football Club helped raise \$2,000, and the Rotary Club of Ascot has donated a commendable \$2,500. It is reassuring to live in a community where there remains a remarkable spirit of volunteering and donating to charitable causes. Aside from financial support, grandparents often need emotional support. Community events organised by Grandcare help to provide this. Next year, one of the outings planned will take 28 local grandchildren on a trip to Point Walter. This will provide a break for the grandparents while also being a fantastic opportunity for the grandchildren.

Grandcare is a particularly important issue to me as it involves fostering. In my first speech, I said that, although I welcomed the apology to the Indigenous population earlier in the year, I was concerned that the apology disregarded the good that can come from removing children from abusive and neglectful situations. It was disappointing to see on page 1 of the *Australian* on Monday, 24 November an article entitled 'Aboriginal foster generation exceeds stolen generations'. The article referred to a figure of approximately 4,000 Aboriginal children in New South Wales state care. I agree with Stephen Hagan of the Centre for Indigenous Knowledge at the University of Southern Queensland, who said that those children at risk must be removed from their homes. I hold this opinion from my own experience. In this spirit, I urge governments across Australia to make sure the children are removed from at risk situations and I encourage as many families in Australia as possible to consider becoming foster parents.

Blaxland Electorate: Cabramatta

Mr CLARE (Blaxland) (9.57 am)—Cabramatta is a thriving town, full of life, colour and culinary delights. It is a very busy shopping district in my electorate, but it is a community that has had to endure a lot. In the mid-1990s, Cabramatta had a reputation for drugs, crime and gang activity, scaring many families and shoppers away from the area. The fear of crime has now waned. Shoppers and families are returning to the area in their thousands and community pride and enthusiasm have returned. What Cabramatta desperately needs now is more car parking.

Cabramatta is facing another challenge in the coming year. The planned southern Sydney freight line will run right through the middle of the town. It is a very important piece of infrastructure for Sydney and the country. It will help get freight off Sydney's roads, but it does come at a price for the people of Cabramatta. It will split the town in two, separated by a four-metre noise wall, having a big impact on the community and especially local businesses. Cabramatta is a resilient town. It has been through worse than this, but I think that we as a government and a parliament have an obligation to minimise the impact that this freight line will have on the town of Cabramatta. That is why over the course of the last year I have made representations to the Minister for the Environment, Heritage and the Arts for a compensation fund for Cabramatta to compensate for the impact that the freight line will have on my local community. The fund would provide support to help the town continue to thrive; it could help provide things like additional car parking. It is something positive that a project like this can do for Cabramatta.

That is what I told the minister for the environment when I led a deputation from Fairfield City Council and the Cabramatta Chamber of Commerce to see him in May and when I organised a site inspection in July. In August

this year, Minister Garrett announced that the Australian Rail Track Corporation would be required to fund a \$2 million community amenity offset plan as part of the approval for the freight line. The plan is now before the minister for approval. The ARTC has proposed a \$2.8 million plan, with \$750,000 for parking in Cabramatta.

That is good but it is not good enough. I would like to see the majority of the fund spent in Cabramatta—and spent on car parking. Whatever the minister approves, there will be more money for parking in Cabramatta, and that is a good thing. Some of the \$1.3 million that the federal government has given Fairfield Council to fund urgent local community infrastructure should also be spent on car parking in Cabramatta. Car parks are expensive. Just putting one deck on the Fisher Street car park, providing an extra 60 spaces, will cost more than \$2 million. Fixing the car parking problem is going to require the support of all levels of government. Fairfield Council has to stump up. So does the state government. I know Fairfield Council is considering seeking funding from the federal government's \$50 million Strategic Projects Fund. Whether it is through this fund or through future programs, I am keen to work with council and state government. We all have to work together to get more car parking off the ground in Cabramatta to help a thriving little town that needs a bit of help, a town that that is getting back on its feet, a town that will be hurt hard by a project that will help us all. (*Time expired*)

Murray-Darling River System

Dr STONE (Murray) (10.00 am)—This week in the debate on the Water Amendment Bill 2008, Minister Penny Wong raised the issue of Labor's disastrous water buyback scheme for the Murray-Darling Basin. Minister Wong said, 'Dr Stone does not mind water purchase as long as it is only in New South Wales.' As the member for Murray I have, of course, long condemned and totally opposed the Rudd government's \$3.1 billion water buyback scheme, where they claim they only buy water from so-called 'willing sellers'. Labor's water purchasing policy, where they first committed \$50 million and then have multiplied that by many times to \$3.1 billion since they entered the farmers' water market, has completely distorted traded water prices. Drought-stressed farmers trying to buy water to keep their orchards and vineyards alive or dairy farmers trying to save their pastures or finish a crop have been totally priced out of the market. By whom? The government, who have raided the market by having such deep pockets—\$3.1 billion. Can you imagine the impact on prices?

I have condemned Labor's water buyback policy since it was introduced. It is a stupid, naive policy which is doing nothing to add environmental flows to the Murray but is doing a great deal to ensure that rural communities can never recover from the drought. They simply no longer have affordable water access. Of course, Labor is refusing to put on-farm water-saving investment into the system. Certainly, Labor has said it will put investment into state owned infrastructure but, when it comes to helping farmers do such things as invest in subsurface irrigation or centre pivot-type sprays, the Labor government has walked away.

Even worse than the buyback scheme, of course, is the north-south pipeline. Here is a project funded by the Victorian government which is to take up to a third of the Goulburn system water available in a dry year and pipe that water to Melbourne for their potable and non-potable use—for example, for car washing and toilet flushing. I can tell you that there is no environmentally, economically or socially responsible rationale that can be used to justify this project. It amounts to criminal damage to the Murray-Darling Basin, whose main Murray tributary is the Goulburn River. It also devastates the water dependent food-growing economy of Northern Victoria. This is a serious problem that should be addressed, and I ask that Labor does that.

Great Ocean Road

Mr CHEESEMAN (Corangamite) (10.03 am)—I would like to take this opportunity to place on the agenda a looming issue in my electorate—the threats to the operation of the Great Ocean Road. I want to put on the table the need for resources to be made available to protect against immediate climate change threats and for the establishment of a special fund for this purpose. The Great Ocean Road is one of Australia's three great environmental and tourism assets, which are generally referred to as the rock, the reef and the road. The Great Ocean Road is an economic engine room of the Surf Coast region and, of course, is a major contributor to the Geelong and Colac-Otway regions.

Today, the Great Ocean Road is under threat. Modelling I have undertaken using a professional cartographer shows that, with projected sea level rises over the years to come and storm surges, at least 14 different parts of the Great Ocean Road may be breached. Following on from this work, the Victorian Department of Sustainability and Environment is undertaking comprehensive studies looking at vulnerable areas along the Great Ocean Road. They are studying the ocean floor off the Great Ocean Road to see where storm surges may hit hardest and are cross-matching this with low-lying areas of the road and the coastline. This will give us a very accurate picture of the level of risk as well as the vulnerable areas along the Great Ocean Road. The threat of high sea level rises to the Great Ocean Road is, however, a foregone conclusion. When these rises will occur is just a matter of time.

My purpose here today is to try to think ahead of the game and signal the need for resources to be made available to address the trouble spots. I am suggesting that one way to do this is to establish a special Great Ocean Road fund so that when problem areas arise they can be addressed immediately or, more importantly, we can do the work ahead of time in the trouble spots to reinforce the road where needed.

The road services many, many thousands of people, particularly during the peak holiday seasons, and we need to make sure that we have got the resources to ensure that the Great Ocean Road is protected as we move ahead. If we do not put the resources on the table when we do have these flooding events, particularly those related to climate change, then I think many, many businesses will be at threat.

Mr Ernest William ‘Grumpy’ Evans

Mr MORRISON (Cook) (10.06 am)—Last Thursday, I had the very unpleasant duty of attending the funeral of Mr Ernest William ‘Grumpy’ Evans, NX176692, who served in the 58th and 59th Battalion in Bougainville and also in the occupying forces in Japan. Grumpy, as he was known to his family—that was the name that his grandchildren gave him before they were able to pronounce ‘grandpa’—was a true and great Australian. He was a very ordinary man, a very humble man. It was a great privilege to attend his funeral. You could see in the life of Grumpy the lives of many Australians. He shared a very similar experience to that of many Australians. He enjoyed a loving relationship with his wife, Una. They had three children, who they raised together—Garry, Bob and Jennifer—and they had wonderful grandchildren, who paid such moving tributes to him.

The reason I particularly refer to Grumpy today is that Grumpy’s passing was a very unfortunate event. He was the victim of a cowardly and callous attack outside our local St Vincent de Paul shop in Caringbah, and that matter is currently before the courts. At his funeral, there was no mention of this attack because the family wanted to honour and remember Grumpy himself, the man and the great Australian, a veteran and someone who has loved and served his family. Grumpy worked at the Kurnell oil refinery for many years and he was also a butcher.

The funeral was a celebration of his life. It was great to be part of that with the family and the community in the Sutherland shire and to honour a man who, in his passing days, experienced some terrible violence which brought back many horrific memories of his time in Bougainville. It is an absolute disgrace that a man such as this should have to go through such a horrible period in his last remaining days. It was just so moving to see the family, in a real act of grace, being able to see beyond that terrible violence and focus on the true essence of Grumpy. He was a man who loved his grandchildren deeply. He was a man with a great sense of humour, who was known for many practical jokes—mainly at his grandchildren’s expense! They all gathered together on that day and shared in that and laughed about it and at the same time were able to subdue the very real rage that I am sure they had for the incident that sadly and most probably ended up taking his life.

To Una and to Garry, Bob and Jennifer, I offer my sincere condolences here in this place, and I honour Ernest William ‘Grumpy’ Evans for his great service to our country. We thank him for that, and we wish his family, particularly the children and grandchildren, all the best.

Blair Electorate: Storms

Mr NEUMANN (Blair) (10.09 am)—I wish to speak about the terrible and severe storms which affected South-East Queensland from 16 November to 22 November. They have affected my electorate of Blair, which is based in Ipswich and the Lockyer Valley, terribly. In South-East Queensland we have had two fatalities that we know of. We have seen people’s lives devastated. Hundreds of millions of dollars worth of damage has been sustained at schools, businesses and homes.

People have spoken to me at my mobile offices. I have driven around with Senator Joseph Ludwig and Councillor Andrew Antonioli from Ipswich City Council and looked at the devastation to bridges—the One Mile Bridge and the Three Mile Bridge, for example—and the railway line at Booval. It will take a long time for my electorate to recover.

I pay tribute to the Rural Fire Brigade, the SES, the more than 700 Australian Defence personnel who worked tirelessly around the clock and the businesses that supported them. For example, the Ipswich International Hotel provided breakfast for people. There was support from Ipswich City Council Mayor, Paul Pisasale, and the Lockyer Valley Regional Mayor, Steve Jones. All the councillors have pitched in. There has been tremendous communitarian spirit shown by the people of my electorate. The Insurance Council of Australia has activated industry arrangements for the coordination of recovery efforts, and to date about 1,800 claims have been registered in south-east Queensland to the value of \$175 million.

I commend the federal government for providing an additional \$500,000 to match the contribution of the Queensland government to the Premier’s Disaster Relief Appeal for activation under the natural disaster relief and recovery arrangements. That recognises 13 local government areas for the purposes of personal hardship and dis-

stress grants. Three of my councils are in that area. Assistance has been given to adults and children who have been affected—\$1,000 for adults and \$400 for children. I have been to the community disaster recovery areas; I have been to the centre. I also commend the Red Cross. About five people came up to Ipswich from the Bendigo Red Cross to help. They did not have to, but they did it because of their communitarian spirit and affection for their fellow Australians. I pay tribute to the people who did that. I commend governments at all levels, the community in South-East Queensland and the people across Australia who have helped our area. (*Time expired*)

General Sir John Monash Awards

Mr HAWKE (Mitchell) (10.12 am)—I had the privilege of attending the General Sir John Monash Awards this week. They are annual awards presented to up to eight young Australians who graduate from Australian universities and enable them to study abroad at some of the world's best universities available in their field of study. These awards, which were first granted in 2004, are Australia's only national postgraduate study awards offered across the whole country and in all disciplines. They are the Australian equivalent to international awards such as Britain's Rhodes Scholarship and the United States Fulbright Scholarship. Indeed, they were an important part of the previous government's education funding. Up to \$5 million was presented in the last term of government by the member for Higgins, who was in attendance at these awards, and this was strongly supported by the Speaker as well, who was there to recognise the particular achievements of these young Australians.

The General Sir John Monash Awards are not limited by age, gender or academic field of study, which makes them unique. However, they recognise and promote something in young Australians which is very important—that is, in a global economy they promote our ability to lift our best and brightest young people and make them internationally competitive in a sustainable way within our own country. Hopefully they return and provide us with benefits in a whole range of disciplines. They are a remarkable group of young people who provide an enormous diversity of disciplines in areas that they are working on. For instance, some of the people who were there this year were from crucial areas like viral pandemics, biotechnological approaches to sustainability, biomedical research, law, risk management, water and environmental law, engineering for earthquakes, natural disasters, policy development around refugees and mass population movement. It was an incredible experience to meet these people and understand what they seek to achieve through their education.

I had the privilege of meeting Shaun Lin Yow and his family from my own electorate. He has first-class honours in a Bachelor of Commerce degree and received the University Medal from UNSW. He is going to the Massachusetts Institute of Technology and is studying the application of public policy for managing the economic consequences of demographic change. I think that is something that all members in this place would agree is a vital area in an ageing population and with the demographic challenges that we will face in the future. Mark Schembri from the neighbouring electorate of Greenway—and the member for Greenway was also present—has a Bachelor of Veterinary Science degree and is working on viral pandemics. He explained to me his work at the Easter Show in Sydney every year. It is the biggest gathering of animals in the country at any one event. All of these young Australians are fantastic people and their education is very important.

Mr Colin McDonald QC

Mr Robert Grey

Mr KERR (Denison—Parliamentary Secretary for Pacific Island Affairs) (10.15 am)—Madam Deputy Speaker, a parliamentary secretary has limited opportunities to participate in the debates of this House, so I trust you will excuse me for trying to compress two matters into three minutes. The first I raise is that next week Colin McDonald, one of the barristers representing the Bali nine, will be present in this House and will be giving one of the Library lecture seminars, and I would encourage all members to participate. Colin McDonald and barristers such as Julian McMahon and the other team represent the best aspects of the Australian independent bar. I commend them for their work, and I would encourage members of this House to consider re-establishing the cross-parliamentary grouping against the death penalty that was established in the last parliament on the instigation of Cameron Murphy of the New South Wales Council for Civil Liberties, because we have a very substantial case of advocacy to make for the universal removal of the death penalty.

The second point I raise concerns a petition that I have lodged on behalf of my constituent Robert Grey, a former wing commander and senior Air Force officer in Tasmania. Mr Grey still has not received a substantive and satisfactory explanation for a decision under the former government a long period of time ago that adversely affected him. He has petitioned the House, amongst other matters, to the effect that, except in actual conduct, the rules and principles of Australian administrative law are adhered to so that discretionary powers are not abused and still outstanding grievances are reported correctly and finalised fairly, as the Australian people are led to expect. His petition is countersigned by two other very senior military personnel, Air Commodore Gary Bates, former Director-General of Aerospace Combat Systems, Defence Materiel Organisation, and Air Vice Marshal Peter

Criss, a former Air Commander Australia. This House, the parliament and the government as a whole have been made aware of deficiencies within the disciplinary system within the military and have made substantial improvements, but there are some outstanding matters including that of my constituent Wing Commander Grey. The petition that has been tabled draws attention to that matter, and I hope ultimately he receives an explanation or an apology for the conduct which he was subject to.

Australian Learning Communities Network Inc.

Mr COULTON (Parkes) (10.18 am)—I would like to take this opportunity to acknowledge an organisation within the community that is working towards a goal that I hold very dear—that is, the creation of a culture of lifelong learning within our communities. I am talking about the Australian Learning Communities Network Inc. This organisation recently held its national conference in Adelaide. When I was Mayor of Gwydir Shire Council before entering this place it was my honour to be Chair of the Gwydir Learning Region. The Gwydir Learning Region is a body with similar aims to the Australian Learning Communities Network. Through a partnership of stakeholders, including education, business, local council and local community, the Gwydir Learning Region has established itself as a wonderful example of what can be achieved in growing a learning community.

Local communities, especially in regional and remote areas, can benefit greatly through focusing the available resources in a coordinated manner to address local skill deficiencies or other social needs through existing programs such as school based traineeships and apprenticeships, through encouraging adults to enter or re-enter training to enhance their skills or simply through making opportunities available for our aged and other disadvantaged segments of our population to participate in activities to allow them to socialise. The pivotal factor in this equation is the role that local government can play in facilitating this learning community culture. The enhancement of each community through learning should be seen as a core business of local government, especially in areas devoid of established learning institutions. This was certainly the case within the Gwydir Shire, which is very much a learning organisation.

From my own experience with the Gwydir Learning Region I also witnessed how this learning can strengthen a community. People who come together to learn—and to help each other learn—provide a great service to their communities and to each other. I have seen this within the Gwydir shire, where this emerging culture of lifelong learning has seen many mature-age students acquire new skills that they have been able to use to benefit the communities in which they live. The Gwydir Learning Region model was praised in a recent independent evaluation, where it was found to provide individuals with the opportunity to advance their education, develop new skills, achieve social and economic goals and pursue pathways that might not have been available to them previously. However, the benefits extend beyond the individual. From the point of view of economic and regional development, it was found to represent an innovative approach to aligning skill development with local employment needs, and in doing so create a sustainable future in rural New South Wales.

Since my association with the Gwydir Learning Region began I have seen many students take on, and then excel in, a diverse range of professions, from aged care to IT. As a result, these communities have seen a significant expansion in their skill base, which has in turn had a direct affect on their ability to build their commercial potential. In my own community I have seen mothers attending the same class at Warialda High School as their sons and daughters and people with very minimal education themselves finally going on not only to fulfil very important roles in the community but also to help their own families through being able to earn a proper income.

For many years Mr Jim Saleeba, from the Albury-Wodonga area, has championed the importance of learning communities. Jim has recently retired as the chair of the Australian Learning Communities Network, but he is still very much involved in promoting its aims. Jim and his fellow board members give their time to this cause without any expectation of reward beyond helping the various communities around Australia that desperately need this attention to coordinate learning to improve their quality of life. The Australian Learning Communities Network receives virtually no government funding yet its goals hold the key to the success and regeneration of many of our communities. I sincerely hope that this government recognises the need to fund programs that allow the growing network of learning communities to thrive and to encourage more areas to take up the challenge—it is worth the effort.

Lindsay Electorate: Samuel Morris Foundation

Mr BRADBURY (Lindsay) (10.22 am)—I rise to acknowledge the important work being undertaken by the Samuel Morris Foundation, which was established in March 2007 to provide assistance to families of children suffering from severe disabilities following near-drowning accidents. The foundation was set up by Michael and Jo-Ann Morris of Cranebrook in my electorate, after their then two-year-old son, Samuel, suffered a near-drowning incident in the family's backyard pool. Water safety issues have been highlighted this week with the backyard swimming pool tragedy involving 21-month old twins, Ethan and Matthew Hill, of St Huberts Island.

Ethan died and Matthew is fighting for his life. We extend our sympathies and best wishes to all those affected by this tragedy.

In Samuel's case, he had been playing in the backyard with his older sister when he managed to shake free a 1½-metre section of the pool fence. He made his way into the pool, and by the time his sister had raised the alarm Samuel had already stopped breathing. With the help of his mother, some quick-thinking neighbours and emergency services personnel, Samuel was revived.

Samuel—now five years old—has been left with severe hypoxic brain injuries, meaning he can no longer walk or talk and requires constant care and specialist treatment and equipment. Samuel is a fighter and a source of inspiration. His injuries are severe, but I have seen firsthand his will and determination. Samuel is currently in Westmead Hospital preparing for surgery next week and I wish him and his family all the best.

I recently accompanied Michael, Jo-Ann and Samuel to the launch of the *2008 National drowning report* by the Minister for Sport and Youth in Parliament House. The report sets out some tragic statistics. In the last year there were 27 drowning deaths in the under-4 age group, with backyard swimming pools, followed by lakes and dams, as the most common locations for these drowning deaths. But even these statistics do not reveal the less-reported near-drowning accidents, which are much greater in number than drowning deaths. The Australian Institute of Health and Welfare's research has found that the great majority of near-drowning incidents are experienced by children younger than 15, and many of these are under four.

It is these families that the Samuel Morris Foundation works to support. The foundation fundraises extensively to help families of children suffering from hypoxic brain injuries resulting from near-drowning accidents with the heavy financial burden of the specialist equipment and therapies that these injuries require. The foundation works closely with Royal Life Saving and won this year's Patron's Award for the most significant contribution to water safety with a focus on an under-represented group at the New South Wales Water Safety Awards.

Samuel's story is one the Morris family has been working hard to ensure is not repeated. As parents, we all need to heed the message of water safety and be vigilant when our children are near water. I congratulate the Samuel Morris Foundation, and in particular Michael and Jo-Ann Morris for their outstanding contribution, and I look forward to continuing to work with them to promote the message of water safety.

Mayo Electorate: Mr and Mrs Goldner

Mr BRIGGS (Mayo) (10.25 am)—I join with the member for Lindsay. Water Safety is a worthwhile cause. As the parent of two young children, drowning is one of the biggest fears you are ever likely to have. I welcome and support his remarks.

I rise today to talk about two of my constituents, Mr and Mrs Goldner, whom I raised in question time on Tuesday. Mr and Mrs Goldner, for those who are not familiar with the case, were retirees. They were hardworking small business people all their life who ran businesses in the north-eastern part of Adelaide and had recently retired and bought a block of land on Hindmarsh Island on which they sought to build a house to live in. They purchased the land some time ago and engaged with a builder, which of course, as we will know, in recent times has been difficult because the construction industry has been so busy. They started building midyear, had the slab laid and were moving the timber to the site. They had their money invested in a short-term cash management account, a low-risk account, not one seeking high rates of interest but a place to hold their savings until they had to pay the builder. Unfortunately, the week before they were due to pay the builder their accounts were frozen. They were frozen because of a mistake made by the Treasurer in implementing his bank deposit guarantee. These people are struggling and the builder, who is owed a lot of money, potentially has to lay off staff. It is an extraordinarily difficult situation for all concerned, and I urge the Treasurer to remedy the situation.

I was disappointed, to say the least, with the response that I received when I inquired of the Treasurer of this issue in question time. This was a mistake, the Treasurer did not speak to the Governor of the Reserve Bank before he made this decision and he did think through the consequences of this decision or of the innocent victims such as the Goldners. It is time that the government admitted the mistake. The opposition has supported the deposit guarantee all along. In fact, it was the idea of the Leader of the Opposition. We supported it with a cap—which, interestingly, is the Reserve Bank's position. I urge the Treasurer to reconsider what he can do to help get these funds unfrozen, because it has become an urgent situation, as you would understand. I urge the government to do something to help my constituents, the Goldners.

Maribyrnong Electorate: Mr David Cunningham

Mr SHORTEN (Maribyrnong—Parliamentary Secretary for Disabilities and Children's Services) (10.28 am)—I believe in the vital importance of people with disability being able to participate fully in our community, including our workplaces. Along with the Minister for Employment Participation, we are developing the National

Mental Health and Disability Employment Strategy. The benefits of work for people with disability and for the workplaces are immeasurable. Mr David Cunningham is a case in point. Mr Cunningham has cerebral palsy and a passion for reforming the disability sector—a passion I share. He is in his late 20s, he has partial visual impairment and is in a wheelchair full time. He calls my office regularly and deals with my very professional staff to bring to my attention issues affecting people with a disability. Mr Cunningham is keenly interested in the Rudd government's social inclusion agenda and was pleased to be able to share his views directly with the government during his local national disability strategy consultation. He and I both know that Australia requires a long-term view on how to empower people with disability and their carers. He says that people with disabilities need encouragement and there needs to be options for them in the workforce and decent employer attitudes.

When Mr Cunningham's carer father died in August this year, his son paid this moving tribute:

My father was a real trooper in the true sense of the word, just like so many other carers across the country like him. He made every sacrifice possible for the overall benefit of me and my brother.

Recently, Mr Cunningham was offered a job as a personal assistant for a disability sector organisation and is now doing reception and administration work two days a week. David says the organisation he works for looked at what he could do and not at what he could not do. 'They did not look at my disability,' he says. He is proud the organisation recognised his skills and hopes that other employers will give people with disability a chance.

Mr Cunningham has been doing voluntary work for 10 years. He says that voluntary work sometimes is not recognised but that it is a great way for people with disabilities to contribute to society and it is great for the organisations. David has always contributed to our community through his advocacy work. Now, with paid employment, he is contributing even more fully. Everybody benefits. Mr David Cunningham represents what I think is the true goal of disability reform in this nation.

Impairment is a function of living. It can be acquired through birth, through a catastrophic injury at work or in a motor vehicle accident in the blink of an eye or through the natural ageing process. What disables people with impairment are the attitudes of the community. Australians are not malicious but they are unaware, if disability does not affect them, of the impact that it can have on people's lives. I think that what Mr David Cunningham and so many other hundreds of thousands of people with impairment who are endeavouring to participate in the economy and society demonstrate is that when Australians can look beyond the impairment to the whole person then in fact we will achieve the real goal of disability reform, which is an equal go in life for all Australians regardless of impairment.

COMMITTEES

Infrastructure, Transport, Regional Development and Local Government Committee

Report

Debate resumed from 24 November, on motion by **Ms King**:

That the House take note of the report.

Mr NEVILLE (Hinkler) (10.32 am)—I would like to preface my remarks today by saying that none of my comments are said with any rancour or lack of respect for my Labor colleagues. I think sometimes we tend to politicise committees and we should not. I have immense respect for my Labor colleagues but, with the greatest respect to them in this particular instance, I think that they have written their report to an agenda rather to what we received in evidence. We did not receive evidence that would have justified a number of things that have gone into the body of the report.

Wherever we went in Australia with this inquiry into the funding of local and regional community infrastructure, one thing stood out—and that was that there was no criticism of the program itself. There was criticism of the administration of the program by the department—such things as the slowness of getting applications dealt with, rising costs while applications were being dealt with and puerile questions being put to ACCs or proponents of programs, and those sort of puerile questions indicating that either the department did not have a knowledge or an understanding of the region where the particular project was going or alternatively—and I am reluctant to say this—they were trying to slow the process down.

One project in particular that stood out was a very elaborate playground that included access for disabled children and road safety training areas for kids on bikes. That project had been going on for over six years—not all through the department, I might add. There was a lot of preamble work done on that project in the community. I attended lots of meetings in the early days of that project when it was to be located near the olympic pool. It is called the Lake Ellen project, being located near Lake Ellen in the Baldwin Swamp environmental area of Bundaberg—a beautiful area.

One of the issues that slowed the project down and nearly cost the project its Commonwealth funding, because at that time the government was going to cancel those community projects that did not have contracts signed off—and I congratulate the government on going back on that and allowing those projects through—was the fact that the department wanted to know whether the Bundaberg City Council was a fit and proper person to run the project. That should be a given. When someone says to me, ‘Oh, some funny things happened at Wollongong’—come on! We have all these local authorities across Australia; to try to drag out Wollongong to make all the other local authorities look suspicious is just puerile.

This report we have got is not supported by the evidence. I remember that at the meeting in Toowoomba, which I chaired, I asked the question: what are the criticisms of the Regional Partnerships program itself? I repeated the question. There were no criticisms. In fact, the member for Gilmore, who was sitting next to me, said something like, ‘Oh God, you’re game.’ But I wanted to hear what people had to say about the program. Almost everywhere we went there was not a criticism of Regional Partnerships. There was certainly criticism of the way it was administered—mainly, I might say, by the department. In fact, very few of the witnesses made any reference at all to the audit report, which I thought they would. I thought there would be a lot of argy-bargy around the Australian Audit Office report and there was not. There was very little.

After I said, ‘At every meeting we went to there was praise for this program’, one or two of my colleagues said to me, ‘Well, there are a lot of ACC representatives there and they would say that anyhow.’ Come on! Look at all those ACCs—57 or 58 of them across Australia. Most of them were very well conducted; certainly the ones in my area, Wide Bay and Central Queensland, were outstanding over the years and the chairs of those committees ended up on various Commonwealth reference groups because of their leadership. Are we seriously trying to say that all those voluntary people—engineers, doctors, accountants, farmers and union representatives—who all had busy lives were going to come and prostitute themselves in a concocted or confected scenario? Because the ACCs wanted the program, what these people said was suspect? That is a terrible slur on all those voluntary workers across Australia for the last 12 years. Remember, this program in its genesis was a Labor program, continued by the Howard government. It was a good program.

I am not saying that every project was good. There are always failures in this. There is a risk factor when you have a program as extensive as this. If you want to look back to the previous programs of the Hawke and Keating governments, there are plenty of failures there too. Have a look at some of the outrageously indulgent RED scheme projects. Some of them were just so wasteful it is almost unimaginable that they could have got through. Then there was the final employment program under the Keating government: the figures showed up after the event that it was costing \$100,000 a client to get these people supposedly into jobs.

For \$100,000 you could have bought someone a business. So don’t say to me that, because there were a number of failures in the Regional Partnerships program, suddenly it was deficient. Nine-tenths of these projects, or even a higher proportion, were very good and, in my opinion, some of the ones that failed were underresourced. They were not indulgent in the sense that they had too much money and they were throwing it against the wall. The one I would cite is the Beaudesert to Bethania railway line. I could never see that being done for \$5 million; that was probably a \$15 million or \$20 million project. It was a good concept—it was to link the people from around Beaudesert in south-eastern Queensland into the suburban rail system of Brisbane and, in turn, into the city. The concept was also forward looking, and the principle involved in it will probably be a term of reference that the minister gives this committee to look at in the future: how do we get rail services out to outer metropolitan and country areas? So it was a good concept, and there were others.

I have been in regional development for over 20 years; I know the field well. Some of the things that have been put into this report are the complete antithesis of good regional development. Regional development must be holistic. You must take the community, its resources and services on the one hand and you must take its means of production or its manufacturing base on the other hand and make sure that they work in harmony and work together. Tourism is a further overlay over that. You pull one of the components out and you get a lopsided community engagement. The other thing with regional development is that you must have a sense of ownership. That is absolutely vital. You cannot just impose government structures on people in country areas and get a result—it just does not happen. We have had examples of this over the years, especially in Victoria. Once the state government or the federal government pulls its money out, the whole regional development organisation falls over. For 12 or 18 months or two years nothing happens and then you get another model and work it up.

The way it should be done is involving the community. For example, development boards should be in every town. They should be funded by, firstly, the local business community, which should pay a subscription; secondly, the local authority; thirdly, the state government through the department of state development or whatever it might be called in each state; and, fourthly, the Commonwealth government. It should be run by a board of local people. The best models in Australia have had that structure. Regional Partnerships or the ACC model came very close to

that. But the model that my colleagues are suggesting will be much less than that because, in my belief, there is going to be far too heavy an emphasis on local government. I was ambivalent about assessment panels, and my appeal to government members is that they realise that if assessment panels are largely federal, state and local government and do not have those core people who understand how regional areas work then the whole system will not work. The very criticism of the department in this fiasco is that people in the department—and there is clear evidence of this—did not understand how things worked in the country or the scope of the various projects. If you are going to have an assessment panel that is set up roughly the same way, you are going to have a repetition of that lack of engagement. I am saying: if you have assessment panels, make sure that they contain businessmen, accountants, engineers—people who have an on-the-ground understanding.

The other thing I would say is: do not try to run this program through state offices. I suggested in my dissenting report that we should have three regional offices in Queensland, three in New South Wales, two in Victoria, two in Western Australia and one each in Tasmania, South Australia and the Northern Territory. The reason for that is that every two or three ACC or, as we are going to call them, RDA regions could be clustered under that regional office. There should be field officers, I agree with the report, but the field officers should be confined to that part of the state where they have knowledge and engagement. If you do not do that, you are going to have remote decision-making processes. So if you want to look at field officers, yes, I agree with having them, but I think it should be contingent upon them being in regional offices in regional areas. For God's sake, don't try to run this thing out of capital cities. I acknowledge that the parliamentary secretary has closed some of the capital city offices and I congratulate him for that, but I think he is got to replace those with a goodly number of regional offices.

I put in my dissenting report how I think this thing should be structured. I do not think there was a Sustainable Regions Program; wherever we went, people were saying that there needed to be a model like that where the proponents do not need to find 50 or 60 per cent of the money but, rather, 10 or 20 per cent. That is for deprived regions in endemic drought or unemployment or whatever it might be. We have another report to come and I have got a lot more to say about it. I am passionate about regional development. I think my colleagues have got it wrong and I will continue to pursue this matter well into the development of the program.

Mr RAGUSE (Forde) (10.47 am)—Firstly, I thank the member for Hinkler for his contribution. I know, as he said, he is very passionate about regional development and has been involved for a long time. That was certainly made clear in the committee work that we did. I applaud him for flying the flag of regional development. It is interesting that this interim report of the Standing Committee on Infrastructure, Transport, Regional Development and Local Government came about because of issues raised in the audit report and a whole range of other inconsistencies. In fact, the member for Hinkler did refer to the electorate of Forde by way of talking about Beaudesert Rail, and it was certainly my experience that that was a project that went badly wrong. Without a doubt, over all the inquiry and the different projects we looked at, it was one that had been reviewed to death, so it was not a case of us going through that again. But can I tell you it was something I had direct involvement with at one stage simply to try to resolve the issues on the ground.

Again, I thank the member for Hinkler for his contribution, because in a lot of ways he has had to take a lot of hits from the media and different areas of government because of some of those projects that went wrong. His area has gained a lot from these projects and programs, and it says something about having a local member or other people on the ground who can assist in the implementation of projects. This interim report looks at a number of ways and suggestions about how we might in future roll out these funding programs. I think that is really the essence of this. I do not want to get too political in my statements today, other than talking about Beaudesert Rail and some of the issues that occurred there because I think we will all learn from that project.

The report on funding regional and local community infrastructure provides proposals for the new regional and local community infrastructure program. In context, this new infrastructure program does relate to hard infrastructure—the sorts of things that the member for Hinkler has spoken about. The Infrastructure, Transport, Regional Development and Local Government Committee was asked by the government to examine the Australian National Audit Office's performance audit of the Regional Partnerships program and to provide advice on new funding models.

The hearings garnered a wide range of views about the previous program and a replacement program. One thing that came across was that the communities maintain the view that they need support from the government. Infrastructure is vital for communities to remain vibrant and to be able to deal with the increasing pressures of growth—the community halls that we build, the parks children play in, the pools during the long hot summers, and public spaces that contribute to the community and outer-community regions. We know that the previous system was broken. Some on the other side might not have that view—certainly not the member for Hinkler, from the statements he made—but I have just explained where and how this program can work if we well-manage the replacement of the previous program.

Let us look at recommendation 1 from the committee report:

The Committee recommends that the government establish well defined and clear objectives for the Regional and Local Community Infrastructure Program that sit within an articulated Commonwealth Government regional development policy.

How we structure and manage these types of programs is very important. This recommendation is one of the most important with regard to the Regional Partnerships program. I think the previous government started to have a meltdown and there was a breakdown of the process. Occasionally, of course, there was political outrage and there was certainly concern from the media and the opposition at the time about what was going on. I think those of us who have had direct involvement with the Audit Office would say that they perform a very important function. The report was certainly an indicator of a whole range of things that just were not taken into consideration.

An example is in the seat of Forde. While the Beaudesert Rail project dates back to 1991-2000, it really had a meltdown by 2001, so it was a process over a period of time. I will give you an example from the recent election campaign—recent being a year ago now. I was of course a candidate for the seat of Forde. There were promises being made all over the place under the banner of the Regional Partnerships program. It is certainly a difficult thing for a new member to come into a community and find that a particular expectation had been developed during the campaign. As we looked more closely at the promises, we saw that they certainly were not valid; they were, in the truest sense, pork barrelling. I do not want to politicise my statements today, but clearly it was an example of something that was used as a lever in the election campaign. We know it happens, but it was clear on the ground. I am still working with the community to get some future resolution on particular projects.

One project concerned a community precinct in Jubilee Park, which is a major park in the centre of Beaudesert; the park was to include ultimately a hydrotherapy pool. Of course, hydrotherapy pools around the country now are becoming of major importance to people with certain health problems. They are certainly very, very important pieces of community infrastructure. There were letters that said the pool was confirmed, that it was going to happen. Those claims were baseless and the community were of course very angry that baseless promises had been made. As the new member, I basically drilled down and found out that they were baseless and then I had to inform the community that the pool was not going to happen and discuss how we were going to resolve it for the future.

Another project was on Tambourine Mountain: the Zamia theatre, which was a project that had been undertaken by the local community. A historic theatre had asbestos issues and, on the basis of the asbestos, the building was kept stable until such time as there would be funding to go towards its upgrade. They stripped the theatre of everything—its internal walls, every piece of asbestos—on the basis that they were to get funding to renew and renovate this building. Of course, that was another promise that was made and not ever going to be delivered on. When you look at a community like Mount Tambourine, you see that they value such pieces of infrastructure. The theatre is now inoperative two years down the track; it now is a shell of a building that will probably need extensive dollars. Of course, the longer it sits, the more money that will have to be spent to bring it back to what was a very important piece of community infrastructure, one with certain historical value. Again, it is something that I am dealing with in the electorate.

I am hoping that we can resolve such issues with the rollout of the new programs and the fact that we have had the Australian Council of Local Government bringing groups together, that we have local government involved in the process. It is certainly one of the recommendations that we have put forward: that councils should have various ways of accessing funding. Importantly—and I spoke about this yesterday in the House with regard to nation building, and we are going to talk about it again in fact—Labor governments are very much about the future, about having a vision and about nation building. Yesterday I used examples in the field of education showing that, from the Whitlam era through the Hawke-Keating era and now into the Rudd government, our vision for an education revolution is very much built on nation building. There is the soft infrastructure and the social infrastructure that we put in place, but these programs for funding community projects are very much about providing the hard, the physical, infrastructure.

I know the opposition continually talks about us making false promises; they throw out catch phrases and say that we are hairy-chested about our promises. The reality is that we are nation building, and this is another component of that. We fund communities directly by engaging as many of the stakeholders as possible. Local government councils on the ground are certainly a major part of the way that we were looking at rolling out this particular program.

It is very important to understand what we have done as a government. The very first, historic meeting of the Australian Council of Local Government was about bringing local government to the table to start talking not only about how we might put in place a particular fund like this but certainly about all of the other opportunities we have to utilise the three tiers of government. We are now talking about the three 'spheres' of government. It is

really about making those tiers of government more efficient. The role that local government will and should play in community development—and certainly in infrastructure development—is very, very clear.

If you look at Queensland, you see that there was a huge amount of political fallout over the council amalgamations, where we took 157 councils and turned them into about 73. It was historic, it was a mammoth task and of course, as you would expect, it raised a lot of concern in the communities. Interestingly enough, it is very much in line with how we fund local infrastructure, how we put projects into place. Local government is very much a part of it. People used to say and have said to all of us, ‘Why do we need local governments? Why do we need state governments? What does the federal government really do? Why can’t the federal government have involvement at different levels?’ The reality is that there have been constraints on how we do that. Local government is an area of interest to us of course; we understand that there really does need to be some reference within our Constitution to local government and the role it plays.

The three levels of government are here now—and I am sure they will be here for a long time, irrespective of what anyone’s desires may be. It is about efficiencies. I will give an example regarding the local government amalgamations in Queensland. We have all heard people say that we have too many politicians. People who do not engage with politicians do not quite understand what we do. That is a shame and that is probably something we need to manage a little bit better. Certainly in my state of Queensland when you say to those detractors, ‘How do we reduce the number of politicians?’ no-one can really tell you how to do it. But I note the efficiencies gained through the local government amalgamations. In Queensland there are now 770 fewer politicians because of the amalgamations.

When you talk to people about maintaining the three spheres or tiers of government, you should also note that we can build efficiencies and we can allow the implementation of funding sources like this to have direct benefit on the ground. Local government is very, very important to us. Less than 12 months into the amalgamations, Queensland is dealing with that. This is about funding programs that are in place with local government through our new dialogue. By bringing everyone to the table we can roll out a whole range of infrastructure—social infrastructure as well as the physical infrastructure that we are talking about here.

I mentioned before the example of Beaudesert Rail—and I said I would give some examples. It was a project that was well conceived. For the area, it was going to mean major tourism activity. But you had very aged rail infrastructure that had been closed for 15 years at the time. It had been closed for a whole range of reasons but certainly there was a need for ongoing maintenance. There were 40-odd timber bridges and 40 kilometres of not very good track. One of the reasons that rail line was never modernised was that it had some very hard bends, with soft foundations put in place in the 1860s. The state government at the time looked at that corridor to upgrade it as a normal rail service, and at that stage it was looking at something like \$60 million just to put a basic service in place.

Five million dollars went to the Beaudesert Rail project—\$5 million to get a historic rail system up and running! If you do the calculations it would be almost \$5 million a year simply to maintain what was an ageing piece of infrastructure. In fact, it got to the stage where local government and state government came to the party—of course Queensland Rail still had some role to play in that particular corridor. Within the first couple of years, local government spent, in kind and in cash, far more than the \$5 million that went to a project that was going to establish a rail. The 12 months of establishing the project—upgrading, renovating buildings and platforms and even putting a steam engine in place—simply gobbled up most of the money. In fact, this particular organisation was pretty much insolvent by the time it was due to open its doors.

While the particular rail ran for a period of time, we had much community anger because there were creditors who were owed large amounts of money. In fact, not only was all the money spent; there were creditors of probably \$6 or \$7 million unpaid. So this particular rail was never going to succeed. In the end, the creditors lost 85 per cent of the dollars when the administrators finally ruled everything out. There was so much anger in the community that the rail could not continue because there was a series of small sabotage activities against the rail—bridges getting burnt. It created an enormous amount of community anger.

That really is an example of projects that go badly wrong. Today I commend this interim report because I believe it is on the right track in terms of how we should better engage with local government. We should better engage federally directly on the ground to be able to fund programs but we must certainly have some very legitimate processes in place. On that basis, I commend this report to the House.

Mr COULTON (Parkes) (11.01 am)—I would like to acknowledge the time and the effort that the members of the Infrastructure, Transport, Regional Development and Local Government Committee put into undertaking this inquiry. I also acknowledge the role that the federal government has in promoting development in regional areas. I will be brief but I would like to highlight, from my experience in local government and in regional areas, some of

the recommendations in the report that I believe may not end up giving the results that have been hoped for. I will also discuss the fact that the Regional Partnerships program has become very much a political issue. Unfortunately, quite often what is said in the House and what has been found here in evidence is quite different.

I would like to mention the extremely unusual event of the government putting the member for New England on the committee just for this inquiry, obviously with the intent that he be the main attack dog for a witch hunt on Regional Partnerships. What the member for New England has said in the House and in other places about Regional Partnerships there is no evidence for or any comment about in this report. The transcripts of the hearings that were held—the very few inquiries that the member for New England actually bothered to attend—do not match his rhetoric elsewhere. The member for New England is going to have to put up or shut up. Possibly one of the most successful examples of a regional partnership is in his home town of Tamworth and it is operating very well. That is the regional equine centre that is now attracting events of a national and international standard into that area. His comments have been particularly unhelpful in this whole process.

There is one other thing I would like to comment on. I have had discussions with the Parliamentary Secretary for Regional Development and Northern Australia, the member for Brand, on the idea—and it comes through in this report—of a partnership with local government. My background is with local government and quite frankly I welcome that direction. Local governments are in tune with the communities; they do know how to spend that money.

I can remember the member for Longman speaking in the House about the rorting of Regional Partnerships. The Regional Partnerships program that came through my local government area included things like putting disabled access in a community hall that is 40 kilometres from the nearest town. We got \$120,000 as part of a \$600,000 project for a medical centre so that, when the current doctors move into retirement, the remote community around Warialda can have a walk-in, walk-out medical facility. That is hardly rorting. I understand the process and that there was an election going on, but I think that, once we get away from the heightened atmosphere of an election and we start to work out how we are going to develop Regional Partnerships and other regional projects, we need to make sure that we do not get caught up in the rhetoric but rather look at the facts.

To finish on the subject of local government, last week the council mayors visited Parliament House. That was well received—that money will be well spent in the communities in my electorate. I acknowledge that, but there are a couple of things that worry me. One is the idea of too close a relationship with the state governments. In the projects that we did and that I dealt with, we almost had to fudge the figures for the state government because of its lack of contribution. It was more of a lead weight than an active partner in the process. So I encourage the federal-local relationship. I think that getting too tied up with the state bureaucracies would have a wet blanket effect on this.

Mr Sullivan—You didn't really just admit to fudging the figures?

Mr COULTON—No. I come to this place from a background of local government, where we speak not as lawyers. I am speaking here so that, hopefully, my contributions will be helpful to the process of this committee. What I am saying, if you would like me to rephrase it, is that the New South Wales state government did not carry its weight under the previous program.

One thing I would like to discuss is moving away from partnerships with individual organisations. Minister Albanese has displayed great mirth and merriment speaking about this in the House. He mentioned a particular project in my electorate in the town of Walgett. From memory, it was a pet food facility and unfortunately it failed. He was having a great old time talking about putting money into this project in Walgett that failed. Let me talk about Walgett. Walgett is one of the most disadvantaged communities in Australia. Walgett has the largest ratio of Aboriginal people to European people of any community in Australia and is really struggling for employment opportunities for its residents. Of course a project that was going to employ people in a place like Walgett is always going to be on the edge. If we wanted to make sure that all the projects we funded were secure, we would have them in the CBDs of the capital cities. Of course a project at Walgett is going to be under some sort of stress—and the fact that it happened in the middle of the worst drought in 100 years did not help. There were a whole range of reasons why it did not succeed, including the lack of grain for this facility. But that does not mean that we should not try.

I believe an obligation of government is to assist with the creation of sustainable and long-term industry in these disadvantaged areas—and private enterprise is the right way to do that, whether you like it or not. We can put in as many government backed programs as we like, and, quite frankly, the government does put a lot of money into Walgett. The Walgett Aboriginal Medical Service is one of the most switched on and efficient organisations I have ever had any dealings with. It provides a wonderful backup to its community in the services it provides. But, ultimately, if we are going to develop these communities, we have to assist them. We cannot move

these people somewhere else. That is their home. So we need to bring something out to where they are to enable them to live with dignity and to have the opportunity of employment. In doing that, there is always the possibility that these projects are going to fail.

I realise this is an interim report but I encourage the committee, as it looks into this further, to not discount the employment possibilities in encouraging businesses to start up, particularly in remote areas. As we go through this process we really need to be careful that we have something that works. If we put a process in place that has so many checks and ties in it that it is absolutely impossible for any mistakes to be made, projects will be so bound that they will be ineffectual. I agree with the member for Hinkler's comments that there needs to be a large number of people from the communities involved, because there needs to be some kind of ownership. I understand that from my period as the mayor of a regional area. When the community has ownership of and a belief in their future, something will happen. Something that is brought in from afar, even with the best of intentions, is destined to fail.

I welcome the work of the committee, and as you go through to the final report I encourage you to look at those other possibilities. Do not be frightened of bringing in something that has the possibility of failure. If they have the ability to be successful, those are the long-term projects that will help these communities. In the just over 12 months that I have been in this place, one of my frustrations is that we deal with complex issues in very simple terms. Certainly I hope that the rhetoric we have seen in the House and the rhetoric we have seen from Minister Albanese is seen as just that—political grandstanding—and that the real effort of community development steps away from that and looks at what is really going to work for regional Australia.

Mr BRADBURY (Lindsay) (11.12 am)—I rise to take note of and to acknowledge the hard work of and the significant contribution that has been made by the Standing Committee on Infrastructure, Transport, Regional Development and Local Government in the preparation of this interim report. I am very pleased to follow on from the member for Parkes. Whilst I do not agree with everything that he said, I certainly acknowledge that he is one of the people in this place who are great advocates of the potential of and the opportunities that can be realised and delivered upon by local government. I know that his background in local government is something that has held him in good stead in making a contribution.

Much has been said already in this debate about the Regional Partnerships program, and even more has been said about it in other places. I do not wish to pick through the entrails of that program; I think others have done that much more competently than I could ever aspire to. But I make the general observation—and I think this is an observation that is confirmed in the committee's interim report and indeed in the consultations that led to it—that there seemed to be a fairly loose set of objectives that that program was seeking to achieve. 'Loose' might be a euphemistic description; when we look at the process that was applied to applications, we see that 'loose' would not do justice to the reality of what occurred. I think that that has been acknowledged, and certainly the recommendations that are set out within this report go a long way towards tightening up the process for any future regional and local community infrastructure program, which I think is a great thing not just because it will deliver greater confidence in the program but because it will deliver greater accountability in terms of where taxpayers' dollars are ultimately being spent.

I want to focus in on a couple of the committee's recommendations. The one I want to begin making a few comments in relation to is recommendation 4, which reads:

The Committee recommends that local government be the auspice agency for applications in a region with a requirement that local government contribute (whether by way of capital, maintenance or operational funding). Not-for-profit organisations that do not require a local government contribution would require a letter of support from local government and then be able to apply directly.

I speak in support of that particular recommendation. I know that the quality of the contribution made by local government right across this country can sometimes be varied in nature, and there is no question about that. There are some councils that are performing better than others. Notwithstanding that, I think that due recognition should be given to the fact that, as elected representatives within their local communities, councillors and aldermen are representing the interests of their local communities and often are the best way of ascertaining the true sentiment of local communities. They are accountable because they, like us, are elected and are therefore accountable to the people. I think that that extra layer of accountability, which comes in the form of local government elections in those areas where they do occur, ensures a degree of robustness and accountability in those organisations. I speak very much in support of recommendation 4.

I note that the committee's report actually foreshadows and contemplates the fact that there was to be a gathering of local government mayors from right around this country with the Prime Minister and various ministers. It was timely that this interim report was handed down in advance of that, particularly given the announcements that

were made by the Prime Minister and the Minister for Infrastructure, Transport, Regional Development and Local Government.

I note with great interest and also with great pride the fact that the announcement that was made in relation to the \$300 million for regional and local infrastructure will deliver, out of the first \$250 million which has been allocated to various councils, just over \$1.7 million to the Penrith City Council, which is the local government authority within my electorate. That is very promising to see. I note in particular the special attention that this initiative has paid—and it has been a very long time coming—to those local government areas that are in high-growth areas. Through my previous involvement with local government, having spent nine years on the council at Penrith, I know that a number of the growth area councils had identified that the usual formula that is used in the financial assistance grants process does not always take into account some of the factors that impose greater costs on local government authorities in areas where there is greater growth and a more rapid rate of growth than others. The National Growth Areas Alliance was formed in recognition of that particular reality, and I note that the Penrith City Council is one of the member organisations of that peak body. I welcome the component that was built into the allocations that reflects the growth component of those councils.

I also welcome the announcement of the \$50 million fund for strategic projects. I am doing everything I can to encourage my local council to make applications in respect of that fund. We are in a time where we can make a contribution towards stimulating not only our local economies but our national economy. We all understand the importance of that, given the impacts of the global financial crisis. But, apart from delivering those benefits, I think that there are some great local projects in my community that would benefit from funding under that particular proposal.

A meeting occurred that involved the mayors from around the country; the Australian Council of Local Government. The formation of this body was an additional element, a new dimension, to the Federation. We all know that the Federation, which was basically enshrined in the Constitution back in 1901, reflected some different realities to those that we deal with today. The states were very much enshrined in that process. Today we see much of the hard work, when it comes to service delivery, being delivered on the ground in local communities by councils, particularly councils that are large and have a greater capacity to actually deliver in these areas.

Notwithstanding what we have in the Constitution, the official document as it stands at the moment—and we all understand how difficult it is to amend that document—the Rudd government I think very wisely has sought to embrace local government and commits not only to seeking constitutional recognition of local government but also to dealing very closely with local government and improving opportunities for a direct relationship between the national government and our local governments. Of course, this is something that has been very much supported by Labor governments in the last 30-odd years. The Whitlam government was the first Labor government that began the process of having a direct dialogue with local government, with the establishment of untied grants directly to local government. We saw both the Whitlam and the Hawke governments put to the Australian people a referendum to grant constitutional recognition for local government.

What we have seen since then—and I acknowledge in this regard one of the things that the Howard government did; I think it was one of the better decisions that they made in the time that they were in office—is the establishment of the Roads to Recovery program. That builds upon the commitment that had already been established and enunciated—the direct relationship between the Commonwealth government and local government. I note that in present-day terms we have some \$1.75 billion being made available by the Commonwealth government to local government authorities under the Roads to Recovery program.

Mr John Cobb—And they love it.

Mr BRADBURY—They do love it. I acknowledge the honourable member's interjection. They love it because of the massive demands on local authorities when it comes to maintaining their local infrastructure. Roads are only part of the equation. Certainly, when it comes to roads and other forms of infrastructure, local governments have many obligations and many liabilities, but they do not necessarily have the capacity to raise the funds in order to adequately address and maintain those obligations. In addition to the direct assistance in the Roads to Recovery grants, we also have funding in the order of \$1.9 billion that goes not directly to local government through the Grants Commission process but through the financial assistance grants that are made available by the Commonwealth.

I note that there was some criticism at the time the Australian Council of Local Government meeting was held, but I want to reflect on the comments of the mayor of Penrith, who I should note is an independent mayor and would probably describe himself as a conservative, having previously been a member of the Liberal Party. He made some very favourable comments in the *Western Weekender* on 21 November 2008. He said:

“This is keeping a promise made by the Rudd Government to have direct discussion with councils right across Australia. The PM announced it would become an annual event because he believes in direct dealing with local government,” ...

The article goes on to a few more flattering comments:

Believing the trip to Canberra was worthwhile, Cr Aitkin now hopes to present ideas that were discussed on the day to his fellow councillors.

“It’s been a wonderful experience to share Penrith’s journey with mayors from across Australia and also to learn about some of the marvellous projects delivered to each mayor’s respective cities, some of which I will follow up and see if Penrith would like us to go down the same roads,” ...

He also noted that the council was well and truly underway in its efforts to draw up a hit list of projects that could be funded with the \$1.7 million that had been allocated to Penrith City Council by the Rudd government. I note that the council was already in the process of considering those projects, and next week the council will formally determine its list of priorities. There are some very worthy projects on the list in the business paper prepared by the council. From my background on the council, I know that many of these infrastructure projects, particularly the refurbishment of neighbourhood centres, are very much needed. The capacity and the funds to deliver them has been something that has prevented local government from being able to do what they would like to do in order to present the facilities that their communities need. This funding is one down payment, one step, in the process of providing the council with the wherewithal to do that.

In my community, the council is looking at the Ridge Park Hall, the Arthur Neave Memorial Hall, the Namatjira Neighbourhood Centre, the Emu Plains Community Centre and the Quarterdeck, which is co-located with the Penrith Swim Centre. These community facilities will either benefit from or are proposed to be the beneficiaries of the new investment in local infrastructure coming from the Rudd government. The Penrith Senior Citizens Centre will be fenced, and I know that that has been an ongoing issue. Victoria Park in St Marys—which is a tremendous park with a lot going for it but which does need a little bit of work in order to restore it to its once grand state—is also a proposed beneficiary of these works. As well as numerous other playground replacements and equipment upgrades, the funds will also supplement the proposal for the Cranebrook Skate Park, which ended up falling short of funds. The project costs for that park exceeded what the council was able to deliver on the original estimates, largely because community consultation with the young people in the area demanded facilities that were of a higher quality in some respects. Hopefully, those enhancements will be delivered as part of this program.

In conclusion, I note that this is the direction that the report sets out in terms of future funding for regional and local community infrastructure. I think that it is a direction that has the support of the community, and that it is the right direction. I am sure that, with the continued resourcing that this government will commit to these projects, we will see local government authorities right around this country having an even greater capacity to deliver for their communities. (*Time expired*)

Mr JOHN COBB (Calare) (11.27 am)—I rise to speak on the report presented to parliament by the House of Representatives Standing Committee on Infrastructure, Transport, Regional Development and Local Government. This is a report about country and regional Australia and what can be done to help deal with social issues around employment and how to help the various communities, the youth in those communities and, in the past at least, how to help commercial entities get a basis by which they can increase job opportunities, production or whatever it might be.

I speak as someone who did not go to the hearings but who did go to two of the review sessions held by the then ACCs—now called Regional Development Australia. The ACCs were instructed by the government to hold public hearings in their regions into what was thought of the program run by the former government, a program which has since been cancelled—and they did. I attended one of those sessions in my region and another outside of my region. What I am told the committee heard sounds very much like what I heard in the two sessions I attended, but that certainly does not tally with what is in this report. In fact, people who did attend those hearings tell me that the report does not reflect what was said at those hearings but that the dissenting report from the member for Hinkler, Mr Neville, does reflect what was said at those hearings.

You have to assume that this is simply a government, on the one hand, taking an opportunity to beat up on the Regional Partnerships program while, on the other, trying to justify what it wants to do in the future. It wanted to get rid of Regional Partnerships because it was one of the most popular programs I have ever seen a government introduce. As I go around the electorate of Calare—my new electorate, which I am very proud to represent; it is an area close to my old one but which now takes in Orange, the eastern side of Blayney, Cowra and Cabonne—the thing I get asked about the most is, ‘How can we get money to help the PCYC and the local hall? How do we get money to do these things?’ I have to say to them, ‘Look, I am sorry, there used to be a program specifically de-

signed to help provide seed money in conjunction with local communities et cetera, but that has gone, that has been wiped.'

Some of the recommendations coming out of the report are fine. I do not have any great issue with there being less scrutiny on projects. Instead of being \$25,000, as it used to be, it will now be \$50,000 on projects. That is fine; I do not have an issue with that. Where I have an issue is when it is categorically and heart-warmingly said that we must not have any commercial projects involved. I think I heard the member for Parkes, which used to be my electorate, say that the projects—and it is very true because I have seen it—that are the most long term, not short term for six months, are commercial projects. There is no doubt about that. Sometimes there is a need to help a commercial project, which is job oriented, get going.

A recommendation has been made that funding be in rounds. If it is only the smaller funding, I guess that that is okay to an extent, but the minute you put up, say, a three-month round with a limited amount of money then it becomes a very competitive thing. The reason we had flexible and open rounds—in other words, without a time limit; it was actually a three-year program which was rolled over—is so you do not ask a town like Tibooburra, for example, which is no longer in my electorate but has wonderful people, with 150 citizens and very few resources, within a space of three months to have to compete in a round of \$1 million or \$100 million on the same terms as Orange, Sydney or any other huge population. Any town or city is huge compared to Tibooburra, I can assure you. White Cliffs is not much bigger and is almost as far out. You are asking them to compete for seed funding and all these various things which they want to have. They cannot possibly have any failures or have rules set for them. How do 150 people compete with 40,000 or with six million or with even a million? It means that, from day one, you are saying, 'Don't worry about the remote or the disadvantaged communities; they can compete on the same terms and in the same time frame for the same amount of money as the big places where they have got all the resources to come up with the idea and to find the money.' Of course they can't compete. It is not designed as the original Regional Partnerships program was. The idea will not be to help those in the most disadvantaged and remote regions to do something for themselves.

Perhaps I can be a little bit generous now and offer some advice: if you want to be serious about it, don't put this into a series of rounds because you will disadvantage those who are in remote areas. The more rules you put around it the more you will disadvantage them. They cannot compete. Don't shake your head, Mr Sullivan.

Mr Sullivan—Before you stand up here and talk for 15 minutes, read the report!

Mr JOHN COBB—I know a town of 150 people in the most remote location of New South Wales in a round cannot compete with the big ones. It is a fact.

I will go back to the debacle surrounding all this in the first place. The Minister for Infrastructure, Transport, Regional Development and Local Government, the Hon. Anthony Albanese, has been very disparaging of the previous government and of the National Party, in particular, over Regional Partnerships. He accused us of rorting the program and of terrible things. Yet this is the same person who had not been the minister for more than five minutes before he rorted big time a program about noise abatement and Mascot airport. He gave \$14 million to a school in his own electorate but outside the program, so just to the one school. He did not even increase the region in which people could apply for the noise abatement funding, which I believe would have added something like \$250 million—an enormous figure—to the whole program so that everyone else who was just as far outside the current program as this particular school in his electorate could have been included. He just gave it to that school. He did not make it available to anyone else. Without commenting on that any further, I say I do not think he of all people is in any position to throw stones or anything else.

Anyone who went and listened to people talk about this program would point out, as I think the member for Hinkler might have said, the people were not upset with anything except perhaps the time it took the department to do the processing. They were not upset with the program, they were not upset by the fact that it was commercial and in fact they were very supportive. Everyone I heard at the two hearings I went to was very supportive of the commercial aspect. All saw exactly what it did in providing jobs et cetera. They were very appreciative of the fact that it was flexible enough to allow Tibooburra to compete with the bigger towns, be they on the edge of Sydney or in the central-west.

I am here in this parliament to represent the seat of Calare in western New South Wales and its country people. As well, I do see myself as being a member of the Australian parliament, not just as somebody from west of Condobolin in New South Wales. I think we have all got a responsibility. I believe I very much have a responsibility in that way to the taxpayer of Australia. I have a duty to equity, and I have a duty to seeing the taxpayer's money well spent. I think the member for Parkes said something to the effect that if you do not take any risk you actually do not have any gain either.

As for the old program, I think that, yes, we could have mucked around with the edges and made it better. But basically its aim was to give regional people an opportunity to help themselves. I would ask the Minister for Infrastructure, Transport, Regional Development and Local Government to stand up in parliament and say which P&CYC, which medical centre and which community hall we should not have helped. If there were any failings in that program they were far outweighed by the good that it did. The first two medical centres in Australia that were helped by this were actually both in my electorate—not under my hand, and I was responsible for this program at one stage. The Cobar and Narromine centres were the first two, and they set a benchmark that went right around Australia. These were medical centres in areas that did have a problem attracting doctors and did have a problem putting records in one place. It has all done so much and set a standard for what can be done by common sense and by not having rules so rigid that a community is unable to access funding. That is what has been so good about it.

As I said, I have no great problem with some of the changes they want to make, like doubling the amount before you get to the stage of having to do the full process to make it quicker et cetera. That is fine, possibly even common sense. But I would beg those responsible, if we do get a program in the future—and, if we do, I will bet it is just before the next election, but no-one will actually get any money before the next election; I will guarantee that too—to not make it impossible for small towns. Do not make it a program that puts a council or a region in Sydney on an equal basis with a small, remote town in the electorate of Kalgoorlie or Lingiari. And that is another thing—as somebody who used to be involved in this program, I can tell you that, in fact, applications made from Labor electorates basically had a success rate equal to any other. In fact, if any area was down on the success rate of applications, I think it was our own, but there was virtually no difference between the success rate of applications out of Labor electorates and the success rate of any other applications. The fact that there were far more regional electorates in coalition hands—there certainly were in those days—than in Labor hands meant that of course more projects were successful in our electorates. After all, it was based on helping regional communities.

For the sake of people in the future I would beg the government to focus on being flexible enough to allow the small towns an opportunity not to have to compete with cities or large towns. I think that was one of the beauties of the previous program—it had the flexibility. It allowed them to do it and it did not mean that everything had to be run to a particular rule that disadvantaged them.

Mr SULLIVAN (Longman) (11.42 am)—I have discovered that one of the disappointing things about debates in this place is that it is a kind of hit-and-run situation. People stand and make their contributions and then depart. It is a shame to me that less than 30 seconds into my contribution all the speakers from the other side and my own side who have preceded me in this debate have fled the chamber so that we cannot have a conversation. I think that, particularly in a chamber of this size, to be able to have a conversation about matters like this is far better than doing set-piece speeches—'I'll present my case, you present yours and we'll beg to differ.' Given that the member for Calare is gone, I shall revert to the format that I had previously decided to follow and talk about the matters that he raised a little later on.

First of all, I say right from the outset that I reject absolutely the suggestion that was made by the deputy chair of the committee and first speaker on this debate today, the member for Hinkler, that the government members were working to an agenda in relation to this inquiry. That is entirely false and needs to be rejected absolutely out of hand. This is an interim report; it is not a final report. I am interested that the member saw fit to introduce a dissenting report and to make some alternative comments in the body of the interim report given that this interim report came about because, in its response to the global financial crisis, the government had made a fairly clear indication that it was considering funding local governments—and we saw that come about at the event involving the mayors that took place at Parliament House last week.

This report was developed in a reasonably interesting environment. For example, there has been plenty of talk about the area consultative committees, ACCs, and the new body, Regional Development Australia, or RDA. In the context of us considering this report, we were not aware—and we are still not aware—of exactly what form RDA, the successor to ACCs, would take. We do not know that all ACCs are guaranteed to become RDAs.

We do know, though, that throughout this process—and the member for Calare mentioned attending two public hearings conducted by ACCs in and near his area—they were engaged in a process parallel to it to try and determine, through the minister's office, what RDA would do. While we were engaged in the quite clear process of looking at a program that had been absolutely slammed by the Audit Office in order to develop a program of integrity for introduction next year, there was this additional process going on on the side. Then, through our process, the ACCs turned up in force to argue their case for retention and to be left in charge of the dollars. ACCs were established as organisations that looked after employment programs, and they were very, very successful. They got an additional role in relation to the Regional Partnerships program, they got a sniff of the dollars and that is what they then considered would be their justification for existence.

This report would not have been possible without broad cooperation from members of the committee—including Mr Neville, who ultimately introduced the dissenting report. I would like to particularly mention the chair of the committee, Catherine King, and the committee staff, who worked very hard to bring us to this position—in particular, Michael Crawford, the inquiry secretary, and the research officers, Susan Cardell and Dr Brian Lloyd. All the staff of the committee office are very vital to those of us who work in the committees and they ought to be acknowledged for the work that they do on every occasion that we stand on our feet.

The report was based on a series of roundtable meetings and site visits. Not all of the members of the committee were able to attend all of the hearings. I was able to attend hearings in Toowoomba, Cairns, Darwin, Bundaberg and Canberra. There were also roundtable meetings in Perth, Launceston, Ballarat, Shepparton, Dubbo and Nowra. We heard a range of views. The member for Hinkler mentioned earlier a view that he picked up at Toowoomba. I was listening to the same people and heard perhaps with different ears, but in that hearing I heard a plea from the local government people that were in attendance that they needed to not have their program priorities taken over by ACCs, who develop projects with community groups and then come to the council for the matching partnership funding. Some of us live in small areas or have lived in small towns. I should say to the member for Parkes that I listened as he mentioned Walgett at length because Walgett is one of the towns that I have lived in in my life. I listened to what he had to say, and I think pretty much everything that he had to say in regard to that town was accurate. We are knowledgeable on this side of the chamber about a number of things that you assume that we are not knowledgeable about.

Mr Chester interjecting—

Mr SULLIVAN—It is nice, isn't it. In fact, while we are talking about Walgett, I will send out some cheerios to my cousins Tommy and Stewart Evans. Now I will have to get in touch with them to tell them that they have been mentioned in the national *Hansard*.

There are a couple of major thrusts in this report, and the one that we have been hearing most about from members opposite today is the recommendation that commercial projects be removed from this program. Each and every one of us understands the value of commercial programs in the development of regional areas. The dissenting report from the member for Hinkler says that we have said no to commercial programs but what we have said is, no, not under this one.

We then went on, in recommendation No. 7, to recommend that the government establish a particular program to look after the commercial projects within a department with expertise in this area. Commercial projects represented eight per cent of the money given out and, although I am not sure that I am accurate, probably a hundred per cent of the rorts. I believe that one of the reasons that was able to occur is that business decisions were being made by bureaucrats in departments without business expertise.

Mr Gray—And politicians.

Mr SULLIVAN—I take the interjection, but we are being kind here today. My view is and has been—and I have stated it and you can read it in *Hansard*—that regional development is not possible without economic development, and regional development is not possible without social development. We are not asking the community infrastructure program to provide police stations and hospitals. Those things are done by departments, or state governments in both of those cases. These kinds of community assets are developed and provided by departments with expertise in that area, and it should be the same with the development of business programs.

I visited Bundaberg, the member for Hinkler's headquarters, and went to three businesses that had received funding from the Regional Partnerships program, one of which had received one bunch of funding and then did not get the next. First of all there was a business that had relocated from Nambour with the assistance of that program to set up a business packaging cane mulch and selling it through various places like Bunnings Warehouse. I think they received \$1 million from the Regional Partnership program. The banks would not look at funding this business until they got the government money, yet this is the same business that, in the course of this season, put \$2 million into the pockets of cane farmers in that area by buying the trash off their properties. If that is not a decent business plan well supportable by banks I do not know what is, yet the banks hang out to get that Australian government \$1 million so that, if their assessment is wrong and things go bad, there is \$1 million of government money that they already have to help them recover their losses. The second business I went to was the food processor, and I agree with the member for Hinkler that it is a business worthy of government support.

Mr Gray—AusChilli.

Mr SULLIVAN—I was not mentioning names, actually. Anyway, the process had not been completed and there was no money available to give them under this program once the decisions that had to be made were made. But, yes, I believe it is worthy of support, but not through a group of people in a department inappropriate for

business. If we get the business portfolios looking at regional business, at least we are getting them out of the city and understanding the differences and how people should be supported.

We talked at Bundaberg about the form of government money to businesses. This money was all grant money, and it was: 'Thank you very much. Here's a nice cheque in the bank. Do what you like with it.' One fellow, not from Bundaberg but from another place I visited, sold his business not long after he got it going. Okay, the money that the government gave provided ongoing jobs for people in that business, but a nice little wedge of it went into his pocket, and he was not at all embarrassed about that. In Bundaberg we discussed this with a number of people who had received commercial business grants through this program. They are not necessarily greedy and indeed saw that there was a reasonable case that, if somebody sold their business having received funding through this grant program, they ought to be required to pay money back to the government. They saw that low-interest or no-interest loans which, at a certain trigger point, could be repaid to the people of Australia would be just as valuable to them. They did not think that the government necessarily owed them a living. They want to work for their money—that is why they are in business. People in business want to work for money, and this program in some instances was really giving them an opportunity to be lazy.

I have only got a short of time left, so I will not talk about the issues around local government being the primary auspicing body. I think they have been well canvassed. Members opposite, many more of whom have local government experience than members on this side, would understand the reason that that needs to be so. I am very happy with that particular recommendation. I went out and made quite a deal of ground in that regard.

One of the problems with the funding rounds, as mentioned by the Member for Calare, was the time it took for people to get decisions—for example, sending another letter out because next week they might get a better application than the one that is sitting in front of them and not being able to deal with that one because they have given the money to a lesser project. If you have got funding rounds, you can set timetables. In Toowoomba, we heard from the Queensland department of sport that when the round closes, the department has 14 days to have the information on the minister's desk and the minister has to sign off in 10 days after that. If you are an applicant, you should know when you are going to be told and when you are going to get the money. We heard horror stories of people waiting for three years.

I just want to mention the remarks of the member for Parkes about the member for New England being on this committee. This is just another example of the National Party sticking the boot into an Independent who they cannot beat in the polls. The member for New England sought to be on this committee for this inquiry, and he does have expertise in this area. This is a government that will embrace and work with the Independent MPs. If you want to have a look at what the Independents think of you guys, read the Member for Kennedy's evidence at the hearings in Cairns. He gave you a proper bucket.

Mr CHESTER (Gippsland) (11.57 am)—I rise to speak on the *Funding regional and local community infrastructure* interim report and the dissenting comments by the Member for Hinkler. I do take up the commentary from the Member for Longman, whom I thought made a very constructive contribution to the debate, though he could not resist in the last 30 seconds not giving the Nats a spray on the way through.

I think there are many positive aspects to the report, just as there are many positive aspects to the previous Regional Partnerships program. I do fear that, in its desperate attempts to trash the legacy of previous government, the new government has shown a willingness to perhaps throw the baby out with the bath water when it comes to the Regional Partnerships program. I am not suggesting for a second that members of the committee are that way inclined, but there are some opposite who have shown perhaps a willingness during the heat of an election campaign to go a little bit too far. As the Member for Parkes indicated, now that we are 12 months into the new government, I hope that cooler heads will prevail and there will be a real emphasis on ensuring that regional development projects and initiatives with the support of local communities do get undertaken in the future.

I will take up the comments from the Member for Hinkler, who submitted his report with a great deal of respect and reluctance. The Member for Hinkler has an enormous amount of experience in regional development. While I am a newcomer to this place, I am a strong believer, as is the Member for Hinkler, in the committee system and working together to achieve better outcomes for all Australians. I know he was reluctant to submit his dissenting report, but he did so in good faith and I believe he made some very pertinent points.

The Member for Parkes also referred to the Regional Partnerships program, basically appealing for people to understand and let the facts speak for themselves. There was an overwhelming amount of good that came out of the Regional Partnerships program. In my electorate of Gippsland, without running through every project that was supported in Gippsland, I think there was some enormous good done in my community with projects like Lifeline Gippsland with its \$1.9 million centre. It received \$550,000 of federal government funding. For those who do not understand the work of Lifeline, it provides an absolutely critical service in Gippsland, providing counselling,

information and referrals for those contemplating suicide and that type of thing. That particular project was very well supported in my electorate, as was the Churchill and district community hub, which received \$880,000 for redevelopment of the town centre of Churchill—one of the most perhaps disadvantaged communities in my region with very high unemployment rates and in need of a major commercial centre redevelopment. That and other projects were funded through Regional Partnerships.

One of my particular favourites, for which we see funding from the state Labor government as well as the Regional Partnerships program, was the paddle-steamer *Curlip*, which will be launched this weekend. Volunteers have built a replica of a paddle-steamer, and it will be plying the Snowy River this weekend for the first time. It is an enormous achievement by the people of Orbost, a community that has been knocked around by some, particularly, state government decisions in relation to resource allocation in the timber industry. This Regional Partnerships funding—and it was supported by state government funding—has been incredibly important to the people of Orbost and the wider East Gippsland region in terms of promoting the tourism industry. There was a Gippsland Immigration Wall of Recognition, which received \$40,000 funding, in the town of Morwell. It recognised the enormous contribution that migrants have made to the community of the Latrobe Valley over the past 120 years, and it is a fabulous project. I note that the chair of the committee is the member for Ballarat. I notice that Sovereign Hill in Ballarat, an outstanding regional tourism attraction, received \$500,000 for its Chinese village. It just reflects that the Regional Partnerships program did fund a very diverse range of projects. It had flexibility and it was innovative, and that was one of the strengths of the program.

I note that the *Funding regional and local community infrastructure* report raises some of the issues that have been raised by other members in relation to the administration of Regional Partnerships, and I am happy to concede that there were some negative findings in the audit and that some aspects of the administration of the program have been criticised. But I completely reject the commentary from the Minister for Infrastructure, Transport, Regional Development and Local Government, who has gone as far as claiming in this place that former ministers were corrupt. I think the minister is developing an unsavoury reputation for this type of grubby politicking. Yesterday he defamed the character of the former Mayor of Port Macquarie and claimed that he had been sacked for corruption. He has made similar allegations about ministers involved with the Regional Partnerships program. I think that it is an outrageous slur from a minister who cannot help playing the man, and I really think he needs to take a cold shower, settle down a bit and realise that there are members on both sides of the House who actually want to get on with the job—in particular with Regional Partnerships or regional development initiatives. There are people who want to get on with the job and start delivering for their communities, and the minister himself would be well advised to do that. It took him 12 months to finally announce some funding for regional development last week. That was well received, I accept, throughout regional areas, but it did take 12 months. The minister should spend more time on those positive and practical applications of his skills rather than playing the man and making false allegations of corruption without any substantiation whatsoever. It reflects poorly on him and on his side of politics.

The member for Hinkler made a dissenting report. I read the dissenting report and the interim report, and I think there is a lot of good in both of them, but there are two aspects of the reports that I want to concentrate on. They deal with the recommendations regarding the grant sizes and the approval processes and also the recommendations on the exclusion of for-profit entities from this program. I would like to start with recommendation 6, and I quote from the report:

The Committee recommends that the new Regional and Local Community Infrastructure Program exclude applications from for-profit entities.

I note the contribution from the member for Longman in this regard, but I am afraid that we are going to have to agree to disagree on this one. At a time of rising unemployment, when job opportunities, particularly in regional areas, are going to become tighter and tighter, I believe that seed funding can really make a difference to these commercial entities, and I think it is a mistake by the committee in this case to recommend that the funding not be provided to for-profit entities. It is not just my opinion; it is also one that is shared by the member for Hinkler, who I believe has demonstrated, with his vast experience in regional development before entering this place, his breadth of knowledge. It is also the opinion of the former Victorian Minister for State and Regional Development, now Premier of Victoria, the Hon. John Brumby. I would like to quote from a media release from the Premier when he was Minister for State and Regional Development, from 30 October 2006:

A \$300,000 Bracks Government grant will trigger a \$21 million expansion of Patties Foods Bairnsdale plant creating 100 new full-time jobs ...

The minister, who has never been one to hide his light under a bushel, went on to say:

This expansion by Patties Foods is a major investment for East Gippsland that will allow the company to export into other new markets, especially in the lucrative US market, for its range of savoury pies, pasties, and sausage rolls.

He went on to say:

... the Regional Investment Initiative was a key part of the Victorian Government's agenda to drive prosperity and growth across provincial Victoria ...

I have not always agreed with the honourable Premier of Victoria, but in this case I feel I must. Patties Foods is one of the great companies in regional Victoria and in East Gippsland.

I will just say for the record that the former chairman of the company, Richard Rijs, has been a great contributor to regional development through his involvement with a group called Champions of the Bush, which is a successful lobby organisation, based primarily in Victoria, where regional companies have invested their own money—about \$10,000 each per year—to support regional development and to encourage state and federal governments to invest in regional communities. Richard Rijs, as the former chairman of the board and ongoing member of Champions of the Bush, has been a great champion of regional communities.

Some of the commentary from the member for Longman was that it is difficult for governments to pick winners, and I accept that. There have been some mistakes made in the past and I am sure there will be some more in the future. As the member for Hinkler says in his comments, to exclude 'commercial development is a denial of the stated role of the department itself, Regional Development Australia'. The focus on community and social infrastructure is not something that I oppose at all, but I believe that the committee is being unnecessarily restrictive in this recommendation by excluding commercial operators from applying in the future. Providing a helping hand to existing or new operators to establish ventures in regional areas is a valuable use of taxpayers' resources if used appropriately. I accept the need for checks and balances, which is a point that has been well made by members opposite.

The government has had no hesitation in putting up about \$6 million to bail out the car industry, and I believe it is serious about regional development. It will provide a funding stream for commercial developments to access in the future. I appreciate that the committee's report in recommendation 7 supports the establishment of a regional industry grants scheme under another department, but I believe that scheme rightfully belongs with the new Regional Development Australia. In any case, I am not convinced that the government is committed to providing funding in relation to recommendation 7. I believe this program would lose its local input and focus if the commercial aspect was taken out of the grants scheme, and I support for-profit enterprises being able to apply for funding.

I also take up the committee's recommendation 13, regarding the sliding scale of complexity for forms and information requirements. I think it would be an excellent move to streamline the application process. If it is at all possible to go further in the future, I would urge the committee to consider some type of smaller community grants scheme—a quick grants scheme, for want of a better phrase—for the not-for-profit sector. We have a problem in our smaller regional towns in that, if you apply for a small amount of funding, it almost becomes too onerous to bother doing. If communities raise dollar-for-dollar funding for projects up to \$20,000, they demonstrate that they are committed to the project. I would strongly advocate a low-paperwork scheme of some description. The type of work carried out with that type of program would be upgrading community halls in small country towns, upgrading or establishing playgrounds—which have a regional tourism focus in themselves—and improving sporting facilities. I accept that you will need to maintain the accountability factors that go with it, but I think we need to actually start trusting some of our local communities a lot more. If the local community groups and the not-for-profit groups have the capacity to raise \$5,000 or \$10,000 themselves for a worthwhile community program, I think we can develop a quick grant type of scheme to assist them to undertake that type of work.

I make one point, though, in relation to improving sporting facilities, and this links into other discussions about excessive use of alcohol and responsible service of alcohol. We have a major problem in country communities in that the only avenue available to some of our country sporting clubs to raise funds is selling alcohol. We can preach to them as much as we like about the responsible service of alcohol and encouraging young people to pursue healthy lifestyles but, unless we are prepared to put some money in to help these footy, netball and cricket clubs, the way they make their money will be over the bar. We are going to need to support them in the future and I think this grants program is one opportunity to do that and to really support these small local communities.

Regarding the approvals process, I believe that we need to make sure we have a focus on developing local solutions to local problems. I take up the views of the member for Hinkler again on support for local development boards, views which were echoed by the member for Parkes and also the member for Lindsay in his commentary about the success of the Roads to Recovery program. One of the great successes of that program was the local buy-in—that we have trusted local people to understand their local area, to develop their own practical solutions using their common sense and to set their own priorities in their communities. The Roads to Recovery model is a very good model for us, particularly when looking at smaller infrastructure projects. I believe there are opportuni-

ties to involve local government more in that regard, and I encourage the minister to involve local government directly in the \$300 million program announced last week. My only criticism of that program is that it needs to go two, three or four years further into the future to give these councils some surety that funding is on the way. The backlog of projects is always going to be there—you can invest as much as you like in regional infrastructure but there is always another project waiting around the corner. The minister made a good decision in relation to that \$300 million project. It was well received in my community, and the only hesitation we have is that we would like to see some surety of investment going forward.

Just in terms of local input and ensuring that local communities are engaged in the process, once you get your local communities involved in setting the priorities and achieving the funding you will find that the local communities will actually leverage off the available funding and turn 10 bucks into 100 bucks very quickly. They are very good in small country communities: one bloke will have a truck and the other bloke will know someone with bobcat whose cousin is a painter whose mate will put the whole playground up for a slab of VB. That is the type of leveraging you will get out of country communities. They will put in a lot of in kind community work for you and use their resources for the benefit of their community once you have engaged them and ensured they have some control over how the funding is allocated.

In closing, I would like to acknowledge that the Regional Partnerships program did an enormous amount of good for country areas. I would also like to put on the record the support for the area consultative committee, particularly in Gippsland, where the staff and the board members have unfortunately been caught up in this whole debate. I join the member for Hinkler in raising some serious reservations about the report and urge the government to abandon the politics completely and just get on with the job at hand. In saying that, I am not seeking at all to reflect negatively on any of the individual committee members. I believe they have been put in a difficult situation where the heat of an election campaign has flowed into a report, and now we really want to get on with the job of doing some good for regional areas

I commend the committee at many levels for the work they have done with their interim report. As I said at the outset, there are many positive recommendations in the report. As an interim report there is always room for improvement. I urge the members to have the courage to possibly take risks in their final report and support the potential growth in regional communities. I also join with the member for Parkes in calling on members on all sides to ignore some of the rantings and ravings we have seen by the minister in relation to this and focus on the important job at hand. I believe the committee will focus on the important job at hand and that they will ignore the minister, because he is actually going through the process of discrediting himself with some of the ranting and raving he has been going on with in parliament of late. I wish the committee well with their deliberations and look forward to supporting them in their efforts to invest in the future of regional communities.

Mr GRAY (Brand—Parliamentary Secretary for Regional Development and Northern Australia) (12.12 pm)—The *Funding regional and local community infrastructure* report is outstanding. It comes about as a consequence of a number of issues. It comes about because of the need to refocus and realign public policy in the area of regional development. It comes about because of the unfortunate negative consequences of the three-volume, 1,200-page audit report from the Australian National Audit Office which was released in November 2007. The report, which the member for Gippsland would do well to read, was constructed for the former government. It was a report constructed by the Australian National Audit Office at the time of the former government; it was a report to the former government. It was simply outstanding that the former government was prepared to consider the operation of this program via the Australian National Audit Office and, furthermore, to accept the recommendations of the ANAO.

Over the course of the past 12 months, regional development discussions in this parliament to have tended to be inspired by members opposite in the context of defending the almost indefensible decisions that were made by ministers of the former government to support political regional development—to support projects that were frequently for private enterprise, that frequently had not passed competitive neutrality tests and that frequently were questioned in the broader community, and they mostly lost taxpayer money. It is unfortunate that it has proven so difficult for members of the former government to put the past behind them. I wish they would—I encourage them to do that—and look to the future through this outstanding report. The outstanding report comes about because the members of the committee who produced the report are simply outstanding members of parliament. Catherine King, as the chair of this committee, brought to focus her significant experience in Ballarat, in the broader community and in watching and participating in the regional development debate over the course of the last decade. A very good friend of mine, Paul Neville, brought to focus both his participation in the former government and his concern to see regional development in his own community. There was also a valid debate around the role of private enterprise and for-profit organisations in the receipt of funding for regional development. Jodie Campbell, Darren Cheeseman, Jason Clare, Joanna Gash, Brett Raguse, Don Randall, Andrew Robb, Jon Sullivan and Tony

Windsor are all members of parliament with significant interests in this debate and are all members of parliament whose desire was only to get the best possible result.

The interim report is in my view the best possible result. If we look through the recommendations of the interim report, we see recommendations that have integrity, recommendations that will strengthen how regional development and the local community infrastructure program can work into the future. Recommendation 1 reads:

The Committee recommends that the government establish well defined and clear objectives for the Regional and Local Community Infrastructure Program that sit within an articulated Commonwealth Government regional development policy.

That is absolutely valid, absolutely necessary, and stands in contrast to the way in which former governments have operated in this area. In that, I do not simply refer to the government led by former Prime Minister Howard; the previous Labor government also stands condemned for the way in which it approached many of these regional development issues. Recommendation 2 reads:

The Committee recommends that the Regional and Local Community Infrastructure Program retain the option of establishing sub-programs to direct funding to strategic priority areas or applicant groups.

That is something that is worthy of consideration, something that the government will take seriously. Recommendation 3 reads:

The Committee recommends that the new Regional and Local Community Infrastructure Program:

- cover all regions of Australia—
it will—

- employ a partnership model ...

It will. The partnership model structured under Regional Partnerships at its best is simply outstanding. There were many projects that were funded under Regional Partnerships that were simply outstanding. We should not be blinded by the three-volume, 1,200-page report that found significant shortfalls in the administration of the program, found significant political interference in the expenditure of taxpayer money and found significant unexplainable decisions. These include decisions to fund, for instance, an ethanol plant that did not exist and a community railway facility which had not made an application and which subsequently burnt down. There are legitimate questions, but some outstanding projects on the part of outstanding community groups, producing outstanding results, came out of the many hundreds of millions of dollars that were expended through this program by the former government.

The committee also recommended that 'local government be the auspice agency for applications in a region with a requirement that local government contribute' to the projects. It is the view of the government that local government has a valid, important and organic role to play in allocations, in decision making and in prioritising in local communities. In the past we found that some projects had been supported by area consultative committees but were not supported by local government. On some occasions hundreds of thousands of dollars—or millions of dollars—went to fund pieces of infrastructure, and local government then had the ongoing maintenance costs, salary costs or staffing costs of projects which were not on local government priority lists. Why is that important? It is important because local government is actually transparent. It is important because local government is answerable to local communities. It is important because local government is accountable. Area consultative committees were not always accountable to local communities.

Recommendation 5 reads:

The Committee recommends that the Government consider:

- establishing a quarantined sub-program of funding to which community organisations, with local government support, only can apply; or
- where feasible, requiring that a set percentage of applications put forward by a local government area be from community organisations.

We will look at that. I am not quite sure how that will work, but I look forward to exploring how we can make recommendation 5 work. Recommendation 6 has been commented on significantly by members opposite. Recommendation 6 reads:

The Committee recommends that the new Regional and Local Community Infrastructure Program exclude applications from for-profit entities.

We will accept that recommendation. That recommendation is there because we wish, through this program, to support initiatives that are for the benefit of the broad community through community organisations and not through for-profit organisations. I am absolutely delighted that in recommendation 6 the committee recommends that the government consider regional industry grants as a separate stream under another department—it has sug-

gested the Department of Innovation, Industry, Science and Research—when looking at how for-profit granting should take place.

I know the member for Hinkler has spoken many times in this place about an outstanding commercial enterprise in his area, Auschilli. I am very aware of Auschilli. I am aware of it because I have read the application and I have understood the application. Frankly, when I look at Auschilli or when I look at an avocado producer's request for funding for a shed in the south-west of Western Australia, I see some outstanding requests for funding for for-profit organisations which would have a significant regional impact. There is no doubt about that. But there is equally no doubt that the process of assessing Regional Partnerships applications, for considering competitive neutrality, for considering the transparent expenditure of taxpayers' money, it was not appropriate that that be done through the Regional Partnerships model. That was the conclusion of the Australian National Audit Office; that is the conclusion of the government.

As we move closer to 2009 and to the possibility, though we hope not, that economic circumstances will become significantly tighter in 2009, that we will see increased unemployment and that there will probably be damage to regional communities, though we hope not, as a consequence of the global financial crisis, it may well be necessary through Regional Development Australia to deliver labour market programs. It may well be necessary through Regional Development Australia to deliver programs which support communities during this difficult time. It is my hope that Regional Development Australia in its new incarnation will be equal to that task. However, it will not be the function of the Regional and Local Community Infrastructure Program to fund programs that are for-profit organisations.

Recommendation 8 says that the committee recommends that the government consider more formally charging RDAs with a role of assisting applicants to develop their expressions of interest into an application. That is an outstanding recommendation; the government will have pleasure adopting that as part of the role and function of RDA. The recommendation 8 further argues that the department:

... could undertake this role utilising either a regional field officer in each region or an officer allocated a specific region from either the national office or a regional office ...

I am enthusiastic to make the connection here between Regional Development Australia and the local communities that it represents as organic as possible. I think it is essential that RDA be able to assess its community in a way that allows it to support applicants to literally help develop expressions of interest and to form communities of interest around particular ideas for government funding. I think recommendation 8 is particularly strong.

Recommendation 9 reads:

Should the Government wish to pursue the option of having regionally based field officers ... collaborating with local council and community groups to identify opportunities, priorities and partnerships—

and there are a range of recommendations in that which I will have to take on notice and in the fullness of time consider how recommendation 9 may be implemented. Recommendation 10 refers to regionally based field officers again. I place that in the category with recommendation 9.

Recommendation 11 reads:

The Committee recommends that the Government consider developing a centralised assessment process for the Regional and Local Community Infrastructure Program.

I think this is essential. I am pleased to see the former minister has entered the chamber. I know the difficulties which the former minister had in assessing and watching decisions being made in this area. I hasten to make the comment that there are many very good decisions that were made to support community organisations. The ones that were less good have been adequately highlighted by the three-volume 1,200-page report of the ANAO, which was commissioned in the time of the former government and which reported to the former government.

Members in this chamber have seen, over the course of the last week, the government announce its \$300 million program at the local government conference here in Canberra. It is important that, as members look at how that \$300 million has been earmarked for expenditure, there are clearly transparent indicators in how that money is being spent. Every local government area received a \$100,000 allocation. Growth councils, which are an identified group of councils, received a growth component. The balance of the allocation was made on the basis of the states' financial grants granting processes. This is transparent, clear and of outstanding value to local government. The general reaction to this kind of transparent process has strengthened the government's resolve not only to ensure the involvement of local government in the new program as it goes forward but also to ensure complete transparency in the way in which these grants are both announced and considered by the government.

We announced, in the course of the last election campaign, the now government's Better Regions Program. This was constructed by the former shadow minister for trade and regional development and member for Hotham, Simon Crean, in a way that ensured that the then opposition could match in local communities, in some way, the

significant regional development efforts of the then government. This program and these projects are in the process of being rolled out as every single proponent and project recipient is confirmed in their project. As every project is confirmed for funding, we will put the project on the departmental website. Every dollar spent through the project will be transparently declared publicly on the departmental website. The first project, which was the painting of the Ben Chifley engine, is already publicly available and on the website.

Mr TRUSS (Wide Bay—Leader of the Nationals) (12.27 pm)—The Liberal and National parties generally support the government's Regional and Local Community Infrastructure Program. Councils are obviously keen to obtain whatever money they can for local infrastructure and, as a former council chairman, I know how welcome those payments will be. However, the new program has missed some opportunities and I hope that those gaps may be filled by the government sometime in the future. The coalition spent between 1996 and 2007 \$30 billion on regional and rural programs that built infrastructure, improved social and economic opportunities and created jobs. One of the many programs that emerged to deal with regional disadvantage was the Regional Partnerships program. This program has been criticised by many from the luxury of living in wealthy capital cities but it was successful in helping to grow country towns and disadvantaged communities right through the nation.

More than 1,500 projects were approved under the Regional Partnerships program during its four-year life, at a cost of about \$350 million. It was a popular program and it delivered results. One of the best elements of the program was that it also levered local community investment. For every dollar provided through the Regional Partnerships program, funding of \$3 to \$4 was contributed by other funding partners. So local businesses in communities were able to invest in projects and it gave them a great sense of community ownership. They were locked in to making the project a success.

Not every project was as successful as was hoped and some taxpayers' money was lost. However, if a project was so financially solid in its own right then it did not need government support; it should have been supported and funded by the normal banking sector. This program was about helping make financially achievable the projects which otherwise would not have been possible. For that reason it was able to break through and deliver community infrastructure in ways that otherwise would not have been possible.

There has been criticism that somehow or other it favoured coalition electorates. The fact is that the coalition held most of the regional seats. But the approval rate for electorates was this: of projects submitted in National Party electorates, 70 per cent were approved; 72 per cent were approved in Liberal electorates; 69 per cent were approved in electorates held by Independents; and 72 per cent were approved in electorates held by Labor. So there is no evidence that there was any kind of special political patronage. The approval rates for projects, from whatever electorate they came from, were broadly comparable.

The Minister for Infrastructure, Transport, Regional Development and Local Government takes great pleasure in throwing scorn on projects. He is one of those who has the luxury of living in a wealthy city, and he does not have an understanding of how important some of these projects can be in small regional communities. It is important that there be a program available that helps the most disadvantaged. We have to be careful in designing a new scheme that, because of all its accountability requirements, is not accessible only by well-skilled grant applicants—the professional grant receivers—rather than those poor communities that actually need help in the development process of the project and that it is managed effectively in the weeks and months during which that project is being undertaken. It is very important that we do not just look to the high achievers to receive funding from a program like this. If it is going to be really useful it should include those who are underachievers—those who have considerable disadvantage. They are the ones who need particular help.

As time is limited I will make only one more point. I do think it is disappointing that the for-profit sector is being excluded from the Better Regions Program. If we do want to rebuild regional economies, we have to attract new industries and new projects. Some financial support to create jobs in those disadvantaged communities can do much more for them than painting the hall, even though we like that community infrastructure. It can be more important than the construction of a new tourist information centre, although that in itself can create jobs. We do need to be looking at the overall strength and depth of an economy. By providing support and seeding funding for new industries, we are actually permanently building a new economy and making those regional communities better able to support themselves. I strongly support the comments of my colleague the member for Hinkler in his dissenting report to this inquiry. I do believe that there is a role for governments to support these kinds of projects to help get communities working again so that they can permanently care for themselves in the years ahead.

Debate (on motion by **Mr Melham**) adjourned.

ADJOURNMENT

Mr MELHAM (Banks) (12.32 pm)—I move:

That the Main Committee do now adjourn.

Fadden Electorate: Mortgage Stress

Mr ROBERT (Fadden) (12.32 pm)—I am deeply distressed to have to report to the parliament that the Gold Coast suburb of Helensvale in my electorate is suffering the worst mortgage stress of any suburb in the entire nation. As reported today in the *Courier Mail* by the housing editor, Melissa Ketchell:

The report by global credit rating agency Fitch Ratings found the number of people more than 30 days in arrears of their mortgage payments had increased to 2.13 per cent—up from 1.88 per cent over the six months to September 30.

The 90-day default rate had also increased, from 0.73 per cent to 0.97 per cent.

Helensvale was by dollar value the worst suburb for delinquencies with a staggering 7.78 per cent of the total value of mortgages 30 days or more in arrears.

The article continues:

The Gold Coast and upmarket Vaucluse ... joined more working-class suburbs in southwestern Sydney to be named the areas most suffering from loan defaults.

More than 840,000 residential mortgages, valued at \$140 billion, were outstanding at the end of September, Fitch Ratings said in its report “Australian Mortgage Delinquency by Postcode—30 September 2008”.

It said interest rate rises in late 2007 and 2008 were to blame for people falling behind in their loans.

Fitch Ratings said it expected the rate of defaults across the country to increase as households dealt with Christmas costs and an expected rise in unemployment.

... ..

Report author Ben McCarthy said the most significant changes had been seen in the suburbs of Perth and southeast Queensland ...

According to the article, he went on to say:

“As long as people keep their jobs, serviceability has actually improved and mortgage performance should remain good.”

My great concern for the people of Helensvale, in the middle of my electorate, and indeed all of those mortgage holders in my electorate, is that the government has forecast that unemployment will increase by 200,000 people this financial year alone, to five per cent, and to 5.75 per cent in the following year. The impact that that increase in unemployment will have on mortgage holders in Helensvale, with 7.78 per cent of them already in arrears, could be devastating. The Helensvale and northern Gold Coast area has already been badly affected by a range of the economic mismanagement we have seen. Twenty per cent of staff at the marine precinct in the northern part of Fadden have been made redundant or lost their jobs. It began with Riviera Marine, with over 250 job losses, and moved on to Telwater; Maritimo followed.

Some argue that it started with the genie out of the bottle, an inflation monster wreaking havoc. The government sought to denounce the Howard-Costello legacy for purely political purposes, and all it did was to force interest rates up. At a time when the rest of the world was reducing interest rates and taxation and increasing spending, this government did the opposite in a war on inflation, the first of 11 wars that have not assisted. This was the government’s response to an economic crisis in which other governments across the world have taken measured, conservative, well-considered, well-modelled responses. Unfortunately, the Swan-Rudd government is now known as the only government on the planet whose response has made things worse.

It moved on to unlimited bank guarantees, which have affected many people in Fadden, because the result has been 270,000 Australians who have had redemptions of money frozen in cash and property management accounts because of the market distortion of the unlimited guarantee announced on 14 October. It would be dreadful if that unlimited guarantee was made simply because the government wanted to practise one-upmanship on the opposition leader, Mr Turnbull, who had announced only two days previously that \$100,000 would be more appropriate, as that is where the rest of the developed world were pitching their bank guarantees. We are now heading for a budget deficit. Some argue the budget is already in deficit. The community of Helensvale, already in mortgage default, cannot handle more bad economic news, and I implore this government to make sensible and reasoned decisions.

Pensions and Benefits

Ms HALL (Shortland) (12.37 pm)—I am going to talk about good news. The good news I am going to talk about is the simple fact that pensioners, carers and disability support pensioners who were ignored by the previous government—wife and widowed pensioners; people on partnered, widowed and bereaved allowances; veterans affairs service pensioners; veterans income supplement recipients; Commonwealth seniors health card holders;

veterans gold card holders who are eligible for seniors concessions allowance; and carer allowance recipients—will all be receiving a much-needed payment just before Christmas through the Rudd government's economic stimulus package. The economic stimulus package will provide \$4.8 billion to assist age pensioners, veterans and disability support pensioners and carers. This is a far cry from what the previous government did. The previous government did not listen to the pensioners. After all, the then Minister for Families and Community Services and Indigenous Affairs took a recommendation to cabinet that pensioners should be paid more money, but they ignored his recommendation.

It has taken the election of the Rudd Labor government to actually deliver to pensioners. First, we increased the utilities allowance to \$500 a year; that is indexed, unlike the previous money that was paid to pensioners. Pensioners receive the same amount as do self-funded retirees, so that is an acknowledgment that pensioners were doing it hard. We also looked at the way pensions were indexed and put it in a more favourable light for pensioners—something that the previous government ignored for the 12 long years it was in government. For 12 long years it sat on its hands and did nothing to assist pensioners and elderly Australians.

In addition, from 1 January next year pensioners will be able to use their travel concession cards to travel anywhere in Australia—use of the cards will not be limited to the state they live in. Following the one-off payment that they will receive on the fortnight commencing 8 December, pensioners will look to the government for further remuneration from 1 July next year. The Harmer review has been taking submissions and will make recommendations to the government. The government will deliver a long-term solution for pensioners.

What does this mean for the people that I represent in this parliament? As well as the payment to the pensioners there will be one-off payments to families in receipt of the family tax benefit A. In the electorate of Shortland, there will be 42,724 people who benefit from the Rudd government's economic stimulus package. There are 11,144 age pensioners partnered, 7,454 single pensioners, 89 wife pensioner partnered and one in the category of a bereavement allowance. As for carers, we have 2,768 on the carer allowance coupled and 1,091 on carer allowance single and there are in excess of 1,000 on carer payment, coupled and single. There are 11,133 families who receive family tax benefit A who will benefit. All up, as I said, there will be 42,724 beneficiaries.

The Rudd government is a government that listens to the people and it knows that families are struggling. The Rudd government has been in power while we have had two percentage points decrease in the interest rate, unlike under the previous government when the interest rates only went one way—up. The Rudd government has listened to people and will deliver to them before Christmas when they need extra financial support.

Greenway Electorate: Richmond Road

Mrs MARKUS (Greenway) (12.42 pm)—Three weeks ago I spoke on the need to upgrade Richmond Road to dual carriageway from the M7 to Richmond. I am sorry to say that I need to rise and speak about it again because there have been not just more fatalities but a number of accidents on that road since then. In that short time there have been two major accidents. One was fatal and the other involved a B-double truck, a 12-tonne rigid truck and three other vehicles. Thankfully, no-one died in this particular accident, but emergency services spent more than an hour cutting people from the wreckage and a 42-year-old male remains in a critical but stable condition. He has a family, people who care for him, and responsibilities.

Back in November 2006 the NSW government announced details of the program to upgrade Richmond Road. The improvements included an upgrade of the following intersections: Richmond Road and Garfield Road, Richmond Road and St Marys Road, Richmond Road at the roundabout intersection of Knox Road and Quakers Hill Parkway—it is a wonder that somebody has not been killed at that intersection—and Richmond Road and Northern Road. That was two years ago. The only roadworks underway—they have begun; they are not finished—are the Knox Road roundabout and the intersection at St Marys Road. Two sites from a very limited list of upgrades announced two years ago are not good enough. Upgrades of intersections alone, while welcome, are not good enough; they are just temporary solutions.

The only solution, one that will deliver some safety along Richmond Road, is to make it a dual carriageway from the M7 ramp all the way through to Richmond. This road has been full of tragedy for nearly 20 years and it is just worsening. The number of fatalities and the number of accidents are increasing. In 2007, I spoke in parliament about Richmond Road. I said then, and it holds true today, that if this road were located in the middle of Sydney, or maybe in a marginal state Labor seat, the New South Wales Labor government would have committed to upgrading it fully by now. But the New South Wales government is broke. It is a basket case. Its economic mismanagement means that problem roads like Richmond Road will continue to hurt people and put more strain on emergency departments, emergency services and the broader community. How do families cope with the loss of a loved one, with the long-term care required for a seriously injured person's rehabilitation, with the loss of income, the future plans postponed or never realised?

Only seven kilometres of Richmond Road's 34 kilometres are dual carriageway. The remaining 27 kilometres from the M7 overpass are single lane, yet this road has seen a massive increase in vehicle movements, including truck movements, as people take advantage of the M7. The New South Wales government might say the cost is too high to upgrade the whole road to dual carriageway. I say the cost to the community is far higher not to do so. I call on the New South Wales government and the Rudd government to invest desperately needed infrastructure funds to upgrade Richmond Road. If they fail to do so within a reasonable time, the people of Western Sydney will have every right to feel betrayed and ignored. Worse, their safety will continue to be compromised until this road is fixed.

HMAS *Sydney*

Ms CAMPBELL (Bass) (12.47 pm)—Some time ago a lady in her eighties came into my office in Launceston. She wanted to know what was happening in Tasmania to commemorate the historic discovery of HMAS *Sydney* off the coast of Western Australia. She wanted to know because her brother had been aboard the light cruiser on that fateful day in 1941 when its fate collided with that of the German raider *Kormoran*. Mary Bailey and her sister, Rita Mulligan, felt their brother and the 35 other Tasmanians lost on that day deserved recognition. I agreed and that is why, in conjunction with the Naval Association's Alex McNeil, a federal government grant was applied for and provided. The Naval Association received \$3,000 to stage a memorial for those who perished on HMAS *Sydney*. I had the pleasure of attending that memorial on 19 November. As you are no doubt aware, Madam Deputy Speaker, and as has been well documented, there were 645 men on HMAS *Sydney* who lost their lives. Thirty-six of them were Tasmanian.

It is impossible for us to understand the pain families and loved ones have gone through over the years and the uncertainty, for so long, of not knowing where their brothers, fathers or uncles actually died. I pay tribute to their enduring commitment. I pay tribute also to the commitment of their loved ones who served on the *Sydney* and, indeed, those hundreds of Tasmanians who gave their lives in the many theatres of the Second World War. Isolated though Tasmania is, as a state we have a fine tradition of service. Men and women have, and still do, serve our country with professionalism and pride.

The death of a loved one during wartime is a difficult thing to comprehend. The tragedy of the *Sydney* was doubly compounded by the mystery surrounding its exact location. I do not doubt that the discovery of its watery grave in March this year, more than 6½ decades after its engagement with the *Kormoran*, provided closure for some and reopened old wounds for others. The Second World War was a bloody and drawn-out conflict fought on the seas, in the air, across deserts and jungles and in all four seasons. It cost the lives of more than 1,100 Tasmanians. They were prisoners of war, airmen, soldiers and, of course, seamen. Their sacrifices and the sacrifices of those they left behind have made indelible marks on our collective psyche. For their selflessness we are grateful; in the face of their bravery we are humbled. The discovery on 17 March of HMAS *Sydney* laid to rest one of our country's most enduring maritime mysteries. It provided those left behind with a final resting place for those who perished—a final resting place some 2.5 kilometres under the surface.

There are many touching stories from the *Sydney*, but one I heard at the memorial service in George Town has stayed with me. A lady, who I will refer to as Barbara, grew up in Tasmania and later moved to Sydney, but not before she met and fell in love with a young man, who I will call Tommy. This young man was firm friends with another lad, who I will call Cyril, whose father, like Tommy's had returned a very changed man from the First World War. These two young men and their respective girlfriends were enjoying being young and in love when a war, which seemed like a long way away, broke out. In July 1940, Cyril enlisted. Tommy tried to follow but his father, who, you will recall, was a veteran of the First World War, would not have it. So Tommy jumped on a cargo ship to Melbourne and joined the Navy. Fate saw him drafted onboard HMAS *Sydney*. His letters home to Barbara told of a young man determined to prove himself able and worthy of serving on this fine ship. He was looking forward to the war being over and returning home to Tasmania to start a life and a family with Barbara. Given that he was enlisted away from his home, his family had no idea he was aboard the *Sydney* when she sank, nor was Barbara even formally notified—she was, after all, only his girlfriend. But Tommy had sent her a photo before he sailed and told her he would be back. Tragically, he never returned, but Barbara would forever have his photo and she carried it with her all her life. Barbara married almost three decades after Tommy's death and it was a happy marriage, although she carried a torch always for her first love. Barbara died about 18 months ago, before the *Sydney* was found.

This is just one example. It is but one heartbreaking story of a life forever changed by war, forever changed by the sinking of HMAS *Sydney*. I would like to congratulate those whose tireless efforts, commitment and, for some, obsession led to the discovery of the *Sydney*. I would like to thank sisters Mary Bailey and Rita Mulligan for bringing to my attention the role played by Tasmanians on HMAS *Sydney*, and also Alex McNeil for his efforts to honour the *Sydney*'s crew.

As a federal government, we have demonstrated a commitment to remembering and honouring those who lost their lives on the *Sydney*, and that is something which I believe is vital for any government to do. With this in mind, the government has permanently protected both HMAS *Sydney* and HSK *Kormoran* under the Historic Shipwreck Act 1976. For more than 66 years the fates of the *Sydney* and the *Kormoran* had been the subject of much public speculation and heartache, and the finding gave the opportunity for closure for many families and friends of the crew. We have now made these measures permanent under the Historic Shipwrecks Act 1976, prohibiting the damage, disturbance or removal of the vessels and their relics and requiring a Commonwealth permit to enter the sites.

Grey Electorate: Wind Farms

Mr RAMSEY (Grey) (12.52 pm)—I rise today to speak about the wind-farm industry, which is taking a large hold in my electorate of Grey. In the next 10 years South Australia will generate 20 per cent of its electricity by wind power, much of this within my electorate. I was recently at the opening of the Snowtown wind farm by TrustPower, a New Zealand group which has invested heavily in the area. There was a fantastic crowd at Snowtown that day for the opening of the wind farm. The crowd gathered around one of the blades off a generator which the company has put on permanent display there. For anyone who has never been anywhere near a wind farm, it is quite an eye-opener and an aweing experience to walk underneath this blade and see how big they are. I encourage people in my electorate to drop in and have a look. It will become a great tourist drawcard for Snowtown.

Wind farms do not come without some penalty. I have quite a bit of contact about this in my office and there are people who believe that they mar the landscape, but I think that is something we should live with. There are others who believe that the lighting regime on the wind towers is an extreme interference to their lives. I have quite some sympathy for this. In some places around Hallett, Yankalilla and now around Snowtown, we are seeing wind farms go up on both sides of a valley. People sit outside on summer evenings, as they have always done, on their back porches looking out. The lights are quite strong. They flash in unison and are in full view. If you are down in a valley below the wind farm up on the hill, they are at about 10 or 15 degrees on your horizon. Some people claim that it interferes with their mental health. I think it is something that they should not have to put up with. I would not say that if I could not think of a solution, and I can.

The Commonwealth Aviation Safety Authority are currently looking at the guidelines on wind farms. The simple solution is that the wind towers should be shielded below the 180-degree plateau from the top of the tower—this means about 400 feet for the wind tower, so it is still under the lowest safe flying altitudes. Anybody flying an aircraft at night would clearly see these lights as they approached the towers, but those who sit below the level of the tower will not see the lights.

We also have extreme intensity on these lights and they are on every second wind tower, at least. I think that both of those regulations could be looked at, in so much as many of these wind farms are very remote from aerodromes, where planes frequent. As modern aeroplanes all now fly on a GPS navigation system, there is really not much excuse not to know where the hills are and not to be flying below a safe altitude, which certainly anyone flying at night would not be doing. As a holder of a private pilots licence with a night endorsement I can certainly tell you that I do not go around flying below 500 feet above the ground at night.

While this may seem to be an issue that might not concern a lot of people, it does concern those that live around the wind towers. The wind towers are unashamedly good. They are good for our economy, they are good for the environment and they are certainly good for regional economies. They are a great example of regionalised industry, of taking industry out of the cities into the regions and supporting local communities. So I fully support them. But I do think those that take issue with the lighting have good grounds for complaint. I have written to CASA about this and I have spoken to the local media in my electorate, and I will be following it up.

There is also some interest from the Broken Hill region. Most of you would have read in the paper a plan for a 600-tower wind farm at Silverton. If this regulation should come back before the federal parliament I hope that members of this House would not just push it away and say, 'What are they worried about a few red lights for?' I think it is an issue that is real to these people. As I said at the beginning, it is an issue that we can do something about. It is not hard to fix and we should do so.

Braddon Electorate: Projects

Mr SIDEBOTTOM (Braddon) (12.56 pm)—I know the member for Grey will work assiduously with us to support any legislation coming forward on the mandated renewable energy target of 20 per cent by 2020 to aid the wind development in his electorate.

I return to parliament this week after a busy week back at home and a rewarding time in my electorate of Braddon. There have been a few major achievements in recent weeks, one of which is also a pet project of the member

for Bass, who is graciously in the chamber at the moment. It was quite satisfying to be able to tick off some important projects just a few weeks before the major milestone of a year in government. The first of these is something that has been more than a year in the making, and was the result of just a little nagging directed toward our Minister for Innovation, Industry, Science and Research, the very honourable Senator Carr. I refer to the launch and opening of Tasmania's \$12 million Enterprise Connect centre based in Burnie, which Senator Carr carried out quite admirably on 6 November. To launch what is a state-wide service, we were the guests of Geoff Parker and his excellent staff at Australian Weaving Mills in Devonport, one of the innovative companies which has seen the potential benefits of Enterprise Connect and grasped it with both hands.

Why did we fight so hard to see Enterprise Connect come to Tasmania and my area? Simply because I could see a great benefit to the state in having this centre, to build on what is a remarkably innovative region, the north-west coast of Tassie. This has been borne out by interest from companies like Australian Weaving Mills, who are a success story as one of the great survivors of Australia's manufacturing sector. Enterprise Connect offers some real expertise in so many areas, and through the new Burnie based centre Tasmanian businesses can tap into that knowledge wherever it is in the country. It will also allow other centres and states to take advantage of Tasmania's renowned innovators and share some of our knowledge.

The delivery of Enterprise Connect was followed up on 14 November by the announcement of \$10 million for the patient transport assistance plan for Tasmania. I was pleased to represent the Minister for Health and Ageing, Nicola Roxon, to announce the Rudd government's funding, which was combined with the Bartlett government's major revamp of patient transport, in what I am sure will be a significant improvement for people at a time when they are in real need. The whole area of patient transport was constantly put to me before and during the election campaign as a vital area of concern. This was not just in terms of accessing appropriate forms of transport, assisting with the costs and having equipment to assist disabled and challenged patients using aircraft, but having access to accommodation when required to travel to receive medical assistance and treatment.

Under the transport initiative, the Rudd government will provide up to \$3 million to acquire additional patient transport vehicles in the north-west, north and south of the state; up to \$3.1 million to establish low-cost patient accommodation in Burnie; up to \$90,000 for upgrades to the Spurr Wing accommodation complex in Launceston in the electorate of Bass; up to \$2.72 million to purchase new IT infrastructure and software to improve communication and coordination of patient transport and accommodation across the entire state; up to \$300,000 to upgrade Queenstown Airport in the electorate of Lyons to ensure safe patient transfers; up to \$20,000 to purchase appropriate patient transport and lifting equipment at Wynyard Airport, particularly for those who come from King Island or who have to access it from the west coast; and up to \$770,000 to implement new 'telehealth' initiatives to reduce the necessity for patients to travel to receive health care.

I was back here in the nation's capital last week for the announcement of \$1.721 million in extra funds for the seven councils in Braddon, part of the government's \$300 million Regional and Local Community Infrastructure Program. Some of the nay-sayers, particularly from the other side, have questioned this injection, but I have been in close contact with a number of the councils in my region and encouraged them to look at projects they can bring forward. They are thrilled to have an extra pot of money to put into some of their local infrastructure. The latest money for councils comes on top of \$3.65 million in the next instalment of financial assistance grants in my electorate. The funding for the councils is one way the Rudd government is acting to stimulate the economy and protect against the uncertainty that grips the world at the moment and the Australian economy in general.

Question agreed to.

Main Committee adjourned at 1.02 pm

QUESTIONS IN WRITING

Indigenous Communities

(Question No. 364)

Mr Abbott asked the Minister for Families, Housing, Community Services and Indigenous Affairs, in writing, on 20 October 2008:

- (1) Has a permit been required to visit Hermannsburg in the past, and will a permit be required to visit Hermannsburg in the future.
- (2) Will the Government implement a system which allows Northern Territory communities to opt out of the permit system.

Ms Macklin—The answer to the honourable member's question is as follows:

- (1) Before the commencement on 17 February 2008 of certain changes to the permit system under the Northern Territory National Emergency Response legislation there was a legal requirement to obtain a permit to enter Hermannsburg. However, the community at Hermannsburg has had an informal arrangement that allowed members of the public to visit the community store, art centre and heritage precinct without needing a permit. Under the current legislation permits are not required to enter and remain on common areas of the community. Common areas is defined by subsection 70F(20) of the Aboriginal Land Rights (Northern Territory) Act 1976. Upon passage and commencement of the Families, Housing, Community Services and Indigenous Affairs and Other Legislation Amendment (Emergency Response Consolidation) Bill 2008 it would again be a matter for the community, through traditional owners and Land Councils, to decide on the public access arrangements for Hermannsburg.
- (2) The Aboriginal Land Act (Northern Territory) has a mechanism under section 11 that provides for Aboriginal land, including communities such as Hermannsburg, to be declared an open area or a road to be declared open. The mechanism allows for the Administrator of the Northern Territory, on the request of a Land Council, to declare a town open:

11. Open areas

(1) The Administrator may, on the recommendation of a Land Council, declare by notice in the Gazette, an area of Aboriginal land or a road to be an open area or open road, as the case may be.

(2) Where a declaration is made under subsection (1), a person may enter and remain on the area of Aboriginal land, or use the road, described in the notice without obtaining a permit.

In addition, subsection 5(8) of the Aboriginal Land Act (Northern Territory) allows for the temporary waiving of permit requirements:

5. Issue of Permits

(8) Notwithstanding the provisions of section 4, the Aboriginal Land Council for the area in which an area of Aboriginal land is situated or the traditional Aboriginal owners of an area of Aboriginal land may, by notice published in a newspaper or broadcast over a radio station, waive the requirement for a permit to enter the Aboriginal land or use a road bordered by that Aboriginal land specified by the Land Council or the traditional Aboriginal owners in the notice for the period or periods specified in that notice and the requirements of section 4 shall not apply over that area, or in respect of that road, for that period or those periods.

Australian Defence Force: Diabetes

(Question No. 392)

Mr Bevis asked the Minister for Defence Science and Personnel, in writing, on 12 November 2008:

In 2006 and 2007, how many members of the Australian Defence Force were diagnosed with: (a) type 1 diabetes; and (b) type 2 diabetes.

Mr Snowdon—The answer to the honourable member's question is as follows:

Health Data Systems within Joint Health Command is unable to capture data for 2006 but is able to provide data for 2007.

(a) 2007: 10.

(b) 2007: 22.