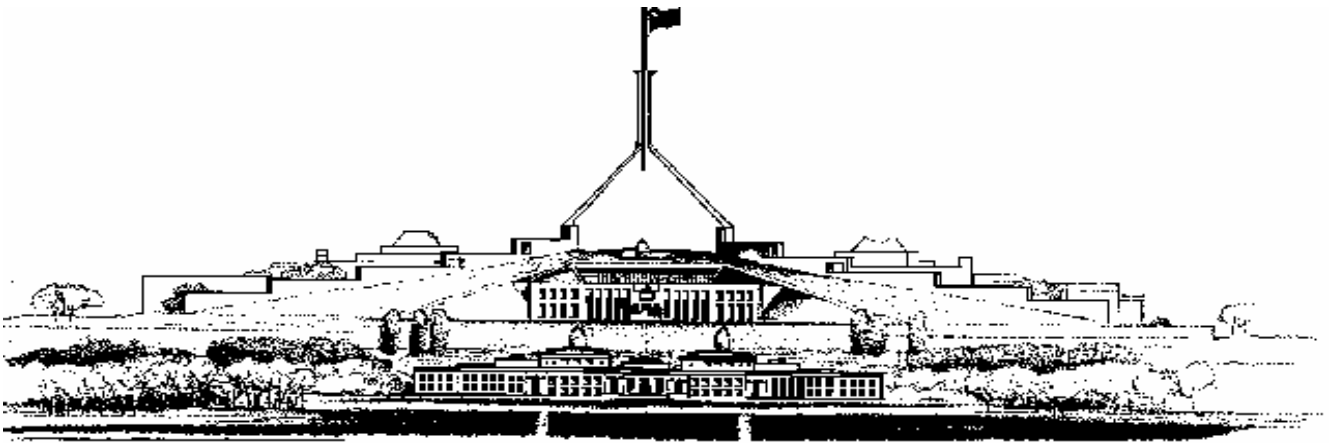




COMMONWEALTH OF AUSTRALIA

PARLIAMENTARY DEBATES



House of Representatives

Official Hansard

No. 14, 2008

Wednesday, 15 October 2008

FORTY-SECOND PARLIAMENT
FIRST SESSION—THIRD PERIOD

BY AUTHORITY OF THE HOUSE OF REPRESENTATIVES

INTERNET

The Votes and Proceedings for the House of Representatives are available at
<http://www.aph.gov.au/house/info/votes>

Proof and Official Hansards for the House of Representatives,
the Senate and committee hearings are available at
<http://www.aph.gov.au/hansard>

For searching purposes use
<http://parlinfoweb.aph.gov.au>

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

RADIO BROADCASTS

Broadcasts of proceedings of the Parliament can be heard on the following Parliamentary and News Network radio stations, in the areas identified.

<i>CANBERRA</i>	103.9 FM
<i>SYDNEY</i>	630 AM
<i>NEWCASTLE</i>	1458 AM
<i>GOSFORD</i>	98.1 FM
<i>BRISBANE</i>	936 AM
<i>GOLD COAST</i>	95.7 FM
<i>MELBOURNE</i>	1026 AM
<i>ADELAIDE</i>	972 AM
<i>PERTH</i>	585 AM
<i>HOBART</i>	747 AM
<i>NORTHERN TASMANIA</i>	92.5 FM
<i>DARWIN</i>	102.5 FM

**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, Christophher 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 Develop- ment 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 Govern- ment 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 Tour- ism	Hon. Martin Ferguson AM, MP

[The above ministers constitute the cabinet]

RUDD MINISTRY—*continued*

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

SHADOW MINISTRY

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

[The above constitute the shadow cabinet]

SHADOW MINISTRY—*continued*

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

CONTENTS

WEDNESDAY, 15 OCTOBER

Chamber

Financial System Legislation Amendment (Financial Claims Scheme and Other Measures) Bill 2008—	
First Reading	9117
Second Reading	9117
Financial Claims Scheme (General Insurers) Levy Bill 2008—	
First Reading	9120
Second Reading	9120
Financial Claims Scheme (Adis) Levy Bill 2008—	
First Reading	9121
Second Reading	9121
Safe Work Australia (Consequential and Transitional Provisions) Bill 2008	9121
Migration Amendment (Notification Review) Bill 2008—	
Returned from the Senate	9121
Safe Work Australia Bill 2008—	
Consideration of Senate Message	9121
National Rental Affordability Scheme Bill 2008 and	
National Rental Affordability Scheme (Consequential Amendments) Bill 2008—	
Second Reading	9121
National Rental Affordability Scheme Bill 2008 and	
National Rental Affordability Scheme (Consequential Amendments) Bill 2008—	
Referred to Main Committee	9141
Business—	
Consideration of Private Members' Business—Report	9141
Water Amendment Bill 2008—	
Second Reading	9144
Consideration in Detail	9185
Ministerial Arrangements	9185
Questions Without Notice—	
Economy	9185
Economy	9186
Economy	9187
Economy	9188
Economy	9189
Economy	9189
Economy	9191
Employment	9191
Economy	9193
Distinguished Visitors	9193
Questions Without Notice—	
Economy	9193
Economy	9194
Housing Affordability	9195
Housing Affordability	9196
Pensions and Benefits	9197
Housing Affordability	9197
Veterans	9198
Taxation	9199
Medicare Levy Surcharge	9199

CONTENTS—continued

Economy.....	9200
Australian Transport Safety Bureau: Qantas Flight Investigation	9201
Personal Explanations.....	9202
Questions to the Speaker—	
Mid-Year Economic and Fiscal Outlook.....	9203
Mid-Year Economic and Fiscal Outlook.....	9203
Documents	9203
Ministerial Statements—	
Iran	9203
Matters of Public Importance—	
Economy.....	9207
Dairy Adjustment Levy Termination Bill 2008—	
Report from Main Committee	9221
Third Reading.....	9221
Trade Practices Amendment (Clarity in Pricing) Bill 2008—	
Report from Main Committee	9222
Third Reading.....	9222
Financial System Legislation Amendment (Financial Claims Scheme and Other Measures) Bill 2008.....	9222
Financial Claims Scheme (Adis) Levy Bill 2008 and	
Financial Claims Scheme (General Insurers) Levy Bill 2008—	
Second Reading.....	9222
Third Reading.....	9260
Financial Claims Scheme (Adis) Levy Bill 2008—	
Second Reading.....	9260
Third Reading.....	9260
Financial Claims Scheme (General Insurers) Levy Bill 2008—	
Second Reading.....	9260
Third Reading.....	9260
Adjournment—	
New South Wales Government.....	9261
Capricornia Electorate: Great Keppel Island.....	9262
New South Wales Labor Government	9263
Lindsay Electorate: Panthers on the Prowl Community Foundation.....	9264
New South Wales: Port Macquarie By-Election.....	9266
Child Care	9267
Ryan Electorate: Australia-China Business Forum	9268
Notices	9269
Main Committee	
Constituency Statements—	
Paterson Electorate: Breast Cancer.....	9270
Maribyrnong Electorate: Autism	9270
Cowan Electorate: Wanneroo Senior Citizens Club	9271
Reid Electorate: Soccer	9272
Gold Coast: AFL Bid.....	9273
Wakefield Electorate: Pensions and Benefits	9274
Dickson Electorate: Dickson Seniors Expo.....	9274
Isaacs Electorate: Dandenong Manufacturing Centre	9275
Hinkler Electorate: Pacific Islander Pilgrimage	9276
Bennelong Electorate: Anti-Poverty Week.....	9277

CONTENTS—*continued*

Trade Practices Amendment (Clarity in Pricing) Bill 2008—	
Second Reading	9278
Private David Fisher	9291
Bali Bombings Anniversary	9302
Questions in writing—	
Sport Funding—(Question No. 216)	9318
Saving Lives in Water and Remote Indigenous Pools Project—	
(Question No. 221)	9318

Wednesday, 15 October 2008

The SPEAKER (Mr Harry Jenkins) took the chair at 9.00 am and read prayers.

**FINANCIAL SYSTEM LEGISLATION
AMENDMENT (FINANCIAL CLAIMS
SCHEME AND OTHER MEASURES)
BILL 2008**

First Reading

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

Bill read a first time.

Second Reading

Mr SWAN (Lilley—Treasurer) (9.01 am)—I move:

That this bill be now read a second time.

In recent weeks the global financial crisis has entered a new and dangerous phase, with inevitable consequences for the Australian economy.

Over the past 12 months we have witnessed the unfolding of significant dislocation in global financial markets which had its beginnings in the US subprime mortgage market.

This has led to unprecedented actions being taken by central banks and governments around the world.

The need for early and decisive action by governments was a central theme of all of my discussions at the IMF and at the G20 over the weekend.

Ministers also noted the importance of countries moving in a coordinated fashion, so as to avoid being negatively impacted by the responses of others.

As a result, a number of governments have moved in the past few days to strengthen their banking systems and protect depositors, including Australia.

We have not experienced the same degree of dislocation as in other markets, but, as I have said on many occasions, we have not been immune.

The Australian banking system continues to demonstrate its resilience to the international financial market turbulence.

Australian authorised deposit-taking institutions (ADIs) remain sound, well capitalised and well regulated with high asset quality.

No depositor of an institution supervised by APRA, or before that the Reserve Bank, has ever lost any money.

Nevertheless, confidence is fragile following the failures of a number of large international institutions and has caused significant falls in global equity markets and elevated spreads in international and domestic funding markets.

Our job in this time of unprecedented turbulence is to ensure the confidence in Australian financial institutions is maintained.

We also have a responsibility to ensure that our strong institutions are not placed at a material disadvantage to the weaker institutions of other jurisdictions as a result of the actions of other governments.

The government has therefore announced unprecedented action to deal with developments in global markets to ensure stability for Australia's financial system, to maintain our institutions' ability to attract new funds for investment in the Australian economy, and to enhance and strengthen Australia's regulatory framework for managing financial institutions in distress.

The Financial System Legislation Amendment (Financial Claims Scheme and Other Measures) Bill 2008 implements the measures announced by the government on 12 October and 2 June this year.

It legislates for the government's guarantee of deposits in Australian banks, building societies and credit unions and Australian subsidiaries of foreign owned banks.

This will operate for a period of three years and is being implemented as part of the Financial Claims Scheme.

As noted by the Prime Minister on Sunday, the government will examine a cap on the guarantee after three years.

The Financial Claims Scheme covers deposits offered by ADIs and general insurance products offered by Australian Prudential Regulation Authority (APRA) regulated insurers in the event of an institutional failure.

It will ensure that depositors and beneficiaries under an insurance contract have access to funds in a timely manner following the failure.

The bill also includes changes to the regulatory framework to enhance the powers APRA has to more seamlessly manage distressed financial institutions.

Interaction of deposit and wholesale borrowing guarantees

In addition to the guarantee on deposits, the government will also guarantee eligible wholesale borrowing of Australian banks, building societies and credit unions and Australian subsidiaries of foreign owned banks.

The government is consulting on the interaction between this guarantee on eligible wholesale borrowing and the guarantee on deposits.

If desirable, the government will proceed with measures to clarify the intersection of these guarantees and facilitate their operation.

This intersection is particularly important in relation to the market for short-term bank securities.

The government will ensure that the short-term money market remains viable and that the deposit guarantee does not provide disincentives for market participants from operating in this market.

The context

While global market conditions have heightened the need for change, some measures being introduced have a history that dates back to the recommendations of the HIH Royal Commission in 2003.

A review in 2005 by the Council of Financial Regulators—which includes the heads of the APRA, the Australian Securities and Investments Commission (ASIC), the Reserve Bank of Australia (RBA) and the Treasury—found a strong case for introducing a mechanism to provide both depositors in ADIs and policyholders in APRA regulated general insurers with access to their funds in a timely manner should a financial institution fail.

In 2006, the International Monetary Fund (IMF) encouraged jurisdictions to improve their management frameworks and recommended that Australia continue to develop formal processes to manage the failure of institutions and broader disturbances.

In April this year, the Financial Stability Forum in its *Report of the Financial Stability Forum on enhancing market and institutional resilience* recommended that governments worldwide should review and, where necessary, strengthen deposit insurance arrangements.

And at the IMF and G20 meetings I attended at the weekend, it was widely agreed that countries should review and enhance the protections offered for their depositors.

Given the broad reliance on financial institutions in undertaking day-to-day economic activity, the ramifications of financial institution distress and current international events are significant.

The Financial Claims Scheme

The Financial Claims Scheme, in the event an institution fails, will provide depositors in ADIs with timely access to their funds and ensure that eligible general insurance policyholders have their claims met.

The Financial Claims Scheme will be administered by APRA.

ADIs

Deposits in Australian deposit-taking institutions will be guaranteed for a period of three years.

Until 12 October 2011, the Financial Claims Scheme will cover these products regardless of the currency in which they are held.

The Financial Claims Scheme will cover these products offered by authorised deposit-taking institutions including Australian subsidiaries of foreign-owned banks.

After three years the general provisions of the Financial Claims Scheme will come into operation.

At that point, the government will consider the introduction of a cap applying to the payments to depositors under the scheme.

General insurance

For eligible beneficiaries under a general insurance policy, the Financial Claims Scheme will mean that if their institution fails they will continue to receive compensation for claims, equivalent to the value of their claims less any excess or deductible amounts.

Policyholders will retain insurance coverage for a 28-day period to enable them to find an alternative insurer.

Funding and recovery of payments

The bill provides appropriations for the Financial Claims Scheme to cover the full guarantee.

However, this is not a handout for the benefit of shareholders, company executives or other creditors at a cost to taxpayers.

APRA will recover monies through the liquidation of the failed institution, with APRA to stand in place of those depositors and policyholders assisted by the scheme.

In the unlikely event that recovery of all monies was not possible, the legislation provides a mechanism for a levy to be imposed on remaining ADIs or remaining general insurers.

This mechanism is introduced under the Financial Claims Scheme (General Insurers) Levy Bill 2008 and the Financial Claims Scheme (ADIs) Levy Bill 2008 which I am also introducing today.

Broader crisis management arrangements

Turning to other arrangements, not only do failed institutions require appropriate management of their closure, in times of crisis there will also be a need to effectively manage institutions in distress—at a time when an institution is not insolvent.

Recently we have witnessed a range of measures being utilised overseas to permit the business of an institution to continue.

The bill builds on existing transfer of business provisions to provide powers that can be used to facilitate resolution options in a wider range of circumstances.

For example, these might include the acquisition of the business of a distressed institution by a healthy institution.

It introduces new measures to allow APRA, a statutory manager or judicial manager to facilitate the recapitalisation of a distressed ADI, general insurer or life insurer, such as by issuing new shares to a new investor.

The bill also introduces a number of measures to significantly improve the pru-

dential framework applying to general insurers.

The bill also provides APRA with an improved capacity to initiate external management of general insurers.

The bill will bring APRA's powers for general insurers in line with those currently existing for life insurers, and again provide consistent powers to deal with failing institutions across the ADI, general insurance and life insurance sectors.

APRA will have the power to apply to the court to appoint a judicial manager for a distressed general insurer, whose duty will be to protect policyholders and maintain financial system stability.

APRA's power to intervene in the external administration and winding up of a general insurer in distress will also be strengthened to protect policyholders' interests.

It is also proposed that statutory and judicial managers be required to inform and consult with APRA where their actions may impact on financial system stability when discharging their responsibilities.

Conclusion

This bill is historic, and it forms part of a concerted multinational response to the impacts of the global financial crisis.

Never before has the Australian government moved to protect depositors in the way in which we are doing today.

The government has a commitment to working families, to ensuring the economic prosperity of the nation, and to ensuring the security of our financial system.

This bill goes some way towards meeting these objectives.

The bill substantially enhances the prudential framework, it puts in place the Financial Claims Scheme, and it gives APRA the

powers to respond more swiftly and decisively to deal with institutional distress.

The measures in the bill will allow ordinary Australians, and their financial markets, to move ahead into the future with confidence.

I commend the bill to the House.

Debate (on motion by **Mrs Mirabella**) adjourned.

FINANCIAL CLAIMS SCHEME (GENERAL INSURERS) LEVY BILL 2008

First Reading

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

Bill read a first time.

Second Reading

Mr SWAN (Lilley—Treasurer) (9.14 am)—I move:

That this bill be now read a second time.

As I noted in my second reading speech to the Financial System Legislation Amendment (Financial Claims Scheme and Other Measures) Bill 2008, APRA will recover monies through the liquidation of the failed institution, with APRA to stand in place of those depositors and policyholders assisted by the scheme. In the unlikely event that recovery of all moneys were not possible, the legislation provides a mechanism for a levy to be imposed on remaining ADIs or remaining general insurers. The mechanism is introduced under the Financial Claims Scheme (General Insurers) Levy Bill 2008. I commend the bill to the House.

Debate (on motion by **Mrs Mirabella**) adjourned.

**FINANCIAL CLAIMS SCHEME (ADIs)
LEVY BILL 2008**

First Reading

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

Bill read a first time.

Second Reading

Mr SWAN (Lilley—Treasurer) (9.16 am)—I move:

That this bill be now read a second time.

As I noted in my second reading speech on the Financial System Legislation Amendment (Financial Claims Scheme and Other Measures) Bill 2008, APRA will recover moneys through the liquidation of the failed institution, with APRA to stand in place of those depositors and policyholders assisted by the scheme. In the unlikely event that recovery of all moneys were not possible, the legislation provides a mechanism for a levy to be imposed on remaining ADIs or remaining general insurers. The mechanism is introduced under the Financial Claims Scheme (ADIs) Levy Bill 2008. I commend the bill to the House.

Debate (on motion by **Mrs Mirabella**) adjourned.

**SAFE WORK AUSTRALIA
(CONSEQUENTIAL AND
TRANSITIONAL PROVISIONS)
BILL 2008**

**MIGRATION AMENDMENT
(NOTIFICATION REVIEW) BILL 2008**

Returned from the Senate

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

SAFE WORK AUSTRALIA BILL 2008

Consideration of Senate Message

Bill returned from the Senate with amendments.

Ordered that the amendments be considered at the next sitting.

**NATIONAL RENTAL AFFORDABILITY
SCHEME BILL 2008**

Cognate bill:

**NATIONAL RENTAL AFFORDABILITY
SCHEME (CONSEQUENTIAL
AMENDMENTS) BILL 2008**

Second Reading

Debate resumed from 24 September, on motion by **Ms Plibersek**:

That this bill be now read a second time.

Mr MORRISON (Cook) (9.19 am)—I welcome the opportunity to comment on the government's proposed National Rental Affordability Scheme to be established by the bills before the House. The scheme was put forward as one of the government's 'big rocks in the jar' to address the issue of housing affordability in Australia. More specifically, the scheme was put forward as a measure to address the supply of affordable rental housing in Australia. A central component of the government's strategy in this initiative is to seek to facilitate the establishment of a new asset class for institutional investors in the form of affordable rental accommodation.

The opposition will not seek to oppose these bills in terms of denying them a second reading; however, we will be moving an amendment in the House to highlight what we see as the design flaws in the scheme which, unless addressed, will serve to undermine the effectiveness of the scheme. Before I do that, though, I think it is important to provide some context in terms of what is happening in our housing markets and the environment that this scheme and these bills are seeking to address.

As housing costs have risen above 30 per cent of household incomes, there has been much discussion and debate about the impact

of increasing rents and house prices on the affordability of housing for people and families across Australia, particularly in our major capital cities. There can be no doubt that these increases represent a fundamental change from what Australian households had been used to in the past and have put families under stress. However, one must be careful of one-dimensional analyses in this area. There can be no doubt, as I said, that there are major changes that Australian families are having to deal with, but one-dimensional analyses of housing affordability, when framing housing policy, can be very dangerous. This was an issue that was highlighted by the Reserve Bank's Assistant Governor (Financial Markets) when he said that these types of indicators can be misleading as the bulk of household debt in Australia tends to be owed by those with the highest incomes who are most able to service their loans.

To understand better the issue of affordability, the Reserve Bank provided a new analysis that goes beyond average measures to look more specifically at the experience of those age groups looking to purchase homes. In a speech in March, the RBA's head of economic analysis noted the findings that 30 to 35 per cent of transacted dwellings would have been accessible to median households in the homebuying age groups in 2006-07. This compares to a long-run average of 45 per cent. These figures also would suggest that housing has become less affordable, although the decline is not as drastic as the more superficial measures have indicated. The RBA actually went further to examine what the impact of increases in real incomes had been on affordability—more specifically how the disposable income available to younger homebuyers after meeting mortgage repayments had changed over time.

Their analysis revealed—and this was noted by Rismark International in their analysis of home affordability—that, despite

strong growth in real house prices over the last 25 years, the income younger homebuyers had left after paying their mortgages was actually higher in 2007 than it had been at any other point. That is not a finding of the coalition; it is not a finding of any interest groups; it is the finding of a study undertaken by the Reserve Bank of Australia. The virtue of this analysis is that while prices have been rising—and that point is acknowledged; it is plainly obvious—so have incomes, in particular real incomes. Real wages, increasing under the coalition government by more than 20 per cent over our term in office, had a major impact—assisting people and families across Australia to deal with the issue of rising rents and rising home prices.

A further analysis is provided by the Australian Bureau of Statistics survey of income and housing in 2005-06 released in October 2007. This survey shows that there has been a relatively small increase in the average homeowner-occupier's housing costs as a proportion of gross real income. That rose from 18 per cent in 1994-95 to 20 per cent in 2005-06. For first-time homebuyers in 1995-96, 26 per cent of gross real income was spent on housing costs, while in 2005-06 it had risen to just 27 per cent. Rismark in their analysis also noted a further study by Deloitte on mortgage stress in the Australian mortgage market. The study involved a national survey of 1,200 persons across Australia. Deloitte found that, for those households that paid between 30 and 40 per cent of their income on mortgage repayments, less than 15 per cent defined themselves as being stretched. These findings led Deloitte to conclude that 40 per cent may now be a more reliable indicator of mortgage stress than the previous 30 per cent threshold.

I raise these issues simply to say that there are many figures bandied about on housing affordability and each of those figures, when

you look underneath them, reveal interesting information and insights into this issue, but we should be cautious about simply grasping at figures here and there, or selectively, when trying to understand the true extent of the issue we are seeking to address through these bills.

Another issue raised in this debate is what actually constitutes housing stress. In June, the *Age* reported that 900,000 households were suffering mortgage stress. I suggest that these types of alarmist claims can be extremely dangerous for public confidence in our housing markets. Last Sunday—and, indeed, also in this place—we saw the outcome of that. The Prime Minister announced new measures—following the earlier suggestion of the Leader of the Opposition—to raise the level of guarantee on bank deposits. As stated, this measure was all about increasing public confidence in our banking system.

Likewise, in the current credit crisis we must be careful not to undermine confidence in our housing markets. The Australian housing market is performing solidly in the current economic conditions and is well placed to weather the storm. Vacancy rates are at between one per cent and two per cent in virtually all major capitals. Prices, except for in discrete areas and for specific reasons, have remained stable and there are no credible forecasts that our housing sector will suffer the collapse in prices experienced overseas, especially in the United States.

These points are important for those who are sitting in their homes right now and seeing what is going on around the world. Just as our banking system and our economy have been left in excellent shape by the previous government, so our housing market—at least in terms of its economic performance and its robustness in relation to overseas markets—is also in strong shape. So those sitting in their homes, those looking to buy

homes and those with investments in Australian real estate, particularly in the housing sector, have reason to have a sense of confidence about the current position of the Australian housing market and should be encouraged by that fact.

One of the reasons for this lower level of mortgage stress in Australia compared to overseas markets, particularly in terms of our performance currently, is our extremely low level of exposure to subprime mortgages, with non-conforming loans comprising around one per cent of mortgages outstanding in Australia compared to 15 per cent in the United States. Unlike the US, our loans are full recourse, protecting our markets from distressed housing stock being dumped on the market. Another factor is our relatively low level of foreclosure. According to RBA statistics for August, the figure for delinquent home loans on bank balance sheets in Australia was 0.4 per cent. This compared to 2.2 per cent in the US and 1.3 per cent in the UK. There are also significantly fewer 90-day arrear rates experienced by Australian banks now than in the late eighties and early nineties. I also note that in early 1996, before the coalition came to office, arrears levels were more than 50 per cent higher than they are today. The RBA informed the House of Representatives Standing Committee on Economics that the figure of ‘90 days past due’ represented fewer than 25,000 households in arrears. That is significantly less than the 900,000 figure quoted in the *Age*. Other figures suggest that this figure could be as low as 17,000, although it is taken for granted that those numbers have been added to in more recent times.

The most significant risk to these figures is the prospect for increases in unemployment. Key objectives in the current credit crisis are to do all we can to keep people in their homes and to do all we can to keep

people in their jobs. This means ensuring that interest rate cuts are passed on in full. There can be no doubt that Australian banks are far better placed to absorb increases in borrowing costs than families seeking to pay mortgages to keep them in their homes and small businesses seeking to meet their payroll costs to keep people in their jobs. The contrary argument has simply not been made by those who seek to dismiss the position put forward by the coalition as populism. They fail to understand the serious economic point that is being made about the need for banks to pass on the full interest rate cuts which have been made and those cuts which, I suspect, will be made in the future.

Rate cuts must go to those who need them most, and these are people who cannot afford to give banks a 20 per cent hardship commission on these rate cuts as they are passed through by the Reserve Bank. For those who take the contrary view, I look forward to their explanation as to why our banks cannot afford to pass on rate cuts but can afford, within days, to buy another bank. I look forward to their explanation when the next round of bank profit figures are announced and they contain the word 'billion' in them or when bonuses are paid on share prices which are being maintained as a result of offsetting funding costs by failing to pass on the rate cuts in full. I look forward to the explanation of those opposite as to why they are prepared to provide excuses for banks which do not pass on those rate cuts to where they will have an even better and more beneficial input to the Australian economy.

A further factor, and one that represents the dominant influence on housing prices and rental affordability, is the significant undersupply of new homes across Australia and especially in New South Wales. The Housing Industry Association estimates that across Australia annual housing demand will increase from around 170,000 new homes and

units in 2007-08 to more than 195,000 by 2009-10. At the same time, forecast completions will fall from just over 145,500 to fewer than 140,000. This represents a ballooning in the annual undersupply of homes from around 25,000 a year to over 55,000 a year and a cumulative undersupply of more than 200,000 homes by the time of the next election. This has been forecast not only by the Housing Industry Association but also by respected economists, in particular the ANZ Bank. These forecasts are also supported by recent ABS housing approval figures which show that the trend estimate in the number of dwelling units approved across Australia has fallen every month for the 10 months since the Rudd government was elected. The trend estimate for August was down 8.2 per cent on the same time last year, with the worst declines in New South Wales and Queensland.

To address housing undersupply requires action across a broad range of fronts. I suggest there are five key fronts. Firstly we need to maintain access to capital for homebuyers and the housing industry throughout this capital drought, keeping liquidity in the system and people in their homes. To this end, I welcome the government's now \$8 billion investment in the mortgage securities market, first flagged by the Leader of the Opposition, and the increase in the First Home Owner Grant to \$21,000 for new housing. I sincerely hope that it will mean new construction. The most recent ABS housing finance statistics are from August and show that fewer and fewer people are taking out loans to buy and build the houses needed to meet increased demand across the country. Compared with July 2008, there was a four per cent decline in the number of finance commitments for the construction of new dwellings for owner occupation, which, with the trend series falling by 2.8 per cent, was ninth consecutive monthly decline. There

was also a six per cent decline in the number of finance commitments for the purchase of new dwellings for owner occupation. The trend series fell by 2.8 per cent, the 14th consecutive monthly decline.

I will not say the opposition has concerns, because the coalition will not be quibbling about the package the government announced yesterday. These are very serious economic times, and the government has made some decisions; 8 December will be a very big day. We are not seeking to quibble on these matters, but I reflect today on some concerns that have been raised in the public, particularly about the affordability of housing, and by ANZ economists about the impact of the first home owners grant and what it might mean for house prices, particularly for existing dwellings, where it has been raised to \$14,000 for first home owners. What might that mean for rental affordability and the price of housing across our capital cities and right across the country?

There is always benefit in helping Australians to buy their first home. The government need to respond to the issue of the role of the increase in the first home owners grant for existing homes that has been raised out in the community. I look forward to their explanation of what it means, why it is part of a stimulus package and particularly why, when they are putting forward a policy which should seek to support first home buyers to get into their first home, they are in the same breath excusing banks from passing on their full rate cuts.

Secondly, in terms of access to capital we need to look at unlocking land supply in our cities from the core to the fringe, not just on the fringe. Often, when we talk of land supply issues we think of greenfield sites on our urban fringes. I think it is far more significant that as time goes on we ensure that we have infill sites, the release of land and the

conversion of land from other uses to housing supply at affordable levels right across our cities. In understanding that, we need to understand how state urban consolidation and planning policies, combined with excessive infrastructure levies, have strangled the supply of land. This, without doubt, is the biggest issue impacting on land supply, home affordability and rentals across the country. It is how land is being supplied to the market.

Particularly in New South Wales, this has been the most chronic of problems. Some years ago the then Premier of New South Wales, Bob Carr, basically put up a 'house full' sign. In putting up that sign he strangled housing supply in that state. As a result, homeowners, those renting accommodation and those right across the housing market in New South Wales have paid a great price for the lack of foresight by the former Premier of New South Wales in making that fairly ill considered decision.

Thirdly, we must calibrate how local, state and federal governments work together with the private sector to deliver infrastructure to support land releases so amenity is maintained in established areas and new communities are made viable. This must be backed up by the need for accountability and transparency at every level. We must not allow funds to sink into the abyss of state government treasuries. The government have made much of their nation-building agenda and their edifice projects. They have claimed that they will be bringing these large-scale projects forward. The reality is that large-scale projects cannot be turned off and on like a tap. The suggestion of bringing forward these projects to stimulate activity has, I think, been questioned. If the government really want to do something about bringing forward infrastructure projects, they should engage with local government on the provision of basic infrastructure and services to unlock land supply right across our cities.

Fourthly, we need to keep a lid on building and site development costs, particularly in the face of the government's Carbon Pollution Reduction Scheme. A recent master builders survey in Victoria found that steel prices for housing construction have on average risen by more than 30 per cent in the last six months. Imagine what the impact of the government's Carbon Pollution Reduction Scheme will be on these prices going forward. The Leader of the Opposition has made a right argument that the government's 2010 timetable for the CPRS should be shelved and replaced by the coalition's more responsible 2012 schedule.

These issues impact on housing affordability across our country. These issues of when we decide to bring in a CPRS and what we decide to do with rate cuts passed on by banks amount to an equation that determines whether people can afford the cost of being in their homes. The debate around the CPRS is not just about the environment; it is very much about affordability of accommodation right across our country. We also need to be mindful that outbreaks of union activity threaten building costs. I urge those opposite to find the steel to resist union pressures to abolish the ABCC. I also warn them that they should not allow a corrosion of the ABCC from within. Fifthly, we must understand the impacts of immigration and population policy on housing demand and our demography, most notably the ageing of our population.

It is against this backdrop and what is occurring in our housing sector that I believe we must evaluate the scheme put forward in the bills before the House. The purpose of these bills is to establish the National Rental Affordability Scheme, providing over \$600 million, including administrative costs, to be invested over four years in incentives for complying applicants for the development of 50,000 new, affordable rental accommodation units to rent to low-income earners at 20

per cent below market rates. The objective of this program is to foster the development of a new, affordable housing asset class for institutional investors. The scheme offers a \$6,000 per year indexed flat rental incentive in the form of a refundable tax offset for 10 years to taxpaying entities, supported by a \$2,000 incentive from the state or territory government and direct financial assistance for each successful project. Registered charitable organisations, non-taxpaying entities, will receive their Commonwealth incentive as an annual cash grant.

The primary bill deals with the establishment of the scheme. The secondary bill deals with the refundable tax offset and other taxation measures. Of the more than \$600 million allocated for NRAS in the May budget, over four years almost \$500 million has been allocated to fund the tax offset and the balance will be spent on direct financial grants and administrative costs. More than half of all the funds are allocated in the final year of the scheme. That is four years away.

NRAS was officially launched by the Treasurer early this year and was announced as ALP election policy in October. I make that point because this is a measure that has been put forward, I think, to make massive inroads into the housing undersupply issues that I mentioned earlier. This scheme is being held up as one that is going to be a 'big rock in the jar', but I fear that this scheme may only end up being a very, very gentle drip in a very, very large pond. It is part of other measures being introduced, such as the first home savers scheme, and later in this place we will see the Housing Affordability Fund. A consultation and application process has been underway since May and allocation of the first 3½ thousand incentives from round 1 for projects to be delivered this year will be made once passage of these bills is completed. There will be a further 7½ thousand incentives available for round 2 and 39,000

incentives will be available under the third round for projects to be completed in 2010-11 and 2011-12, which is beyond the forecast period that I was referring to earlier. We will already, by that time, because of cumulative undersupply in the next three years, have an undersupply of over 200,000 homes across the country.

The coalition does not wish to delay the allocation of incentives from round 1 and is therefore not seeking to oppose the bill or to refer the bill to a Senate committee necessarily, as industry and interested parties have already had an opportunity to make submissions on the scheme as part of the technical discussion paper process. It is now time for the scheme to face the test of the market. The government has built up high expectations about the scheme. We will now see how effective it is in addressing the challenges I have outlined. That said, the coalition believes there are some significant issues relating to scheme design.

Firstly, I believe the scheme fails to address major undersupply issues in the housing market. In total the scheme will deliver less than five per cent of the projected shortfall, but, as I just noted, the vast bulk of that will not even come until after 2009-10. The department has confirmed through the application process that projects already under construction will be eligible for this scheme. So there is not even a guarantee that this scheme will be out there funding the construction of yet to be conceived projects or projects that are not already approved. In fact, it is going to approve projects that are already under construction and already built in to the supply pipeline, which is showing a high level of undersupply. As a result of that, I think there are reasonable question marks about this scheme's ability to be that 'big rock in the jar' that the government has claimed this bill will provide.

Secondly, I would argue that incentives are rigidly structured and insufficient to make investments viable for institutional and commercial investors. The government says it wishes to create a new institutional investment asset class, supported by the forward estimates, I note, which assumes that the vast bulk of these incentives will be provided in tax offsets. I fear this may prove to be little more than a romantic notion on the part of some social engineers, who appear to be behind the design of the scheme in this bill. For a start, there is currently negligible institutional investment in Australia's existing residential stock. Australian institutional investors currently do not invest in Australia's residential housing market as long-term capital investors. There are many reasons for this: the lack of scalability, higher transaction costs, unwieldy asset management arrangements—and the list goes on. Yet it would seem there is an enthusiasm to try to recruit some of Australia's superannuation funds to the cause. The problem is that this requires more than good intention; it requires a competitive rate of return and an understanding of how institutional investors price risk.

Figures provided by the residential property council highlight that any new asset class of this type would need to achieve passing yields of a minimum five per cent, with total returns of at least nine per cent to be competitive. Other estimates put this as high as 15 per cent. The assumption of the passing yield under NRAS is just 4½ per cent. It is no wonder that John Sutton, a CFMEU comrade of the Labor Party but of greater relevance as a director of the Cbus super fund, was quoted in the *Australian Financial Review* in September this year as saying:

I can't see any evidence yet of industry super funds picking this up ... on at least two occasions I've asked a couple of the main investment advisers and my inquiries don't reveal any take up yet

... I don't know whether the incentives are going to be enough.

The first part of the problem is that, by fixing the value of the incentive at \$6,000 per annum, the value of the incentive will be far greater for locations in South Australia or Tasmania but far less for the major metropolitan markets in Sydney, Melbourne or Brisbane, and equally far higher in outer-ring areas and far lower in inner-ring areas. The value of the incentives should be more closely tied to the value of the project and projected rents, with a sliding scale offered for the incentive, as suggested by the AHA, to make the project viable.

Secondly, tax offsets are confined to those parties participating in the development who will derive rental income. In the US, their tax credit scheme enables the transfer of tax credits to financing parties involved in the project, who are then able to make better use of the offsets and pass on lower costs of finance in return. This scheme ties the offsets up in knots. Thirdly, state and territory governments must be called on to at least match the Commonwealth's contribution to the scheme to improve the value of the incentive, as they will enjoy windfall benefits in stamp duty and GST revenue from these new projects proceeding. For example, according to the Residential Development Council, conveyancing duty on a 2-bedroom apartment in Melbourne is estimated at \$26,500, while GST paid on the completed unit will be approximately \$42,000. These revenues will be derived from an outlay of around \$20,000 worth, in net present value terms, of cash incentives delivered over 10 years. In short, state governments will make a profit from this scheme and should be asked to do more to make the scheme viable.

Fourthly, penalties ranging from potential withdrawal and suspension of incentives for vacancies or completion delays, as well as turnover created by tenants moving out of

the income bands, all constitute risks that must be priced as they ultimately detract from the viability of a proposal. In short, the scheme's conditions and regulations are too tight. While those who designed them may feel a sense of comfort that they have avoided all potential abuses, in the process I fear they may have cut off the scheme's nose to spite its face. If incentives are left as currently designed, viable projects are likely, from a commercial perspective, only on the urban fringe in major cities at best and in smaller metropolitan and rural areas. Furthermore, it is more likely incentives will be more commonly taken up by the not-for-profit sector, which would require a reworking of the financial estimates contained in the budget papers.

Fifthly, new dwellings and lot size requirements will further deny inner- and middle-ring suburbs access to the scheme. The requirement that dwellings must not have been previously zoned for residential purposes, must not have been previously occupied or habitable or must be subdivided to provide more dwellings than previously available on the same block or section significantly reduces the opportunities to create new affordable housing in established inner-ring and middle-ring urban areas. To this end, the scheme is conflicted in its purpose. If a development is designed to convert existing residential stock in an established urban area to affordable housing stock based on a new design and layout that caters for specific disability groups or the aged, this project should be worthy of consideration by this scheme. Such proposals are excluded by this scheme. While initial rounds relax the 100-lot requirement, I suggest that this requirement also be relaxed and be made a permanent feature of the scheme to provide opportunities for smaller lots in middle-ring and inner-ring areas.

Sixthly, tenant eligibility criteria, I believe, are too constrictive and ignore key workers. The scheme should be part of a series of measures to provide people with a pathway to homeownership. However, tenant eligibility criteria imply that it is largely seeking to buttress the tenant base of public housing. If the purpose is to attract commercial investors then there must be an attempt to source tenants that provide a reliable form of income security for those investors at 80 per cent of market rents. Such persons may be those who are seeking to save to buy their first home or who may have recently lost their home and are back in the private rental market. If our objective is to deal with rental stress for those in the private rental market then we should be targeting those persons who are currently struggling in the private rental market. A submission by the Residential Development Council highlights this point and makes special reference to the plight of key workers, noting that many key workers, such as teachers, childcare workers, nurses, police, firefighters and ambulance officers, may well be ineligible under this scheme. In fact, they show that the award rates for police officers in New South Wales and Victoria are above the upper threshold for single persons, yet the government claims in its prospectus that the scheme provides for key workers.

Finally, the government must provide some real commitment to ensuring these projects take positive steps toward sustainability. This commitment should be achieved not by placing further costs on the developer but by providing as of right entitlement to government schemes—most significantly, the solar panel and solar hot water rebate schemes. I therefore seek to move the amendment in my name on the *Notice Paper*. I move:

That all words after “That” be omitted with a view to substituting the following words:

“while not declining to give this Bill a second reading, the House calls on the Government to make such amendments to the National Rental Affordability Scheme as would:

- (1) provide for incentives to be given on a sliding scale to take account of the different development and land costs in different locations;
- (2) provide for successful applicants to transfer their tax offsets on a once only basis to project financiers in return for a lower cost of funds, including providing such tax offsets to not for profit entities for this purpose;
- (3) require that State and Territory Government match the incentives provided by the Commonwealth under the Scheme;
- (4) extend project eligibility criteria to include conversions to affordable housing from existing residential stock, particularly where such projects involve substantial redevelopment to provide for specific needs groups such as aged or disabled accommodation;
- (5) extend the upper level income limits for tenant income eligibility criteria by 30 per cent in each band to ensure greater access for key workers and those seeking to save to buy their first homes;
- (6) provide ‘as of right’ eligibility for the Federal Government’s solar panel rebate and solar hot water rebate schemes; and
- (7) extend the establishment phase criteria that approximately 20 per cent of incentives be available for projects of not less than 20 dwellings, to the entire Scheme”.

The DEPUTY SPEAKER (Hon. BC Scott)—Is the amendment seconded?

Mrs Mirabella—I second the amendment.

Mr BUTLER (Port Adelaide) (9.50 am)—I am very pleased to speak in favour of the National Rental Affordability Scheme Bill 2008 and the National Rental Affordability Scheme (Consequential Amendments) Bill 2008. Together, they form the second, important wing of the Rudd government’s package to rescue Australians from the hous-

ing affordability crisis we find ourselves in. Can I say at the outset that, from the perspective of the national interest, it is pleasing to see that the coalition has started to take housing, and particularly housing affordability, seriously by giving the shadow portfolio to someone of considerable talent: the member for Cook. Although, so enthusiastic is the member for Cook to be on the front bench finally after his short number of months of this parliament, he, by my count, stomped on the jurisdictions of no fewer than five of his frontbench colleagues, so he might not be long in the portfolio of housing if he has his way. Notwithstanding his considerable talents and capabilities, the member for Cook, unfortunately for him, will continue to wear like an albatross around his neck a terrible legacy of neglect in this area by the previous government.

The previous government's only trick in this area was the lump sum payment for first home buyers, which undoubtedly serves a useful purpose within housing and more generally within the economy but is completely inadequate and insufficient to deal with the complex factors at play in the area of housing affordability. Relevant to this bill in particular, there was no attempt by the previous government whatsoever to deal with the difficulties faced by renters. In the area of housing affordability Australia in recent years has by no means been alone in the developed world. After the dotcom burst in the share market in 1999-2000, with low interest rates, a whole lot of money flooded into the residential property market around the developed world.

The *Economist* magazine says that in the developed world, between 2000 and 2005, housing prices in American dollars rose by \$30 trillion. That price rise is equivalent to about 100 per cent of the combined GDP of those countries—100 per cent; the largest asset bubble in the history of humanity. We

know that Australia's price rises were right at the top of the table of OECD price rises. As a result Australians now have to live with a seriously overvalued housing market. While that is okay if you managed to get over the rope bridge and pay off a house before 2005, for younger generations and other Australians trying to buy into the housing market it presents very significant challenges.

The standard measure of valuation of housing is the price-rent ratio, the equivalent in the housing market of the price-earnings ratio used in the share market. By 2005 the price-rent ratio—that is, comparing the price of the house to the rent able to be achieved through it—was some 70 per cent higher than the 25-year average to that year. Again, that price-rent ratio in percentage terms saw Australia right at the top of the table in the OECD, with a price-rent ratio even higher than other overheated residential property markets such as the United States and the United Kingdom.

Logic and experience dictate that when you have a price-rent ratio so far from the historical average one of three things will happen: prices will decline, rents will increase or a combination of those two things will happen. We have seen in overseas residential property markets, particularly in the developed world, prices coming down—in some countries, coming down in a fairly calamitous way. But as Australian housing prices started to moderate some years ago, Australians began to be hit with the first, the second, the third and up to the 10th straight interest rate rise under the previous government. For that reason, although we have seen some moderation in housing prices in Australia, we have seen the measure of housing affordability continue to decline.

The most recent index published by the Commonwealth Bank and the Housing Industry Association—not the newspapers that

the member for Cook cited but the most recent index published by the HIA and the Commonwealth Bank for the June quarter—saw housing affordability in that quarter decline further. The average repayment in that quarter for a house in Australia had increased to \$2,827 per month, which on my calculations is in the order of \$33,000 or \$34,000 of after-tax income per year. Although in that quarter there was some improvement in housing affordability in the Perth and Brisbane markets, which had been seriously overheated in the previous quarters, housing affordability in the June quarter declined in all other capital cities and in some regional areas including regional South Australia and regional Queensland.

As one would have predicted from looking at the price-rent ratio in 2005, we have seen since those years very significant increase in private rents. In the last consumer price index published for the June quarter—the September quarter is due out in the next several weeks—rents went up by 2.2 per cent just for that quarter, around nine per cent at an annualised level. That was well above any increase in incomes, whether through wages or government payments. Those rent increases, which we have seen over the last several years steadily outstripping wages, growth and growth in government payments, impact on two groups: firstly, and most obviously, long-term renters and, secondly, those Australians who follow the traditional path of renting in the private rental market while they save their deposit to buy a house. The University of Canberra research centre NATSEM published in December 2007 figures that showed that some 700,000 families in low- to moderate-income households were suffering rental stress, defined as paying more than 30 per cent of their income in rent.

The member for Cook, in his contribution to this debate, queried whether 30 per cent was now the right threshold to use, and we

on this side accept that, if you were talking about very significant incomes, paying 30 per cent of your income on either house repayments or rentals might leave a very significant amount of income left over for other essential items of expenditure and other discretionary items. But for low- to moderate-income households, 30 per cent is still a very meaningful threshold. For 700,000 families to be paying more than 30 per cent for private rental demonstrates, in our submission, the level of rental stress being suffered in Australia.

In my own electorate of Port Adelaide some 38 per cent of renting households are paying more than 30 per cent of their income on rents. There is a very significant level of rental stress in my own electorate. It is an electorate in South Australia. The member for Cook—as I guess he might, being from New South Wales—concentrated on some of the larger property markets in Australia. But over the last decade we have seen prices converge around Australia. There have been very significant price increases in the more medium-sized capital cities like Adelaide and Perth, and those are starting to have impacts on Adelaide families, including Port Adelaide families, that might more historically have been seen as restricted to Sydney and Melbourne.

The level of rental stress being suffered in Australia really came home to me when I happened to see a piece on the BBC World News earlier this week. For about five minutes, BBC World News carried stories of Australian families having to move out of the private rental market into caravan parks—the trailer park phenomenon that we used to think was restricted more to the United States of America.

This bill, as I said in my opening, constitutes the second plank to the government's housing affordability plan. It fills a space that

we need to say was left completely vacant by the previous government: boosting the supply of affordable rental properties in Australia. These bills see some \$623 million being spent over the next four years to create up to 50,000 new affordable rental properties. That will be done by way of incentives to investors at the rate of \$6,000 per year for up to 10 years, combined with a contribution of \$2,000 per year by relevant state and territory governments.

I noticed that the member for Cook spent some time talking about whether or not there would be institutional investors willing to come into this market. The government hopes that that will take place. But I know that in my own electorate significant residential property developments by companies like Lend Lease, Urban Pacific and a range of other developers are taking place. We are confident that those developers will be interested in opting into this scheme, along with governments and along with a whole range of community housing providers and other NGOs that are very interested in being a part of this solution.

Those incentives are conditional upon properties being rented to low- to moderate-income households at rental rates that are 20 per cent below market rates. Obviously, that will require some continuing adjustments to the thresholds by way of regulation.

These bills, as part of a broader package, constitute a 21st century solution to a very real problem and crisis facing Australian families and Australians more generally. We are confident that it will see innovative partnerships emerge between business, government and the community housing sector. If demand remains strong after the \$623 million is exhausted, another 50,000 packages will be released from 2012. The Minister for Housing has presented a strong and comprehensive package to deal with the crisis of

housing affordability. This is not a new crisis but a crisis that has confronted Australians for several years. Not only is there this rental affordability scheme but the first home savers accounts have also been put in place by this government.

Although I know that the members opposite, including the member for Cook, like to concentrate on supply-side measures within the bailiwick of state governments, this government—unlike the previous government—has put in place measures to do what it can to boost the supply in this area firstly by reviewing Commonwealth land holdings to identify new housing opportunities and secondly through measures in this year's budget totalling some \$500 million over five years to cut a range of other supply-side costs. After 12 years of the previous government watching from the sidelines while this crisis of housing affordability got worse and worse, finally Australians get some action from the nation's government. I commend the bills to the House.

Mr HAWKE (Mitchell) (10.03 am)—I rise to support the National Rental Affordability Scheme Bill 2008 and the National Rental Affordability Scheme (Consequential Amendments) Bill 2008, but I also want to raise some of the concerns that the shadow minister, the member for Cook, raised in relation to the workability and practicability of the scheme that the government has proposed.

We indeed have a rental affordability crisis facing us at the moment. Coming from an electorate in metropolitan Sydney, I am patently aware of the problems with rents at the moment. It is very interesting to see that the government is proposing measures in relation to the housing market at the moment that address and attempt to tackle the symptoms of a problem, but they are fairly silent on what is causing this problem and how we

can fundamentally turn around the housing and associated rental affordability problems in our country.

I am happy to look at this measure before the House today, a national rental affordability scheme to address the symptoms of a problem that has been a decade in the making, as the member for Port Adelaide pointed out. But, in all of the analysis that we hear from members opposite about how there is a series of comparisons to be made between the rent-income ratios in Australia, the United Kingdom and the United States of America, there are some obvious things missing—some glaring failures in their analysis. We live in a country with 20 million people. That is a very small population in a large territorial landmass. We do not have the population and the land availability problems that they have in London and the United Kingdom generally and that they have in the major cities in the United States. We could afford to give everybody who does not own a house in this country five acres of land without even blinking.

The situation that has been created in the affordability of housing and the availability of rental stock is completely artificial in a number of ways. It is artificial because the government has pursued policies that have been environmentally driven. These policies say that our cities are bursting at the seams and that we have somehow run out of room in this country. It is a complete and utter furore to suggest that we have run out of room in Australia. Those comparisons that the member for Port Adelaide was making between Australia and the United Kingdom and the United States are not the central reason why we have a rental and housing affordability crisis—something that I will be addressing shortly.

In all of the expert analysis we hear a lot about the problem as it is today, a situation in

which people cannot get rental stock and when they do there are rental auctions or bidding, with people turning up offering a year's or two years rent in advance or higher rents—whatever they can do to secure the rental property. That is certainly one of the pieces of feedback that I receive from my own electorate and from surrounding electorates. That is a problem. That is why we in the coalition are happy to support these measures, which will do something to address the urgent situation that we have been put in.

But, if we as a parliament do not look at ways of stopping this problem, altering its course and changing its nature, then we are not doing the right thing by the people who can afford it least. If we are to do something meaningful to rebalance the property markets around the country, we need to look deeper. The object of this bill is to encourage the large-scale investment in new housing by offering an incentive to participants in the scheme in order to increase the supply of affordable rental housing dwellings and to reduce rental costs of low- and middle-income households.

I accept the amendments that have been proposed by the member for Cook in that many of the people in these income scales that the government has produced are ordinary workers—people such as teachers, firemen or policemen. They all fall outside the income thresholds that have been provided by the government, so in some ways the design of this scheme is not going to achieve what it is supposed to achieve, purely in its inception from the design of the income levels.

I think the incentives that are offered under the National Rental Affordability Scheme will be in respect of rental dwellings let to eligible tenants, and I understand that the rent charges at all times during the year are

to be at least 20 per cent less than the market value rent for the dwelling. There are some flaws in the design of this scheme that we are concerned about. I think that incentives ought to be on a sliding scale. In my view it is a compelling argument against offering the same amount of money for all of the rental and housing markets around the country that there is a great difference between the rental market in Tasmania and the rental market in Sydney, so to offer the same amount of incentive in Tasmania and Sydney will see a flood of capital and development to areas where you can get a greater rate of return, such as Tasmania and other places including South Australia. That is a logical and common-sense position, and I think the coalition's amendment in relation to seeing a sliding scale of incentives is a practical and workable idea that should be taken on by the government.

The 20 per cent amendment that the member for Cook has suggested for projects of 20 dwellings or more is also sensible. By having a 100-dwelling minimum lot size, you are ruling out any investment in the city and in major urban areas. After a decade of urban consolidation policies in Sydney, it is very hard to think of where you would see a minimum 100-dwelling size, as proposed in this legislation, that would be taken up by developers in the middle of an urban area, where often there are rental problems.

Before I address many more of the specific provisions of this bill, I think it is relevant to examine the climate that we find ourselves in at the moment with housing in Australia. We now know that, after the election of the Rudd government, we have ended the blame game in Australia, so that nobody is to blame for the policies that have produced the situation with the housing sector, rental affordability and the availability of housing stock in Australia, and everybody is to blame under the ending of the blame game and the

position that we are now fortunate enough to find ourselves in. But I take the view that, if you look at the facts and the data in relation to New South Wales, where I come from—the electorate of Mitchell in particular—and metropolitan Sydney, you will see a cause and effect that require addressing by government and this parliament. The member for Port Adelaide said, 'We're doing what we can to assist at a federal level; don't worry about the states.' I am happy that he mentioned the state governments, because often you do not hear about the states anymore from members opposite. You do not hear: 'What can the states do? What should the states do? What have the states done that has caused the problem?'

Affordable housing and the shortage of rental stock in Sydney are connected. It is interesting to note—and I want to record here—that there have been five consecutive years of falling house starts in Sydney. Australia has the unfortunate distinction, I guess, of having cities that are now amongst the most unaffordable in the entire world. All of our major cities fall into that category. There have been declines in rental and housing markets around the world, but they were easier to get into to start with. In Australia, with a tiny population and a massive continent, we have cities that are amongst the most unaffordable to live in in the entire world. What is causing this problem?

One of the major factors is the failure of successive government policies in this area, mainly by state governments. I do not think we ought to be afraid of saying that. If current government policy is failing and hurting people at the margins who need affordable rental properties, we ought to come out and say so and have a frank discussion about it. It is hardly surprising to me—or, I think, to this place—that one of the direct results of increased regulation, tighter and tighter controls on land releases, urban plan after urban

plan and increased taxes and charges from the state government has been to make housing more unaffordable. When you institute new taxes and tax at a higher rate, you create a disincentive to do whatever you are taxing, so with increased taxes and charges on property and increased levies on development you are creating a disincentive. If you add disincentive after disincentive, you will create a major disincentive, which is what is happening in Sydney.

This week it was interesting to note an academic report by Dr Gabrielle Gwyther, and another report that said that the amount of land released in Sydney has dropped from 9,000 plots to 3,000 and that there are dwindling amounts of cheap land. The second report's author is quoted as saying:

This has resulted in new dwelling construction in Sydney falling to levels not seen since the 1950s.

It is really surprising when we take a step back and have a think about this. We have a vast amount of land available to us. We have a very small population in world terms; let us be realistic. We do not have the populations of the cities in the Asia-Pacific region, the UK or the US, yet when you listen to urban planning departments it is as if we have reached the edge of human expansion in Sydney. There is a line. They have drawn lines on maps; if you cross that line then you cannot live there anymore. There is no more room. We are bursting at the seams, we keep hearing. But the fact of the situation is that we have enormous amounts of land. We have governments that are unwilling to release that land, and that is creating a major supply problem. I think all of the urban experts are starting to understand that this has become one of the key blockages to affordable housing and subsequently to available rental properties in Australia.

Supply and demand, whatever your view, is no doubt distorted at the moment in Aus-

tralia. It has certainly been noted in recent times that we had underbuilt by about 10,000 homes in Sydney during the period of the Carr government. My electorate is home to one of the proposed growth corridors of Sydney. The new Rouse Hill Town Centre and the North Kellyville land release areas are premised on massive growth, yet there is no developer as yet that is willing to take up those developments. The disincentive to invest in property at the moment is one of the main blockages to that.

I think that one of the main contributors to unaffordable housing and lack of rental affordability in Australia is state and local government taxes and charges, and this is one of the less understood reasons for why we are here today. If you take, for example, a tax like land tax, which was imposed by the Carr government shortly after its election, it sounds great. It was an easy tax for Labor to put in because you are taxing wealthy people who allegedly have numerous properties and are somehow making a lot of money out of these properties, and therefore we need to tax them and that is a great thing; they can contribute to hospitals, roads and police. But what we have actually found is that taxes like land tax, stamp duties and the vendor duty tax—which indeed was the subject of major controversy in recent times in New South Wales—have added about 30 per cent to the cost of a new home, and that is not including many of the other hidden taxes and charges. After a decade of operation of a tax like a land tax, what you have done is to create a major disincentive for people with capital to invest in the property market. I hear this from people in my area all the time; they have got out of their second properties and given up their rental property. People used to have their own home; they would buy a property to rent and receive an income.

The new land tax regime is a major disincentive and therefore after a decade of this

scheme is it surprising that we have seen a flight of capital out of property investment in New South Wales? That is what government policy has been designed to do: you tax something and you create a disincentive to do it. You keep taxing it and you create further disincentives to do it. That is what has happened in New South Wales. One of the conclusions of Alan Moran in his address to the Housing Industry Association some three years ago was that the restraints on supply together with the imposts placed on developers have clearly been the major, if not the only, factors in pushing up the price of housing.

One of the objects of this bill is to encourage large-scale investment in new housing by offering an incentive to participants in the scheme to increase the supply of rental housing dwellings and reduce rental costs. It is anticipated that the scheme is going to provide 50,000 new affordable rental dwellings. It does seem that that is a high expectation to set and a very high bar for the government to put out there when they are offering a 4.5 per cent return and incentives that are a standard \$6,000 in the Sydney property market. The design of the scheme certainly needs to be rethought if it is going to achieve that very lofty aspirational goal of 50,000 new affordable rental dwellings.

I am also concerned that the scheme can apply to constructions that are already underway. If this is to attract large-scale investment in new housing, then the developments that are already underway have already been assessed as acceptable for a rate of return and they have already been assessed as suitable development. So why don't we limit this to those new developments to encourage that large-scale investment back into the new housing market? Fifty thousand does seem to be a very difficult threshold to set, but we support this bill in the hope that there will be 50,000 new

affordable rental dwellings built. But it is difficult to see that happening.

The incentives that are mentioned within this bill are rigidly structured and I think there is an argument to say that they are insufficient to make these investments viable. We have spoken about the 4.5 per cent yield, whereas I guess the real threshold is about five per cent minimum to make it acceptable to investors today. I do not think that the value of the incentives is adequate to make the scheme attractive in those expensive residential markets such as Sydney, Melbourne and Brisbane. The value of the incentive, I think, should probably be more closely tied to the value of the project and projected rents. If you are really talking about making this scheme workable, you have to consider the value of the project and the projected rent that you will receive from the rental property. If you are not considering those factors, then you are seriously failing in your ability to ensure that these things are viable and that these places are built. A sliding scale, as suggested by the member for Cook, is probably one of the best ways to achieve this and it is certainly something that I support.

There is a real sense in this legislation that the contribution that is made to the incentives by the states and territories is inadequate. This is not a blame game, but the state governments are benefiting from the windfall stamp duties and GST revenues from the projects that will be developed. For a small contribution in terms of the National Rental Affordability Scheme incentive the state governments will reap significant profit from the property taxes and all of the other taxes that are applied to the completed developments. It does seem sensible and logical that they make a contribution in addition to the Commonwealth contribution to the incentives.

I do think that we are now seeing what happens in Australia when government oversteps its proper authority in relation to land release and spends too much time regulating a sector and not enough time considering how we get the balance right in terms of land release and sustainability in the housing market. The system may work for a little while, but the people who really suffer in this whole debate are the people at the margins, the people who can afford it the least—the first-time homebuyers, the people who desperately need access to affordable rental properties but who can least afford them. As for rents in my own electorate of Mitchell, sometimes people are receiving \$50 or \$100 increases in one hit. This has been a major issue for elderly people, people on low incomes and those suffering family stress. Hills Community Aid and St Michaels refuge at Baulkham Hills have all indicated to me the great problems suffered by aid agencies in Sydney finding affordable properties and placing people in affordable rental properties, and that is a great concern to me. While it will achieve something, if we cannot get more affordable rental properties into Sydney, then really we are failing a lot of people hidden in Sydney who are having a very difficult time. Indeed, because the system is set up to not provide an extra incentive to do that in a major city like Sydney, it is probably going to be one of its most significant weaknesses in the final analysis when this is implemented—unless the coalition's amendments are examined. It has been widely reported that at rental auctions in Sydney people are offering years of rent in advance and I can anecdotally report to this House that from my own electorate's experience there is a shortage. It is very difficult to find a property in Sydney at the moment.

I am very disappointed in the government's responses at a state level. The most significant proposal that the New South

Wales government came up with in recent years was fairly tokenistic. They should already have allowed property owners to rent their granny flat at the back of their house to people. It sounds like a common-sense thing to do, but under previous zoning rules and restrictions most of that was not allowed in urban areas in Sydney. Again, this is a tokenistic response at the margins of the symptoms rather than looking at how we ensure that the housing market is affordable in the future. Again, I believe that it is at the expense of those who can least afford it.

I do not think it is compelling to say that we ought to wait for an economic downturn or be thankful that we have had an economic downturn to reduce demand in the property market. Reduced demand in the property market leads to many more flow-on consequences that are quite serious, so that is not an answer that inspires me. But there is almost a sense of relief from this government and from state governments that there has been an economic downturn in relation to property or that the problem is going to dissipate a bit because we are going to see a downturn in demand for the housing and rental markets in Australia because people cannot afford them. As I said, I do not find that a very inspiring argument.

I know it is a challenging concept to explain, but if you do not get the supply and demand balance right in the housing market you are setting yourself up for failure. We can pass as many resolutions and as many bills into law in the House as we like, as we have with the first home owners scheme and as we are doing today with the Rental Affordability Scheme, but that is addressing the symptoms of a broader problem and ignoring the elephant in the room, which is a fundamental failure of state governments to get their housing and land release policies right. We do need to start playing the responsibility game and sheeting home responsibility to

state governments, where appropriate. I do not think we should always tinker at the edges. I would say to the government that, while we support this initiative to provide relief in the interim to those people who are suffering, we do need to examine ways in the long term of improving the situation in housing markets all around this country and ensuring that people do not suffer. (*Time expired*)

Mr HAYES (Werriwa) (10.23 am)—This government understand that rents have been rising strongly and that today we have more than half a million people who are living in rental stress—that is, paying more than 30 per cent of their income on rent, getting caught in the trap and not being able to save properly for the future. The latest rental vacancy figures indicate that vacancy rates are down to 1.2 per cent, and that has been unchanged since July. Recently there have been a lot of reports in the media about the rental squeeze. It is now so bad that real estate agents are experiencing incidents of rental rage, with many of them facing abuse and threatening behaviour from potential tenants who are unable to secure accommodation for their families. Much has been said about rental auctions, and I understand they occur in the capital cities. But we are now seeing increasing competition for rental places in my electorate of Werriwa, in the south-west of Sydney. So it is appropriate that I inform the House about what is actually happening out in the south-west of Sydney. There is insufficient affordable private rental accommodation available to meet the needs of residents in my electorate. This is a genuine and intense crisis.

This morning, in preparing for my contribution to this debate on the National Rental Affordability Scheme Bill 2008, I decided to ring one of our real estate agents down at Ingleburn. I contacted Ken Barnard, the Principal of Richardson and Wrench Real

Estate. Ken comes from a long line of real estate agents—this has been the family business for about 50 years. He has had 35 years of continuous service as a real estate agent and is an expert in his field in my electorate of Werriwa. He informed me that currently there are up to 60 people viewing one house for rent at any one time and from those 60 people he will receive 30 applications. That is extreme competition for rental accommodation in my area. When I asked Ken about the rental crisis he enlightened me about two specific instances recently which had had a profound effect on him. Disturbingly, he went on to say that he had never experienced anything like this in all his time as a real estate agent in Ingleburn. He also said that what really stands out for him is that he believes the media reports about the rental crisis at the moment are in fact underplaying the severity of the crisis—and that is not something you would normally say when talking about our media.

The first incident he recalled, and I was very moved by, had an impact not only on him but on his staff. He said staff from his office had recently been in the position of having to deal with a person who was desperate to maintain his accommodation. He went to considerable lengths to explain why he was having difficulty finding another home and the staff were trying to assist this client to find another dwelling. He was not able to meet the rent in his existing dwelling and Ken's staff had to evict the client. People talk about real estate agents, but this is one of those things that they have no inclination to do and they will work overtime to try to find alternative accommodation. They gave the client notice that they would have to move in to evict him. Unfortunately for the staff that Ken sent in with the sheriffs to do the eviction, they found the client had suicided there that morning. That happened in Ingleburn, in my electorate. It is a real situa-

tion that occurred. This poor unfortunate person had genuine fear about the eviction because, as he had explained to his real estate agent, he was not able to secure alternative accommodation. Ken and his staff are still undergoing counselling because of this event.

The other incident that Ken brought to my attention this morning was about a fellow, a big bloke, who came to see him and burst into tears in the foyer of his real estate agency. This man had only 10 days left to find alternative accommodation for himself and his family. He had made many applications, all of which had been rejected. He had been to many other agents and Ken was trying to help him secure something in what was found to be an impossible market. Ken said that what stays with him is the incredible look of despair on this fellow's face.

They are just two incidents. I did not make them up; they were put to me directly this morning by a real estate agent right in the middle of my electorate. If we did a survey of what was occurring in agencies right across metropolitan Sydney or Melbourne, or anywhere else, I would imagine those sorts of stories would be replicated. They give us some idea of the degree of the crisis in rental accommodation.

Between September 2002 and September 2007 median rents in Campbelltown for a one-bedroom dwelling increased by 22.2 per cent; for a two-bedroom dwelling, by 17.6 per cent; for a three-bedroom dwelling, by 20 per cent; and for a four-bedroom dwelling, by 24 per cent. Much of that growth has actually occurred in the last 12 months. That does reflect the tightening of the rental market that we are experiencing—and it is not simply in the middle of Sydney; this is in the outer metropolitan areas of a capital city. That is the scope of the crisis that is occurring here and now. There is certainly no

overnight solution to housing affordability, and it cannot be simply left to the fluctuations of the market. This is unlikely to improve in the Sydney rental market as it stands, and that is why the government has acted. It is the responsible thing to do; it is the right thing to do.

We know that saving for a deposit is a major barrier to first home owners. We have only recently indicated two aspects of how we are trying to help in that regard. Firstly, there is the first home saver accounts policy, which was launched only recently. Under that scheme, the first \$5,000 of an individual's contribution to such an account will attract a 17 per cent federal government contribution, providing assistance to average income earners, like many of the people that I represent in my electorate. The earnings will be taxed at a low rate of 15 per cent, and the withdrawals from it will be tax free when used to buy or build a first house. I think that is certainly a valuable contribution to assisting people into the property market. Secondly, only yesterday the federal government announced a doubling of the First Home Owner Grant, from \$7,000 to \$14,000, while those able to purchase a newly constructed home will receive a grant totalling \$21,000. Again, that is tangible assistance to help people into the property market throughout the country.

But the reason for this particular bill is that, even with those initiatives, not all people will be able to purchase housing. Some will still, either by desire or by circumstance, be locked into the rental market. So with this piece of legislation the government is recognising that the National Rental Affordability Scheme will play a key part in providing much-needed assistance in the rental property area. The government will provide \$2.2 billion under its housing affordability package, and much of that will be dedicated to generating growth in the private rental mar-

ket. It will provide some relief to the low- to moderate-income families within my electorate, which is important to me, considering 50 per cent of workers in my electorate are in clerical and administrative positions, are technicians or are working in trades or labouring, and the median household income in Werriwa is \$1,096 per week.

Federal Labor's National Rental Affordability Scheme will cost \$623 million in its first four years and will be responsible for creating up to 50,000 new rental properties across the nation. In the lead-up to the last election, Labor promised we would make this a priority and we are now delivering on that vital promise we made.

The bill before us, the National Rental Affordability Scheme Bill 2008, will provide the principal legislation relating to the Australian government's new Rental Affordability Scheme. The object of the bill is to encourage large-scale investment in housing by offering an incentive to participants in the National Rental Affordability Scheme so as to increase the supply of affordable rental dwellings and reduce rental costs for low- and moderate-income households.

The scheme offers incentives to providers of new dwellings on the condition that they are rented to low- and moderate-income households at 20 per cent below the market rate. The two key incentives are, firstly, the Commonwealth government incentive of \$6,000—which will be indexed—per dwelling per year in the form of a refundable tax offset or payment; and, secondly, the state or territory government incentive of \$2,000 or more per dwelling per year. State and territory government assistance will be provided through cash payments or in-kind financial support. The incentive will be provided each year for 10 years to complying participants, whose payments will be indexed in line with the rental component of the consumer price

index. It is expected that we will see the first homes opened under this scheme during this financial year. This is great news for the many young Australians who are facing the stress of finding a place to rent or hanging onto a place they have already found. For many of them this is a critical first step.

The associated bill, the National Rental Affordability Scheme (Consequential Amendments) Bill 2008, will amend the Income Tax Assessment Act 1997 as a consequence of the substantive provisions in the National Rental Affordability Scheme Bill 2008. It will essentially provide for the refundable tax offset and ensure that state and territory contributions to entities participating in the scheme are non-assessable and non-exempt income for taxation purposes and that there will be no capital gains tax consequence from the receipt of incentives under this scheme. Additionally, this scheme will be reviewed and, if the market demand remains strong, the Australian government will make a further 50,000 incentives available from July 2012 with a view to building another 50,000 affordable dwellings.

Coming from an area where rental stress is at crisis level, coming from an area where I see firsthand the competition that is taking place for people to secure properties for themselves and their families and having regard to the two examples that I just gave from a real estate agent in Ingleburn today—two very tragic circumstances that have been witnessed only in recent times in my electorate of Werriwa—I think this legislation is a critical first step. I commend the bill to the House.

Debate (on motion by **Ms Hall**) adjourned.

**NATIONAL RENTAL AFFORDABILITY
SCHEME BILL 2008**

**NATIONAL RENTAL AFFORDABILITY
SCHEME (CONSEQUENTIAL
AMENDMENTS) BILL 2008**

Referred to Main Committee

Ms HALL (Shortland) (10.39 am)—by leave—I move:

That the bills be referred to the Main Committee for further consideration.

Question agreed to.

BUSINESS

**Consideration of Private Members'
Business**

Report

Ms HALL (Shortland) (10.39 am)—I present the report of the recommendations of the whips relating to committee and delegation reports and private members' business for Monday, 20 October 2008. Copies of the report have been placed on the table. The report has the agreement of the Chief Opposition Whip, the honourable member for Fairfax.

The report read as follows—

Pursuant to standing order 41A, the Whips recommend the following items of committee and delegation reports and private Members' business for Monday 20 October 2008. The order of precedence and allotments of time for items in the Main Committee and Chamber are as follows:

Items recommended for Main Committee (6.55 to 8.30 pm)

PRIVATE MEMBERS' BUSINESS

Notices

1 MR HARTSUYKER: to move:

That the House notes with concern, the failure of the GROCERYchoice website to provide meaningful information to consumers, in particular the:

- (1) failure of GROCERYchoice to provide meaningful information in a timely fashion;
- (2) failure of GROCERYchoice to enable a comparison of price and quality; and

- (3) inherent bias of GROCERYchoice against independent retailers.

Time allotted—30 minutes.

Speech time limits—

Mr Hartsuyker—10 minutes.

First Government Member speaking—10 minutes.

Other Member—5 minutes each.

[Minimum number of proposed Members speaking = 2 x 10 mins and 2 x 5 mins]

The Whips recommended that consideration of this matter should continue on a future day.

2 MR ADAMS: to move:

That the House:

- (1) recognises the difficulties farming communities in Tasmania are facing because of the prolonged drought;
- (2) congratulates the Tasmanian State Government for its efforts in getting emergency water to the hardest hit areas;
- (3) commits to the extension of support programs to allow those areas to assist rural areas in dealing with the mental trauma of drought; and
- (4) continues to support the introduction of new schemes for water delivery and water recycling.

Time allotted—30 minutes.

Speech time limits—

Mr Adams—5 minutes.

First Opposition Member speaking—5 minutes.

Other Member—5 minutes each.

[Minimum number of proposed Members speaking = 6 x 5 mins]

The Whips recommended that consideration of this matter should continue on a future day.

3 MR PYNE: to move:

That the House:

- (1) notes:
 - (a) today there are hundreds of thousands of children working on cocoa farms in Ivory Coast and Ghana and that these

- children routinely carry heavy loads, and work with fire, chemicals and knives, with little or no protection. Many of them have no chance of going to school;
- (b) about 70 per cent of the cocoa beans used to make chocolate around the world come from West Africa, namely Ivory Coast and Ghana; and
 - (c) the principal reason that child labour is employed to grow cocoa is because cocoa farmers are paid so poorly for their produce;
- (2) commends World Vision Australia for its 'Don't Trade Lives' campaign to draw attention to the plight of child exploitation in the world today; and
 - (3) calls on the Prime Minister to take action to ensure that the chocolate industry knows Australia is serious about ending child exploitation and slavery by introducing a policy requiring vending machines in Australian Government offices to stock Fair Trade Chocolate exclusively.

Time allotted—25 minutes.

Speech time limits—

Mr Pyne—10 minutes.

First Government Member speaking—5 minutes.

Other Member—5 minutes each.

[Minimum number of proposed Members speaking = 1 x 10 mins and 3 x 5 mins]

The Whips recommended that consideration of this matter should continue on a future day.

4 MS SAFFIN: to move:

That the House:

- (1) notes that:
 - (a) the 19 June 2008 marks the 63rd birthday of Nobel laureate and leader of the democracy movement in Burma, Daw Aung San Suu Kyi;
 - (b) Daw Aung San Suu Kyi has been held under house arrest since May 2003, and periodically before then since 1989;

- (c) the Burmese military dictatorship has refused to acknowledge the results of the 1990 election, in which the National League for Democracy of which Daw Aung San Suu Kyi was General Secretary, won an overwhelming majority; and
 - (d) Daw Aung San Suu Kyi has refused a number of opportunities to leave Burma, even to visit her dying husband, knowing that she would be denied the right to return to continue the struggle for democracy and human rights in Burma;
- (2) welcomes the Australian Government's continued advocacy on behalf of democracy in Burma;
 - (3) calls on the Government to continue to pressure the Burmese regime to immediately and unconditionally release Daw Aung San Suu Kyi and all political prisoners in Burma including a number of Members of Parliament and to commence an inclusive national reconciliation process to restore genuine democracy in Burma; and
 - (4) that the House congratulates Daw Aung San Suu Kyi on her birthday and for her efforts to campaign for human rights and democracy on behalf of the people of Burma.

Time allotted—remaining private Members' business time prior to 8.30 pm

Speech time limits—

Ms Saffin—5 minutes.

First Opposition Member speaking—5 minutes.

[Minimum number of proposed Members speaking = 2 x 5 mins]

The Whips recommended that consideration of this matter should continue on a future day.

Items recommended for House of Representatives Chamber (8.40 to 9.30 pm)

COMMITTEE AND DELEGATION REPORTS

Presentation and statements

1 STANDING COMMITTEE ON INFRASTRUCTURE, TRANSPORT, REGIONAL DEVELOPMENT AND LOCAL GOVERNMENT

Rebuilding Australia's Coastal Shipping Industry

The Whips recommended that statements on the report may be made—all statements to conclude by 8.50 pm

Speech time limits—

Other Member—5 minutes.

[Minimum number of proposed Members speaking = 2 x 5 mins]

2 STANDING COMMITTEE ON ABORIGINAL AND TORRES STRAIT ISLANDER AFFAIRS

Open for Business: Developing Indigenous enterprises in Australia

The Whips recommended that statements on the report may be made—all statements to conclude by 9.00 pm

Speech time limits—

Each Member—5 minutes.

[Minimum number of proposed Members speaking = 2 x 5 mins]

PRIVATE MEMBERS' BUSINESS

Notices

1 MS PARKE: to move:

That the House:

- (1) notes that the 24th October is United Nations Day, celebrating the entry into force of the United Nations Charter on 24 October 1945;
- (2) celebrates Australia's key role in the formation of the United Nations and the drafting of the United Nations Charter;
- (3) recognises that Australia has been a consistent and long-term contributor to United Nations' efforts to safeguard international peace and security and to promote human rights,

for example, by being the 13th largest contributor to the United Nations' budget; by contributing to many United Nations' peace-keeping operations; and by firmly committing to increasing Australia's development assistance and seeking real progress towards the Millennium Development Goals;

- (4) notes further the Australian Government's commitment to the multilateral system as one of the three fundamental pillars of Australia's foreign policy; that Australia is determined to work through the United Nations to enhance security and economic well-being worldwide; and to uphold the purposes and principles of the United Nations Charter;
- (5) notes that as the only truly global organisation, the United Nations plays a critical role in addressing the global challenges that no country can resolve on its own and that Australia is determined to play its part within the United Nations to help address serious global challenges, including conflict prevention, international development, climate change, terrorism and the threat posed by weapons of mass destruction;
- (6) notes also Australia's commitment to, and support for, reform of the United Nations' system in order to ensure that the organisation reflects today's world and is able to function efficiently and effectively; and
- (7) reaffirms the faith of the Australian people in the purposes and principles of the United Nations Charter.

Time allotted—remaining private Members' business time prior to 9.30 pm

Speech time limits—

Ms Parke—5 minutes.

First Opposition Member speaking—5 minutes.

Other Member—5 minutes each.

[Minimum number of proposed Members speaking = 6 x 5 mins]

The Whips recommended that consideration of this matter should continue on a future day.

Report adopted.

WATER AMENDMENT BILL 2008**Second Reading**

Debate resumed from 14 October, on motion by **Mr Garrett**:

That this bill be now read a second time.

upon which **Mr Hunt** moved by way of amendment:

That all words after “That” be omitted with a view to substituting the following words:

“while not declining to give the Bill a second reading, in respect of the Lower Lakes and Corong area of South Australia the House acknowledges the dire situation faced by the local people, local businesses, local communities and wildlife due to the devastation of the area’s economy, and calls on the Government to support the Opposition in its commitment to the provision of \$50 million for immediate and practical assistance to provide support to:

- (a) the local community, small business, tourism operators, the fishing industry and farmers, and
- (b) protect wildlife and flora in the region”.

Mr ZAPPIA (Makin) (10.40 am)—At the time that I was interrupted last night while speaking on the Water Amendment Bill 2008, I was referring to the water buyback and reallocation program that is currently underway. I make this point: under the present arrangements, we have reached a point where water rights have become more valuable than the property itself. Having said that, the present water price is insufficient as fair compensation for those who wish to exit the industry. There are too many expert commentators, too many opinions and too much politics being played when it comes to the Murray River and Australia’s water supplies. As with the financial woes of the world, securing our long-term water supplies is a matter of national security and should be a politically bipartisan issue. The Murray-Darling Basin, because of its national importance, needs to be managed by a single au-

thority. It should have been done a hundred years ago. That is why this bill is so important. It is time that the states put their parochialism aside, that communities along the Murray-Darling system work together and that individual politicians stop putting their political interests ahead of the national interest. There has been too much of that occurring for far too long and our time has now run out. It is time to act, and any delay of this bill should be and will be condemned by the Australian people. I commend to the bill to the House.

Mr TUCKEY (O’Connor) (10.42 am)—It is important to participate in this debate on the Water Amendment Bill 2008, but it is farcical for the previous speaker to say that we should be condemned if it is delayed. This is another ‘gonna’ piece of legislation. It is nearly two centimetres thick and it delivers no practical outcomes. As the second reading speech—to which I will refer in due course—tells us, it is still dependent on states passing legislation, which the Minister for Climate Change and Water in the Senate tells us has been introduced. When one looks at the period of time that the members in New South Wales choose to sit in their place—and most of that is, of course, spent on changing premiers, sacking ministers and trying to fight various other elections because members are resigning—one might wonder when they will ever get around to passing the complementary legislation on which this matter resides. To suggest that it needs any priority in this place in those circumstances is, of course, silly.

There is another reason why this legislation in all its complexity is worthy of criticism. The simple fact is that the Murray-Darling system is not in its parlous state because of lack of legislation; it is in its parlous state because it is not raining. It is drawn to our attention that it is some modern-day miracle and that people have been suddenly

producing large amounts of CO₂ and emitting it into the atmosphere. I can neither confirm nor deny the truth of that scientific argument, because, contrary to claims made that all the scientists are united on this, I am constantly receiving communications and representations from highly qualified scientists who have an entirely different opinion. As a layman, I am left somewhere in between and choose to look at the problem rather than the cause on this occasion.

It also has to be taken into account that it is some miracle. In fact, it is not that long ago that I read in the paper that some green activist said it was the first time in a thousand years that the Murray River had failed to reach the ocean. There is a photograph over the fireplace in the Berri Hotel—which is virtually the width of the road and a short area of grass from the Murray River; the photograph was probably taken from the front veranda—of the 1914 Berri Primary School picnic being held in the middle of the river. That photograph appears on the front page of a report of the standing committee on agriculture in the previous parliament, which in fact looked at these problems and of which I was a member. The only sign of water in the photograph is a puddle in the foreground in which sits a sunken dinghy. The dinghy has a half-a-metre freeboard, if not less, and half of that is sticking out of the water. That was the Murray River in 1914.

During its heyday as a means of transport, paddle-steamers travelled great lengths up the Murray River and up the Darling. It was quite common that the water levels would fall and they could not get back, but eventually the river flowed again and they did get back. On one occasion a large number did not, and I am advised that some of those vessels were eaten by white ants. That is what the river was like in its natural state. It was Australia's largest stormwater drain. I am happy that this sort of progress was

achieved, because I think water is something that should be used for the benefit of people and, more particularly, to grow food on their behalf. But the reality is that, as man introduced dam storages, lake storages, weirs and locks, the nature of the river was changed irretrievably. I guess there would be some who would say that that was not to its benefit. It is not a natural river. And I endorse that fact.

So what are we talking about? We are talking about the fact that people went out there as pioneers in a desert and created the opportunity to produce 40-plus per cent of Australia's food. They utilised that water for that purpose, but it relied heavily on the amount of rain that came and the extent to which it filled those storages. The other thing that I find quite outstanding is that this government, in cooperation with the New South Wales government, have gone up to Bourke to buy a station that happened to be storing some of the water up there for the purpose of food production, jobs and economic development. It rained in Bourke just the other day, but that will be of no benefit whatsoever to Toorale Station and the workers once employed there—a number of whom I understand are Indigenous—because, in typical fashion, the New South Wales parliament has taken control of that property and intends to turn it into a desert. It will produce nothing. It will not remain a livestock, pastoral, grazing enterprise and the area of it that was irrigated will be no more.

What is the outcome of that? There is a belief that that water will somehow start filling the lakes near Adelaide, the Lower Lakes. I note that Mr Windsor, the member for New England, who is over there, is smiling because he happens to live up that way. He, of course, would know very well that rivers do funny things. Rivers actually appear and disappear from time to time. Anybody who knows the facts of the northern

sections of this basin would know that much of that water has never, ever entered the main waterways of the Murray-Darling system as we know it. It just soaks into the ground, presumably, and that may be a major contributor to the Great Artesian Basin—I do not know. Some argue that there is some beneficial outcome of cutting off that water supply, as compared to using it as close as possible to the source. For every metre that water runs down a river, some leaks away and some evaporates. So if you can catch it right up in the headwaters, why wouldn't you put it to good purpose there? Why wouldn't you?

Let me take another point I have made: we do not use water. There is as much water in the world today as there was a million years ago, and there is as much water in the world today as there will be in another million years. Some of it exists as ice, some of it exists as water vapour and some of it is in storages, but nobody uses it. People contaminate it in the process of benefiting from it. We all know what happens to the water we drink! You do not drink it again in that state! I hear greenies on the radio carrying on about how many litres of water it takes to produce a kilogram of steak. It takes none. It just happens during the process that water evaporates out of our salty oceans—in which state we cannot use it—falls on the ground and produces fodder which is consumed by animals, which also have a drink and carefully replace that water on the ground nearby. Of course, if we eat their meat then we carefully extract the water and do the same thing.

We do not use water. We have never depleted the reserves. What is more, at a CSIRO presentation I attended here a fellow got up and quoted a leading astronaut who said that we talk about the 'planet Earth' but we should talk about the 'planet Water' because the quantities of water that exist on

this planet far exceed the areas of land that still protrude above it.

When one takes all those matters into account, what is our problem? Our problem is that there has been a shift in the incidence of rain. As I pointed out, now is not the first time. Obviously there was not much rain around the areas to the north or east of Berri in 1914. The river typically dried up until all the weirs and dams were put in place, which conserved water in localities for its use in those localities. Why then must we go along, as the minister boasts in her second reading speech, and tell people that water is overallocated? It is not overallocated in a flood and it is typical of the climate events here in Australia that nearly every drought, as history records, is followed by a flood.

From my reading of history—and history is something I understand we are going to forbid; you are not going to be allowed to talk about Australian history in other than a black armband fashion—around the time of Federation there was a drought of some years and that was significant. I do not know how many power stations Australia had burning coal in those days but I do not know what caused the drought. I have recently had the opportunity to read the history of public works throughout Western Australia, where a population of 100,000 people could build and fund what is still Australia's longest freshwater pipeline between Perth and Kalgoorlie. In 1937 the population constructed nearly every dam storage that exists around the city of Perth. I think the most expensive was under £200,000. But in reading this I learnt of the history of the comprehensive water scheme in Western Australia, which virtually services my electorate, and I learnt of the reason that it was implemented in around the 1940s—for a period of years the communities and the farms in that area had no rain at all and it became necessary to get water from the coastal region around Perth.

These are the facts, and we now have a government that does nothing to conserve the little water that is left in that river system due to the lack of rain. No, we are just going to go around, as happened at Toorale, and take away, with the lure of money—the bottomless pockets of government!—the water entitlements of people who have obtained them for the purpose of producing food. But it is worse than that, because I have a book here that deals with one river system: the Murray-Darling Basin. The legislation is two centimetres thick. I cannot find a word in the minister's second reading speech that tells me what this government is going to do about those areas of Australia that have an abundance of water.

A group of we Liberals took the opportunity a few weeks back to visit Kununurra, where, for the expenditure of an amount of money which is probably seven or eight times what they paid for Toorale station to steal water off the agricultural sector, you can expand food production from an available water resource. When we visited Kununurra it was pointed out to us that the amount of water flowing to the sea, from the Argyle storage and over the distribution dam that is part of that system, was equivalent to all the water that was consumed in Sydney and Perth on that day. That is the amount of water that was running to the ocean. Because they have a small hydroelectric scheme there that works 24/7, that water is flowing down into the other dam which is designed to distribute the water through the agricultural area, and there is not enough land to use it. There is plenty of land—hundreds of thousands of hectares extending from Kununurra into the Northern Territory up the valley—but somebody has got to pay for the distribution system.

And all this government can legislate for, and all the minister can tell us about, is how the government is going to save the Murray-

Darling system by kicking everybody out. There has been no commitment, as was the previous government's priority, to reducing the loss of water in a hugely inefficient and ancient channel system where the water leaks from the top and the bottom. There is nobody achieving the efficiencies on property from a pressurised system. There is nobody achieving, from a piped system, the metering opportunities that give accurate control of water entitlements. We see those turning wheels. You get up in the morning after you have put them on all night and—oh, my goodness!—a bit of three-by-two has floated into the wheel. How did that get there? The water has been flowing all night.

I come from and spent 25 years of my life in the town of Carnarvon. It has an irrigation system in the desert based on water that can be extracted only from the sands of the riverbed. Its production per kilolitre of water is the highest in Australia. Why is that? It is because back in the sixties I, as the then shire president, had to fight with the growers to properly meter the bores they installed themselves. They were highly enraged, but boy did they pick up their productivity! A couple of young blokes went to Israel in those days and brought back the first trickle systems and all those things. Surely that is where the money should go. Surely, because the quantity of water is less, government should be out there spending money on infrastructure of whatever sort is needed to improve the opportunities.

If the climate change scenario is so, it tells us there is going to be a lot more rain in the north. We already have one of the biggest dams in Australia up there. It is totally underutilised, and nobody is contemplating doing anything about it. We have the Minister for the Environment, Heritage and the Arts proposing to lock up the entire Kimberley region, with all its other freshwater rivers, with all its capacity to produce with re-

newable power 10 times Australia's current installed generating capacity. He wants to call it a World Heritage area so the Crocodile Hunter can make a couple more TV shows or that silly Tim Flannery can paddle a boat up there. It is a major resource. Flannery is an opportunistic dope, and if he wants to have a bit of a go with me on television at any time I would love to do that. His attack on the Ord River dam is typical of someone who makes their living out of playing to a very small percentage of the Australian community.

We have a responsibility to feed not only Australians but also the growing population of the Third World. All the evidence at the moment is that we will not even be able to feed ourselves; we can just have a bit of melamine or whatever it is that gets added to food products in foreign places. That is the white stuff you put on chipboard. (*Time expired*)

Ms OWENS (Parramatta) (11.02 am)—I am not quite sure what the member for O'Connor was saying, but I think he was saying that the fate of the Murray-Darling River is not about climate change. We have yet another climate change denier on the opposition benches.

Mr Tuckey—I am totally convinced about climate change!

The DEPUTY SPEAKER (Hon. AR Bevis)—The member for O'Connor was generously heard in silence. He will remain silent or I will deal with him.

Mr Tuckey—That's fine—

The DEPUTY SPEAKER—I will remove you from the chamber if you want to persist.

Mr Tuckey—I will do you the favour. I'm not going to be attacked by someone that I didn't attack.

The DEPUTY SPEAKER—Walk now or I will remove you.

Ms OWENS—The Water Amendment Bill 2008 is very much about working together as a nation to solve one of the great environmental disasters in Australian history: the near death of our great Murray-Darling river system. Parramatta, my electorate, is nowhere near the Murray-Darling, and yet I know how concerned people are about the state of our rivers and the Murray-Darling in particular. We do not feel it the way people on the land do; we are far away. I walked in the bed of the Darling just two years ago, when circumstances were nowhere near as bad as they are now, and I was shocked by the condition of the land and the condition of the mighty Darling, which I had heard about so frequently in school. Even back in 2004, some four years ago when I was doorknocking prior to the 2004 election, water was one of the most commonly raised issues among my constituents. We as a community were not fully informed of the circumstances in other parts of the country, but we knew it was a major problem. The idea that we could lose such an iconic river system to self-interest and a lack of action beggars belief in my community, as it does around the country.

This bill is special not because of what is in the bill itself but because it comes about due to a change in attitude and a willingness to work together to save what is a magnificent river system. It gives effect to the agreement on the Murray-Darling Basin reform signed by the Prime Minister, the premiers of New South Wales, Victoria, Queensland and South Australia and the ACT Chief Minister at the 3 July COAG meeting. The bill enables the Murray-Darling Basin Authority and the Murray-Darling Basin Commission to be brought together under one institution, to be known as the Murray-Darling Basin Authority, and it ensures that the Basin Plan process can address the provision of water for critical human needs. It

strengthens the role of the ACCC by extending the application of the water market and water charge rules to cover all bodies that charge regulated water charges and all irrigation infrastructure operators. The bill will enable water resources in the Murray-Darling Basin to be managed in the national interest, optimising environmental, economic and social outcomes.

The bill is a real example of the ending of the blame game and working cooperatively with the states. The bill requires enabling legislation to transfer power from the basin states to the Commonwealth. Already legislation has passed both houses of the New South Wales parliament and has been introduced in South Australia. We are now waiting on Victoria and Queensland. It is a historic agreement for the long-term reform of water management in the Murray-Darling Basin. It well and truly introduces a new era of cooperative arrangements between the Commonwealth and the states so that governments, industry and community can face head-on the challenges of water scarcity and water security. Conflict over water entitlements has been long-running in the Murray-Darling, with conflicting interests between states slowing down the process of reform for many decades. The new Murray-Darling Basin Authority will have the autonomy to prepare a basin plan, the first ever single, basin-wide water resource management plan.

In July the government announced investments of close to \$3.7 billion in the basin states to improve irrigation efficiency, raise productivity of water use and return water savings to the rivers. The federal government is, for the first time in history, buying water entitlements from willing sellers to tackle overallocation. The Australian government has already completed the first-ever federal government water purchase program, which will put 22.6 billion litres into the Murray when water is available, with a further 5.5

billion litres expected to be settled soon. Recently, the Australian government also assisted the New South Wales government to purchase Toorale, a cotton station near Bourke, which currently holds entitlements to extract 14 billion litres of water. The Minister for Climate Change and Water, Senator Penny Wong, last week released guidelines for groups of irrigators wanting to submit proposals to sell combined water entitlements in ways that deliver simultaneous benefits for farmers, irrigation water providers and the environment.

It is worth while, particularly for those of us who are so far from the Murray-Darling, considering the sheer size of the system and the problem that the nation faces—and this is a problem for the nation, not just for those who live along the banks of the Murray-Darling and draw their water from that system. The area comprises 1,059,000 square kilometres and has a population of over two million, according to the 2006 census. In 2005-06 temperatures recorded in the Murray-Darling Basin were two degrees hotter than average. The Murray-Darling Basin receives over 530,000 gigalitres of rainfall each year, of which 94 per cent evaporates or transpires, two per cent drains into the ground and four per cent becomes run-off. Eighty-four per cent of the land is owned by businesses engaged in agriculture, with 67 per cent of the land being used to grow crops and pasture.

Fifty-two per cent of Australia's total water consumption is used by industries and households in the Murray-Darling Basin. There were 7,720 gigalitres of water consumed for agriculture in 2005-06—20 per cent for cotton, 17 per cent for dairy farming, 17 per cent for pasture and other livestock, and 16 per cent for rice. The Murray-Darling Basin produces 100 per cent of Australia's cotton, 95 per cent of its oranges, 62 per cent of its pigs, 54 per cent of its apples and 48

per cent of its wheat. The gross value of agricultural production was worth \$15 billion in 2005-06. This great river system that we learn about in primary school and in high school is more to Australia than a great river system; it is well and truly the food bowl of our nation.

The Water Amendment Bill is a cooperative effort with the states and stakeholders to manage our natural resources, these extraordinary natural resources, in the national interest. The 1995 cap on diversions of surface water from the Murray-Darling Basin was based on historic levels of use. Thirteen years on, with climate change and droughts, those levels are no longer sustainable. Our rivers are stressed and overallocated and we need a whole-of-basin approach to combat the problems that have arisen over the years. A properly functioning water market will be essential to help irrigators manage future reductions in water availability. It is a responsibility of the whole nation to assist our farmers to manage the changes that they will need to make with climate change. We have lived on the back of our farming community for decades and it is now time for us to be there when they need us.

The reforms this bill will bring in are in the medium- and long-term interests. The first Basin Plan will start in 2011. The Rudd government has a \$12.9 billion Water for the Future program, which has four priorities: tackling climate change, supporting healthy rivers, using water wisely and securing our water supplies. It is well and truly time for us all to get behind the farmers in the Murray-Darling Basin, to get behind the Murray-Darling river system itself and to make the changes that we need to make to save this astonishing river system.

Mr WINDSOR (New England) (11.11 am)—I thank the House for the opportunity to speak on the Water Amendment Bill 2008.

Water is possibly the most complex issue that parliaments can deal with. I was in the New South Wales parliament when the Water Act 2000 was passed, and a lot of the same issues that are arising from this bill were also reflected in that legislation. The issue of water seems to be simple to everybody, and it is obviously a requirement for life. It may be surpassed in complexity when we drift into the emissions trading system that is currently being developed. Water is a very important issue and, being so complex, it is very easy to politicise it and try to simplify it. I think there are some oversimplifications in many parts of this legislation.

I was interested to listen to the member for O'Connor, who has left the building for the moment. I thank him for swapping speaking spots with me. I do not think any of us totally agree with the member for O'Connor on some issues, but I do think that we should listen to some of the things he had to say today, not only with respect to this legislation, the four-state agreement and the COAG process that has been entered into in relation to the Murray-Darling system but also with respect to comments that he made about the northern parts of Australia and the potential impact of climate change on rainfall. We are told there will be more rainfall in some parts of Australia, and we have to decide whether we are going to take advantage of that. There are a number of issues intertwined in that debate and in this legislation which send mixed messages, and I would like to spend a bit of time on those.

We have the carbon debate, the water debate, the food security debate, the global crisis and the carbon footprint in transporting food to other nations and in bringing energy from other nations to this nation. A whole range of economic jargon is developing on emissions trading. I think we have to put in place a narrative on this that actually tells people where we want to go. If the agenda is

to feed the world, you have to put in place certain policies to drive that agenda. If the agenda is to cut back on water use, that is different. We cannot run the two agendas at the same time and expect any meaningful policy outcomes to come from that.

To highlight what I am saying, just look at the Murray-Darling system for a moment. We have a dam at the end of it. We have the lakes at the end, and the opposition is moving an amendment to put some money into those communities. The Lower Lakes, Lake Alexandrina and Lake Albert, I think, hold something like 2,850 gigalitres of water. That is an unnatural system. The dam's water goes back about a hundred kilometres to the Murray Bridge—completely unnatural. A lot of this bill is about driving water into that system so that those people at the end can have some water and so that Adelaide can have some water. Adelaide has a lot of water; it just happens to have salt in it. They could do what Sydney is doing and take a bit of the salt out. If we believe the message of climate change, which I do, there will be more salt water around our cities, so the net effect of desalinating some of it to give some water to our city populations and to our coastal people will not be felt.

We have these barrages at the end of our system. They have caused enormous environmental destruction in that area. The water table has risen. The salt has risen. There have been government funded schemes to try and drain some of the country to get the water table down. There are a whole range of things. I have visited the area a number of times now. I went to one particular property, which I will always remember, that was farming fish in tanks; it used to be a dairy farm and they used to grow lucerne. I said, 'Where do you get your water from?' The answer was, 'Saltwater fish.' Out in the backyard, they had dug a hole about a metre deep and had a Davey house pump pumping

salt water out of the ground into the system where there was once a dairy farm.

I do not have any sympathy for what is happening at the end of the Murray system because I think it is a disgrace what we have done down there. For people to come in here and argue that we should send more water down there so it can be evaporated in a pond at the end of the system, in the way it is now, is just adding to the hypocrisy and the mixed messages that are going on in this place. Those lakes are 22 times the size of the electorate of the former Minister for Environment and Water Resources Malcolm Turnbull. It is a massive area. I am told that about a thousand gigalitres of evaporation takes place. The cotton industry in New South Wales is condemned by people as one of the great maulers of water; there is this mythology out there. The cotton industry uses about a third more than the evaporation from that system, about 1,350 gigalitres of water, yet 1,000 gigalitres is evaporating from a system that we have dammed up at the end of the Murray. We have the Menindee Lakes, where enormous evaporation takes place. There are a whole range of things. These bills do not go to some of those issues, and that is the point I am making in terms of the member for O'Connor. Some of those efficiency measures and other measures that he spoke about should be looked at very closely, because there is innovation out there, and part of the process should be to encourage people to move into some of those innovative areas.

In terms of the message, we have to determine what the problem is here. I raised the issue of climate change with the Prime Minister a couple of weeks ago in question time. I raised it with the Minister for the Environment, Heritage and the Arts. I still have not received an answer. I am told by the Prime Minister's office that they will be replying in writing. Climate change threads through

these bills. I personally believe there has been overallocation in some of the Murray-Darling system—not in all of it, but in some of it. In my electorate, there has been massive adjustment to some of those overallocation issues, particularly in the groundwater systems, where some people have accepted a 90 per cent reduction in their extraction. This was the question to the Prime Minister: if climate change is creating the problem, how many gigalitres of water are not occurring or will not occur into the future as inflows into that system because of climate change—humanly caused reduction in inflows into that system?

I have seen documents that say it is between 2½ thousand and 4½ thousand gigalitres. I do not know what the true number is; the Prime Minister said he would get back to us on that. But if that is the case, if that is the issue, that is going to have an enormous impact on those people, including me, west of the range in the Murray-Darling system. If that is the case—and in other areas, we are also told that there will be more water because of climate change—why are we not looking at replacing some of the climate change impact portions impacted by climate change with water from other systems? The argument in the past has always been that, if you bring water in by diverting it from the Clarence or from North Queensland or wherever, you will impact on the water table and the saline levels in the system. If we believe in climate change—the minister apparently does and I do—that argument is refuted, because all you would be doing is replacing the humanly caused climate-change component of the reduction in inflows with water. The member for O'Connor made a very important point: there is no less water now than there was a million years ago and there probably will not be in another million. There are ways and means of overcoming some of these issues. If we want food pro-

duction in that system and there is a way of doing it through efficiency gains et cetera, the parliament really has to add some water—and this relates to the climate change component and presumes that global communities do not come in on emissions reductions—to the system.

There are a number of things that I would like to mention. The bill talks about communities and the human need for water and the priority over it that they would have. There are two circumstances in the electorate of New England that I would like to mention. One is the upgrade of Chaffey Dam, which is the water supply for the major town in the electorate of New England—that is, Tamworth. Tamworth very nearly ran out of water a couple of years ago. Rainfall has added water to that system and there is currently a proposal before the Commonwealth and the state to upgrade it. I pay credit to Minister Wong for the way in which she has conducted this debate so far in terms of the Chaffey Dam issue. It has to be part of the process, and this bill is part of that process, with the Basin Plan and other issues in terms of the caps on valleys et cetera. I believe there is an opportunity and I think Senator Wong believes there is an opportunity. The bill relates to the need for communities to be safeguarded in terms of their water supply, so I mention Chaffey Dam.

Another much smaller community in my electorate is the town of Barraba, which is located about 20 kilometres from the Split Rock Dam. Barraba has had enormous problems with long-term water security and is looking to pipe water from Split Rock Dam, a very large 800-gigalitre dam, to the community. That can be done through the transfer of licences et cetera, but obviously the missing link there is money. So I put on the public record—and I have in terms of Infrastructure Australia—that they are two significant areas where communities are at risk

of running out of water and we have to look at upgrading their storage facilities within the Basin Plan, of which the structure is put in place in this particular bill.

Another issue that I would like to raise is the amendment that I will move during the debate. It relates to the exploration of coal or subsidence mining activities on alluvial floodplains. I know this is happening not only in my part of the world but also on parts of the Darling Downs in Queensland. The amendment effectively, in terms of this bill, is putting in place a Basin Plan based on certain numbers—gigalitres of inflows et cetera—and certain reductions because of climate change and other issues. I believe that you cannot have a firm document of inflows unless you fully understand the contribution the groundwater systems make to the surface water system. I have heard Senator Heffernan and others talk about this in the past. No one seems to have a definitive knowledge of how much we are talking about in this bill and in a lot of the other documents that are out there and how much of the system is being replenished by groundwater systems and how great the interconnectivity of those systems is.

The former Prime Minister, John Howard, and Minister Turnbull, as he was then, both said in this chamber that we really do not understand and that we need more research. On the Liverpool Plains, for instance—the Namoi Valley system, which is in part of my electorate—we have an interconnected groundwater system of about 20 systems. We think they are all interconnected. We believe that they are connected to the Murray-Darling system. If they are not, there are some holes in this bill. The assumption is that they have some connectivity to the inflows into the Murray-Darling system, but we have very little scientific knowledge about what the impact would be of subsidence mining on the land above those sorts

of systems not only on water flows but on the quality of that water.

My amendment calls for a fully independent study. Senator Wong is well aware of this, as is the New South Wales government. The former Minister for Environment and Water Resources, Malcolm Turnbull, was as well when he duped a group of people just prior to the election into suggesting that he would fund this particular independent study and then failed to give the appropriate advice to the department. He left Senator Wong with this particular issue sitting on her desk and me nagging about it. This is an important amendment, and I will be very interested to see how former Minister Turnbull, now Leader of the Opposition, votes when this amendment is put to the test in this parliament. It calls for an independent study into the impacts of subsidence mining on the groundwater systems.

To carry out that study you really have to understand the interconnectivity issues. You need to understand those interconnectivity issues not only with the various water systems but also with the surface water. The Namoi system in itself—and it is one of six alluvial valleys in New South Wales; I am not fully conversant with Victoria but I do know a little bit about some of the Queensland parts of the Murray drainage system—covers 350 kilometres. If you upset the hydraulic nature of those systems and the way in which they relate to the river systems, what happens? What happens to this document? What happens to the Basin Plan? I do not know. Senator Wong does not know, Malcolm Turnbull did not know. John Howard did not know. I do not think Prime Minister Rudd has a clue. None of us know.

We have not carried out those activities in that sort of system anywhere in the world without a disastrous impact, and I would suggest—before Senator Wong and others

come back and say, 'That's a state issue; the granting of exploration licences is a state issue'—that that process is flawed. It is flawed because the environmental impact and planning processes of the state mining licences are based on a localised impact: you buy your 10,000 acres, dig it up, put a bank around it and do not affect anybody outside. You can effectively mine land. I am talking about these interconnected systems that are part of the inflows into this system that everybody is saying is so stressed. I urge the government to look very closely at that particular issue.

The other issue that I want to raise is the issue of Toorale. People have been calling it 'Toorally'; it is called 'Tooral'. I know that property reasonably well. I have shot a lot of pigs on it. I have done a lot of helicopter work over the top of it. I do not have a problem with them acquiring the water if that is what they believe that they should do. But they should not acquire all the land. I would urge Senator Wong and the Prime Minister to sit down with people up there—not the people who are playing political games with this—and talk through the issues to do with that land. Anybody with any understanding of the nature of that particular property—and it is highly productive for grazing—knows that it is a honey pot for feral animals. I have shot a lot of them out on that particular country. That particular land will be destroyed if it is left to the New South Wales national parks to look after it. That will have added impacts on the Bourke economy.

Bourke is not in my electorate, but I have spent a lot of time on that river with my sons on various holidays et cetera. That particular property should be looked at very closely. Take the water and take a small part of it. I believe that there is an option to do that. Take a small part of it that does have some unique features and include it in a national park. Sell the rest back into the community

so that the economic benefits remain there. Otherwise, you send a mixed message and make a mockery of the idea that we want to produce food to feed the starving millions and that you cannot have biofuels because you would take food out of the mouths of the starving millions. Toorale is a highly productive property and has been for many years. Buy the water and stop the cotton if that is the nature of the game. But do not acquire the land. Let the land return to the productive activities that have been carried out on it for well over 100 years.

Mr CHAMPION (Wakefield) (11.31 am)—The River Murray has been one of the life sources for Adelaide and South Australia since its settlement, and fears of its demise are nothing new. Almost 70 years ago, my only Labor predecessor in Wakefield, Sydney McHugh, asked a question of Prime Minister Robert Menzies about this and expressed his and other South Australian fears that the river might go dry because of irrigation issues. Back then, in response to development along the river, he called on the Commonwealth to 'cooperate with the government of South Australia in augmenting the storage supplies'. I note that the member for Makin talked about Ralph Jacobi, the former member for Hawker, and the concerns that he expressed 26 years ago.

We know that there have always been tensions between the interests of the basin states, Queensland, Victoria, New South Wales and South Australia, and between farmers and irrigators, the natural environment, and the Commonwealth government. We heard the member for New England expressing his views about the Lower Lakes. That was an expression of that tension.

Fears of the River Murray's demise are nothing new but the risks of real, irreversible damage to the river system have never been greater. We have reached a point in our his-

tory where the old management approaches to the river are demonstrably inadequate. The system is in real trouble and its governance is in need of urgent reform. We can no longer afford to carry on with the approach of the previous government, which was at best piecemeal and too little too late—a last desperate gasp of policy in the final year of the government. The previous government wasted 10 years appeasing sections of the National Party and other upriver communities. They allowed the River Murray to reach crisis point.

This bill will amend the Water Act 2007 to give effect to the historic Agreement on Murray-Darling Basin Reform signed by the Prime Minister and the premiers of each of the basin states at COAG in July. It will end the bickering and the buck passing that is strangling the river system and allow the Murray-Darling Basin Authority and the Murray-Darling Basin Commission to be brought together as a single institution.

This bill seeks to give the new Murray-Darling Basin Authority the responsibility of preparing a Basin Plan to ensure the health, prosperity and sustainability of the river, its users and the communities around it. It will be the first whole-of-basin natural resource management plan and will set out to protect the critical human water needs of people who depend on the river, as well as manage the allocation of water for irrigation and other commercial use.

We have to face the unpalatable truth that, over 100 years, our uncoordinated state based approach to the Murray-Darling—the irrigation and the establishment of locks and weirs—has led us to the point where only a clear and uniform national approach, as well as a serious concerted effort to look for alternative sources of water for communities, will save the river basin. A national independent authority is the only solution to manage the

river basin and coordinate sustainable and capped water extraction, and that is why it is essential that this bill pass in the House. It is time for coordinated action and it is time to end the discord and self-interest that has dominated this issue since before Sydney McHugh was elected. This bill will allow decisions to be made about the future of our most important river system that are in the interest of the whole of the nation and the whole of the river rather than in the interests of individual states or individual communities.

An important aspect of this bill is that this legislation will strengthen the role of the Australian Competition and Consumer Commission and empower it to enforce a uniform approach to regulation; to extend the application of the water market rules and water charge rules to cover, respectively, all bodies that charge regulated water charges and all irrigation infrastructure operators; and to provide for any state or territory to opt in such that the water market and water charge rules apply to water resources outside the Murray-Darling Basin. In other words, it will provide clear and effective regulation of the water market, ensuring that the public has confidence in the trade of water. That is something that is sorely needed.

There is a lot of talk out there in the community about the trade in water, and I have met with farmers in places like Rosedale who are very concerned about the consequences of water trading, particularly when it is married to managed investment schemes and the expansion of agricultural systems in their area. As members will be aware, this bill, in order to achieve its aims, will require individual basin states to refer specific powers to the Commonwealth in accordance with section 51 of the Constitution, and it will give the Commonwealth control of what is a national icon. It leaves the states with an important role to play but not a dominant role.

As a South Australian, I find that at the end of the river system the issue of water security is perhaps more urgent than anywhere else. Under the leadership of Premier Mike Rann and the Minister for the River Murray, Karlene Maywald, South Australia has been leading the way and is the first state to introduce legislation to refer its constitutional powers to the Commonwealth on the management of the Murray-Darling Basin. It is useful to note that it was also Premier Mike Rann who first demanded an independent and public source of advice to the minister and the federal government on the Murray River. He locked horns with the former Prime Minister on that, but I think it was in South Australia's interests and the country's interests.

The Rudd and Rann governments take water security very seriously, and I know that they are determined to work collaboratively on lasting solutions. In South Australia the drought, climate change, river regulation, and the overallocation of water upstream over a number of years have crippled the Lower Lakes and the Coorong and changed the ecology of the lakes and the Coorong. The Rudd government is already taking action to address the consequences of human settlement and development all along the river. With the support of the state government, the Rudd government is providing up to \$200 million to support a coordinated response to environmental problems facing the Lower Lakes and the Coorong and is delivering up to \$120 million for integrated networks of pipelines to service townships, communities and irrigators currently reliant on the Lower Lakes for their water supply, vastly improving their water security and the quality of water for critical human needs.

The Murray-Darling Basin Commission is also developing and evaluating a range of short-, medium- and long-term management strategies for the Coorong and options to

stop the acidification of the Lower Lakes. Make no mistake: if the drought does not break and if climate change continues, we may have to make some very tough decisions about the Lower Lakes and the Murray-Darling system. The choice may be between supplying Adelaide with drinking water and saving the lakes as freshwater lakes.

My fear is that in the longer term Adelaide will be forced to rethink its entire approach to water. We heard some of the comments made by the member for New England, and it gives you a bit of an insight into how people upstream think. I think that in the longer term Adelaide is going to have to consider additional water-saving measures, including a massive expansion of our re-use of stormwater and the use of treated waste water for critical human needs. The city of Salisbury has already basically got the technology in place to treat stormwater in that way; its council is a leading authority in this area. It has been joined now by the city of Playford to produce what will probably be the biggest aquifer storage recharge in the Southern Hemisphere. When we join up the Stebonheath Flow Control Park, which is currently under construction, with the city of Salisbury's already fairly extensive wetlands facilities, we will have a world-quality facility there in the seat of Wakefield. I think Adelaide will have to look at changes in the design of its new suburbs and particularly to wean itself off the idea of the quarter-acre block with the lawn and the European-style garden. In the longer term it is simply unsustainable to have those sorts of gardens in South Australia. It is the driest state in the driest continent, and climate change will only increase the challenges that we face in that regard.

The establishment of the national authority to take control of all aspects of the Murray-Darling river system will be a step in the right direction. The bill before us today is

a great start. It is an essential and urgently needed component of the Rudd government's overall approach to water. It will complement the \$12.9 billion Water for the Future plan. Of course, a critical component of that plan is the allocation of \$3.1 billion over the next decade to purchase water to put back into the Murray-Darling waterways through the Restoring the Balance in the Murray-Darling Basin program. This purchased water will be used to address the problem of overallocation and to protect and restore high priority environmental assets in the Murray-Darling Basin, which will include the Lower Lakes. We have already completed the first ever water purchase program, putting back 35 billion litres into the Murray once that water becomes available. We have assisted the New South Wales government to purchase Toorale—I hope I have pronounced it to the member for New England's satisfaction—which currently holds an entitlement to extract 14 billion litres of water.

The government should also be congratulated for announcing the first comprehensive, detailed and externally reviewed audit of both public and private water storages in the basin. I think that audit will go a long way to making sure that we do not have this constant upstream-downstream debate, which is pretty toxic and does not bring us together as a country; it divides us and means that there is a fair bit of finger-pointing around the place. The people of Adelaide really cannot afford that. We depend on the Murray for a good portion of our drinking water and our livelihoods, and we just want the system to work, to be fair and to be sustainable. This bill provides water security into the future, and I commend it to the House.

Dr SOUTHCOTT (Boothby) (11.44 am)—I am pleased to be speaking on the Water Amendment Bill 2008, which will lead to better governance of the Murray-Darling system. One of the tragedies is that we could

have had a functioning national authority in operation by March this year. It was only last year that we were debating the Water Bill, which became the Water Act 2007. The problem was that we were unable to get the full sign-up and Mr Rudd and COAG promised that there will be no functioning basin authority until 2009 and no Basin Plan until 2011.

The notion of a revolution in the management of water was announced on 25 January 2007. It was announced by the then Prime Minister and also by the current Leader of the Opposition, who was then the environment minister. This was a very far-sighted plan, a \$10 billion plan to address water efficiency and the overallocation of water in rural Australia. When we look at the previous 106 years before that since 1901, this has been one of the problems with the state management of the Murray-Darling Basin. We have never been able to get agreement on what should be a fair allocation and a fair distribution of the water resources within the Murray-Darling Basin. The \$10 billion plan did address infrastructure and investment in irrigation infrastructure and it also addressed once and for all water overallocation in the Murray-Darling Basin.

As observers would remember, it has been the intransigence of Victoria which held this plan back. As a South Australian, it is just incomprehensible to me why our own Premier, Mike Rann, will not take up this fight with the Victorian Premier, then Steve Bracks, now John Brumby. It has just been incomprehensible why he will not stand up for the residents of South Australia against the overuse and overallocation in Victoria.

I represent a metropolitan electorate in Adelaide, and one of the prime concerns of residents is the security of Adelaide's water supply. Adelaide has a heavy reliance on the

Murray, depending on the year. It can draw between 30 and 80 per cent of its water supply from the River Murray. It has been very obvious for some time that Adelaide needs more solutions for their water supply. That is why I have supported a desalination plant and last year circulated a petition calling on the state government to begin work on a desalination plant, and I am pleased that they have begun work on that. This notion of a desalination plant was originally proposed by then state Liberal opposition leader, Ian Evans. Many other countries around the world such as Singapore and Dubai have desalination plants, and Perth is beginning work on its second desalination plant. I think that a desalination plant is critical for Adelaide to have some security for their water supply into the future. Another of the problems that Adelaide has is a very low reservoir capacity. There have been no new reservoirs built in Adelaide since the 1950s. These are the issues that the state government has delayed for far too long.

I want to address some of the specific parts of the bill. In 2003 it was recommended that 1,500 gegalitres be returned to the environment. Unfortunately that water has not been found and we are now in the situation that we have never been in before where there are essentially no reserves in the Murray-Darling system. You do see that a lot of the environments are severely stressed. One of the areas which is particularly stressed is the Lower Lakes and the Coorong region. The Coorong is a Ramsar listed wetland and it is very important. Ecologists have observed a decline in the numbers of birds in the Coorong since the early 1980s. The Coorong and the Lower Lakes are severely stressed and there have been reports that they may only have in the order of months before they pass the point of no return.

That is one of the reasons why the opposition has proposed an amendment for an

emergency assistance package for the people of the Lower Lakes and the Coorong region who have been affected by the ongoing drought. The opposition proposal is for \$50 million in emergency assistance to the people of the Murray Lower Lakes and the Coorong, which will help local residents, farmers and tourist operators to deal with the ongoing record low levels of water in the region. It will also provide urgent and real assistance to help the community to deal with this unfolding environmental crisis in South Australia. It will help with practical measures such as carting water for domestic and stock use, building a boat lift for boats, providing rent relief for small businesses, and retraining and skills development. It will also support a rescue plan for the Murray turtles and provide assistance to schoolchildren who are trying to save them. I think that everyone who has been to Milang in recent times has seen the problems that the turtles have in dealing with that saline environment.

In finishing up, one of the shames of this is that it is now 21 months since the vision of national water management was first unveiled. Unfortunately, the Labor Party have had plenty to say but have actually delayed real reform on this. My colleague the shadow minister for the environment, the member for Flinders, has outlined the opposition's position on this and we have also proposed this amendment, which will critically deal with support for people in the Coorong and the Lower Lakes.

Mr BILLSON (Dunkley) (11.52 am)—I commend many of the contributions so far in the debate on this important bill, the Water Amendment Bill 2008. The previous speaker, the member for Boothby, has outlined what is probably my greatest regret about the discussion today, and that is that we have missed almost two years of opportunity to get on with the job while there have been discussions and posturing around the innova-

tive and quite visionary strategy that the previous Howard government had outlined. The Leader of the Opposition, Malcolm Turnbull, was front and centre in that work, and I think very courageously and boldly moved forward with a legislative agenda, a support package and reform initiatives. Maybe if we had had the support of the then opposition, the Labor Party, and, more importantly, of the Labor leaders in the states and territories involved we would be talking about the gains that had been secured to date and what more could be done, not talking about getting started. I think that is the greatest tragedy about this discussion.

Notwithstanding that fact, the opposition has indicated its support for the bill and the reforms. My friend and colleague the member for Flinders, the shadow minister for the environment and water, has outlined some important amendments that emphasise the consequences of action and inaction and particularly highlight the plight of the Lower Lakes and the Coorong area and what is needed to address the dire situation faced by those communities—and, I guess, by our entire nation—with a Ramsar listed wetland on life support and a need for an infusion of scarce water. Many argue that that water is available within the system, but we have not had the wherewithal and the cooperation to bring it in a timely way to that very important part of the Murray-Darling Basin system. We also need to recognise that the flora and fauna that gave rise to that Ramsar listing are under threat in the region, as well as the many businesses that rely upon a healthy ecology in the Lower Lakes and Coorong area in order to pursue their ambitions for a quality of life. So they are very timely amendments and I would urge the government to take account of them.

More importantly, my contribution today is to try to encourage some transformational thinking. Just doing more of the same is not

going to cut it; it is not going to bring about the results that we are looking for. Many of the elements of the coalition's strategy that was stymied by Labor politics nearly two years ago touched some of these things: the need for structural reform and institutional arrangements that actually support our goal; the need for some funding to bring about change and the required transformation in the way we do things; the enormous opportunities for improvements in efficiency; and the nobbling of the market for water that sees it go to its highest and best use and gives people some confidence that they can plan with certainty. It also addressed the bizarre position in Victoria of building a north-south pipeline to take water from one microclimate that is most likely to have the same drought environment and conditions as greater Melbourne and then shift it down to Melbourne, which raises questions about the implications for the longer term. The strategy also recognised the fact that water reform itself needs to be completely systemic. It needs to look not only at the investments we make in infrastructure but at the efficiency and performance of that infrastructure to make sure that those investments are actually building a better way forward, not simply extending what is happening at the moment. Support for voluntary trading and purchasing of water is important, but there needs to be an informed marketplace so people can invest, as they would in other key inputs for their production, with confidence in what they are purchasing and so its reliability and bankability are transparent and understood by all.

That constructive plan was outlined by the coalition when it was in government. Sadly, I have to say—as a Victorian who was an adviser to the former Kennett government's natural resources minister, the wonderful human Geoff Coleman, who understood the importance of water and water reform for long-run prosperity in those markets and in

the rural sector reliant upon water—that Victoria was a leader in much of that work. It recognised the trade-offs between resource security and price; that overallocation undermined everybody's future prospects; that work was required by governments to make sure that that overallocation, born out of perception of perpetual abundance, was actually weakening the security of the allocations that were out there; and that water trading was an important reform to embrace the fact that the environment is a key entitlement holder to water. I remember vividly the government purchasing water in the marketplace to make sure the Barmah Forest got a drink because its needs had to be addressed, and the government led in that work. It also led in recognising the partnerships that are essential, such as for innovations like the Wimmera-Mallee pipeline—

Mr Forrest—Hear, hear!

Mr BILLSON—that my friend and colleague at the table well recognises—where a partnership between government and water users to improve the distribution and delivery systems was a good outcome for everybody. In some cases in the sandy channels up near the Sunraysia they were getting about four or five per cent efficiency from the water released from channels to the point of delivery where it was being used. The rest of it was just soaking into the sand or evaporating, and that was in nobody's interest. The piping of much of that system and therefore the recovery of that water meant improved security for those relying upon it for productive purposes, better quality for those using it for stock and domestic applications and also the recovery of some water for other uses, including the environment. This was Victoria's contribution to water reform—and, boy, we've gone backwards, haven't we? We have seen, for no other reason than political posturing, the Victorian Labor government impede work on water reform that could have

been nearly two years advanced. Here we are today talking about actions that could have started 21 months ago and been delivering benefits today.

The issue we need to face when investing in water reform is that we actually carry out the reform. We need to ensure that that investment, whether it be private or public, is delivering the outcomes we hoped for. We have seen a profound change, a change which I think few would contest, in the availability of water due to reduced rainfall patterns. We have seen example after example. The statistics are compelling. There are always arguments about why it is occurring and there is information about much of south-east Australia experiencing a stepped decrease in rainfall and reservoir inflows.

My own community around Melbourne had not a bad August, as I recall, but the rainfall did not translate into inflows. For the water engineers around us, the rainfall coefficient between what falls and what is recovered was nothing like it used to be because the environment was so parched it soaked up a lot of the encouraging rainfall and the inflows to the catchment were nothing like what we might have expected some years ago. There has been a step down in rainfall and reservoir inflows. In Melbourne alone, one-third of its average reservoir inflows have disappeared in the last decade. That presents us all with a challenge. We need to understand that water is not solely a rural issue; it is a very real issue for our metropolitan communities. In my new role as shadow minister for sustainable development and cities, that is something I will be focusing a lot of energy on.

I raise that because it highlights the need for a comprehensive approach to water reform. It means that doing more of the same is not the answer. It picks up some of the work being discussed at important high-level

forums like the Australian Davos Connection and the like where really facing up to the full costs and pricing for water, including infrastructure, is something we must do—recognising that at the moment there are institutional impediments for people doing the right thing, where water institutions are encouraged to make more water available because that is directly linked to their revenue. Where do we put the price incentive and the revenue incentive to water authorities to achieve efficiency outcomes so that that becomes a rewarded goal for all of them, including the institutions involved in managing our scarce water resources? It also means making sure that the water market is well informed and that there are not any needless barriers to the operation of that market, but that the water entitlements out there are fundable, that they are real and verifiable. We see enormous fluctuations in the price of water in some irrigation districts at a time of scarcity when it is \$1,000 a meg, compared to \$60 a meg when we had 100 per cent allocation of water entitlements. That is an example from the Goulburn-Murray irrigation district.

What do we do about activating sleeper water entitlements, a claim to water which has rested, been dormant, held as an asset but not activated and then, when activated, adds greater burden, greater demands? We can look at smaller scale projects. I have long been reminded that enough rainfall lands on Adelaide to meet Adelaide's entire metropolitan water requirements, that innovation and incentives around stormwater recovery are what is needed. The excellent work of Salisbury City Council is a good example of what is achievable. In my own community on the Mornington Peninsula, Frankston City was recently awarded the Keep Australia Beautiful Council's Sustainable Cities Award. It was a great pleasure to be there just a week ago to make that presentation.

The biggest threat to Port Phillip Bay is when it rains and all the hydrocarbons and *E. coli* wash off our suburban streets into Port Phillip. There is a pollution risk, but that water itself represents one of the most cost-effective ways of supplementing water availability.

With sewer mining, in Melbourne we have two mega sewage treatment facilities, one in Werribee and one just to the north of my electorate in Carrum in the Eastern Treatment Plant. As people talk about the impact of urban consolidation around cities, they say, 'But the infrastructure can't cope.' It might not cope if we keep doing more of the same—that is, collect waste water and then pipe it tens of kilometres to a treatment facility. If people were able to intervene and recover water at that point and then make it available for non-potable use, that would be a good solution. It would expand and improve the efficiency of the existing infrastructure. All of these things are examples of what we can do. All of them go to the question of looking at reforms and impediments to optimising the efficient use of our water and scarce resources, and other price-sensitive resources such as energy and the like. This is the challenge ahead of all of us.

I was encouraged to hear Wilson Tuckey talk about instrumentation and the need for smart systems and the crucial role they can play, not only in properly recording the timing and volume of flows but also the price associated with them. We need to start thinking about just-in-time water delivery. It happens in every other sector, but we see an enormous loss of water as it is stored for some purpose down the track when really we could be thinking more creatively about making sure we have the volume of water required at the time it is needed and then have pricing reflect that. I have heard many people speak about the government's intervention in the marketplace and the right of

all water entitlement holders to know what is being bought and at what price, so that the market is informed about those interventions.

I have touched on incentives for other behaviours. Even with the initiatives we have spoken about in recent days I am frankly flabbergasted that the Rudd government, which flicks to environment and sustainability talk when that is the purpose of its message, could have overlooked opportunities with the economic security rescue package, particularly with the added first home buyer incentives, and not seek to pursue more sustainable features for housing, particularly for new homes. We know there is very cost-effective, commercially available technology. Why are we not saying that those sustainability features are important and should be rewarded in the added financial assistance? I do not know why that has not featured. It seems very short-sighted.

This is the case even with the National Rental Affordability Scheme, which was touched on earlier in the speech of my colleague and friend the shadow minister for housing, Scott Morrison. He talked about changes that could be made there. Again, why is the sustainability of rental accommodation not a key feature? I do not understand that. It is a missed opportunity. If housing affordability is our goal, the cost of running that housing should be as important, certainly to a tenant, as the cost of actually establishing it, yet you do not hear anything about that.

So my contribution to the debate on this bill is to encourage the government to recognise the systemic reform that needs to be pursued, with demand management efficiency, targeted infrastructure—not just more of the same—and smart systems, pricing signals and encouragement, reward and incentive for those doing all that we could ask of them. A whole-of-system approach needs

to be part of this work, and a number of speakers today have already touched on opportunities that seem to have been overlooked. I can assure the House that I will make sure they are not overlooked in my new role as shadow minister for sustainable development and cities. I will seek to make sure that every step we take is a step towards a more sustainable economy, a more sustainable way of living and, hopefully, a nation and a people that treads a little bit more lightly on our earth as we go about our legitimate goal of improving our living standards, hoping and working for our families and making sure that we grow the economy and improve the environment simultaneously, which is what I really think the Australian public is expecting of all of us.

Dr STONE (Murray) (12.08 pm)—The Murray-Darling Basin is the fertile crescent of Australia. It occupies some 14 per cent of the continent, including more than half of Victoria. The basin includes at least 65 per cent of the total irrigated area of Australia, making it one of the most productive agricultural regions. It is the food bowl of the nation.

The climate affecting the basin, of course, is highly variable, with years of higher rainfall and lush abundance, with rivers flowing and the wetlands bursting with life. The times of abundance, however, alternate with long dry spells, which over millennia have built up sand dunes, lunettes and natural salt lakes. Many of the flora species, like the great river red gums, have evolved to sustain long periods of drought as well as inundation. Many of the bird and fish species only breed en masse when there is a sudden abundance of water, and they are migratory, moving to billabongs, lakes or plains which might be hundreds of kilometres apart but which have received some recent rain, triggering this massive breeding event. Fish, birds, frogs, crays—it is an extraordinary

ecosystem which, as I say, has evolved to be able to survive in one of the most variable seasonal climate cycles anywhere on earth.

The original owners of the country, the Indigenous Australians along the Murray River—for example, the Bangerang and the Yorta Yorta, who are in my electorate—were so often able to walk across the empty Murray that none of their country boundaries followed the river banks. Their territories actually straddled the Murray River. It was not a water barrier in all years at all.

One of the most vivid illustrations of the climatic variation and bust-boom cycles of drought and plenty in the basin came from the experience of the first Europeans who travelled across and down through the basin, setting off from around Sydney in the mid-1800s. In 1836 Major Sir Thomas Mitchell, the Surveyor-General of the colony of New South Wales, overlanded with wagons, crossing the Murray into the great northern plains of Victoria, a region of about 300 millimetres of annual rainfall on average. Mitchell wrote in his diaries—later to become a best-selling book—that this was ‘Australia Felix’. The grass was waving under his horses’ bellies and the land was ‘unencumbered with too much wood but possessing enough for all purposes’. He called himself Adam in this glorious Eden. He was astounded and astonished by the lushness of the growth and the quantity of the feed. He had no problems at all in imagining what close settlement would follow in his footsteps.

But then in 1842 Joseph Hawdon was bringing stock overland and he literally followed the tracks of the Mitchell expedition. Following the route through northern Victoria in particular was dead easy, because it apparently had not rained in the intervening six years since Mitchell went through. Of course, Hawdon was in great strife. His livestock was dying. He said that the country

that Mitchell had called the Garden of Eden was in fact of ‘the worst possible description’—endless flat, bare plains with wind-blown roly-polies, and a type of pigface was virtually the only feed for his animals. Hawdon was unlucky. He was crossing the basin in the long dry spell of the seasonal cycles; Mitchell had most fortuitously seen it after plentiful rains.

The earliest European settlers in the basin needed water security to survive, to live in towns and cities but also in order to establish productive agriculture. The solution was seen in damming and diverting the Murray and its tributaries. Amongst the earliest state owned irrigation systems was the tapping of the northern Victorian tributaries to the Murray—the Loddon, the Campaspe and the Goulburn. And of course there was the Tragowel Plains Irrigation Scheme, near Pyramid Hill, now a part of the Goulburn Murray Irrigation System. The Governor of Victoria turned the first sod on that irrigation scheme in 1886.

With that irrigation scheme, the land did flow with milk and honey, not just when it rained but year after year after year. Drought proofed and with further damming—filling ephemeral swamps to establish permanent storages, threading thousands of kilometres of irrigation channels between and through natural waterways—northern Victoria became the pre-eminent food bowl within the food bowl of Australia, with the most intensive food-manufacturing sector to be found throughout the country. There were the dairy, fruit and tomato industries and the cropping, livestock and pig industries.

Northern Victoria boasted the closest settlement of any rural communities in Australia. Indeed, we had government policy further pushing closer settlement through soldier settlers and wave after wave of new Australians who began picking and packing

fruit in the 1920s in this region. They soon moved up to own the farm and then the other businesses in the communities, and then their children became the next generation of Australians serving the region as the professionals.

The Victorian irrigation region of the basin until recently had the most secure water in Australia, despite the extraordinary bust-boom seasonal fluctuations. In the late 1980s, the Victorian government very radically reformed its water law and separated water entitlements from the land in order to introduce a market system which would make the water even more likely to go to agribusiness with the highest value.

Each of the states in the Murray-Darling Basin has its own history of trying to drought-proof or water-secure their communities within the basin—communities which provide most of the food for our country and its exports. The basin unfortunately continues to be a patchwork of different water laws, different water security entitlements and different water market regimes. The water is, however, traded between states despite this lack of harmony.

There has been a failure in proper and adequate governance across the Murray-Darling Basin for more than a century. It was the coalition under John Howard which finally said: 'Enough is enough.' The Murray-Darling Basin is a single ecosystem. It is a complex geographic region but it must be governed by a single authority and have an agreed harmonisation of water law, water security objectives and measures, some security of tenure to ensure ongoing agribusiness investment and a sense of a future that goes beyond bust-boom or the erratic water law applications of individual states. So on 25 January 2007 in an address to the National Press Club former Prime Minister John Howard announced the National Plan for

Water Security. He in particular focused in on the Murray-Darling Basin. He said:

The existing mechanism for the management of the Basin ... the current arrangements, have made some substantial contributions to Basin-wide ... management over the decades—

but—

the shortcomings of the current model are of concern to the Commonwealth Government and, indeed, many others.

The decisions taken by the MDBC often reflect parochial interests and do not reflect the best interest of the Basin as a whole.

I would go on to say that those decisions do not reflect the best interests of the nation. Therefore, the coalition government put an extraordinary package of over \$10 billion on the table, which was an inducement for the states to sign up to a cohesive management regime where in addition there would be significant investments in water-saving infrastructure, in water-monitoring and metering arrangements, in new investments to help address the overallocation problems that in particular blight New South Wales and in reforming the decision-making processes in the basin.

The Victorian government in particular said, 'No way'. They refused to sign on to this national water agreement even though they were to be the state which would benefit the most in terms of having additional investment for their decrepit, underresourced and poorly maintained state owned irrigation infrastructure. The Victorian government held out and held out, and at the time we were not really sure why. Tragically for us in northern Victoria, it was very soon made very clear why: Melbourne had a problem. It was having water restrictions.

Melbourne of course is not in the Murray-Darling Basin. It is hundreds of kilometres away from the basin. It is a much better watered place than northern Victoria, which is

within the Murray-Darling Basin, but former Premier Bracks had a problem. Melbourne was on level 3 water restrictions and—guess what?—these water users were blaming the Victorian government for lack of investment in proper water recycling, stormwater harvesting or even a desalinisation plant. Melbourne people were aghast to think of the treated water pouring out of Gunnamatta outfall in a volume which would virtually meet their needs, in terms of the drought impacting on Thomson Dam, but there was no commitment from the Victorian state government to do anything about the water that passed them by, literally going out to sea around the corner from where the city is.

So what did Mr Bracks, followed soon by Premier Brumby, do about Melbourne's water shortage? They looked, no doubt, at the political allegiances of those in northern Victoria. Of course these allegiances were with the National and Liberal parties because we are the parties that understand and care about rural and regional Australia. Our constituencies are the agribusiness producers in this country, and they long ago understood that Labor do nothing for rural and regional Australians and instead make token gestures from time to time. Unfortunately, Mr Bracks, and then Mr Brumby, had a solution to the political problem of Melbourne people saying the government had done nothing about their water security. Premier Bracks said: 'We'll pipe the water out of the basin—not a problem. It's simple technology. Anyone can build a pipe, even the Victorian government. We'll put a pipe into the Goulburn River a few kilometres down from the Eildon Dam, and the job's right. We'll do this because we'll put some investment into our state owned irrigation infrastructure—the Goulburn-Murray irrigation system, over a hundred years old—which we own in entirety. We'll invest some \$600 million into that system and we'll ask the Commonwealth to

chunk in another \$1 billion or \$2 billion. Then we will find some water savings through this investment by, for example, replacing the dethridge wheels with water meters, plastic lining some of the channels or putting in total channel control systems.'

The Victorian government said: 'We know that those measures don't add up to significant water savings, particularly in drought years, but that doesn't matter. If there aren't the savings to deliver water through the Melbourne pipeline by 2010'—when the pipeline will start to flow, just before the state election—'we will use the environmental reserve in Eildon Dam, of 30 gegalitres. We don't really think that's a problem. The environmental reserve has been sitting there. It's not used very often.' But of course the point about the environmental reserve in Eildon is that it is tagged to be used in the Goulburn River when the blue-green algae blooms occur and kill murray cod, tortoises and other endangered species in the Goulburn River.

Does the Goulburn River, a tributary to the Murray, have any spare water capacity? Is it a river in great health? According to the CSIRO and the Murray-Darling Basin Commission itself, the Goulburn River is the most degraded tributary to the Murray in the system. It has extraordinary stress in terms of its wildlife and natural ecosystems. The water quality is significantly degraded and, of course, its quantity is hugely reduced due to the seven years of drought now impacting the region and the fact that with climate change there is an estimation of some 20 per cent reduced run-off into the catchment now and in the future.

But none of that fazed the Brumby government. They said, 'We'll take the environmental reserve. It will come first down the pipeline and then we'll have the other 75 gegalitres a year from the savings that we have produced by investing in different me-

ters, total channel control systems and a bit of plastic lining in the channels.' This is, on the one hand, an enormous problem for the communities that produce the food for Australia, the northern Victorian communities. On the other hand it is an enormous problem, which I consider as significant, for the ecosystem of the Murray-Darling Basin itself. Now, fortunately, the Minister for the Environment, Heritage and the Arts, Mr Garrett, has said, 'Hang on, Victorian government. I have decreed that this is a controlled action under the Environment Protection and Biodiversity Conservation Act. You cannot use the environmental reserve—I'm sorry, you must not.' He has also said, 'You are not to send Goulburn system water to Melbourne if it has already been allocated to the Living Murray or Water For Rivers programs'—in other words, for the Murray-Darling Basin ecosystem.

On first blush, that would appear to be the end of the pipeline to Melbourne for Mr Brumby. There is no water if he is not allowed to take the reserve, and the few water savings that have been produced so far and that are due to be produced are already paid for and allocated to the Murray River itself—and have been committed for quite some time. Unfortunately, Mr Brumby and his minister for water said, 'That's not a problem either. We'll decide where we designate water as allocated out of the Living Murray or Water For Rivers programs. It doesn't have to be the long-known and website documented central Goulburn channels 1 to 4. It can be anywhere we choose it to be.' I beg Minister Garrett to hold firm on the conditions that he has codified for this north-south pipeline.

I am disappointed that Mr Garrett did not simply say that no water is to leave the Murray-Darling Basin for consumption outside the basin, on the grounds that there is no superfluous or additional water at all in the

Murray-Darling Basin. We know the system is dying. We know the red gums are dying from Echuca through to the mouth of the Murray. We know the lower Murray is in desperate straits in terms of acidification and rising salinity levels—the ecosystems there are dying. We do not believe it was an appropriate call for Minister Garrett to say, 'You can do this, but here are some conditions.' We believe the EPBC Act listed enough species which will be impacted significantly and that he should have simply said, 'No go.' But he said, 'Yes, with wriggle room for the Victorian government; you can do this with conditions.' I am asking him therefore to apply those conditions.

But it gets worse. While Minister Garrett has said that no environmental reserve may be taken out of Eildon to Melbourne, he has not said that the Bendigo pipeline must stop taking that environmental reserve right now. We have some 10 gegalitres for the Bendigo pipeline for the city of Bendigo coming from the environmental reserve. We are told, quite cheerfully, that Ballarat will sometime soon be hooked into that same pipeline and that Geelong will be hooked into the Melbourne pipeline out of the Goulburn system.

If you wrote this in a science fiction book people would laugh and say, 'No governments in a parliamentary democracy would behave like that. That is absurd. You can't have an elected government steal water from an ecosystem which is so stressed and documented to be in the worst state of anywhere in the entire Murray-Darling Basin. You can't take water from that system across a mountain range and pump it using fossil fuel derived energy to a city that has options.' What are Melbourne's options? Stormwater harvesting, recycling or desalination, if it is carefully planned. There are a whole range of options. They can use pricing options in Melbourne. They can talk about more conservation of use in Melbourne. The same

applies for Ballarat, Geelong and Bendigo. Instead, as I say, this democratically elected Victorian government has said, 'No, we have an easier, quicker solution, and those people don't vote for us anyway. Let's take it out of the Murray-Darling Basin, particularly the Goulburn Valley, take it across the divide and pump it into Melbourne'—75 gegalitres a year, with carryover rights and, indeed, with no questions asked about the impacts on the Ramsar listed wetlands in the Murray, whose major tributary is the Goulburn River. In fact, I am disappointed to say that Minister Garrett refused to extend the EPBC Act referral beyond the pipe off-take. He refused to consider the downstream wetlands, which are served with water from the Goulburn. These are the Ramsar listed wetlands in the Barmah forest.

The Water Amendment Bill 2008 will have to serve us in a way that ensures the states are brought to heel. The Victorian government must understand that it cannot operate alone and for party political purposes when the Murray-Darling Basin itself will have its ecosystem further degraded and parts of it destroyed. This bill, therefore, has a very difficult job to do. I am not sure if the Rudd Labor government is up to it, quite frankly. It has not managed to convince me that the states have any sense of cross-basin purpose. (*Time expired*)

Mr RIPOLL (Oxley) (12.29 pm)—The purpose of the Water Amendment Bill 2008 is to amend the Water Act 2007 and to give effect to the Murray-Darling Basin reform intergovernmental agreement signed by the Prime Minister and the first ministers of each basin state, being New South Wales, Victoria, South Australia and Queensland, and the Australian Capital Territory. This was done at the July meeting of the Council of Australian Governments.

It is about demonstrating the Rudd government's commitment to a reform process that goes right across the whole of government in a whole range of areas—particularly in the way that we deal with the states, and in the way that we use the COAG process to create efficiencies and better policy to work as one country, trying to achieve an outcome that may be based in one region but often affects people right across other states and jurisdictions. It is particularly important to note in this debate the partnership that the Commonwealth has entered into with the states and the effort that our minister is putting towards working with each of the ministers in the states to ensure that a strong process is in place, that an effective policy is maintained and that we get the outcomes that are needed at a national level in what is a very stressed water basin. This is a very vexed issue right across the community.

On that particular issue, there have always been many great debates in this place broadly on the issue of water. But I think there have been no more heated debates than on the Murray-Darling Basin and what that means to our national identity, to farmers, to our culture, to tourism and to those regions that are affected and the people who live and survive around the water that is provided by that particular basin. It is fair to say that the previous government, now in opposition, will come into this place and will argue, oppose, hinder and put in place all forms of barriers to stymie any good work that this government is doing in terms of this particular water issue. The opposition is particularly annoyed at the way we might be using the COAG process properly to ensure that we actually get some outcomes and results in this particular area. The matter of the fact remains: the previous government had—

Mr Pyne—The fact of the matter!

Mr RIPOLL—And that as well. The previous government had 12 long years to take action. They had 12 long years in times when there were, perhaps, other options and more opportunities to act—more options and other opportunities to put in place mechanisms and work with the states that would have meant, perhaps, that what we need to do today would not be necessary in the same form. This is something that is lost on, or perhaps not acknowledged by, the opposition. They criticise what we do when we take strong, decisive and firm action on very important issues and matters. But for 12 years they dithered. For 12 years they sat on the government benches, not taking action in these particular areas at the same time as they purported to be the representatives of the very people that they did not act on behalf of. I find it an atrocious and disgraceful manner in which they now carry themselves when it comes to these particular bills and motions.

In particular, I am acutely aware of how important the issue of water is—as is the member for Blair, who is sitting next to me. It is important right across Australia. I know how critical it is in South Australia—I know the problems they are going through there. I know how important it is in Victoria and in particular cities across the country. I know the desperation that certain communities have felt as their water supplies dwindle to almost zero levels; and I know the desperation that has been felt in our shared communities in the Ipswich and western corridor regions. In Queensland, we have been under heavy water restrictions for many years, and there has been an escalation of those water restrictions.

The simple fact of the matter is that we just are not getting enough rain. Our dams are not filling up, and over 50 or 60 years no real infrastructure or commitment was made by any previous state government in Queensland to tackle the future needs of that state

in terms of water. It is now left up to the Bligh government, and the Rudd government at a Commonwealth level, to actually tackle the very difficult, and sometimes vexed, issues. I can understand that from a community perspective. Now the hard decisions need to be taken by government to ensure water security. I do not think this is something that should be debated in this place in terms of a partisan view. It is something that ought to be debated in this place in terms of ensuring water security for each and every region in Australia. How do we ensure agricultural security? How can we ensure the security of our cities? How can we ensure that we provide the right mechanisms, regulatory reforms and the right legislation to ensure that water is properly measured, paid for, acquired and used for the purposes it is intended to be used for? At the core, these are the big issues that we are discussing here today.

It is also fair to say that, while governments make big decisions on these matters, the community will come with us. They will come with us, and they will support good, strong moves—decisive action in terms of protecting their water security. At the heart of it, they understand how important that is. I have seen no better example than in Queensland, where we went onto level 5 and level 6 restrictions and people made personal commitments to reduce their water consumption. A target was set of 140 litres a day per person. Not only were those targets met but people achieved well beyond those targets—down to 120 litres and falling, at one stage. It might be easy to say that it was just people making efforts in difficult times, but the reality is when some water did return to our dam systems, and our dam levels did rise, a bit of an experiment took place over a particular weekend in Queensland. People were again allowed to use their hose—for the first time in years, for some. To my pleasant surprise,

people actually did not abuse that water. The consumption levels actually did not rise. As a Queenslander, I am really proud of that—people have changed their habits.

That is an important fact in this debate: people will change their habits. People will change, given the necessity and given the right government leadership and direction. They will also make the tough decisions that are needed. That is what is at the core of this bill. The Commonwealth government is prepared to put serious money on the table, \$12.9 billion, to ensure that the necessary changes and reforms are actually followed through.

We are prepared to sit down with each and every one of the states to negotiate in good faith about the future of the Murray-Darling Basin. We are prepared to acknowledge the difficulties that exist. We are prepared to acknowledge the ecosystems and the agricultural importance. We are prepared to work with each and every one of our ministers, our own members, opposition members and the community to ensure that we find a solution.

Not everyone is going to be happy with that solution; not everyone is going to agree with that solution. But for 12 years there has been an absence of action. After 12 years of idly sitting by and watching this great water catchment be depleted of its water resources, after hearing the voices of people concerned and understanding just what that would mean long term for this country, not acting in my view was a shameful, wilful and disgraceful act that the previous government should be very ashamed of. They will come in this place and they will argue. They will argue the toss over funding and different mechanisms and who should be doing what and what they should be doing and where, but the reality is that it has been left to us to take the action. It has been left to us to make the difficult decisions. I am more than happy, as I

have done on other occasions on similar issues, to stand up in this place and put my name on the record and speak about these matters because I think they are of vital importance to this country.

Right now in Queensland—again, using my home state as an example—we have taken some very tough, very costly but very important decisions about Queensland's water security into the future. On our shared boundary between Oxley and Blair in the western corridor is the Bundamba recycling water facility. There is also the pipeline that is going through a number of electorates in Queensland. We are building a water grid. We are ensuring that Queenslanders' water security is ensured, whether they live in Brisbane, on the Gold Coast, on the Sunshine Coast, out in the bush or out west past Ipswich, whether they are beef farmers, agricultural farmers or whatever and whether they use water for recreational purposes. That is our responsibility, and that is a responsibility that we are more than prepared to take on-board and to act on.

I am prepared to accept criticisms from the other side. I will wear their criticisms more than happily because I know, at the end of the day, that it is our minister and our government that are prepared to take action. We will sit down with the states, and we are doing that now. We will use every avenue open to us to move forward. We will consult with the community, something which is a foreign concept to the opposition. We will actually talk with people who are involved in this. While the other side have always purported to be the friends of the bush, small business and the farmer, it is just not reflected in what they actually do; it just seems to be what they say. It is just like when, as a bit of a joke, they used to come in this place and say that they were the best friends that workers ever had or the best friends that Medicare ever had. We understood the

joke—everyone got it—but the problem is that people actually suffer through lack of action and for the past 12 years there has been that very stark mark of a lack of action and a lack of understanding of the very nature of the issue and how important it was to ensure water security for the next 40, 50 and 60 years. It is not just about the next election cycle.

I am more than happy to put my name on the public record. I am more than happy to come into this place and stand up to back our legislative changes, to back our minister, to ensure that our government has the support of the backbench. What we are doing is improving strategic water planning and improving management arrangements and we want to do that for the whole of the basin and not just look after one particular interest group or one particular region within that basin. We want to make sure that we improve the water market and the charging arrangements, as I said earlier, and we want to provide a uniform approach to regulation. I think these are the key factors that will actually deliver the water security that we are talking about.

I heard the previous speaker talking about options and alternatives—desalination, water recycling and harvesting of stormwater. These are all good ideas. There is nothing wrong with any of those ideas, but the problem lies in this: for 12 years, when the other side had the opportunity to do something about those good ideas, which they do not own, they did nothing. So, when the critical time comes, we are left with no options any more, because the options that the previous speaker was talking about do not exist today. Today we need to take action. We need to take firm, decisive action and leadership on this issue. That is the expectation of everybody that needs this water and needs this basin to be properly regulated and managed. That is the task that we will take onboard. That is the task we are taking onboard with

this bill and that will deliver for Australia's future water security.

Mr COULTON (Parkes) (12.42 pm)—I note with interest the comments of the previous speaker, the member for Oxley. While I do not disagree with everything he said, it was a wonderful example of rewriting history. I would like to place on record now that we would not be here today discussing this bill, the Water Amendment Bill 2008, if it were not for the work of my predecessor, John Anderson. The whole idea of a Murray-Darling Basin Plan and an Australian water plan was the initiative of John Anderson and a former Labor minister in New South Wales, Craig Knowles. We should not forget that in the attempt from the other side to rewrite history. We would have had this plan underway much sooner if it were not for the recalcitrant states, particularly Victoria. The weakness of this bill that we are discussing today is that, while ever the states have a veto power, this plan will struggle. This will never be a truly Commonwealth plan while ever the states have the power of veto.

We have heard a lot of talk here about the importance of water to communities, and I would like to highlight the communities in my electorate because they have been relying on the Murray-Darling Basin for hundreds of years. Quite often we talk about irrigation and things like that but we must not forget the people who live in the towns that rely on water—towns like Walgett and Mungindi and villages like Corinda that are wholly and solely reliant on the water that comes down the rivers in this electorate.

Also, in this debate, when we are talking about taking water from one part of the basin to another, we must not forget the importance of agriculture. Agriculture is important not just to the farmers and the communities that produce the food and fibre that our country relies on; agriculture is important to

the whole of Australia. After all, food and clothing are two of the basic needs for human survival, and if we make the production of food and fibre too hard, by taking away the resources to produce them, our country will suffer. And not only will our country suffer but the rest of the world will suffer. It is important to understand that Australia's farmers not only feed and clothe the 20 million people in Australia but also feed 70 million people worldwide. If we start cutting into our farmers' ability to do this, we are going to create the possibility of famine in other countries. We need to keep that in mind as we decimate the water supply for our rural areas so that we do not end up with starvation across the world.

Irrigators are quite often maligned in this place. We hear people ask, 'Is there any place to be producing cotton in Australia?' We should note that Australian farmers are the most efficient water users anywhere in the world; there is more production from a megalitre of water in Australia than there is anywhere else. But are we prepared to let cotton production take place in Third World countries, where the environmental controls are not so great? We are a global community and, as the world gets smaller and smaller, we cannot just push what we perceive as our problems onto somewhere else.

We have heard a lot of members speaking very eloquently about water in this debate, without much common or practical experience. If they would like to come to my electorate, I could take them to farms in the four major basins, the river valleys, and show them the world's best practice that is undertaken by the farmers in that area and how they are producing more and more with less and less.

As the debate moves on beyond water and the Murray-Darling Basin, the underlying issue of food security comes up. Up until this

point Australia has never had to worry about food security, but, as we look at the growth explosion in the world's population, food security is becoming more and more important. I can see that a lot of the irrigation areas in my electorate will switch from more extensive cropping to more intensive food production. As the cities and coastal strip grow at a rapid rate and valuable agricultural land is gobbled up by the urban sprawl, areas such as the centre and north-west of New South Wales will become very important for food production for Australia as well as the rest of the world. Tying in with that, we will also need to develop the infrastructure to enable that to happen—such as inland rail so we can get food to ports efficiently and very quickly.

The attempts by this government to deal with the situation in the Murray-Darling Basin at the moment are very much stopgap measures. Perhaps there is no greater example of their misguidance than the purchase of Toorale Station at Bourke. Apart from the devastating effect that taking 100 jobs out of that community has had, the fact that that station will no longer pay rates means that the rest of the ratepayers in Bourke will have their rates go up by four per cent. It is going to be a very, very hard struggle for that community. If they were going to get some benefit from that, perhaps the people of Bourke could come to terms with it, but there will be no benefit.

I challenge anyone in this House to stand on the banks of the lower Murray and send me a photo, when the effects of the buyout of Toorale get to the Murray River, that shows me that purchasing that beautiful property in western New South Wales has had some positive effect somewhere else. If I could see such evidence, perhaps I would change my mind. But we will not see any evidence of that. That water will not make it to the Murray. It certainly will not make it to the Coorong and South Australia. We will be

lucky if it makes it to Menindee—and, if it does make it to Menindee, most of it will probably have evaporated. As a matter of fact, if you want to get one megalitre of water into the Murray River, you have to purchase 15 megalitres of water from the top end of the basin in my electorate. So we take 15 megalitres of water out of the top end of the basin and, if we are lucky, we get one megalitre into the lower Murray. Mathematically, economically and morally that makes no sense at all.

I heard the member for Oxley mention consultation. There has been no consultation. The federal government moved into Bourke like a thief in the night and did a deal with New South Wales to purchase the property. As a matter of fact, no representative of the federal government set foot on Toorale Station. There was some movement from local people who thought, 'Well, we'll try and make some good come out of this; perhaps the water can be taken from it but the rest of the land can be used for some sort of valuable production' but the Minister for the Environment, Heritage and the Arts has put paid to that idea: 'No, this area has to be locked up.'

So we are going to see this area go from being a productive area, an area that was very economically aware and had some very valuable wetlands, to being a wilderness. Anyone who has any knowledge of what happens on a river system in western New South Wales when there is no more management knows that the first thing to move in will be wild pigs. They will absolutely destroy any remnants of the pristine environment that was there. We are going to end up with a terrible, weeping sore on the banks of the Warrego as a result of this action. It is an absolute crying shame for that to happen.

In my electorate I have the Macintyre Valley, which is a highly productive valley, and

the Gwydir, Namoi and Macquarie rivers, plus some smaller rivers. They are a large part of the productivity in the Murray-Darling Basin, but neither Minister Wong nor Minister Garrett, to my knowledge, has ever set foot in any of those valleys or consulted with local communities, with farmers or with irrigators. So where does this consultation come from?

It is hypocritical that the very day that the federal government and the New South Wales government purchased Toorale was the day that they gave the go-ahead for the pipeline into Melbourne. So, while the water we have flushing out to sea on a daily basis is sufficient that, if it were recycled, it would sustain Melbourne, we are now raiding what little water we have in the Murray-Darling Basin for cheap political points for the Victorian government. That is an absolute crying shame.

The member for Oxley was rewriting history and talking about the wonderful job the new government is doing. One of the measures the previous government put in was the community water grants. Right across my electorate, and indeed in my hometown of Wialda, we are recycling all our water. That was made possible by a federal government community water grant. We have sporting clubs and schools right across Australia that are efficiently using water due to the community water grants. Now that scheme has been taken out. Where is the leadership on saving water? Indeed, it is my understanding that, as part of a previous \$10-billion plan, \$600 million was to go into engineering, saving water and making efficiencies. To my way of thinking, that is the way to go. We need to have an incentive to save water and keep our production levels up, and the water that can be saved can be returned to the river for the environment and for further production. While most farmers are extremely efficient in their use of water, some

of the delivery systems have been there for a long time and there is a great case for re-engineering these systems and helping some farmers put in place the latest technology.

The other thing is that we are hearing a lot about climate change. I do not think there is anyone that doubts we are living in a changing climate, but I think we need to give it further thought. When I look at the dams that I have in my electorate—Pindari, Copeton, Split Rock—

Mr Windsor—They're in my electorate!

Mr COULTON—They are on my rivers. I acknowledge the honourable member for New England sitting next to me. He might own the dams, but my electorate uses the water, and I thank him for that wonderful privilege. But those dams are at record lows, and something that is never discussed is the fact that the changes in management practices—and I know that the member for New England talks about this in this House often—mean that now every millimetre of rain that falls on a farmer's land is retained. There will be no run-off out of an agricultural property in this day and age until the subsoil moisture is full. It is important to remember that when these dams were constructed—with no disrespect to the member for New England—a lot of the areas above these dams were overstocked with sheep and rabbits, and 25 mils of rain would give a run-off event and fill the dam.

Last winter in my electorate at Mudjee above Windamere Dam we had a series of rainfall events, the profile filled up, the spring started to run, and we were one rainfall event from getting major run-off into the dams. Of course, that did not come. So, while we acknowledge that we have been in drought for more than seven years, we must not discount the efficiencies we have made in farming—the fact that we are retaining water and using it. The other side of that is

that, further downstream when you get into the agricultural areas, the introduction of no-till farming techniques means that farmers are filling their profile before any water runs off. Indeed, across my electorate now, we are looking at a very good wheat crop. There are some magnificent crops, particularly in the north area in the Mungindi and Weemelah areas and down through Walgett towards Coonamble. Those crops are there because of the management practices of the farmers and the fact that those crops are grown on stored water. When I started in the farming game, as little as 30 years ago, we battled erosion, which is a cause of water run-off, and suffered massive losses. Purely because of the improved management practices as a farming community, we have stopped that.

I think that we do not want to get too excited about gloom and doom. What concerns me in this place is that we are making decisions in the midst of a drought. That this is a new phenomenon—that it has not happened before—and therefore we need to take drastic action to do something about it needs some further thought. Indeed, when I was a child, the old-timers in my hometown of Gravesend would talk about the Gwydir River being completely dry in 1910 for a matter of time. As a matter of fact, it had a bed of grass growing across it—it was that long since it had run. Anyone here who is up with history would realise that the Darling certainly went dry on many occasions in the early part of the 1900s and in the late 1800s. It is not a new thing to have drought and the rivers running dry.

If we hamstring the country areas, the rural areas and the farmers in the Murray-Darling Basin so that we secure the water supplies of Melbourne and Adelaide, when we have a wet season and the seasons return to normal and the water runs past our rural towns and farms, down the Murray and out through the lake system into the sea, and as a

country we start to struggle with our commitments not only in Australia but also worldwide with our responsibilities for food production, we will wonder what we have done wrong. We need to take a deep breath in this debate and think this through before we severely cut back our allocations to rural areas. Indeed, in my area now, farmers are changing. There are large plantings of citrus going in in more intensive areas so that there is more efficient use of water. We need to keep that in mind. I trust that, as we work our way through the terribly complex situation of what we are going to do with the Murray-Darling, we do not sacrifice our rural communities and farmers for short-term political gain.

Ms LEY (Farrer) (1.01 pm)—I am pleased to speak on the Water Amendment Bill 2008 and in doing so represent the views, interests and very strong passions of the water users in my electorate of Farrer. I shall describe their different interests. I think it is fair to say that the further downstream you get in any river system the more concerned you become about the activities upstream. My electorate takes in areas of the upper Murray in New South Wales and all the way down past the mid-Murray to the South Australian border. My electorate also includes the very important Menindee Lakes and part of the lower Darling system. These are regions of Australia critical to the debate that we are undertaking today.

For 21 months, Labor, in opposition and now in government, has opposed or delayed real reform. This has been enormously frustrating to me because we almost had game, set and match on the national water plan. It was brave, visionary, necessary and extremely difficult, and then something got in the way. It has been suggested that for political reasons Victoria refused to sign up. I do not know what the reasons were, but the fact was that no signing up took place, so we

have essentially been in a holding pattern for far too long. Finally, after having stood in the way of this reform, we have seen what I would call a partial acceptance of the coalition's water reforms in this bill to the extent that it embraces the principles of a single water authority, greater transparency—which is most important in the decision making and in how those decisions are rolled out on the ground—and an agreed national framework for water allocation. To that extent we do support these reforms, but this bill is way too slow in a number of important areas.

There is no truly national referral of powers, which I think is what the previous government almost had the states signed up to. I am not sure whether you could call it a national water plan if there is not a truly national referral of powers. There is no early Basin Plan. I think that introduces more years of uncertainty for our farmers and irrigators. What concerns me most is the abolition of structural adjustment funding. How can a government consider major structural adjustment without looking at the costs to communities and what might be done to repair some damage in those communities when you remove enormous sources of income, wealth, production et cetera? And there is the reprehensible failure to begin the real on-farm water efficiency projects that have been identified so that most people know where they stand and it is just a matter of providing the resources to make the projects happen.

I think we have a good record in water reform in the Liberal and National parties. We had put in place a three-part rural recovery plan. Those are important words to use: rural recovery. There were infrastructure investments and efficiency, selected voluntary trading and purchasing—not the outrageous buyback that we are seeing taking place across the basin now—and, most importantly, community support. As anyone will

tell you, if the community does not come with you, that is not a good position to be in. It means the government has lost its moral perspective and is acting, I think, in an immoral way by disregarding the communities to the point where they are not informed beforehand, they are not incorporated in the decision making and, after the decision has been made, they will be completely ignored.

The bill that we are debating today has four main aims. Firstly, it aims to transfer the powers of the Murray-Darling Basin Commission to the new Murray-Darling Basin Authority, providing only one independent body to manage the affairs of the Murray-Darling Basin. I have dealt with the Murray-Darling Basin Commission for a long time. I have great respect for its executive officers and its CEO, Wendy Craik. I think she has actually done a remarkable job. I do not know what their view on this is, but the average person would say, 'You've got one authority now and you will have another one with a different name. What's really changed?' Secondly, it aims to enable the Murray-Darling Basin Authority, through the basin plan, to specify three tiers of emergency management guidelines so as to balance critical human water needs and irrigators' needs. That function is taking place now with the various authorities, but, yes, it is incorporated as a main aim of this bill. Thirdly, it aims to strengthen the role of the ACCC by giving it jurisdiction to monitor water transactions carried out under the act. All I will say about the ACCC is that it has wide responsibilities in many areas of corporate Australia. Agriculture may or may not be its speciality. I would like it to consider learning more about how agriculture works in view of its powers under this bill. And, fourthly, it aims to give the Commonwealth a greater share of the risks relating to future reductions in water allocations, which were previously the responsibility of the states and

individual contractors. So we simply have another level of government managing the scheme. As I said, unless there really is national power and there is an ability to make national decisions in the national interest, we have to be careful that we are not simply creating additional layers of bureaucracy and decision making that will slow down the effective allocation of the limited resources that we have.

Senator Wong could have had a functioning basin authority working on the basin plan from March this year, because the Water Act 2007 was in place, but the Prime Minister promised that there would not be a functioning basin authority until 2009, and no plan until 2011 at the earliest. I know that it is argued that time needs to be taken to get it right, and I accept that, but for those who will have major changes made to their irrigation allocations at the end of this, we are drawing out a very long and painful process and introducing great uncertainty. And that is very difficult when you have to run a business. There is enough uncertainty in farming, particularly in these times, without governments introducing more.

The coalition's three-point rural recovery water plan which I referred to was quite different to the Labor Party's ad hoc buyout of farmers. It was based on a water efficiency revolution and \$6 billion of infrastructure funding, which this government seems to have given up on. That was \$6 billion to make a real difference in and on the farms of those who are the most important water users and food producers in the country. That plan appears to have been abandoned by the government.

We advocate a planned and limited buy-back in consultation with communities, bringing communities with us rather than having an ad hoc buyout like the one we have seen—it has been mentioned quite of-

ten—at Toorale Station, at Bourke. That was a completely ad hoc approach. That ad hoc approach has been emphasised by members of government departments. I know that I am speaking anecdotally because I was not present, but I have heard reports—and they all seem to match up—that when government ministers sent their officials and members of their departments to areas in my electorate to discuss water buyback they came with a simple message: the government wants as much water as possible as cheaply as possible. I think they have been a bit surprised at the responses they have got—which have not been entirely positive, as you would appreciate.

The third part of our rural recovery plan—and I think it would have to be the most important part, even though it does not have the most dollars attached—is the community support program. The Rudd government has abandoned the \$1.5 billion structural adjustment component of our original water plan. Structural adjustment recognises that communities that might lose a great deal of their water deserve something in return to help them manage the transition and to help them look after their communities.

People have mentioned the community water grants program. It was a small thing. It dealt with recycling in schools and in one area that I know of it kept the caravan park green so that tourists were far more likely to stop at that one rather than the dusty caravan parks further down the river. Rainwater tanks and recyclable toilets were installed. These grants often involved schools, community groups and service clubs. Even something like that gives towns a lift. It helps people understand that water is scarce. They know that already but it makes them feel that they, in their communities, can do something about it. But that part of our water plan has been abandoned.

Last night, comments were made by you, Deputy Speaker—I am not sure that I can refer to you as the member for Wills as you are now in the Speaker's chair—and I am going to refer to them, because in those comments you referred to me. You said, 'The member for Farrer said to the parliament in 2003'—it is an awfully long time ago:

I would like to see our own agriculture department detach itself from the environmental debate somewhat and conduct some critical analysis of exactly what these proposals mean—

these were environmental flow proposals—to agriculture and what threats they pose to agriculture.

The member for Wills pointed out that I was referring to the conclusions of the Wentworth Group and he went on to say:

Of course under the policies championed by the member for Farrer agriculture in the Murray-Darling has suffered greatly.

I would say that agriculture is suffering considerably now and the only thing that made agriculture suffer under our policies was the drought and the Labor government. But the reason I refer to those comments is that I believe the member for Wills was saying that I had not understood the importance of environmental flows to our river system and the importance, therefore, of a healthy river system to agriculture. That is quite a reasonable proposition except that it is not correct.

I was part of an inquiry, the member for New England was part of the inquiry and many people who have spoken on the water bill were also. I think that inquiry was conducted in 2003—it might have been a bit earlier—and it concluded that environmental flows are one of 23 indicators of catchment health. We had the Wentworth Group endorse that. We had the CSIRO appear before us with the science. It was not a revolutionary finding; it was simply a reflection of scientific fact.

I have seen in the last five years this complete focus on environmental flows. Get water from anywhere, buy it as cheaply as possible and get it into the river with very little strategy or plan because once it is in the river and flowing down the system the system will be healthier! Well, yes, there are instances where that is the case, but we should be talking about catchment-wide plans. I refer people to that House of Representatives standing committee inquiry. It is very instructive. It is shocking to think that the policy has simply remained absolutely static in the minds of those in the Labor Party and that they think the issue is just about environmental flows and nothing else.

I mentioned at the beginning of my remarks the regions in my electorate and how people in those regions feel about the current state of affairs. I will start with the upper Murray and talk from the perspective of the constituents in these areas, because everyone has different views. I think that demonstrates the extremely high importance of getting the national plan right and the importance of making national decisions in the national interest, because those decisions have to capture all of these views. They probably will not, but they should capture all of these views.

If you live in the upper Murray then you are probably annoyed about the fact that the river is being used as a channel to send water further downstream. There are some natural rivers, like the Mitta Mitta River and the upper sections of the Murray and Tumut rivers, that are quite different from how they once might have been, because they are carrying a great deal of water in a limited channel capacity. When I used to represent the areas further upstream there was often a claim brought to me: 'We don't have our fishing and we don't have the river in its natural state,' because people could remember how the rivers were.

Moving down the river to Albury, there is huge storage on the Hume Weir. A lot of the area around the Hume Weir relies on boating, tourism and caravan parks. People come to that inland water body for recreational reasons. Because of the low levels in the Hume and the probability that more and more water will be stored just upstream of it rather than in a large, evaporative basin, which is effectively is what it can be, those opportunities for development around the Hume Weir are being lost. We must not forget industry. Industry is an important user of water. When we had the critical water shortages recently, the Norske Skog paper mill, which is very close to Albury, was seriously worried that it would not be able to continue its production of pulp and paper because it did not have the same security allocation as the town. Further on we have feedlots and manufacturers that use a lot of water, and they are quite concerned about continuing low water allocations. If you talk about a big regional centre, you talk about the need for people to keep their parks, gardens and recreational areas green. That is difficult for everybody but, as I said, with our community water grants I think we were teaching people how to go about doing this.

Further on down the Murray River we come to an area which I call the Murray Irrigation area. Murray Irrigation is the largest diverter of water from the Murray River when there is any water, and it is a general security user of water. Its allocation, as the season opens at the beginning of this financial year, is—for the third year running—zero per cent. When members opposite talk about looking at the statistics sheets for how much rice, cotton et cetera is grown in the southern Murray-Darling Basin, they need to be aware that the largest area that supports that growth, Murray Irrigation, has had a zero allocation for the last three years. You can imagine how terrible that is for some-

body who relies on water to produce food to produce their income. Each year they think, 'We'll somehow get through this year, and next year will be better,' and now they are facing a third year where they still have a zero allocation. They are often targeted quite openly, and I say to the Minister for Climate Change and Water that if she wants to take water out of the Murray she really has to come to the Murray Irrigation area.

The western end of that area is considering putting together—I do not know how formal the process has been made at this stage—a package where the whole Wakool Channel would be disconnected and that entire area of irrigation cut off. Water would be saved—because that appears to be what the government wants—but when I went to the town of Barham last week I feared greatly that the effect on that town would be extreme and I am very worried about its future. It was there that the farmers said to me that people from the government had simply said, 'We're here to get as much water as possible as cheaply as possible.' I think that is an awful approach to take. It is not hard to sit and listen. It is not hard to take a visit to farms and understand the dynamics. If one is talking about a livelihood that has been built up over generations, I do not think governments should be acting like mortgage repossessioners, as we have seen too much of lately.

General security allocations grow annual crops. There is a reason why general security and high security are what they are. This obsession with going to high-value crops is not necessarily sensible, because it makes sense that there are annual crops grown where there is less security of water allocation and there are high-security crops grown where the water is more secure. As you travel past Deniliquin and Barham you get to Wentworth, the lower Darling and that end of the Murray, where the water security is higher and the people are able to practise horticul-

ture—almonds, grapes and various other fruits. That encompasses the Murray part of my electorate.

I must mention the Menindee Lakes, which are much targeted. There is a fantastic group in Broken Hill, the Darling River Action Group, and they are all volunteers. They very much have the environment at heart. They certainly are not about as much water as possible for farmers. When you go and visit these areas you find that this is never a debate about farmers versus the environment. That might come as a surprise to people, but it is never about that. Farmers do care. Menindee is a great example. I think they are pretty bemused and bewildered by the numbers of people who have been tracking a path to the Menindee Lakes, spending by the time they fit it into their rushed schedule maybe a couple of hours there. Half of that time they are probably on their mobile phones, running around in circles, taking the usual shots and disappearing again without actually taking the time to understand what is really going on. I do not want to lecture here, but I really do think it is important. Members of the government perhaps do not have the connection with these rural areas that members of the opposition do. It is simply a matter of representation. You have to walk a mile in our shoes and understand what it is like for these communities. They are trying not to throw their hands up in the air. They do want to work with the government. They want a solution. They are coming forward with some quite innovative solutions, but they are not going to be sold down the river for nothing and abandoned. It is not fair to expect that.

There is the money in the national water plan to do this thing properly. There is the money to—I am not going to use the word 'compensation'—provide a structural adjustment where changes are as dramatic as it appears they are going to be. We as a nation

can afford to do that. Eighty per cent of Australians live 50 kilometres or closer to the coast. Every time I visit regional cities I talk about water because I desperately want to know how people perceive it. There is a view out there that we must save the Murray, but what does that really mean? People do not understand what saving the Murray means. We know that we must manage our water more efficiently, but we must continue to grow food. We must continue to recognise that 39 per cent of our agricultural production comes out of the Murray Valley. Thirty-nine per cent of Australia's income from agriculture also comes from that area. If we are going to continue the approach of the government, we have to be very aware of the consequences both for Australia's income as a country and for the large number of communities represented there. (*Time expired*)

Ms LIVERMORE (Capricornia) (1.21 pm)—Mr Deputy Speaker Thomson, as I entered the chamber I thought to myself how fitting it is that you are in the chair for this very important debate. I think back to 2002, when Simon Crean, the then Leader of the Opposition, in his budget reply speech committed the then opposition to finding the resources to enable an injection of 1,500 gigalitres of water back into the Murray-Darling Basin, and I really credit you, Mr Deputy Speaker, with putting that firmly on the Labor Party's agenda at that time. I think it was sending a signal then that this was something that had to be a national priority. In the six years that have passed, it has become even more critical that we get that action happening to rescue the health of the Murray-Darling Basin.

From earlier speakers in this debate, we know just how significant these measures are and how significant the Murray-Darling Basin is to the life of Australia, to the economic output of Australia, to the issue of food security in our country and, of course—as was

put very eloquently by the most recent speaker, the member for Farrer—to the livelihood and sustainability of the communities that rely on the health of the Murray-Darling Basin. It is an enormous area of land, covering over one million square kilometres of our country, which is equivalent to 14 per cent of Australia's total area. The amount of farming and agricultural activity that takes place in that area is quite staggering. It accounted for 65 per cent of the total area of irrigated land in Australia a couple of years ago and it really does deserve the label of 'Australia's food basket'. It is something that we need to protect in the interests of not only our economy but also Australia's environmental performance and the ongoing sustainability of so many people and communities who rely on the river system for their businesses and livelihoods.

The purpose of Water Amendment Bill 2008 is to amend the Water Act 2007 and to give effect to the intergovernmental Agreement on Murray-Darling Basin Reform. That agreement was signed by the Prime Minister, the premiers of New South Wales, Victoria, South Australia and Queensland, and the Chief Minister of the ACT. All the basin states came together with the Commonwealth government to reach that important intergovernmental agreement. That took place at the Council of Australian Governments meeting on 3 July. As we have heard from previous speakers, this did mark a real watershed in the governance arrangements for the Murray-Darling Basin. The issues and the attempted solutions to the problems in the Murray-Darling Basin have been bedevilled by the conflicts between the state and federal governments in dealing with the divide in responsibilities between the different states and the various vested interests that each state brought to the table in the past whenever it came to finding solutions to the challenges that the Murray-Darling Basin

was facing. I am pleased to say that we have now moved beyond that, with the signing of the agreement which put into effect arrangements earlier agreed to by the various governments in the memorandum of understanding that was signed earlier in 2008.

For the first time, with this bill and the intergovernmental agreement, you can truly say that water resources in the Murray-Darling Basin can now be managed in the national interest, optimising environmental, economic and social outcomes. The reforms that were addressed by the intergovernmental agreement include bringing the Murray-Darling Basin Authority and the Murray-Darling Basin Commission together as a single institution, to be known as the Murray-Darling Basin Authority. The agreement also established the Commonwealth-state water management partnerships, which include significant funding. That funding is subject to due diligence of course, but goes to basin state priority projects. The agreement also looks to strengthen the role of the Australian Competition and Consumer Commission in regulating the water market and water charging rules within the basin and, very importantly, enables the basin plan to provide arrangements for critical human water needs. I think everyone in this place would agree that that is an important step forward in the governance of the Murray-Darling Basin, and we now look forward to seeing those new governance arrangements turning the page on so many years of neglect and conflict around the basin. We now turn our attention to what is required to protect and preserve the environmental and economic values of the Murray-Darling Basin.

The intergovernmental agreement really did signal that all of the governments involved have committed to a new culture and practice of basin-wide management and planning through new structures and partnerships. Key elements of the arrangements are

the preparation of a whole-of-basin plan by an independent, expert Murray-Darling Basin Authority. Central to the basin plan will be sustainable diversion limits on water use in the basin to ensure the long-term future health and prosperity of the Murray-Darling Basin and to safeguard the water needs of the communities that rely on its water resources. The Commonwealth has agreed in principle to provide significant amounts of money, in the billions of dollars, for significant water projects in the basin states, subject to a due diligence assessment of the social, economic, environmental, financial and technical aspects of the projects.

I will turn to the projects we are looking at in Queensland. The Commonwealth has committed to provide up to \$510 million towards Queensland's priority projects—again this is subject to that due diligence process. The Queensland government is ready to roll out community level irrigation planning and infrastructure investment. The Commonwealth will provide up to \$115 million to assist Queensland with this project. SunWater is currently planning the modernisation of its delivery system to reduce water loss, and the Commonwealth will contribute up to \$40 million to assist with the modernisation process. Coal seam gas water, which is currently a significant waste management issue, is a potentially significant water resource. The Commonwealth will provide \$5 million for the conduct of a detailed feasibility study to examine the viability of using coal seam gas water as an alternative water resource. In addition to these infrastructure projects, the Commonwealth will provide up to \$350 million for the future purchase of water entitlements from willing sellers in the Queensland section of the Murray-Darling Basin. Together these initiatives will deliver long-lasting benefits to Murray-Darling Basin communities in Queensland and downstream.

I will now turn to an issue that is of some concern in Central Queensland at the moment. We heard from earlier speakers about the concerns in other parts of Australia about the impact of mining operations on ground-water and water quality generally. In recent weeks there have been real concerns about the impact of rising sodium levels in the Fitzroy River, which is very important to Central Queensland, particularly to the agricultural sector but also to the communities that rely on the Fitzroy for their water supply. As a result of the serious flooding in the central highlands earlier this year coalmines, like the Ensham mine at Emerald, were very severely flooded. There has been a program of disposing the water out of those mines into the Fitzroy River. That has raised concerns in Rockhampton and further upstream about the effects of sodium and other elements in the water.

My state colleague Robert Swarten, a Queensland minister, has taken those concerns to the state government. The Premier, Anna Bligh, has acted very quickly and announced earlier this week that there will be an independent expert panel to be headed by Emeritus Professor Barry Hart from Monash University and to include University of Queensland Vice-Chancellor Professor Paul Greenfield and Mark Pascoe, the CEO of the International WaterCentre. That independent expert panel will immediately undertake tests and investigations of the water quality in the Fitzroy River. They will be working with bodies like the Environmental Protection Agency and the Fitzroy River Technical Working Group to thoroughly investigate the quality of the water in the Fitzroy. The quality of the water in the Fitzroy is a very serious issue for communities right along the river, and the Fitzroy River flows into the Great Barrier Reef Marine Park so we have to be mindful of the impact on the Great Bar-

rier Reef of anything that happens in the basin.

While I welcome the announcement by the Premier that she is taking that action, it is important not to overstate the problems that exist. We need to be very prudent in investigating this, testing the water and making sure that there is nothing to be concerned about. Queensland Health has already done some testing and has been very reassuring in saying that it found the levels of sodium, whilst elevated, to be quite safe for human consumption. We do need to have that ongoing program of water testing to make sure that people's concerns are allayed and that we deal with the impact of water quality on environmental outcomes.

Bob Noble, a retired senior official of the Queensland Department of Natural Resources and Water—he is very well regarded in our region—sent me an email last week saying that we now have this issue of what the Ensham mine water is doing to water quality in the Fitzroy. He said it is really time to have a look at the whole approvals process for these kinds of projects in the Fitzroy Basin to make sure that the EIS process that is currently in place does allow for a look at the impacts not just on the immediate area of the mine but on the Fitzroy Basin and the river itself. I give an undertaking to Bob Noble that I will follow that up and see where we can go with that proposal because it is becoming a much bigger issue with increased mining activity in the Fitzroy Basin. I commend the bill to the House. Like all members, we hope that there is a brighter future ahead for the Murray-Darling Basin.

Mr GARRETT (Kingsford Smith—Minister for the Environment, Heritage and the Arts) (1.35 pm)—The Water Amendment Bill 2008 before the House is a much needed, long overdue reform in governance that will put the Murray-Darling Basin on the

right footing to face the challenges that lie ahead. I thank the members who have spoken on this bill and recognise the significance of this reform. Let us consider that some 94 years ago in 1914 New South Wales, Victoria, South Australia and the Commonwealth signed the River Murray Waters Agreement and established the River Murray Commission, which later became the Murray-Darling Basin Commission. The resulting governance model required the agreement of all basin jurisdictions before anything could be done by the commission. These arrangements have remained largely unchanged to this day, have been an obstacle to reform and have encouraged decision making that was not in the interests of the basin as a whole.

The overallocation of water resources in the basin, combined with record low inflows and the onset of climate change, was not envisaged at the time the River Murray Waters Agreement was signed. In the Water Act 2007 a key element is the preparation of a whole-of-basin plan by the independent, expert Murray-Darling Basin Authority and in the context of clear accountability of the Commonwealth minister. The Basin Plan will also include an environmental watering plan, coordinating management of environmental flows including the additional environmental water that is recovered by the Commonwealth in the basin. Central to the Basin Plan will be sustainable diversion limits on surface water and, importantly, groundwater use to ensure the long-term future health and prosperity of the Murray-Darling Basin and to safeguard the water needs of the communities that rely on its water resources.

Further to the Water Act, the Water Amendment Bill 2008 introduces governance arrangements for the new Murray-Darling Basin Authority that take account of the need to work closely with the states.

These reforms are needed to ensure a governance model that is responsive to the current and future challenges facing water management in the basin. The reforms in the Water Amendment Bill 2008 are needed to ensure the viability of the basin's water dependent industries, to ensure healthy and vibrant communities and to ensure the sustainability of the basin's natural environment. Importantly, these reforms reflect a new era of cooperation and collaboration between Murray-Darling Basin governments for basin-wide water management.

This government was elected on a platform of ending the blame game between Canberra and the states and territories and we have invigorated the Council of Australian Governments with a major reform agenda underpinned by more effective working arrangements. In May 2008, government took a major step forward with a memo of understanding on Murray-Darling Basin reform, signed by the Prime Minister, the Premiers of New South Wales, Victoria, South Australia and Queensland and the Chief Minister of the Australian Capital Territory. In July 2008, as promised, an intergovernmental agreement on Murray-Darling Basin reform was signed by first ministers, which built on the principles of the memorandum of understanding. In the intergovernmental agreement, governments committed to a new culture and practice of basin-wide management and planning through new governance structures and partnerships.

The historic governance reforms in the Water Amendment Bill 2008 are only possible because basin state governments have agreed to pass legislation providing for a referral of certain powers to the Commonwealth in accordance with section 37 of the Constitution. As the Water Amendment Bill 2008 is being debated here, bills to refer powers to the Commonwealth have entered all the Murray-Darling Basin state parlia-

ments and each parliament is progressing this referral. Indeed, in New South Wales, the referral has been passed in both houses and has been given royal assent. I wish to again sincerely thank the governments and parliaments of the basin states for acting promptly in progressing the referral of their powers and I look forward to the finalisation of the referrals by the Victorian, Queensland and South Australian parliaments so that this bill can be considered in the other place. The referrals will commence in a matter of weeks, subject to the completion of these legislative processes.

I thank honourable members for their contributions to the debate in this House over the last two days. I note from the debate the long-term interest that members on both sides have had in the health of the Murray-Darling Basin and, in particular, from my parliamentary colleagues in the Labor Party, an awareness of the need to have a concerted national approach to dealing with the issues of water health in the basin in the long term and including those of environmental flows. The level and breadth of this debate shows the importance of the reforms which are being delivered and on behalf of the Rudd government I want to recognise and appreciate the support of the opposition on this bill.

This bill delivers on our election commitment to bring the Murray-Darling Basin Authority and the Murray-Darling Basin Commission together into a single body by transferring the current powers and functions of the Murray-Darling Basin Commission to the Murray-Darling Basin Authority. This ensures there will be a single body, the Murray-Darling Basin Authority, responsible for overseeing water resource planning in the Murray-Darling Basin. A key role for the independent, expert authority will be the preparation of an enhanced whole-of-basin plan upon which the Commonwealth minister will be the decision maker. The ministe-

rial council of basin governments will provide advice on the plan to ensure it is the best possible plan.

The first Basin Plan will be finalised in early 2011, and the Basin Plan will put the national interest first by providing a new, sustainable diversion limit on water use, taking account of past overallocation in the basin. For the first time ever we will have an enforceable, scientifically-informed limit on the amount of water that can be taken out of our rivers and groundwater systems across the basin. Also, this bill strengthens the role of the ACCC by providing for the water charge rules and the water market rules to apply to all water service providers and transactions. This means that all users will be assured of a uniform approach to regulation irrespective of the structure of their water service providers. The bill also extends the current powers of the ACCC to determine or accredit determination arrangements for all regulated water charges. This will promote a uniform approach to the regulation of rural water charges to the benefit of water providers and users.

The Commonwealth government recognises the severity and urgency of the current condition of the basin. We are complementing this governance reform with our \$12.9 billion Water for the Future program, which has four priorities: tackling climate change, supporting healthy rivers, using water wisely and securing our water supplies. In delivering Water for the Future we are setting a new standard in national leadership and cooperative relations with state and territory governments. In July 2008, when the Intergovernmental Agreement on Murray-Darling Basin Reform was signed, the Commonwealth announced investments of close to \$3.7 billion for significant water projects in South Australia, New South Wales, Victoria, Queensland and the Australian Capital Territory. These projects will improve irrigation

efficiency, raise the productivity of water use and return water to the rivers of the Murray-Darling Basin. Australians want action in the Murray-Darling Basin. This government is responding with immediate practical measures to take the stress off the rivers of the basin. For the first time in the history of Federation, the Commonwealth is buying water entitlements from willing sellers in the water market to tackle overallocation in the Murray-Darling Basin so that rivers and wetlands will get a greater share of water when it is available.

In relation to buying water entitlements, the Department of the Environment, Water, Heritage and the Arts is conducting a review of these purchases. An independent assessment of the purchase program was recently completed and results will be released shortly. This assessment considered the issues raised by stakeholders, including price transparency and the impact of the program on the water market and regional communities. A stakeholder consultative committee provided direct input into this assessment. Eight regional workshops were also held to obtain feedback from the wider community. The independent assessment and the department's review will guide the way future water purchasing is conducted by the Australian government.

The reforms in this bill formalise the new culture of cooperative and accountable governance arrangements agreed at the Council of Australian Governments meetings in May, March and July this year. The government has committed some \$200 million to the South Australian government towards an enduring solution to the problems of the Lower Lakes and the Coorong and \$120 million for piping works to connect towns, communities and irrigators currently relying on the Lower Lakes to a higher point on the Murray. It appears that those opposite may not be aware of these commitments, given

that an amendment to the second reading was moved by the opposition to provide just \$50 million to the Lower Lakes and the Coorong.

The cooperation of basin states is an integral element of this reform and the effective implementation of the Water Amendment Bill 2008. This is an historic moment for the Murray-Darling Basin, a turning point that will ensure the long-term future health and prosperity of the basin and safeguard the water needs of the communities that rely on its water resources. The Water Amendment Bill 2008, along with our \$12.9 billion Water for the Future package, provides the capacity to meet the future challenges facing water management in the Murray-Darling Basin, one of this nation's great natural assets. With climate change a reality, these reforms are vital to ensure vibrant communities while maintaining a healthy natural environment. I commend the bill to the House.

Question put.

That the words proposed to be omitted (**Mr Hunt's** amendment) stand part of the question.

The House divided. [1.51 pm]

(The Deputy Speaker—Hon. BC Scott)

Ayes.....	78
Noes.....	<u>59</u>
Majority.....	<u>19</u>

AYES

Adams, D.G.H.	Albanese, A.N.
Bevis, A.R.	Bidgood, J.
Bird, S.	Bowen, C.
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.	Danby, M.
Debus, B.	Dreyfus, M.A.
Elliot, J.	Ellis, A.L.
Ellis, K.	Emerson, C.A.
Ferguson, L.D.T.	Ferguson, M.J.
Fitzgibbon, J.A.	Garrett, P.

Georganas, S. *
 Gibbons, S.W.
 Grierson, S.J.
 Hale, D.F.
 Hayes, C.P. *
 Kelly, M.J.
 King, C.F.
 Marles, R.D.
 McKew, M.
 Melham, D.
 Neal, B.J.
 O'Connor, B.P.
 Owens, J.
 Perrett, G.D.
 Raguse, B.B.
 Ripoll, B.F.
 Roxon, N.L.
 Shorten, W.R.
 Smith, S.F.
 Sullivan, J.
 Symon, M.
 Thomson, C.
 Trevor, C.
 Windsor, A.H.C.

George, J.
 Gray, G.
 Griffin, A.P.
 Hall, J.G.
 Jackson, S.M.
 Kerr, D.J.C.
 Livermore, K.F.
 McClelland, R.B.
 McMullan, R.F.
 Murphy, J.
 Neumann, S.K.
 Oakeshott, R.J.M.
 Parke, M.
 Plibersek, T.
 Rea, K.M.
 Rishworth, A.L.
 Saffin, J.A.
 Sidebottom, S.
 Snowdon, W.E.
 Swan, W.M.
 Tanner, L.
 Thomson, K.J.
 Turnour, J.P.
 Zappia, A.

Southcott, A.J.
 Truss, W.E.
 Turnbull, M.
 Wood, J.

Stone, S.N.
 Tuckey, C.W.
 Washer, M.J.

* denotes teller

Question agreed to.

Original question agreed to.

Bill read a second time.

Message from the Governor-General recommending appropriation announced.

Consideration in Detail

Bill—by leave—taken as a whole.

The SPEAKER—Order! It being 2 pm, the debate is interrupted in accordance with standing order 97. The debate may be resumed at a later hour. The member for New England will be given the call at that time if he is the chamber.

MINISTERIAL ARRANGEMENTS

Mr RUDD (Griffith—Prime Minister) (2.00 pm)—I inform the House that the Minister for Families, Housing, Community Services and Indigenous Affairs will be absent from question time today. The Treasurer will answer questions in relation to families and community services and the Minister for Health and Ageing will answer questions in relation to Indigenous Affairs on her behalf.

QUESTIONS WITHOUT NOTICE

Economy

Mr TURNBULL (2.00 pm)—My question is addressed to the Prime Minister. When was the government first advised by officials that the economy needed a major fiscal stimulus package?

Mr RUDD—The government and its advisers have been examining the impact of the global financial crisis on the Australian economy throughout the course of this year. Specifically, as you would expect, in terms of the impact on growth, officials and ministers have been examining the detail of that

NOES

Abbott, A.J.
 Baldwin, R.C.
 Bishop, B.K.
 Briggs, J.E.
 Chester, D.
 Cobb, J.K.
 Coulton, M.
 Farmer, P.F.
 Georgiou, P.
 Hartsuyker, L.
 Hawker, D.P.M.
 Hull, K.E. *
 Irons, S.J.
 Johnson, M.A. *
 Laming, A.
 Lindsay, P.J.
 Marino, N.B.
 May, M.A.
 Morrison, S.J.
 Nelson, B.J.
 Pearce, C.J.
 Ramsey, R.
 Robb, A.
 Ruddock, P.M.
 Secker, P.D.
 Slipper, P.N.

Andrews, K.J.
 Billson, B.F.
 Bishop, J.I.
 Broadbent, R.
 Ciobo, S.M.
 Costello, P.H.
 Dutton, P.C.
 Forrest, J.A.
 Haase, B.W.
 Hawke, A.
 Hockey, J.B.
 Hunt, G.A.
 Jensen, D.
 Keenan, M.
 Ley, S.P.
 Macfarlane, I.E.
 Markus, L.E.
 Mirabella, S.
 Moylan, J.E.
 Neville, P.C.
 Pyne, C.
 Randall, D.J.
 Robert, S.R.
 Schultz, A.
 Simpkins, L.
 Somlyay, A.M.

over the last several weeks and we have been working our way through the detail of it. As the honourable member would be aware, meetings occurred over the course of the weekend on the finalisation of the government's response to what I believe to be a significant change to this country's medium-term growth prospects.

Economy

Ms JACKSON (2.01 pm)—My question is to the Prime Minister. Will the Prime Minister outline why decisive, strong and early action is required to respond to the global financial crisis?

Mr RUDD—I thank the member for Hasluck for her question. Overnight the United States took further action to shore up confidence in financial markets. The plan has several elements. The first is a \$250 billion voluntary capital purchase program for US financial institutions. As part of this plan \$125 billion will be injected into nine banks in coming days. This is a further and extraordinary measure by the United States government. Second, there will be an exemption allowing the Federal Deposit Insurance Corporation to temporarily guarantee the senior debt of all FDIC insured institutions.

Developments in the United States overnight underline the absolute importance of this government and this country acting responsibly in dealing with the challenges not just to the financial system but to the real economy flying from the global financial crisis. That is why the government took the action that it did over the course of the weekend to guarantee deposits for banks, building societies and credit unions. That is why the government took the action that it did over the weekend to provide a guarantee in relation to the term wholesale funding arrangements of our banks as well in order to ensure that loans could continue to flow into

the Australian economy for real businesses generating real jobs for the future.

The second part of the government's response to the challenges of the global financial crisis is in the economic securities strategy which the government outlined yesterday. The elements of that strategy go to pensions, families and housing as well as to training and nation building. The honourable member asks about the response which the government has made to the crisis and recent developments. I am pleased to inform her about the particular implications in her community in Western Australia of one of the measures announced by the government yesterday, and that is the measure relating to pensions. To boost household consumption and to assist older Australians and carers the government will provide \$4.8 billion to fund a one-off payment of \$1,400 to single pensioners and \$2,100 to couples. To put this into context, in the member for Hasluck's electorate this means that 13,920 pensioners and carers will benefit.

Secondly, in relation to families, in the measure we announced yesterday was a one-off payment for eligible recipients of family tax benefit A for \$1,000 per child—again, a payment to be made in December this year. This measure will benefit around 3.8 million Australian kids and some two million Australian families. These payments will be delivered by December at a cost of around \$3.9 billion. Going to the honourable member for Hasluck's electorate in Perth, in Hasluck there are 17,355 children from some 9,013 families who will benefit from this measure. Again, this is a practical measure.

On housing, the third area of the government's strategy, the measure we have announced will boost the first home owners grant through what we describe as a first home owners boost, that is, doubling the grant from \$7,000 to \$14,000 in the case of

first home owner purchases in the period ahead and tripling that grant for those who are purchasing not just their first home but a new home as well to \$21,000. We understand that this measure is designed to benefit around 150,000 first home buyers in Australia.

The training packages we announced yesterday go to the doubling of the Productivity Places Program already announced by the Deputy Prime Minister and we look further to the government's announcement in December of its response to the interim project lists which come out of general infrastructure, hospitals and education in unfolding the government's nation-building agenda for the future. The cost of this package, as the honourable member will be aware, is in excess of \$10 billion. That has been made possible because the government has planned ahead, putting aside a sizeable budget surplus in order to deal with the challenges of the future and, in putting that surplus to one side, planning for the future and drawing on it.

Opposition members interjecting—

Mr RUDD—For those honourable members interjecting from opposite, I have one message for them: to assist working families, pensioners and carers, it would help a lot if they unblocked the further \$4 billion plus worth of measures that they are currently obstructing in the Senate. We hear many pious political statements about bipartisanship. Bipartisanship begins in the Senate, and that action begins with passing \$4.3 billion worth of measures which are fundamental to the budget's bottom line into the future and also of great help in delivering the support that the government has made available to the community through the Economic Security Strategy announced yesterday.

Finally, the honourable member asks about responses to the global financial crisis. I also announced earlier today that the gov-

ernment is examining measures to address excessive executive compensation in the financial sector. Those who have followed developments in recent times will be familiar with the way in which remuneration packages in certain financial institutions have made this financial crisis worse. What we have indicated today is that the government, in partnership with APRA, will now develop a template not just for this nation for the future but also for examination by the G20 and other international institutions of how excessive executive compensation can be reined in in the future. We believe this is the right course of action. It is not only the right course of action in terms of fairness; it is the right course of action because it is also intrinsic to sorting out the long-term stability of the financial system. The global financial crisis impacts on the real economy; it impacts on the financial system; it also impacts on how we design our regulations for the future. The government's belief is that we have to act at all these levels. That includes making sure we have regulations in the future to deal with some of the excessive greed we have seen in private financial institutions in recent times in Australia, internationally, and consistently.

Economy

Mr TURNBULL (2.08 pm)—My question is addressed to the Prime Minister. Precisely when and by whom was the government advised that the fiscal stimulus package had to be more than \$10 billion?

Mr RUDD—Governments, as they have operated in the past, operate through cabinet. Cabinet comprises cabinet committees. Our cabinet committee on this matter comprised myself, the Deputy Prime Minister, the Treasurer and the finance minister, and as advised by appropriate officials from those agencies. And the advice was very good.

Opposition members interjecting—

The SPEAKER—Order! Before I call the member for Franklin, the House will come to order!

Mr Tuckey—Mr Speaker—

The SPEAKER—Order! The member for O'Connor has not got the call yet.

Opposition members interjecting—

The SPEAKER—Order! The House will come to order! The member for O'Connor.

Mr Tuckey—Mr Speaker, on a point of order on relevance: this parliament has never sunk so low that questions of that nature are not provided with—

The SPEAKER—The member for O'Connor will resume his seat. The Prime Minister had clearly concluded his response. The member for Franklin has the call.

Economy

Ms COLLINS (2.10 pm)—My question is to the Treasurer. Will the Treasurer outline for the House the ways that recent actions to strengthen our economy fit into a program of concerted international action?

Mr SWAN—I thank the member for her question. At the weekend's IMF meeting, World Bank meetings, G7 meetings and G20 finance ministers meetings, there was a long discussion about the need for there to be co-ordinated action as well as decisive action, given that the global financial crisis does represent the biggest threat that we have yet seen to the modern market economy. I am pleased to see that in the last 48 hours governments around the world have all moved in a coordinated fashion. It was certainly pleasing to see the initiatives overnight from the United States. I did discuss some of those matters with my counterpart in the United States, as indeed I have been continuing to discuss these matters with counterparts elsewhere in the world.

The initiatives in the United States overnight—an injection of money for capital into

banks, a guarantee for financial institution lending and so on—are all welcome. Of course, initiatives will change from country to country, depending on the circumstances in those countries. And of course, as the government has said, we are better placed than many other nations, but nevertheless, because of the threat to growth, the need for action is still as urgent. That is why we have acted swiftly. It is why we acted swiftly to announce the interim guarantee on deposits and term funding and the additional money to residential mortgage backed securities. It is also why we announced the \$10.4 billion Economic Security Strategy to strengthen the Australian economy. We can do this today because of responsible decisions the government took in the budget. The IMF noted in its *World economic outlook*:

... sound fiscal positions provide scope for allowing automatic stabilisers to operate in full and for judicious use of discretionary stimulus if the outlook deteriorates further.

That is indeed the background to the package that the Prime Minister produced yesterday. This government simply will not sit on our hands. In these uncertain times there is need for immediate action to strengthen our economy.

I am pleased to hear that those opposite acknowledge that and support it. That is a good thing. But, of course, they cannot have it both ways. They cannot on the one hand say they support it and then on the other hand keep nitpicking around the edges.

Opposition members interjecting—

Mr SWAN—You either support swift action or you do not. These are serious times for the global economy, serious times for our national economy. What we need here is decisive action. That is why the government has taken it. And it just would be good to see the opposition get behind it.

Economy

Mr TURNBULL (2.14 pm)—My question is again addressed to the Prime Minister. Given the Prime Minister said last night that he is ‘levelling’ with the Australian people, will the Prime Minister release immediately the economic advice that is the basis for the \$10.4 billion package?

Mr RUDD—The basis of the economic advice lies in the IMF public report on the state of the global economy and the growth projections for the major developed countries going forward. And, if the Leader of the Opposition had paid attention to its contents, he would see downward revisions of growth in the world’s leading economies by one per cent worldwide and in the industrial economies by a figure close to two per cent. It was a prudent course of action—given the downwards revision of global growth, the downwards revision in growth in the major industrial economies, a two per cent downwards revision of China’s economic growth, together with the downwards forward projections for commodity prices, and what is happening with the business and consumer confidence indicators around the country—to act and to act decisively. This government did so. We stand by the package.

Economy

Mr BUTLER (2.15 pm)—My question is to the Minister for Finance and Deregulation. How will the government’s Economic Security Strategy improve confidence in the Australian economy? Is the minister aware of comments that may detract from the strategy?

Mr TANNER—I thank the member for Port Adelaide for his question and I acknowledge his contribution to work that is occurring in the government in a range of areas, particularly as Chair of the Public Works Committee. The package that the government has announced, the Economic

Security Strategy, has been widely welcomed by the Australian community. It has been widely welcomed by business organisations, by major businesses specifically and, of course, by pensioner organisations and a range of other community organisations.

There has been a level of confusion in some commentary about the significance of the package and its economic effects. I note, for example, that there has been some suggestion that because it is based around one-off payments, temporary payments, in some way this might lead to a short-term effect that then dissipates very quickly. That is actually not correct. It is important that we get one-off payments because they will produce a ripple effect throughout the economy over a relatively extended period of time and certainly well into next year. So the suggestion that somehow the impact of this package will be restricted to the latter part of this year and then its effect will essentially dissipate is entirely wrong. It reflects a misunderstanding of the dynamic effects, as economists call them, of such packages. In particular, what it reflects is a misunderstanding of the whole purpose of such a package being put in place. As more money is being spent, that means that a whole range of businesses have slightly higher turnovers, which in turn means that the owners of those businesses have slightly higher incomes, that the level of employment that they initiate will be slightly higher, that they will not put off people they might otherwise have put off, that they will not have shorter hours for others—and they in turn have slightly higher spending power, which in turn ripples through the economy.

The precise scenario that this package is designed to ameliorate is the situation where the external effects of the global financial crisis are causing the reverse to occur—where people put off workers, where businesses have lower turnover, which in turn

means that they have less to spend, which in turn has a knock-on effect on other businesses and the like.

It is understandable that there might be some degree of confusion and misunderstanding about the nature of the government's package, and its implications and its likely effects over time, in the wider community. But it is not just elements of the wider community that are confused. Unfortunately, the opposition is highly confused—highly confused about precisely where it stands on the government's package, highly confused about whether or not it supports the package and, indeed, what its own position is. The opposition cannot decide whether or not to support the package, it cannot decide whether or not to agree with individual components of the package and it cannot decide whether or not to propose an alternative.

Yesterday we saw the Leader of the Opposition stating in a press conference that in his view the impact of the boost to the First Home Owner Grant was 'very unlikely' to overheat the Australian housing market, and he noted that housing prices had softened. The member for Cook today on ABC radio stated quite the opposite, referring to the purported propping up of house prices and stating that our housing market was actually quite strong. This is the shadow minister with responsibility for this area. So there is a direct contradiction between the shadow minister and the Leader of the Opposition.

Secondly, the good old reliable, infamous member for Warringah had the gall to suggest that the motivation for the package that his party, his leader and, ostensibly, he himself support, was 'political panic'. So, by implication, the timing and all of the other elements of the package that have been ticked off by the opposition were somehow derived from political panic.

Thirdly, and finally, we had the statement today on Heart FM by the Leader of the Opposition, which was: 'We would no doubt have designed it differently.' So, even though they support the package, 'We would no doubt have designed it differently.' So they support the package but they think it should have been done a bit differently, its components should have been a little different. But they will not let us in on the secret; they will not tell us what the different elements of that package should be. Yet again, the mask of bipartisanship is slipping and revealing the reality of endless partisan sniping.

We have had the member for North Sydney jubilantly claiming that he proclaimed a few months ago that there would be a recession. We have had the member for Curtin completely verballing the Prime Minister and making claims about statements he made. We have had the Leader of the Opposition claiming credit for the banks passing on interest rate reductions. I think the opposition needs to have a bit of a reality check here.

It would be fair enough for the opposition to insert into public debate a legitimate critique of the government's package to indicate that they oppose the package, they disagree with it or they disagree with elements of it, and put forward arguments, and we would debate that. We would inevitably disagree with the view put forward by the opposition, but that would be fair enough. Equally, it would be fair enough if the opposition properly signed up to the government's package and indicated that they believe that this is the correct decision, the correct approach, in the circumstances. But the opposition refuse to do either; they refuse to take either path. They are left once again mired in mindless, random sniping—and I would suggest to you, Mr Speaker, that serves no-one's interests, not even theirs.

Economy

Mr TURNBULL (2.21 pm)—My question is to the Prime Minister and refers to his answer to my previous question. Is the Prime Minister asserting that the growth forecasts on which the government relied are no different than those recently published by the IMF?

Mr RUDD—The Leader of the Opposition points to the growth data that was put out by the IMF recently—

Mr Hockey interjecting—

Mr RUDD—The Leader of the Opposition in his question just now referred to my earlier answer which referred to the world economic outlook data provided by the IMF, and that contained within it the downward revisions in growth which we referred to before. Furthermore, on top of the international data to which I referred before, I would draw the honourable member's attention to the statement by the Reserve Bank of last Tuesday, when they undertook a 100-basis-point cut. It is worth reflecting on this, because it is in the public domain—

Mr Hockey interjecting—

Mr RUDD—I think the honourable member would actually benefit from listening to the Reserve Bank governor; although he often says he knows more about the economy than the Reserve Bank governor. The Reserve Bank governor says in his statement:

Economic activity in the major countries is also weakening, and evidence is accumulating of a significant moderation in growth ...

He goes on further to say:

The recent deterioration in prospects for global growth, together with much more difficult market conditions ... now present the risks that demand and output—

this is about Australia—

could be significantly weaker than ... expected.

...

Given that background, the Board judged that a material change to the balance of risks surrounding the outlook had occurred ...

Mr Hockey—Mr Speaker, this is a very serious issue. It was a simple question about the growth forecasts upon which a \$10 billion package is built.

The SPEAKER—The Manager of Opposition Business will resume his seat. The Prime Minister is responding to the question.

Mr RUDD—What the opposition are doing now is questioning whether this package is necessary at all, having provided bipartisan support for the package yesterday. It is a remarkable state of affairs. What those opposite would have us do is sit around twiddling our thumbs, waiting for growth data to pop out the end of the system in nine months time, and then say, 'Wow, we should have acted.' The Governor of the Reserve Bank put out a statement last Tuesday justifying a 100-basis-point reduction in interest rates. We understand the impact of that and other data; those opposite plainly do not. That is why we support a \$10.4 billion Economic Security Strategy for the future of the nation, even if those opposite fail to do so.

Employment

Mr ADAMS (2.24 pm)—My question is to the Minister for Education, the Minister for Employment and Workplace Relations and the Minister for Social Inclusion. Will the Deputy Prime Minister update the House on the reaction to the government's plan to increase investment in training?

Ms GILLARD—I thank the member for Lyons for his question. I would note his particular interest in education and training and his passionate interest in adult literacy, having taught himself to read as an adult—a fantastic story. Yesterday, as part of the government's Economic Security Strategy to see Australia through these tough times, the government announced a new investment of

\$187 million in training places for job seekers—these training places to be in areas of skills shortage. This new investment, announced yesterday, will provide 56,000 new places—almost doubling the number of places in the Productivity Places Program, which began in April. The new investment is there to provide support for individuals who lose their job and need to retrain. We know that in our economy there are businesses and industries that are crying out for skilled workers; so, if someone has lost a job, these productivity places are there to provide them with skills in areas where there is still strong demand.

I am pleased to say that the government's policy has been welcomed almost across the board—by industry, training providers, support agencies and the not-for-profit sector. Jim Barron, the CEO of Group Training Australia, said this about the package:

The injection of funds into skills development and training will have an expansionary impact on the economy while quickening the pace of re-skilling in critical areas of labour shortage.

The Australian Industry Group welcomed the new training places in the following terms:

It is encouraging that the take up of the productivity places has been so positive and very encouraging that the government has acted to meet this demand. The 10,000 new structural adjustment places to be made available to help displaced workers in the automotive and manufacturing industries are also most welcome.

Then the CEO of the Australian Mines and Metals Association, Steve Knott, said:

Productivity initiatives, including increasing the skill pool available to the resources sector, is a sound economic decision.

Mission Australia said:

In a time of financial turmoil it is the people at the margins who suffer first. For many, this training program is a pathway not only towards sustainable employment but also social re-engagement. For training providers like Mission

Australia, the increased places mean we can provide more assistance to more people, and we can do it this year.

Finally, the National Employment Services Association said:

The increase in places from 57,000 to 113,000 is welcomed by all agencies working to increase the economic and social participation of Australians, particularly those who are facing particular disadvantage.

There was even an endorsement from a young apprentice, a carpentry apprentice, Brodie Chambers, who was in today's *Adelaide Advertiser*. He said:

At school it's drummed into you to go to uni, but there's a big need for trades and this shows that it is just as good to have a trade certificate as going to university ...

That was the message from young Brodie, and he is right. I said that our package was welcomed almost across the board because, of course, the vote quibbling, the voice of dissent, the voice that is not sure whether it is in support of or against the package is of course the voice of the Liberal Party, the voice of the opposition. So the shadow minister for employment participation, the member for Boothby, is there expressing concerns about this package, despite the fact that he has never apologised to the Australian people for the more than a decade of neglect engaged in by the Liberal Party in government of skills and training needs. This is a shadow minister who has expressed concern about a program that has already delivered more than 50,000 training places to Australians who needed them and is now expressing concern about a program where we are adding 56,000 more training places. It falls straight into a pattern from the opposition, where they talk out of one side of their mouth and say they support the package; they talk out of the other side of their mouth and they oppose the package. You have got to make a decision: are you for it or against it? This is an opposi-

tion with no idea, no plans and certainly no strategy in education and training.

Economy

Ms JULIE BISHOP (2.30 pm)—My question is to the Treasurer. In the interests of levelling with the Australian people, would the Treasurer release immediately the revised economic forecasts which justify this \$10.4 billion package?

Mr SWAN—I thought that the opposition did support the package, but obviously not. As the Prime Minister has said, as I have said and as the finance minister has said, the government will publish a full budget and economic update at MYEFO, which will be released within the next month. That is the reasonable thing to do, that is the sensible thing to do, and I can tell you it will not be published at 4.30 pm on Christmas Eve, because that was the practice of the former Treasurer, the member for Higgins. We will put it out there in plenty of time for there to be plenty of scrutiny, because we do believe in transparency. We will publish MYEFO within the next month. We will do that. It will be out there for all to see and we will do it in a way which does not disadvantage the opposition.

DISTINGUISHED VISITORS

The Speaker (2.32 pm)—I indicate to the House that we have in the gallery today a former member for Bonython and former minister of the South Australian state government, Martin Evans. On behalf of the House, I convey to him a warm welcome.

Honourable members—Hear, hear!

QUESTIONS WITHOUT NOTICE

Economy

Mr BRADBURY (2.32 pm)—My question is to the Assistant Treasurer. Will the Assistant Treasurer outline to the House the benefits of the government's Economic Security Strategy to working families? Has the

government's decisive action been universally welcomed by the community?

Mr BOWEN—I thank the honourable member for Lindsay for his question. He understands that the government's stimulus package not only represents a prudent response to the turmoil that is convulsing world markets but also is an opportunity to assist, in a meaningful way, those in the community who are doing it tough. I am sure the member for Lindsay would welcome the fact that 10,176 single pensioners and carers in his electorate will receive the \$1,400 lump sum pensioner payment and, importantly 10,774 pensioner couples will receive the \$2,100 lump sum payment in his electorate, in addition to the family payments in his electorate, which will go to 13,786 families for the 27,680 children in their care.

The \$10.4 billion Economic Security Strategy announced yesterday by the Prime Minister and Treasurer is designed to support the continued positive growth in the Australian economy as we feel the very real impacts of the world financial crisis. As various international bodies have pointed out, Australia is well placed to get through this crisis, and it is; but it would be irresponsible for the government to rest on its laurels and not take decisive action to ensure continued growth. It is important that the Australian government do everything it can to get in front of the game.

Of course, once a stimulus package is decided upon, there are a number of opportunities—indeed, a number of responsibilities—for the government of the day: the responsibility to grow the productive capacity of the economy by investing in infrastructure and to grow our capacity to deal with the skills shortages across the economy, as the Deputy Prime Minister has referred to. The other responsibility is to use the stimulus package as an opportunity to assist those in the com-

munity doing it tough—those who need assistance with cost-of-living pressures. This is a responsibility the government took very seriously with the lump-sum payments to pensioners, veterans and carers, as well as those to families.

You would think that would be welcomed by all honourable members and senators. You would think that all honourable members and senators would recognise that pensioners and families are doing it tough and that it is a wise use of the stimulatory package to give them some assistance in these times of uncertainty. But that is not the view of the Leader of the National Party in the Senate. Yesterday Senator Joyce, a member of the coalition leadership team—this is not just any member of the coalition; this is a member of the coalition leadership team—said this on Radio 2GB:

I do have a concern that if you pay people in lump sums it can end up against the wall ...

That is what the leader of the National Party in the other place said. Honourable members could be forgiven for saying that you could not think of a more offensive thing to say to Australia's pensioners, but they would be wrong, because he thought of something more offensive to say today. The Leader of the National Party in the Senate said this as he walked into parliament:

I'm worried about when big chunks of money turn up in one fell swoop just before Christmas, because a couple of weeks later you see a lot of Australia's \$10 billion scattered around the floor with 'made in China' on the back.

That is what the Leader of the National Party in the Senate thinks. The snobbery of the Leader of the National Party in the Senate belies not only his lack of economic understanding but also his lack of confidence in Australia's pensioners and families to spend their money as they see fit. That is what it underlies. I do not think the pensioners of Lindsay or any other electorate would appre-

ciate being lectured by the opposition on how they should spend their money. They will spend it on getting them through tough times.

I note that the opposition cannot even be consistent in their hypocrisy. As the Leader of the National Party in the Senate yesterday criticised the lump sums, the shadow minister for ageing put out a press release claiming credit for them, saying that she had called for them back in May. Perhaps she was taking her cue from the Leader of the Opposition, who famously claimed credit for the banks passing on most of the interest rate reduction recently. I understand the Leader of the Opposition will soon announce that it was really he who invented the internet as well. He is perfecting the Kath and Kim approach to economics—holding a press conference and saying, 'Look at me, look at me.' That is the Kath and Kim approach to economics. The opposition speaks with many voices on this issue; the government speaks with one—one of responsibility and compassion.

Economy

Ms JULIE BISHOP (2.38 pm)—My question is to the Treasurer. Has the Treasury or the Reserve Bank advised the government whether the \$10.4 billion package will put upward or downward pressure on inflation or interest rates?

Mr SWAN—The Treasury has strongly endorsed this package because it is our key economics adviser. Of course, this is, by definition, a package which is being put in place to strengthen growth—and to strengthen growth at a time when the Reserve Bank is easing monetary policy and to support that easing. I am not sure whether the shadow Treasurer actually understands the fundamentals of economics at all. We are having an easing of monetary policy and because growth is slowing we have decided

to stimulate our economy. That is what is required at the moment, and that is what the Treasury has supported in our discussions with it. That is what all advisers and leaders around the world are looking to do—everyone except, apparently, the Leader of the Opposition and the shadow Treasurer.

We have brought forward this package because it is very important to get ahead of what is occurring internationally, to act early and to act decisively. We have done that, and all of the forecasts will be published when we publish MYEFO, in the normal, transparent and open way—and that will be in the next month. But those opposite want to have it both ways. They want to pretend, on the one hand, that they support the package. Of course, what the package is doing is drawing down on the surplus, but who opposed the surplus's creation in the first place? Those opposite did. The Leader of the Opposition said, prior to the last budget, that we did not need a larger surplus. That is what he said, and since that time he has been trying to vandalise the surplus in the Senate. We are in this position of strength in our economy precisely because the government had the foresight at the May budget to anticipate that there could be a turn for the worse, and unfortunately there has been. But we will act, we have acted and we will continue to act in the Australian national interest.

Housing Affordability

Mr RAGUSE (2.41 pm)—My question is to the Minister for Housing and Minister for the Status of Women. Minister, what has been the response to the government's efforts to restore confidence in the housing market?

Ms PLIBERSEK—I want to thank the member for Forde for that question. When I was in the electorate of Forde recently with him he took me to a number of new developments. It is a very fast-growing part of South-East Queensland and of course it has

all of the challenges that fast growth brings with it, but the member for Forde is very well connected with his local government up there and with his local developers and together they are making a great effort to manage the fast pace of growth.

Yesterday, the Treasurer and the Prime Minister announced a major measure to improve confidence in the housing market: the doubling of the first home owners grant from \$7,000 to \$14,000 on existing homes and the tripling of the grant from \$7,000 to \$21,000 for new homes. This measure will provide a much-needed confidence boost, both to the housing industry and to the economy as a whole. It will stimulate much-needed new building across the housing sector. In fact, the HIA have estimated that we will see an extra 15,000 homes built because of this measure. It will certainly allow people who were considering buying a home to bring forward that purchase. People who are buying existing homes might just have a couple of thousand dollars left at the end of the day to buy the new refrigerator they might need when they are moving into their new home, particularly if they are moving out after living with their parents, for example.

This investment, of course, has a multiplier effect across the whole of the economy. That is why it is such an important part of our economic security package and has been so strongly supported by the industry. I spoke yesterday about the endorsements of the Housing Industry Association, the Residential Development Council and the Master Builders Association. Today I would like to tell you of some of the comments that have been made by Noel Dyett, of the Real Estate Institute of Australia. He says:

This decision, combined with last week's reduction in interest rates, should provide a much needed impetus to first home buyers who have been waiting to enter the housing market.

That was a terrific comment from the Real Estate Institute.

Paul Lahiff, who is the managing director of Mortgage Choice, whom I met with last week, said that it is a 'bold and positive move by the government that will improve the sentiment throughout the entire property sector'. Joe Falanga, the sales manager of Lily Homes, was quoted in today's *Sydney Morning Herald* as saying:

... once you start talking about \$21,000 it's different. Within a few hours we got calls.

The most significant response and feedback that we have had about this new measure has been from the many people who have been ringing my office and the state treasuries wanting to know about how to access these new benefits. The first thing to say to those people who are considering entering the housing market now is to contact their state treasuries in the normal way that they would if they were getting the first home owners grant. I know that our Treasurer has already written to his state colleagues to request their urgent implementation of this new measure.

The eligibility requirements for the new benefit are the same as for the first home owners grant: you must be over 18 years old, neither you nor your partner can have owned a property previously, you have to live in the home as your principal place of residence for six out of the first 12 months of owning the place after settlement and you have to sign a contract for the new home between 14 October—yesterday—and 30 June. This new measure is a time limited measure. It ends at the end of this financial year—30 June 2009.

This measure will make an enormous and real difference to young Australians who have been waiting to get into the housing market. Saving a deposit has been one of the biggest barriers to entering the housing market for some time now, and this measure makes that entry into the housing market just

a little bit easier. There was a young couple from Altona who were reported in the *Herald Sun* today as saying this 'will make a huge difference. It will probably cover all our stamp duty and leave a little left over for appliances and furniture'. The young couple featured in today's *Herald*, due to be married in January, said, 'What a relief; we might be able to crack a place we like.'

Housing Affordability

Mr HOCKEY (2.45 pm)—My question is to the Minister for Finance and Deregulation. Will the increase in the first home owners grant increase house prices?

Mr TANNER—I am not sure that this is within my portfolio responsibilities, but I am happy to answer the question. It is a very good question. The government has decided to act with respect to the Economic Security Strategy because there are very strong downward pressures being exerted on the Australian economy by the international financial crisis. Those downward pressures, as was indeed noted by the leader of the member for North Sydney, the Leader of the Opposition, are already having a significant effect on the economy, and the housing sector, of course, is an important part of that. I do not make any projection about the specific effect that the first home owners grant increase will have. That will be very difficult to determine and to extract from the wider economic data, but it is part of an overall strategy which is designed to sustain economic activity, in that case in a specific sector that is crucial to the wider Australian economy. It is designed to push back, by stimulating spending and by stimulating economic activity, against those very powerful downward pressures that are being exerted by the global financial crisis on the Australian economy.

Pensions and Benefits

Mr SYMON (2.47 pm)—My question is to the Minister for Ageing. How will the Rudd government's Economic Security Strategy help older Australians?

Mrs ELLIOT—I thank the honourable member for Deakin for his question. I note what a strong interest he has in assisting our older Australians. This government is delivering for our older Australians. Our \$10.4 billion Economic Security Strategy announced yesterday decisively acts to assist the nation's four million pensioners, carers and seniors who are doing it tough. The immediate \$4.8 billion down payment on long-term pension reform provides immediate relief for elderly Australians and it builds on the \$7.5 billion in support this government provided in its first budget.

For elderly Australians the financial crisis has placed increasing pressures on budgets already stretched by the rising cost of living. That is why yesterday's announcement is not our final statement on pension reform. The decisive action taken in the Economic Security Strategy delivers for older Australians right now, but we are committed to long-term pension reform, to be delivered next year. These one-off payments will not be taxed and will not be included for income-testing purposes. People who live in our nursing homes will be able to keep the entire lump sum. These one-off payments are a sensible measure with a lump sum of \$1,400 for a single age pensioner and \$2,100 for a couple. Make no mistake: a one-off payment like this will make a huge difference to the lives of so many older Australians, whether it is about covering their day-to-day living expenses, their household repairs or preparing for Christmas. It is our older Australians who built this nation. These are the people who defended our country, these are the people who paid their taxes and these are the people

who have raised their families. It is this government that is delivering for them with this package.

Housing Affordability

Mr HOCKEY (2.50 pm)—My question is to the Minister for Finance and Deregulation and I refer to the minister's previous answer. I refer the minister to his previous comments on the ABC, when he said in relation to the first home owners grant:

... simply throwing subsidies at people, like increasing the first home owners grant, would tend to feed straight into prices and be counter productive.

I also refer to similar comments of the Minister for Housing on *Meet the Press*:

We don't want to start handing out more lump sums because in the past that has had an inflationary effect and we don't want to make the patient worse with the medicine we give.

... very soon after the first home owners grant was introduced, within a couple of years, house prices had in fact doubled. So, I guess you could argue that it wasn't much use at all ...

Does the Minister for Finance and Deregulation still believe that increasing the first home owners grant would be counterproductive and feed straight into higher house prices?

Mr TANNER—Frankly I am astonished by this question, because had you perhaps asked me at the time that those words were spoken, 'Should there be an injection of \$10 billion of additional government spending into the Australian economy?' I would have said no to that as well. Why? Because the economic circumstances were dramatically different at the time. I suggest to you that, if you would actually like to be a contender for one of the senior economic ministries in this place, you might learn something about economics.

One of the reasons why you have variable positioning of government spending and different initiatives is that they are designed to deal with the macroeconomic circumstances that the government confronts at the time, which means that if you inherit an overheating economy with government spending running at five per cent in real terms, putting upward pressure on inflation, then you cut spending. It is as simple as that, because you seek to counteract the inflationary pressures that your predecessors, like the member for Higgins, have left for you to deal with. But if, as a result of international pressures, as a result of the global financial crisis, you have very substantial downward pressure on economic activity, which includes downward pressure on activity in the housing sector and housing prices, then it is good policy, whether in housing or across the board, to push back up again. So perhaps before you purport to be shadow finance minister you should take some economic lessons.

Veterans

Ms KING (2.53 pm)—My question is directed to the Minister for Veterans' Affairs. What action has the government taken to assist those in need in Australia's veterans community and have alternative positions been put forward on this important issue?

Mr GRIFFIN—I thank the member for Ballarat for her question and for her long-standing interest in matters to do with veterans, particularly on issues around the Ballarat POW memorial but also on Long Tan medallic recognitions, amongst a range of other issues. The government's package produces an outcome for over 326,000 veterans affairs beneficiaries with respect to the payment of \$1,400 to singles and \$2,100 to couples. This is well deserved and clearly, in the circumstances we face in the current economic situation, something that is much needed. It is something that I think shows

that this government has recognised that there is a need to act and so has done so. It is also, if you like, as the Minister for Ageing said earlier, a down payment on a further, more comprehensive approach to dealing with the issues of the income of pensioners into the future, and we await the outcome of the Harmer review and action from government at that time.

I am also asked whether there are alternative positions with respect to this, and I am reminded of the fact that the opposition has had positions with respect to the needs of pensioners, particularly the needs of veterans, in the last several months. The House would recall that the member for Bradfield, the then opposition leader, back around 9 September, was of the view that what was needed was an immediate \$30 increase for single age pensioners, but he made a point of stipulating quite clearly that everyone else was excluded. This was rightly pointed out at the time as something which excluded disability pensioners, which excluded veterans, which excluded a whole range of people who in fact had a real need.

Subsequently we had a change of opposition leader and we had a change of position. Once again, we would recall that the member for Wentworth, in his interview with Laurie Oakes, was asked what in fact his position was with respect to the \$30 payment. Suddenly it was also to cover single age service pensioners. And so it went on. Of course what we discovered at that time was that there had been a late change made to the motion in the Senate to include veterans. The opposition maintained that that covered somewhere in the region of 70,000 single service pensioners—but of course that showed once again that they did not actually understand what they were doing. When you go to the question of single service pensioners, you find that it actually includes a large percentage of partners—partners who in fact

are not veterans under any legislation that we operate under, partners who in fact would have been excluded under the very definitions that they had used. So they talked about 70,000 being covered; it was probably closer to somewhere around 40,000.

What the opposition's position at that time was really about was probably best summed up in an interview that the shadow minister for finance, the member for North Sydney, did with Steve Price on 24 September:

JOE HOCKEY: Okay, so, what—you're saying we shouldn't be a voice for pensioners?

PRICE: Happy for you to be a voice for pensioners.

HOCKEY: Well, that's what we are.

PRICE: It would've been better if you had been a voice last year when you had been in office.

HOCKEY: Okay, well, you're making that political point. I say to you we are not going to because—

PRICE: It's a factual point, it's not a political point.

Steve Price went on to say:

I'm happy for you to fight for them but it would have been better if you had fought for them when you were actually able to do something.

We on this side of the House know that you did not, and you on that side of the House know that you did not also. You pulled a stunt, and we said what the stunt was. What these changes that we have announced do is cover a lot more than what you did with your stunt. For example, some 105,000—

Mr Tuckey—Mr Speaker, I raise a point of order. In your protection, I have got to insist that the minister cease blaming you for everything that they did not do a month ago anyway.

The SPEAKER—The minister will direct his remarks through the chair.

Mr GRIFFIN—Thank you, Mr Speaker. I apologise. There are many things I have ac-

cused you of over the years and it is very unfair of me to actually put you in for this one.

The SPEAKER—Yes, well don't air them publicly either!

Mr GRIFFIN—I certainly won't! What I will say, Mr Speaker, is that the proposal by the opposition excluded, but we have included, over 105,000 war widows—people who have lost their partners in the service of this country. It also includes some 90,000-plus partner service pensioners, who are the partners of those who have served our country. It also includes some 70,000-plus married service pensioners.

The fact of the matter is that the proposal that the opposition had—and there were many that they had—did not deal with the real issue here. What the government has done is a very good first step in dealing with the issues around the question of pensioner incomes into the future.

Taxation

Mr TRUSS (2.58 pm)—My question is to the Prime Minister. Will the Prime Minister guarantee that he will not increase taxes or introduce new taxes in the next 12 months?

Mr RUDD—I draw the Leader of the National Party's attention to the fact that this government reduced taxes as a proportion of GDP by one per cent. And, if he is interested in participating in the public debate, does he support the position of the leader of his party in the Senate, which decries and undermines this package for pensioners and others?

Medicare Levy Surcharge

Mr MELHAM (2.59 pm)—My question is to the Minister for Health and Ageing. Will the minister explain to the House the importance of passing the government's proposed changes to the Medicare levy surcharge?

Ms ROXON—I thank the member for Banks for his question. Of course, Banks

electorate is absolutely full of Australians who stand to benefit from this measure, if the Liberal Party would just direct its senators to vote for it later today in the Senate. Our economic security package will benefit many of the constituents in Banks—pensioners, veterans, families, carers—but we would like to help more people in the electorate of Banks and in every other electorate by providing tax relief to 330,000 Australians. We were always convinced of the benefit of this measure when it was announced in the budget, but events of the last few weeks give us even more reason to be arguing for the Liberal Party to support this measure in the Senate.

There are three important reasons for passing this measure—in addition to the many which have already been aired in this place and elsewhere over the last few months. Firstly, we know when families are struggling that they are already making tough choices on the way they spend their money. We think it is unimaginable that the Liberal Party would want to direct how they spend that tight, remaining budget. The Leader of the Opposition wants to give working families earning less than the average wage a choice between paying for private health insurance that they cannot afford and paying a tax that they cannot afford. We do not think that is fair, we do not think that is just and we think the Liberal Party should support this measure in the Senate.

Secondly, the opposition are depriving the economy of another source of stimulus at this time of difficulty. We could be putting money back into the pockets of Australians but the Liberal Party is standing in the way, stopping this money going to thousands of families and singles across the country. Thirdly, this measure also helps to bolster the surplus at a time when the importance of the surplus is starkly apparent. In other words, not only is this good policy, as we have been

arguing for many weeks; it will restore choice in our health system, something those opposite pretend they stand for. It will deliver tax cuts to working families after 10 years of inaction and it is the economically responsible thing to do.

On Monday, the Leader of the Opposition said, ‘At a time when you want to stimulate the economy, raising taxes is not a very good idea.’ Here is a chance to lower taxes. I ask the Leader of the Opposition whether he will direct his Liberal Party colleagues in the Senate to vote for this measure. For a couple earning \$60,000 each a year, this tax cut could deliver them \$1,200 just like that if the Leader of the Opposition would walk across to the Senate and ask his senators to vote for this measure. The Liberal Party have to decide whether or not they stand for tax relief. If they are for tax relief, they should be voting for this measure in the Senate.

Economy

Mr TURNBULL (3.02 pm)—My question is directed to the Prime Minister. In his previous answers, the Prime Minister has indicated that the forecasts upon which the government relied in formulating the \$10.4 billion package were from the IMF, which has forecast 2.2 per cent growth next year, and the Reserve Bank of Australia, which has forecast growth of 2.25 per cent to 30 June next year. Is the Prime Minister then telling the House that the growth forecasts upon which the government have relied are not less than the 2.2 per cent forecast by the IMF?

Mr RUDD—If the Leader of the Opposition had listened today to the questions I was asked by the gallery at the National Press Club—

Opposition members interjecting—

Mr RUDD—I was about to return to what was said earlier today and to repeat it here—the most recent data available to the govern-

ment was about growth with a '2' in front of it and, secondly, in the current global economic environment, what Australia needs is a buffer for the future. That is why we have provided the Economic Security Strategy. It is the right course of action. It is done responsibly on the basis of what is occurring internationally, on the basis of what is happening with forward commodity prices, on the basis of softening in China's economic growth, on the basis of the softening in global growth and the most recent statement by the Reserve Bank as of last Tuesday. It is the right course of action.

What we have had throughout question time is the Leader of the Opposition walking both sides of the street. The Leader of the Opposition says in one press statement that he supports a \$10.4 billion economic package for the nation but in every question he has authorised in question time today he has sought to undermine that package—walking both sides of the street, on every question that has been put—for example, on questions about taxes, when in the Senate at the moment they stand in the road of tax measures which would benefit 330,000 to the tune of up to \$1,200 a year—walking both sides of the street, on a whole range of policy questions. We have seen again recently the Leader of the Opposition saying, on the one hand, that he supports the economic regulators but, on the other hand, casting doubt on the regulators; saying, on the one hand, that he supports what APRA and the Reserve Bank are saying and, on the other hand, saying that the Reserve Bank's statement about the robustness of Australian financial institutions may not be exactly accurate. I say to the Leader of the Opposition: his pursuit of a short-term, populist headline in the newspapers may suit a short-term political agenda but it is no substitute for the long-term economic leadership which Australia needs today.

Australian Transport Safety Bureau: Qantas Flight Investigation

Mr CHEESEMAN (3.05 pm)—My question is to the Minister for Infrastructure, Transport, Regional Development and Local Government. Would the minister update the House on the Australian Transport Safety Bureau's investigation of the incident on QF72 on Tuesday, 7 October?

Mr ALBANESE—I thank the member for Corangamite for his question. As the minister for transport the safety of the travelling public will always be my No. 1 priority. At 3.30 pm local time on Tuesday, 6 October, Qantas flight QF72 from Singapore to Perth made a safe emergency landing in Learmonth, Western Australia. The plane had to land because at 37,000 feet the plane unexpectedly pitched downwards for a short period, dropping hundreds of feet. For the 303 passengers and 10 crew on board, this was a frightening and traumatic event. More than 70 people were injured in the incident. I would like to place on record the government's gratitude to the Qantas crew, the ground staff, the police and the hospital staff who assisted the injured and distressed passengers and crew. I think I speak on behalf of both sides about that issue.

The Australian Transport Safety Bureau says that the crew's timely response led to the recovery of the aircraft trajectory within seconds. I note the many tributes paid by the passengers to the pilot and crew of the aircraft and I also pay tribute to them. The quick and effective response of the pilot and crew is testimony to their training and their professionalism.

From the evening of 6 October until Monday, 13 October, the Australian Transport Safety Bureau investigators were on site at Learmonth and in Canberra. Also helping with the investigation are the Civil Aviation Safety Authority, Qantas and investigators

from the French government equivalent of the ATSB. As is normally the case in these investigations, Airbus, who were the manufacturers of the plane, are also providing valuable technical assistance.

The ATSB announced yesterday evening that it has identified a computer fault as the likely cause of the incident. According to the ATSB, it appears one of the plane's onboard computers sent false information to the flight control computer, causing the autopilot to disconnect and, a short time later, causing the plane to quickly pitch downwards. Yesterday Airbus issued urgent instructions to all airlines using its planes on what to do in the very unlikely event that a similar computer fault occurs. Investigators now know what the likely cause of the incident is, but work is continuing on why the incident happened, and I intend to keep the House updated on these matters.

The ATSB will work with Airbus's component manufacturers in the USA and France to determine why the onboard computer malfunctioned as it did. CASA, the independent safety regulator, is keeping a close eye on the investigation. This appears to be an isolated incident and CASA accepts the manufacturer's recommendations, which will ensure these aircraft can continue to operate safely. The ATSB will release a preliminary factual report in early November, within 30 days of the accident, and the ATSB will immediately bring any critical safety issues they uncover to the attention of relevant authorities. I will be guided by advice from the ATSB and CASA, who are working closely with Airbus and Qantas in this investigation. The government will ensure that any necessary safety action is taken.

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

PERSONAL EXPLANATIONS

The SPEAKER—I call the member for Bonython.

Mr Secker interjecting—

The SPEAKER—I thank my guardian angel, the member for Barker. The member for Boothby.

Dr SOUTHCOTT (Boothby) (3.09 pm)—Thank you, Mr Speaker. I think you will find Bonython has not been in the House since 2004.

The SPEAKER—Yes. It takes me a while sometimes to catch up.

Dr SOUTHCOTT—Mr Speaker, I seek to make a personal explanation.

The SPEAKER—Does the honourable member claim to have been misrepresented?

Dr SOUTHCOTT—Most grievously.

The SPEAKER—The member for Boothby has the call.

Dr SOUTHCOTT—During an answer to a question, the Deputy Prime Minister, Minister for Education and Minister for Employment and Workplace Relations claimed that I did not support or did not welcome the training package. In actual fact the *West Australian* of today says the opposition backed the funding of the new places, and the *Australian Financial Review* said:

Opposition spokesman for employment participation, apprenticeships and training Andrew Southcott said while the extra training places were welcome, he had concerns about implementation of the program.

My concerns are not about the training; they are about her administration of the Productivity Places Program—

The SPEAKER—Order! The member has shown where he has been misrepresented.

Dr SOUTHCOTT—and those concerns are well known, they are longstanding and they continue.

The SPEAKER—Order! The member will resume his seat.

Dr SOUTHCOTT—I seek leave to table the public record.

Leave not granted.

QUESTIONS TO THE SPEAKER

Mid-Year Economic and Fiscal Outlooks

Mr COSTELLO (3.11 pm)—A quick question to you, Mr Speaker: during question time the Treasurer said that the previous government had released midyear reviews at 4.30 on Christmas Eve. Since midyear reviews are public documents, would you report back to the House the date on which each midyear review was in fact tabled?

The SPEAKER—Order! The member for Higgins will resume his seat. I will not be reporting back on that matter. It is outside my administration.

Mid-Year Economic and Fiscal Outlooks

Mr COSTELLO (3.12 pm)—Mr Speaker, could I ask you then to report to the House whether or not the Treasurer misled the House by saying that in question time?

The SPEAKER—I will not be pursuing the matter any further. There are other forms of the House if the member wishes to take them, but asking me questions on that matter is not the appropriate manner.

DOCUMENTS

Mr ALBANESE (Grayndler—Leader of the House) (3.12 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*.

MINISTERIAL STATEMENTS

Iran

Mr STEPHEN SMITH (Perth—Minister for Foreign Affairs) (3.12 pm)—by leave—The Australian government is deeply concerned at Iran's refusal to suspend its uranium enrichment and reprocessing related activities as required by multiple United Nations Security Council resolutions. As the House knows, Iran's secret nuclear program was revealed in 2002. Since then, Australia has urged Iran to cooperate fully with the International Atomic Energy Agency (IAEA) and to take the steps necessary to reassure the entire international community about the nature of its nuclear activities.

The international community has responded through the adoption of four United Nations Security Council resolutions which require Iran to suspend uranium enrichment and reprocessing activities, and to meet the IAEA's verification requirements. Three United Nations Security Council resolutions have imposed sanctions, including travel and financial restrictions against those engaged in Iran's proliferation sensitive activities. Australia supports each of these binding resolutions, and has implemented these sanctions fully.

While the international community believes it is necessary to bring pressure to bear on Iran, it has also reached out to Iran. In particular, European Union foreign policy chief Solana on behalf of the United States, Russia, France, the United Kingdom, China and Germany has offered a generous incentives package in exchange for Iran's suspension of its enrichment activities. Australia has strongly supported this initiative and has urged Iran to accept it. Unfortunately, Iran has refused to take up this offer and to provide the necessary assurances to the international community. To supplement these United Nations sanctions, the European Un-

ion decided recently to impose additional autonomous travel and financial sanctions.

Members will recall that on 15 September, the IAEA again confirmed that Iran had persisted with uranium enrichment and reprocessing related activities and had refused to give it access to all relevant facilities. The IAEA also reported it had detailed information suggesting Iran has conducted studies into nuclear weapons and that Iranian military entities have been involved in nuclear procurement. This information further deepened the government's concerns about Iran's nuclear intentions.

As I told the House on 17 September, in light of Iran's continuing failure to comply with its international obligations, the government would consider what additional measures it could take to bring further pressure to bear on Iran. In response to ongoing Iranian defiance of the Security Council and given the Australian government's strong commitment to nuclear nonproliferation, the government has now decided to impose new financial and travel sanctions effective from today. The sanctions are targeted against 20 Iranian individuals and 18 organisations which contribute to Iran's nuclear and missile programs, or otherwise assist Iran to violate its Security Council obligations. These organisations include Iranian banks Melli and Saderat.

The new measures support and are similar to action recently taken by the European Union. The new measures are not intended to prevent legitimate Australian trade with Iran. However, the government will implement vigorously the Security Council's call through Security Council resolution 1803 to be vigilant about providing financial support for trade with Iran, so as to avoid contributing to Iran's proliferation-sensitive activities. To this end, Australia will not provide new financial support for trade with Iran under

Australia's trade promotion and trade finance programs; namely, through the Export Finance and Insurance Corporation (EFIC) and Export Market Development Grants (EMDG). The government will, together with the international community, continue to engage with Iran to urge it to suspend uranium enrichment.

I take this opportunity to address a separate matter relating to Iran. The Australian government has strongly condemned the statements by Iranian President Ahmadinejad calling for the destruction of Israel and questioning the Holocaust. These anti-Semitic comments were appalling by any standard. They have been rightly condemned by the international community, including the United Nations Secretary-General. Australian government officials in both Tehran and Canberra have also repeatedly made Australia's abhorrence clear. We were appalled by the latest anti-Semitic views expressed by the Iranian President in his 23 September address to the United Nations General Assembly. Again, we condemn these remarks unreservedly. The Iranian President's statements are unacceptable and do nothing to reassure the international community that Iran will act as a responsible international citizen. This is all the more troubling given Iran's nuclear program.

The government has given exhaustive consideration to international legal action against Iran for these statements. Having now considered legal and other advice, the government, the Attorney-General and I have decided not to pursue international legal action against Iran. In doing so, we recognised the complexity of the issues involved and the high legal threshold required to bring forward such a case. As well, we determined to avoid pursuing a case which would give further profile to these obscene remarks. Most importantly, the Australian government would not want such legal action to compli-

cate or distract from the international community's efforts to address the serious concerns about Iran's nuclear program and Iran's failure to abide by binding United Nations Security Council resolutions.

It is clear to me that the international community's most pressing priority—indeed, its most compelling priority—in relation to Iran is to address Iran's nuclear program. That is what the united effort of the international community needs to be directed to. My announcement today on new sanctions reflects the Australian government's determination to support and reinforce the international community's efforts to hold Iran to account.

I ask leave of the House to move a motion to enable the member for Wide Bay to speak for a period no longer than seven minutes.

Leave granted.

Mr STEPHEN SMITH—I move:

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

Question agreed to.

Mr TRUSS (Wide Bay—Leader of the Nationals) (3.20 pm)—The coalition notes today's statement by the Minister for Foreign Affairs announcing that Australia has extended bilateral sanctions against Iran in response to Tehran's continued failure to adhere to United Nations Security Council resolutions. The coalition support the extension of bilateral sanctions. In government we supported the United Nations Security Council resolutions calling for Iran to open its nuclear program to inspections by the International Atomic Energy Agency with the intent of halting what we assessed was a nuclear weapons program.

The international community has sent many unambiguous messages to Iran that it must fulfil its international obligations and

stop uranium enrichment and reprocessing activities. International coordination of responses is vital. Therefore, by meeting the level of European Union sanctions, Australia is playing its part. Australia should keep up its pressure on Iran over failing to adhere to UNSC resolutions, not agreeing to the International Atomic Energy Agency's requirements for inspections of all facilities and full clarification of Tehran's nuclear policy.

I note that the government is also proposing some new measures in relation to trade with Iran. The Minister for Foreign Affairs commented that he is not intending to prevent legitimate Australian trade with Iran, but I do note that he proposes that there be no new financial support for trade with Iran under Australia's trade promotion and trade financing programs—and I make a particular reference to the Export Finance and Insurance Corporation. EFIC has its own independent charter and is expected to behave independently. While I can understand the desire of the government to take a clear stand on this issue, it is important also for EFIC's independence to be respected. There are some deals or trade negotiations which involve greater risk than EFIC is prepared to take, and that then involves a national interest account decision by the government. It is quite appropriate for the government to act as it sees fit in relation to national interest account measures, but I urge caution in interfering in the normal commercial activities of EFIC in making decisions about what sort of trade transactions it should back.

Trade with Iran is quite small, although it was once one of our most important wheat markets. We had, I understand, about \$200 million worth of trade in 2006-07, and that included a range of primary products including barley, animal oils, fats, meat and butter. Coking coal and motor vehicles have also been important exports to Iran, and it is

probable that some exports arrive in Iran through other Middle East destinations. However, that trade, whilst small, is important. Most of it is a difficult market. It will be difficult for Australia to break back into Iran with our new wheat-marketing arrangements, and there may be no desire to do it, but I think there does need to be a recognition of the fact that sometimes there will be a need for EFIC to be involved in projects that have significant national interest.

On the other hand, we in no way turn a blind eye to the unacceptable behaviour that has been apparent in Iran's nuclear program, and we agree with the government's assessment that Iran remains committed to its indigenous development of nuclear energy. Iran's commitment under its current and, for that matter, its previous leaders to develop nuclear energy and its intent to maintain a weapons option is likely to continue. We recognise the validity of Iran's right to develop nuclear energy for peaceful purposes and its increasing need for energy. Iran's approach to this issue, though, seems to be a complex mix of energy needs, statements about its own sovereignty and national strategic ambition. I think it is important that we respond appropriately and support United Nations Security Council resolutions in relation to this issue, particularly No. 1835 of 27 September. The coalition opposes proliferation of nuclear weapons wherever it may occur around the world.

In view of Russia's opposition to further United Nations sanctions against Iran during the debate over Security Council resolution 1835, we also call on the government to take up this issue in diplomatic representations with Russia. We urge the government to take into full consideration the view of the International Atomic Energy Agency, as the authorised UN agency treating technical and operational aspects of nuclear issues, that Iran remains committed to enrichment. This

is not likely to be reversed, and pursuit of non-proliferation inspections and verification regimes must be part of future international responses to Iran's activities.

Can I also make some brief comments on the government's decision not to take legal action concerning Iran's anti-Semitic views. We, like the government, were appalled by the anti-Semitic views expressed by the Iranian President in his 23 September address to the UN General Assembly, and we condemn those remarks unreservedly. I can understand that sometimes these kinds of issues are full of legal complexity, and sometimes the government have been full of bravado about what they want to achieve, such as international prosecution in the whaling issue, and when they see what the facts are they realise that they are unable to mount a successful case. I think the government need to be thorough, vigilant and correct in condemning unacceptable behaviour and unacceptable comments. It is disappointing that no legal action is possible, but, on the other hand, to mount a case that would inevitably fail would also be counterproductive. So I caution against bravado where there is no capacity to actually deliver what might be threatened in those statements.

I welcome the government's further commitments in relation to sanctions against Iran. I urge them to be aware of the potential implications for some Australian exporters and, if need be, to be sympathetic to the circumstances of those exporters. I recognise that no-one, even for commercial reasons, should seek to undermine government policy in relation to these important areas, but we also need to be aware of the economic implications for sometimes perhaps quite small and committed companies.

MATTERS OF PUBLIC IMPORTANCE**Economy**

The DEPUTY SPEAKER (Ms AE Burke)—The Speaker has 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 worsening impact of the global financial crisis on the Australian economy

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) (3.27 pm)—On Sunday and Tuesday of this week, the Prime Minister made two significant announcements, both in the context of the global financial crisis. The first announcement, an unprecedented step on the part of an Australian government, was to give an unlimited explicit guarantee for all deposits in authorised deposit-taking institutions—Australian banks, building societies and credit unions—and also to give government backing to wholesale term funding of Australian banks. The second announcement, made yesterday, was a \$10.4 billion package designed to be a fiscal stimulus for the Australian economy.

The opposition have said in relation to both announcements that we understand the government is seeking to shore up the Australian economy. We understand that the government is addressing the concerns that other governments around the world have expressed in their response to the global financial crisis, and we said we would support these measures. Of course, we expected—and I am sure members of the public would have expected—that the opposition would be given briefings by Treasury and government

officials regarding the details, the assumptions and, indeed, the forecasts that have underpinned these significant announcements. This is a reasonable request and I must say that we have had meetings with some Treasury officials and representatives of the government. But today in question time the government's approach to disclosure, transparency and accountability was there for all to see.

Last night the Prime Minister set the scene. He said he would level with the Australian people. He acknowledged that fear of the unknown is a key factor in the current economic crisis. In fact, many have said that the financial crisis is being driven by a crisis of confidence that is being driven by a crisis of fear. One of the great unknowns at present is the full impact of the global financial crisis on the Australian economy. It is partly unknown because the crisis is still unfolding overseas—governments are reacting and responding to events as they occur—but it is also partly unknown because of the growing list of questions that remain unanswered by this government.

In question time, the opposition sought, on behalf of the Australian public, to ask the government perfectly legitimate and perfectly reasonable questions about the basis for the \$10.4 billion package. After all, this is a package which essentially halves the surplus—the buffer that had to be put away for a rainy day—in one fell swoop. The responses that the coalition received to our questions really indicated the government's uncertainty and incompetence on this issue. For a start, we asked questions about the economic advice that the government had received that caused it to begin considering an economic security strategy. The Prime Minister brushed that off with, 'Oh well, a couple of weeks ago' and then, 'We had a meeting over the weekend' and that is all we need to know. When we asked questions

about the specific economic forecasts that have led the government to believe that a \$10.4 billion fiscal stimulus package was necessary, we were told that we can wait for those forecasts. They are not going to provide revised economic forecasts at this time. Yet, if we dare question the basis upon which this strategy was put forward, the indignant response is quite astounding.

We are still waiting for the details of the implementation and the details of the regulation of the bank guarantee scheme; they remain unknown. Specifically, the current forecasts for unemployment and growth are still a mystery. Various ministers have said that unemployment will go up, but they refuse to let the Australian people in on the detail of those forecasts. They have refused to let the Australian people know the position in relation to growth. Interestingly, the Treasurer said, 'You are all going to have to wait for MYEFO,' the Mid-Year Economic and Fiscal Outlook. Then the Treasurer made the outrageous claim that the coalition, when in government, released the Mid-Year Economic and Fiscal Outlook at 4.30 pm on Christmas Eve. He was obviously trying to infer that, when in government, the coalition mischievously put out the MYEFO at 4.30 pm on Christmas Eve. On not one occasion did the coalition release MYEFO at 4.30 pm on Christmas Eve or at any time on Christmas Eve yet that is what the Treasurer told the House.

On each occasion, the MYEFO was released within six months of the budget. In fact, it was the coalition who introduced the concept of a Mid-Year Economic and Fiscal Outlook. For our first budget, which, of course, was handed down in August of 1996, the first MYEFO was produced by 28 January the next year, 1997. Thereafter we reverted to May budgets, and on each occasion the MYEFO was released not at 4.30 pm on Christmas Eve as the Treasurer asserted in

this House but within six months of the budget. The Treasurer should come back into this House and explain to the Australian people why it is that he accused the coalition of handing down the Mid-Year Economic and Fiscal Outlook at 4.30 pm on Christmas Eve when that was not the case.

The Prime Minister told the House yesterday that the government believes its \$10.4 billion Economic Security Strategy is large enough to make a significant contribution to strengthening the Australian economy into the future. So today we asked, quite reasonably: what is the forecast for the growth of the Australian economy over the next 12 months? But the response was confected outrage—how dare the opposition ask what forecasts the government is relying upon when it commits \$10.4 billion of taxpayers' funds to an economic stimulus strategy! According to the Prime Minister, the information that the government is relying upon is the *World economic outlook* of the International Monetary Fund, which projected growth to be 2.2 per cent in 2009, and the Reserve Bank's forecast of August this year, which forecast growth at 2.25 per cent. So, reasonably, we asked, 'Is the Prime Minister asserting to the Australian people, through the Australian parliament, that this \$10.4 billion package is to stimulate growth that is projected to be positive—that is, at least 2.2 per cent next year?' The Prime Minister refused to answer that question.

In these extraordinary times, which call for extraordinary action—we have been told by the Prime Minister that these are dangerous times—why will the Prime Minister not release the revised economic forecast so the entire Australian community can understand the basis upon which this government took the action? The opposition has asked for the economic advice that underpins the package to be released. We were told we have to wait. On what basis are we to assume that the gov-

ernment believes that this package is large enough to provide the stimulus that they believe is required? All these questions remain unanswered.

What advice have the Treasury and other government officials provided to the government that prompted them to begin considering delivering this large package? Last Wednesday the Prime Minister was saying that our economy was strong, robust and growing and that we were in the best position of virtually every other country to withstand the global financial crisis. Yet by Monday, a \$10.4 billion package was being released to the Australian public. What advice did the government receive between, let us say, last Wednesday and Sunday that gave rise to the consideration of such a package? The finance minister told us on *Lateline* last night that the government had received 'plenty of advice about where things were heading'. Perhaps he would like to share that with the Australian public. What is the nature of the advice that the government has received about where things are heading? The Australian public would like to know the basis upon which this package was constructed. That advice has apparently been received from the head of Treasury and other government officials, but what is the nature of the advice?

The finance minister told us on the *Late-line* program last night that the government had received advice:

... that suggests that absent some serious action by the Government on both fronts, both with respect to the financial system and with respect to stimulating economic activity.

What advice? What advice did the government receive that said absent some serious action there would be consequences? What action was recommended with respect to the financial system? What action was recommended with respect to economic activity?

Why are the Australian public not being informed? Why are we being told that we have to wait in these extraordinary times that demand extraordinary action? Why can't the Treasurer release this information?

What about unemployment growth? We are talking about people's jobs. We are talking about people's livelihoods. Government ministers come in here and blithely say, 'Oh, well, our forecasts on unemployment were wrong and there is going to be an increase in unemployment,' but refuse to give the Australian people any insight into what that increase might be. There was a forecast in this year's budget that unemployment would increase by 134,000 and yet has the Minister for Employment and Workplace Relations ever been upfront with the Australian people and admitted that that is the figure contained in the budget papers? No, the minister has not done that. You have to go through and analyse the budget papers to find that figure of 134,000. The minister for employment has refused to admit that the government's forecast for unemployment was 134,000 job losses within the next 12 months. What is the current forecast? I ask the minister at the table, who will be speaking next: will he stand up and tell the Australian public the government's current advice and current forecast on unemployment?

If you take the people of Australia into your confidence, they can take action themselves. They can recast their priorities. They can do things within their own lives, within their own households and within their own jobs. Businesses can take action and reorder priorities if the government is upfront with them, levels with them and tells them what current information the government has that has caused it to take these unprecedented steps.

We are told by the government that there are going to be tough times ahead. We are

told by the Treasurer that there is a rocky road ahead, yet today the government has failed to answer every detailed question about the economic advice it has received about the revised economic forecasts that it currently clearly has. It has refused to take the Australian people into its confidence. The government has refused to level with the Australian people.

As I said at the outset, the financial crisis is now largely being driven by a crisis of confidence. Governments around the world are responding to that crisis of confidence. For example, the stock markets in recent weeks have been driven largely by a loss of confidence that has been fed by a fear of the unknown. In the case of the subprime crisis and its subsequent impact on the global financial system, we know that significant losses have already occurred but we do not accurately know the extent of likely further losses. The government has not told us, for example, the level of exposure of Australia's banks to credit default swaps. When I asked a question yesterday about whether there is any exposure to taxpayer funds through the government's guarantees on deposits and term funding, the response once more was outraged indignation—'How dare the opposition ask questions about this government's handling of Australia's response to the global financial crisis?' In fact, the Prime Minister went so far as to suggest that the opposition was acting like the government of Cuba. Is that the kind of language that we should come to expect from the government as they try to instil confidence in the Australian people?

The government must take the Australian people into its confidence. The Prime Minister said he would level with the Australian people. His opportunity to level with the Australian people is to give frank answers to extremely legitimate and reasonable questions asked by the opposition in question

time; otherwise, the fear of the unknown will continue to engulf the Australian public. The government must come clean. (*Time expired*)

Mr BOWEN (Prospect—Minister for Competition Policy and Consumer Affairs, and Assistant Treasurer) (3.42 pm)—The government and the opposition agree that we are facing extraordinary times which will affect Australia. The extent of the impact, of course, depends on what pans out over coming weeks and months in the international financial scene. It also depends on the response of Australia's elected government and our independent regulators. As we have said, as the opposition agrees, and as many independent commentators have pointed out, Australia is well placed to get through this crisis. The reasons for this are well known. Our trading links to China and the strength of our terms of trade will see us in a good position, as will the strength of our banks. Of the 20 banks in the world that are AA rated, four are here in Australia. Of the 12 big banks around the world that are AA rated, four are here in Australia—a very high proportion. The World Economic Forum's *Global competitiveness report* ranked the soundness of our banks as second in the world. And our prudential regulation is well respected. Indeed, our reporting standards have been ranked third in the world.

Of course, the strength of our budget surplus is another reason. It has provided the flexibility for the government to respond to these extraordinary times. Some have argued that the government should not have built up the surplus as high as it did in May and that the Reserve Bank should not have dealt with the inflationary pressures that were apparent earlier in the year. I would submit that that is a misdirected claim.

It is the responsibility of the government of the day, and of the Reserve Bank and other regulators, to deal with the economic

challenges of the time; and the Reserve Bank has been satisfied that, because of a range of factors, the unacceptably high inflation is projected to fall to acceptable levels. In the minutes of its last meeting, the Reserve Bank indicated that, due to the obvious international circumstances, that reduction was expected to occur more quickly than they had previously expected, but they had been expressing the view for some time that inflation, which is particularly high—the highest it has been in 16 years—was expected to fall to more acceptable levels.

It is a good thing that the government and the Reserve Bank dealt with inflation. We would not have wanted to go into this crisis with the Reserve Bank concerned about inflation. The government agrees with the Reserve Bank that inflation needs to be tackled whenever it rises. The member for North Sydney has questioned this. He has said in the past that inflation is only a crisis when it reaches Weimar Republic levels, post World War I Germany levels, of 1,000 per cent, for example. He attacked the Reserve Bank for increasing interest rates last year and this year, saying that the Reserve Bank had a case to answer for. Can you imagine, Madam Deputy Speaker, what would have happened if we had gone into this crisis without having dealt with the inflationary pressures on the Australian economy? Inflation eats away at the competitiveness of our economy and, of course, it affects the living standards of Australian families as they deal with increased pressures.

The member for Higgins used to be fond of describing the Australian economy as a highly calibrated racing car. He used to say who was driving the car was very important. He used to say a little mistake can cause a big problem as you are driving such a fast car. And he is right; it is not a bad point to make. What the Prime Minister and Treasurer have shown in recent days and weeks is

that they are indeed very good drivers of that racing car. We can all remember the advertisements at the last election and the election before. Remember the ones at the last election, that 'Labor is full of union officials, full of union thugs'? They said: 'You wouldn't put them in charge of the economy; can you imagine what would happen? They are not up to the job.' I think the Australian public passed judgement on those advertisements then and they will pass judgement on them again when they see the way the Australian government has handled these very difficult international times. Then there were the ads for the election before, which said that interest rates under a Labor government would go up and would always be higher under a Labor government than under a Liberal government. I think the Australian people will pass judgement on that at the next election as well.

But it is not how you handle the good times that is the mark of a good economic manager. How you handle a boom time is not a test of economic management. The true test of a good economic manager is how you handle the difficult times—how you handle the shocks to the Australian economy, how you handle the great influences on the Australian economy that come from the global economic situation. And it is appropriate to recap just how difficult that global situation is. The IMF has said that this is the worst financial crisis since the Great Depression. I note that the Deputy Leader of the Opposition, in an attempt to score political points, criticised the Prime Minister for using those words, when he was in fact quoting the International Monetary Fund. He was quoting the IMF. This is not a time for the Deputy Leader of the Opposition to try and score cheap political points when the Prime Minister is merely quoting a highly respected international economic body. This is the same body which has estimated that losses and

write-downs on loans and securitised assets will reach US\$1.4 trillion.

There is a great deal of nervousness in financial markets around the world. Banks and financial institutions are very reluctant to lend to each other because, quite frankly, they have no confidence that the institution they lend to will be in a position to repay the money when the time comes. That has consequences for international markets and consequences for Australia. We are seeing a drying-up of credit and we are seeing increased costs of credit, as the spread between official rates and commercial rates increases. We see increased costs around the world and, of course, increased costs here as the banks have passed on those costs. People and organisations that were used to getting credit have found it difficult to obtain. I recently saw one report which said that 25 per cent of businesses in Australia were having difficulty getting credit. That is a very concerning figure: 25 per cent of businesses having difficulty in obtaining the necessary credit to expand their business. They are figures that we have not seen since recessionary times and they are a concern.

That underlines the importance and the appropriateness of the actions taken by the government in recent days and weeks—firstly, guaranteeing Australian deposits and guaranteeing wholesale lending to Australian deposit-taking institutions. Those two actions do two things. First, they assure the Australian people that they can be confident that their deposits are safe. It was Franklin Delano Roosevelt who said:

... the only thing we have to fear is fear itself.

Australians' fear of losing their deposits could have been a major problem for the Australian economy. If the Australian people had begun to question the security of their savings and taken the obvious action as a result, it would have been very damaging

indeed for the Australian economy. So the reaction of the Australian government is designed to reassure Australians that their deposits are safe and guaranteed by the government.

Second, by guaranteeing wholesale lending, Australian financial institutions are now able to compete for credit on a level playing field. Other governments around the world had guaranteed their financial institutions, which gave them an unfair advantage in seeking that credit. We could have seen, if the government had not acted strongly and quickly and decisively, a further drying-up of credit in the Australian market. But that will not be the case now, as the government has ensured that Australian institutions are able to compete on a level playing field.

Of course, the deposit guarantee was first recommended by the royal commission into the collapse of HIH. They recommended a financial claims scheme with guarantees of up to \$20,000 back in 2003. I noticed the Leader of the Opposition yesterday claiming that their government would have done it last year, but the member for Higgins was concerned it would scare the markets if they did. That does not really explain why the then government did not do it when it was recommended by a royal commission. A royal commission recommended a financial claims scheme, and the previous government, quite frankly—respectfully—negligently refused to accept that recommendation. I do not want to belabour the point, but the Leader of the Opposition speaks with a forked tongue when he says 'the previous government was getting around to it' and 'the member for Higgins would have done it when the time was right', when they had a royal commission recommendation from 2003 to introduce a financial claims scheme.

The other action taken by the government yesterday was the very important stimulus

package. All the countries in the Group of Seven, the biggest and most developed countries in the world, are forecast to experience zero or negative growth over the coming period. The international circumstances will affect Australia. Despite the fact that Australia is better placed than any other developed country in the world to get through this crisis, we will be affected. So the prudent and responsible thing for the Australian government to do was to take steps to stimulate the economy, to get in front of the game—not to wait until economic growth declined, not to wait until it was too late, not to wait until we needed an emergency retrospective stimulus to the economy, but to make sure that we continue to take actions ahead of the rest of the world, to make sure that the Australian economy continues to grow. That was the prudent thing to do and that is what we did yesterday.

The previous government liked to spend its way out of a boom. They turned Keynes on his head and said, 'We'll spend our way out of the good times.' That was the previous government's approach. They would let government spending grow by five per cent a year, even in the middle of a boom, and fuel those inflationary expectations. We take a slightly different approach. We take the approach that a government spending stimulus package is appropriate when the economic circumstances warrant it. If the time when the world is going through a downturn is not the time you have a stimulus package, I am not sure when it is. You certainly do not need one when the economy is booming. But that is what the previous government used to do.

Yesterday, we saw that stimulus package receive, we thought, bipartisan support from the opposition. But today and yesterday we saw the Leader of the Opposition authorise a series of questions in the House which questioned that bipartisan support. We have seen the Leader of the National Party in the Sen-

ate say that Australian seniors and families should not receive a lump sum, because they might waste it. They do not deserve it; they might waste it. They might spend the money 'up against a wall', he said. Or they might spend it on Christmas presents that we will see strewn around the floors of Australian houses with 'made in China' on the back of the packets. What an offensive thing to say! That is hardly bipartisan support.

We all know that the Leader of the Opposition is not what we call a conviction politician. We all know that he does not stand up for what he really believes in. We all know that he does not come in here and say: 'I know this will be unpopular, but here is what I am going to say to the Australian people. I am going to call it as it is.' We know that he—being a person that used to work in the financial markets—completely understands the funding pressures that the Australian financial sector has been under. But he chose to make a populist attempt to call for the banks to pass on any interest rate reductions, instead of taking the responsible approach that the Prime Minister and Treasurer took saying that 'as much should be passed on as possible'. But, of course, the Leader of the Opposition chose to take a populist approach, which is particularly irresponsible in these times of an international crisis.

We all know the Leader of the Opposition thinks that cutting the petrol excise is bad policy. He has said, 'That is bad policy,' but now it is his policy. Now we are seeing the Leader of the Opposition make cheap populist points out of this crisis, on the one hand saying that he supports the package and on the other hand criticising the package at every opportunity.

The Australian economy faces difficult times. It faces an international crisis which may get worse before it gets better. The only thing certain about this crisis is its fluidity.

Any person who predicts that this crisis has ended or is about to end is taking a huge gamble. The Australian government does not take the view that we can rest on our laurels and that the budget surplus, the actions of the Reserve Bank and our trade links with China will get us through. We take the view that decisive action is necessary and that things like the bank deposit guarantee, the guarantee of wholesale lending and the stimulus package announced yesterday are not only appropriate but the only responsible course of action that can be taken. I call on the opposition to take a similar, responsible and decisive course of action in these very difficult times.

Mr PEARCE (Aston) (3.56 pm)—In this matter of public importance debate today, I think it is important to first to put on the record what the opposition has actually said about this economic package—and that is, as has already been announced and stated, that the opposition supports this government's package. However, that does not mean that we do not have significant concerns about Australia's economic outlook. It does not mean that we do not have significant concerns about the continuing economic fallout of the global financial crisis. It does not mean that the opposition cannot ask questions of the government.

What makes our concerns even more worrying is the behaviour of this government and the behaviour in particular of the Prime Minister and the Treasurer. One has to ask the question: why are the Prime Minister and the Treasurer being so evasive with information? One has to ask the question: what is it that they have to hide? Why are they giving the Australian people the impression that they have something to hide? On the one hand, the Prime Minister says on national television that he wants to level with the Australian people, that he wants to be fair dinkum, that he wants to take the Australian

people into his confidence. But then on the other hand he behaves in a way that is evasive and secretive. He behaves in a way that says: 'How dare you ask me a question! How dare you ask me to explain the government's thinking or the government's rationale!' You have to ask yourself the question: why would the Prime Minister and the Treasurer be so secretive about information?

Today during question time we witnessed a rolled gold example of the way this Prime Minister treats the parliament. We saw first-hand his view of question time. I want to take the opportunity to remind Kevin Rudd, the Prime Minister, that at two o'clock when the parliament sits we have this thing called question time, and in question time it is almost inevitable that the Prime Minister and the government will get questions. That is the purpose of question time. The Prime Minister needs to get it right in his head. He needs to come to grips with the fact that when he comes into the House at two o'clock he is going to be asked some questions. I know that he is offended by that, but I would ask the Minister for Finance and Deregulation, who is in the chamber and who I have some regard for, if he could please coach the Prime Minister in this regard and speak to the Prime Minister about the need to actually answer the questions. I certainly do not want to see the parliament get to the stage to which it got under Prime Minister Keating, where only on certain days would the Prime Minister actually come into the chamber during question time.

I asked a question: why won't the Prime Minister release the economic advice he has been given? It is a simple question. Why won't he answer the question? There are questions like: what forecasts for our economy have the Prime Minister and the government relied on in constructing this \$10 billion economic package that they announced yesterday? I think that is a simple,

legitimate question that we ask on behalf of the people of Australia: why won't the Prime Minister release that information? What forecasts has the Prime Minister relied on in formulating the announcement of this package yesterday? Why be evasive? Why be secretive? Why not be fair dinkum with the Australian people?

The key point I want to make today in this MPI is that I think that something is not quite right. There is something not quite right with what this government is saying and what this government is doing. I think that what we are seeing from the government and what we are hearing from the government is not actually what is going on in the government. Something does not quite add up with this government's behaviour and this government's announcement. I believe that, in terms of the government's rationale for this announcement and its underlying thinking, the logic is not quite right. On the one hand, the Prime Minister and the Treasurer are out there in the media today saying that this is the right thing to do, it will not increase inflation, it is economically responsible, they have acted decisively and the budget is going to stay in surplus. In other words, on the one hand this is a package that they have announced in the midst of a crisis, and on the other hand they say: 'Don't worry about the crisis because everything is going to be just fine. It's not going to impact on inflation, it's not going to impact the surplus and it's not going to impact any other government spending programs that have been announced. Everything is just going to go along swimmingly.'

What I think is interesting about the government's logic is that the government would have us believe that everything changed last weekend. This is the point: whilst the Treasurer was swanning around Washington, DC, swanning around and undertaking his various media opportunities, everything changed. Everything changed last weekend. This fi-

nancial crisis apparently, according to the government, has not been swelling for months and months and months. It has not been on the horizon for months and months and months, because everything changed just last weekend. Two weeks ago in the parliament it was all about keeping a \$22 billion surplus locked up, but last weekend everything changed. What I think is interesting is recalling the words of the member for Higgins. The member for Higgins, months and months and months ago, said that there was a financial tsunami coming our way across the globe, but this government only realised that last weekend in Washington, DC. All of a sudden we have got this change.

Remember what I said: the Prime Minister and the Treasurer said there is no impact on inflation and the budget surplus will be fine. Let me read to you what the Prime Minister said in this place on 3 June:

The cornerstone of the government's fight thus far has been our \$22 billion budget surplus. Again I would say to those opposite—

that being the opposition—

that, as they consider their votes in this place and in the other place on the budget measures, if they continue with their proposed plan to conduct a \$22 billion raid on the budget surplus, its consequences will be to put upward pressure on inflation and upward pressure on interest rates.

So on 3 June the Prime Minister said it is very important to lock up the \$22 billion budget surplus, for it not to be eroded, for it not to be attacked, because if you do that it will put upward pressure on inflation and upward pressure on interest rates, but yesterday the government took half of its budget surplus away, but that is not going to put upward pressure on inflation. How can the Prime Minister on 3 June talk about keeping the \$22 billion wrapped up, keeping it safe from attack and say, on the one hand, that that is the best way to not put pressure on inflation or interest rates and then, in the

space of a couple of months, they raid their own budget surplus by over half and say, 'Don't worry, that won't put inflation up; that won't have any impact on interest rates'? In other words, if the opposition says anything about the use of the budget surplus, that is bad and up goes inflation and up go interest rates, but if the government spends half of it in one year then inflation is fine and interest rates are fine.

On 5 June the Prime Minister said:

The core element of our budget ... is a \$22 billion surplus. Those opposite stand, by contrast, for a \$22 billion raid on the surplus ...

He said his logic was simple. He said:

... if you allow public spending to escape, if you allow public spending to run riot—

and this an important point—

... you therefore contribute to public demand—

and up go interest rates again. Yesterday's announcement is about increasing public demand, but don't worry, because, according to Wayne Swan, the Treasurer, and Kevin Rudd, the Prime Minister, inflation will be fine, the budget will stay in surplus and everything will be fine. (*Time expired*)

Mr CLARE (Blaxland) (4.07 pm)—Former Australian cricket captain Steve Waugh used to say, 'You can define the moment or let the moment define you,' and yesterday we saw what real leadership is all about—the sort of leadership that you need to ride out this financial storm. These are serious times. Twenty-five banks around the world have already hit the wall. The US is probably already in recession and countries in Europe are probably on the cusp of recession. The Prime Minister yesterday acted quickly and decisively—and that is what you want from a leader in difficult times—to protect our deposits, to keep banks working and to get money into the hands of people who need it to fuel the economy. That was what we saw yesterday.

We did not create this problem—the problem started in the United States—but we are better prepared than most countries in the world to cope with it, due in part to a budget that we put together in May and due to the work of previous governments over the last 20 years. To give credit where credit is due, decisions like floating the dollar, deregulation of the financial system, competition policy and universal superannuation are, in large part, responsible for the last 15 years of economic growth. This, coupled with decisions of the former government and the mining boom, set us up well. Our banks are amongst the strongest in the world. Our big four banks are amongst the world's 20 AA rated banks. Our prudential system is the envy of the world.

Mr Hockey—Why?

Mr CLARE—If you had listened to what I said a minute ago, Joe, you would have heard. Our strong terms of trade, and our biggest trading partner, China, which is expected to grow by more than nine per cent next year, make us well placed. You would not want to be anywhere else in the world, but the problem will affect us. No country in the world is immune. In his address to the nation last night, the Prime Minister said:

In the last few weeks, the global financial crisis has moved into a new and dangerous stage.

And that is its effect on the real economy, on growth and jobs, around the world and here in Australia.

Growth will slow, and unemployment will rise.

That is why this package is important and that is why it is important that we act now. All the advice says that the Australian economy will continue to grow. The IMF report on the state of the global economy that was released last week projects two per cent growth in the next year, and that at a time when the rest of the developed world is expected to go backwards. The report said:

The world economy is now entering a major downturn in the face of the most dangerous shock in mature financial markets since the 1930s ... The major advanced economies—

those of North America, Europe and Japan—are already in or close to recession ...

So we have to act quickly to make sure that we continue to grow and to protect jobs here in Australia. History teaches us that, when an economy slows, responsible governments have to step in and act swiftly and decisively. That is a lesson that governments and central banks have both learnt. That is why, on the weekend, we stepped in to guarantee deposits and bank-to-bank lending to inject confidence into our financial system.

But we also need to give confidence to the people who sit around the dinner tables of Australia—confidence to invest but also confidence to spend, confidence that they will have a job and confidence to buy a house. That is why the Prime Minister announced yesterday a \$10.4 billion package to help families, pensioners, carers and first home buyers. The \$4.8 billion package for pensioners and carers means singles will receive a \$1,400 lump sum payment and couples will receive a \$2,100 payment. Carers will also receive \$1,000 for each eligible person being cared for.

The important point here is that the package will help all pensioners as well as carers and veterans. There was a fundamental flaw in what the coalition proposed a couple of weeks ago. In my electorate, our package will help 31,000 pensioners and carers. The coalition plan proposed by the former Leader of the Opposition and the current Leader of the Opposition would only have helped 7,000 pensioners in my electorate. Last night I spoke to the president of one of my local senior citizens groups. He told me that the \$2,100 will help pay for a very serious operation that he needs to have in the next cou-

ple of weeks. He and his wife would not have been covered under the coalition's plan.

There is another benefit in paying this as a lump sum: by doing this pensioners will get all of the money instead of part of it. If it were part of the base rate, a lot of that money would go to nursing home companies or to housing commissions. I note that on Sydney talkback radio this afternoon, on the Chris Smith program on 2GB, there was a call about this issue. There have been a number of people that have been concerned about this, asking, 'Will I have access to all the money or will some of the money be sucked out of my account and be given to the place where I live?' A caller, Vicky, said that her father is a pensioner who has a gold card and currently resides in a hostel. She was concerned that every time her father receives an increase the hostel appears to take more for the cost of his care. Chris Smith praised Justine Elliot, the Minister for Ageing, who he said 'is the goods' and 'has done a lot of things after discussion on talkback programs'.

Mr Hockey interjecting—

Mr CLARE—I see that the member for North Sydney does not agree with Chris Smith, which is unfortunate. Mr Smith said that Mrs Elliot has 'helped to make nursing home operators behave more in the interests of their clients' and quoted a press release from Mrs Elliot's office which says that nursing home owners will not be allowed to increase their fees after the federal government's latest stimulus package. That is a good thing. That is a minister doing what she is supposed to do—protecting the interests of people—and Chris Smith agrees with that.

But this is only the start of pension reform. It is a down payment. Long-term reforms to the budget next year are necessary to provide pensioners with a real sense of security, and that is why it has been en-

dorsed—by every pensioner group in the country—as have the payments to families and the payments for first home buyers. Some 3.9 million children will benefit from a one-off payment of \$1,000—payments for families who need it the most, families who are currently on family tax benefit A or families with children receiving the Youth Allowance, Abstudy or Veterans' Children Education Scheme payments.

The doubling of the first home buyer grant to \$14,000 and the tripling of it for first home buyers who buy newly constructed homes will also get first home buyers back into the market and help get the building industry back on its feet. It also has a multiplier effect, creating jobs in retail, manufacturing and elsewhere. All of this will help keep us afloat in rough weather.

In my own electorate the package will help 60,000 families, pensioners, carers and veterans. It will also help create new jobs, with an almost doubling of the job training places. On top of the interest rate cut last week it will help a lot of families keep their heads above water. The cut in interest rates means, for example, that someone who has a mortgage of \$300,000—there are many of them in my electorate—will have an extra \$164 a month in their pockets, wallets and purses rather than it going to the banks. That equates to an extra \$2,000 a year.

There has been a lot of talk about bipartisanship in this place in the last few weeks, and I welcome the comments yesterday of the Leader of the Opposition in support of this package, but talk is cheap. It counts for nothing if it is not backed up by the actions of the party or by the words of the rest of the team. If you are committed to bipartisanship, support what we are trying to do in getting the budget through in the Senate. I am afraid I do not think the opposition will do that, because they are more interested in playing

politics. The proof of that can be seen in the petrol excise debate that we had in this parliament only a few months ago. Remember when the former Leader of the Opposition introduced that policy and the current Leader of the Opposition then said that it was good politics but bad policy. When he became Leader of the Opposition he had a chance to change that, but he decided to keep it because he suddenly thought politics was a lot more important than policy. In these uncertain times the job of Prime Minister is to make decisions in the best interests of Australia and the Australian people, not to play politics over policy. That is the core problem here: just at a time when he became Leader of the Opposition, just at one of the most difficult times in global financial markets, he has decided to play politics over policy. They are still doing it in the Senate today.

But it gets worse. It is moments like these in a financial crisis when the opposition show their true colours. The Leader of the Opposition now wants to delay action on climate change. The member for Warringah, interestingly, says that, in these troubled economic times, we should keep Work Choices. This is what he said in his blog in the *Daily Telegraph* on Friday:

This is not the time for any action that could further hurt business confidence. Workplace relations changes to give unions more power; changes that make workers more expensive to employ; and new environmental imposts might need to be rethought.

That is what the member for Warringah said. Presumably it is endorsed by the Leader of the Opposition. We do not know. He might have an opportunity to get up and make a five-minute contribution to this debate. But I can tell you this: whether it is good times or bad, Work Choices is bad policy and, unless the opposition come in here in a few weeks and vote that legislation out of town, we will know once and for all that they are still the

party of Work Choices. The challenge today for the next speaker or anyone who cares to take the microphone in the next few weeks is to disown this statement from the member for Warringah, say that Work Choices is bad policy and get rid of it once and for all.

Mr LAMING (Bowman) (4.17 pm)—There is no disagreement about the need for a fiscal stimulus package, no matter how hard you on the other side have worked to confect any disagreement, as observers have noted today. It is important to have something that is swift and substantial, forward loaded and also targeted at the weaker areas of the economy. The question today is why it was so slow in coming. We have had domestic signals showing a slowdown for months. You have had ample opportunity to act. What has become obvious in the last six to nine months is that we have had a leader of the government so concerned about earning the mantle of being a responsible economic manager that he has been prepared to traduce seniors, carers and pensioners for six months. There was a budget back in May, and the cue was not taken.

As I add a postscript to today's matter of public importance, I think it is timely to go through a chronology of how slow this Prime Minister was to act and react. We became very used to those overseas trips—I think there were 12 or 13 jaunts overseas. They did not give him any forewarning of this. The most frightening image of all was of the Treasurer at his G20 meeting last week wandering through the New York Stock Exchange. It was like shopping centre video of a lost child. No-one wanted to talk to him; no-one wanted to look at him; he did not know where to go. He was looking for a focus group or perhaps an economic adviser to give him a cue on what to say next.

Let us go through the chronology, because if we are going to have global warming as

the greatest moral hazard of our generation, as it has been referred to before, we also have an obesity epidemic, a binge-drinking epidemic and all of these other great challenges. Goodness me! You have been crying wolf for nine months and along comes a real one. Is it any surprise that the Australian people are asking a few questions? 'What do you know?' 'What are the figures you base it on?' 'Simply provide us some of the economic data.' It has not been forthcoming, and we are right to ask why. That is a fairly simple question. You spent your whole time confecting moral crises on the other side. 'By golly,' Australians think, 'you're an unlucky lot in government, aren't you?' Here you have a real crisis. It blindsides you despite all of the Prime Minister's trips overseas and all this great advice which he will not offer to us today.

There was a budget and a budget response in May. There was an opportunity to take some pressure off those who needed it most. There was an opportunity to target some assistance to those who need it most. It was passed up. Then, two days later in the budget response, a \$30 a week rise for pensioners was lampooned by the government. All of a sudden, it makes complete sense now, just months later. What came in September was an observation by the Prime Minister that conditions were softer and we were facing tougher economic times. That was only four weeks ago. When it finally looked like interest rates were going to come down and you had a Leader of the Opposition who proposed that it should be more than 25 basis points, wasn't that reckless! Weren't you on the other side of this chamber all aghast when someone actually suggested they might reduce interest rates by more than 25 basis points! You lot over in government were trepidatious and nervous. You did not know where to go next. You looked on—

The DEPUTY SPEAKER (Ms AE Burke)—The member for Bowman must remember he speaks through the chair.

Mr LAMING—They looked on and goaded the RBA into raising interest rates, and they did not know when they were going to come down. Sure enough, there was a 100 basis point drop, and what happened over on the government side of this chamber? The government suddenly started protecting banks and saying there was no need to pass on 100 basis points. The other side of this chamber, on the Labor side of politics, has spent a generation bagging big banks, but suddenly when this side comes up with the idea that you might have full pass-through of an interest rate cut it is sacrilege. Let us note that that 20 basis point pass-on that was being requested represents probably \$2.9 billion out of \$23½ billion of bank profit in the last 12 months. That is barely 10 per cent. That was hardly going to bring down the banking sector, and at the same time the government told us that it was working on a bank guarantee. So the banks were going to be safe. How hard would it be to pass on the other 20 basis points? We are dealing with around \$700 billion in mortgages around Australia. To pass on the extra 20 basis points would be barely \$1.4 billion, barely a drop in bank profits. But here you had the government talking out of both sides of its mouth, saying that it suddenly had to protect the banking sector and it could pass on as little or as much as it chose. That is its chronology, and that is why today there is a certain amount of scepticism when this government gets blindsided by the events from overseas.

What are people asking for? I think they are asking for a confident leader and Treasurer in tough economic times. Of course you cannot guarantee a smooth passage in government, but we think it is time to work toward smoothing the seas where you can. At a

time when the government should have been identifying the slowing in the economy, which is the time when you need confidence-building measures, where were they? They were building their reputation as tough economic managers and quite happy to punish pensioners. (*Time expired*)

Ms GEORGE (Throsby) (4.22 pm)—Listening to the debate this afternoon on the matter of public importance, you have to ask the question: where have members of the opposition been for the last three weeks as the greatest financial challenge facing every country in the world has intensified?

Mr Hockey—Where have you been for the last six years?

Ms GEORGE—You can keep asking your questions, but none of those questions alter the fundamental reality that this is a very uncertain and challenging time—the most uncertain and worrying time since the Great Depression. You do not have to convince the average Australian of that fact, because they see it graphically portrayed in their lounge rooms every time they turn the television on and see another bank collapsing or being bailed out and stock markets around the world suffering huge losses. So they do not have to be convinced that this is a very dangerous situation facing the world. Obviously we are not immune from these global developments but, as we have said all along, we are in a much better position, from a variety of actions undertaken by previous governments, to weather this storm than is the case for many other countries. As the Assistant Treasurer outlined in the MPI debate today, we have moved quickly to put in place a range of measures to ensure that our banking and financial institutions remain globally competitive.

But the danger for the community is the fact that fear and a lack of consumer confidence are on the increase. For example, in

my region of the Illawarra, the most recent IRIS Research study does point to a slight rebound in consumer sentiment, but it has this to say:

Consumer confidence in the Illawarra improved slightly during the September quarter after the record low of 74 pts in June.

The *Consumer Sentiment Index* rebounded to 76 pts, up 2 pts since the June quarter.

This was in line with the Australia wide trend.

It is expected however that consumer sentiment will deteriorate in the coming months as a result of the global financial crisis, despite the large October interest rate cut.

So it was in that situation that yesterday we delivered our \$10.4 billion economic security package, which is aimed at supporting households, aimed at helping those in greatest need and aimed at boosting economic activity. The opposition cannot have two bob each way on the package. It cannot, on the one hand, pretend that it is offering bipartisan support and then, on every occasion, continue to ask questions that put in doubt that commitment. As the Prime Minister said today in question time, the opposition is walking both sides of the street, or, in my opinion, having two bob each way. It is not as if this crisis has suddenly been discovered. We took prudent action in the budget to ensure that we maintained a strong surplus precisely so that we had a buffer in the event of an economic slowdown. The sensible and responsible thing to now do in light of that slowdown is to use that surplus to provide a fiscal stimulus in a responsible but compassionate manner. As the Assistant Treasurer described in his contribution, it is all about getting in front of the game, and that is precisely what we are doing.

For my electorate the package has many elements, and I want to draw attention to some of the benefits: 17,000 of my constituents on an age pension will get the down payment; nearly 6½ thousand DSP recipients

will, for the first time, receive a lump sum payment; 1,420 constituents who receive the carer payment will benefit, receiving \$1,000 for each eligible person being cared for; and our deserving veteran pensioners and widow community are rightly recognised in this package. Unlike the Leader of the Opposition's plea for a \$30-a-week increase just for some pensioners—single age pensioners—leaving out the two million others, we have looked after everyone in our package and in fact delivered more than he was calling on for one small group. I am pleased, in light of the severe downgrading in the stock market, that eligible self-funded retirees will also be included, as will 11,800 families on family tax benefit A in my electorate. So, all in all, you can see that our approach in this unprecedented global situation has been to plan ahead, to examine unfolding events, to act early and decisively, and to act responsibly, ensuring an element of compassion in the distribution of the surplus funds. (*Time expired*)

The DEPUTY SPEAKER (Ms AE Burke)—Order! The discussion is now concluded.

DAIRY ADJUSTMENT LEVY TERMINATION BILL 2008

Report from Main Committee

Bill returned from Main Committee without amendment; certified copy of the bill presented.

Ordered that this bill be considered immediately.

Bill agreed to.

Third Reading

Mr TANNER (Melbourne—Minister for Finance and Deregulation) (4.27 pm)—by leave—I move:

That this bill be now read a third time.

Question agreed to.

Bill read a third time.

**TRADE PRACTICES AMENDMENT
(CLARITY IN PRICING) BILL 2008**

Report from Main Committee

Bill returned from Main Committee without amendment; certified copy of the bill presented.

Ordered that this bill be considered immediately.

Bill agreed to.

Third Reading

Mr TANNER (Melbourne—Minister for Finance and Deregulation) (4.28 pm)—by leave—I move:

That this bill be now read a third time.

Question agreed to.

Bill read a third time.

**FINANCIAL SYSTEM LEGISLATION
AMENDMENT (FINANCIAL CLAIMS
SCHEME AND OTHER MEASURES)
BILL 2008**

Cognate bills:

**FINANCIAL CLAIMS SCHEME (ADIs)
LEVY BILL 2008**

**FINANCIAL CLAIMS SCHEME
(GENERAL INSURERS) LEVY
BILL 2008**

Second Reading

Debate resumed.

Mr TURNBULL (Wentworth—Leader of the Opposition) (4.29 pm)—The Financial System Legislation Amendment (Financial Claims Scheme and Other Measures) Bill 2008, the Financial Claims Scheme (ADIs) Levy Bill 2008 and the Financial Claims Scheme (General Insurers) Levy Bill 2008 introduce a new Financial Claims Scheme, including a three-year 100 per cent guarantee of deposits in authorised deposit-taking institutions, compensation to eligible policyholders with claims against a failed general in-

surance company and provisions to strengthen the ability of the Australian Prudential Regulation Authority, APRA, to deal with distressed or failing financial institutions that it regulates. The Financial Claims Scheme has been in the process of being created for some time, with consideration by the Council of Financial Regulators, including the Treasury, the Reserve Bank, APRA and ASIC, as well as the Financial Stability Forum. In 2003, the coalition commissioned Professor Kevin Davis to undertake a study of deposit guarantees, which was published in March 2004 as *The study of financial system guarantees*.

As the House is aware, the arguments for and against deposit guarantees are finely balanced. On the one hand, it can be considered that the guarantee will affect competition and may increase moral hazard. On the other hand, it was clear, as Professor Davis reported, that many Australians thought there was, in any event, an explicit guarantee in place or otherwise thought that there was an implicit guarantee that would be called upon in the event of an institution failing. As I have said many times, Australia's financial system is very strong, and our depositors and insurance policyholders enjoy preference under the Banking Act and the Insurance Act.

The reforms introduced by the coalition following the Wallis inquiry, to create APRA and ASIC, have been of considerable importance to ensuring the strength and stability of our financial sector during the present global financial crisis that originated with subprime loans in the United States. Essentially, what happened in the United States was that an incredible quantity, amounting now to 15 per cent of the entire mortgage book in the United States, was lent in the form of subprime loans—that is, to people whose prospects of repaying the loan were, at best, poor. This whole process, this incredible exercise

in imprudent lending, depended, of course, upon a housing bubble and, indeed, fuelled that housing bubble. Bubbles invariably burst and, when this one burst, these loans became bad loans. In the meantime, many of them had been securitised, often into very complex financial instruments, which made their analysis extremely difficult. You had the combination of imprudent lending and considerable complexity. These derivatives found their way onto the books of hundreds of banks around the world. There was a combination of distressed assets—distressed derivatives, if you like—which were difficult to analyse and a falling property market in the United States. The housing market in the United States has fallen from its peak, I might note, on average, in real terms, by more than 20 per cent. Most analysts expect it to fall by more than 30 per cent, so this is a very, very serious correction decline in property values.

All of that resulted in a crisis of confidence. Banks lost confidence in each other. They were unwilling to lend to each other, and liquidity started to dry up. As a result, of course, central banks initially, and then governments, have had to step in to reinstate confidence and to provide liquidity to make sure that banks have the money to continue funding their operations. It has been an extraordinary crisis, and its implications and consequences will not be fully appreciated by any of us, I imagine, for some considerable time. The protection of systemically important deposit-taking institutions and insurance companies is absolutely vital to maintaining the confidence in our financial system. Confidence is everything. When confidence fails, so does credit. Everything depends on confidence. That lack of liquidity affects even well-run financial institutions, such as Australian banks, because it has made the cost of money higher. It has made money, in effect, dearer and less available.

That, of course, impacts directly on businesses small and large, on homeowners, on every Australian. The crisis may have originated in Wall Street, but the rubber has hit the road and hit it very hard on Main Street right around the world.

On 2 June this year, the Treasurer announced that the government intended to legislate for a scheme which would enable depositors in a failed ADI to receive within weeks, he said, a refund of their deposit with that institution up to a limit of \$20,000. The scheme would cover checking deposits, savings deposits and term deposits and would cover banks, building societies and credit unions—the ADIs regulated by APRA. Any deposit protection scheme, as we know, raises issues of moral hazard, and there have been some very unedifying experiences in the past. All of us remember the experience of the savings and loan collapse in the United States in the late eighties and early nineties, where institutions were basically given free rein as to the type of investments they undertook but nonetheless benefited from a very substantial depositor guarantee. This had the effect, in the market at the time, of encouraging risky behaviour. They offered high rates of interest to attract deposits and invested in high-yielding but risky investments. The inevitable happened; there was a collapse and the United States government, through the FDIC, had to pick up the tab and then, through the Resolution Trust Corporation, take over the assets and work them out.

There are many similarities between the events with the S&Ls and what is happening in the United States today. It is a different situation in other respects, but it just underlines the importance of maintaining prudential supervision at all times. There is no substitute for prudent management of financial institutions. That is the absolute touchstone. The ramifications of this crisis globally have been extremely complex and, as I said, the

implications and consequences will not be known by any of us for some considerable time. But its origins were very simple. It originated in poor lending practices, lending money to people who were not able to repay the loan—a practice that was only able to continue as long as a bubble, which is obviously unsustainable.

As we noted last Friday, on 10 October, in this current economic climate the \$20,000 limit should be increased. The shadow Treasurer and I recommended that it should be increased to at least \$100,000. This legislation provides for an unlimited deposit guarantee and we fully support it. The unlimited guarantee for bank deposits runs until 12 October 2011, with a likely introduction of a cap at that time. The legislation also provides full protection for claims against insurance companies less any excess or deductible amounts. These measures are important to maintain and build confidence in our financial sector. While we recognise the great strength of the Australian financial sector, we also must recognise that the global financial crisis is affecting confidence in financial institutions which are otherwise sound and solvent.

However, we do recognise—and I have given an example of this problem with moral hazard—the potential additional moral hazard from the introduction of any scheme of this kind. It is a central issue and it is one that should not be overlooked. So we support the review of the scheme in three years. We recommended in our statement last week that that be done by the Productivity Commission, and we commend that to the government. APRA has the key role to intensively supervise deposit-taking institutions and insurance companies that benefit from this government guarantee. It is APRA that is best placed to mitigate the additional moral hazard from the new measures. That is why we also support the additional powers given

to APRA under the legislation which will enable it to move rapidly to protect deposit holders' and insurance holders' funds and so protect the taxpayer that otherwise underwrites the scheme.

The coalition also supports the levy part of the scheme that ensures that the first port of call to pay the deposit holders of a failing ADI is that ADI's capital, bearing in mind that in any event under the existing legislation the deposit holders have first priority. It is highly likely, almost certain, that in the unlikely event of a failure there would be more than enough assets for depositors. After the ADI's capital comes the levy on other ADIs, with the taxpayer providing funding for the temporary period to ensure the rapid payout of depositors and insurance policy claimants. We recognise that the scheme may have unintended consequences, and we will carefully monitor the effects of the scheme and liaise with the government where it is feasible to resolve those unintended consequences.

I note that there have been some rather scornful remarks from the government benches today about our call for a bipartisan approach to the response to the global financial crisis. We made that offer sincerely and, as the Treasurer knows—he and I had very frank and private conversations about the \$20,000 cap when it was first introduced—we stand ready to continue to provide assistance to the government on designing these measures which are very important and which, without walking away from our obligations and our duty to hold the government to account, deserve to have bipartisan support.

This legislation does not deal with the proposal to provide government guarantees for wholesale term funding for Australian banks—and it may be that legislation is not required; I do not believe the government has

finalised a view on this yet. That is a very different proposition entirely. Depositor protection of the kind we are talking about with this legislation is commonplace and in fact most countries have it in one form or another. The wholesale term funding guarantee is a product of this particular economic crisis and it has been made available in different ways in a number of countries. But it gives rise to very major issues relating to the protection of the taxpayer. We cannot allow the guarantees offered to banks in respect of wholesale term funding, enormous sums of money borrowed from international markets, to result in losses by banks being transferred to the account of the taxpayer. The protection of the taxpayer is absolutely vital.

We have sought information from the Prime Minister and the Treasurer in question time about that. We have asked questions about whether there will be any additional prudential supervision requirements. What will be the conditions of providing a guarantee of this kind? The Prime Minister could have either provided us with a substantive answer or simply said, 'We are still working on the detail.' Instead, we got an outburst of indignation. The simple fact is that protecting the interests of taxpayers is a key priority—many would say the key priority—of this parliament and this House. The scornful and indignant way in which the government has responded to legitimate questions about these matters says a great deal about the contemptuous way they are treating those Australians, both within this House and outside it, who seek some accountability and transparency.

The wholesale term guarantee must be structured in such a way that there is an exit plan because, as I believe John Stewart, the chief executive of the NAB, said only a few days ago, the real challenge will not be in getting banks to apply for these guarantees and to pay the fee. And, of course, the de-

termination of the fee is a critical issue. The real challenge will be getting them off it. I think Mr Stewart described it as getting them off the government teat. That is a major issue, because we do not want to get into a situation in which unsustainable practices by banks are in effect supported and continued by virtue of a Commonwealth government guarantee. It is fine for the Prime Minister to say that APRA will keep an eye on it. APRA, as he should know very well, is not constituted to act as an investment advisor for the Commonwealth of Australia. When the Commonwealth gives a guarantee of this kind, it is on the hook. It is taking on board very substantial contingent liabilities. It can charge a fee. It should charge a fee, and the fee should be very commercial. Nonetheless, it is taking on considerable risk and that is something that will need additional, heightened and very careful supervision.

In the UK, where a similar proposal is being put in place, I was advised by one of the UK bank chief executives here recently that one of the conditions is to demand the provision of additional capital. We have asked the Prime Minister about that, and we have had no answer. But it is vital that the government satisfy Australians that, in providing these guarantees, the interest of taxpayers will be protected. It is not acceptable to rush into a scheme that will result in bank losses becoming losses of the Commonwealth government and being debited to the account of the Australian taxpayer.

That is why it is important that the parliament, the government and the opposition are able to agree on the principles that should underline this extraordinary intervention. As I said to the House yesterday, I wrote to the Prime Minister on Monday and invited him to agree to a motion that would have the support of both sides of the House that sets out the principles that we would all agree on in respect of responses to this crisis. I will

not repeat the whole of the motion here, because I read it into the *Hansard* yesterday. But the five key elements are worthy of repeating. The first was that we recognise the need for an urgent and coordinated international approach to the current financial crisis. The second was that the interventions be temporary until such time as confidence has been restored in global financial matters—in other words, they must not just be temporary but there must be an exit strategy. How is the government going to stop providing these guarantees? There has to be a clear exit strategy. The third was that the interventions—the guarantees and so on—must not facilitate imprudent behaviour of the kind that I described earlier that would disadvantage Australian business and Australian consumers. The fourth was that the interventions should not diminish competition in the provision of financial services to business and consumers across Australia. The final one was that above all it should not facilitate a transfer of losses from the private sector to the taxpayer.

There have been a number of very significant announcements made, such as deposit guarantees, wholesale term funding guarantees and the \$10.4 billion stimulus package announced by the Prime Minister yesterday. We have given bipartisan support to these and we have offered to assist and to engage with the government in a way that would enable us to be fully informed of each other's views. We have offered to work together in a way that the Australian people would like to see us do. Our offer of bipartisan engagement and cooperation has been rebuffed scornfully by the Prime Minister.

We saw today the most extraordinary spectacle. The opposition did its job, asked important questions about important issues relating to \$10.4 billion spend by the Commonwealth government and asked questions about the economic forecasts on which it was based. It took three questions before the

Prime Minister volunteered that the growth forecast upon which it was based had a two in front of it. He was not even prepared to give us a figure. So it is two per cent or more, no doubt. Why did we have to tear that out of him? It is like drawing blood from a stone.

He is so reluctant to tell the House the facts. He goes on television and says that he wants to level with the Australian people, and when you ask fundamental questions, such as, 'Has the advice been that this would put upward pressure or downward pressure on inflation and interest rates?' those questions are brushed aside. We asked important questions about the economic forecasts, which are everything. Why has the government chosen to spend \$10.4 billion in this way? This is a very large stimulus. It is, as we know, one per cent of GDP. And we are taking the government on trust in these difficult times. We are trusting the government to get it right and not undertake a measure that will have adverse economic consequences. And when we seek to hold the government to account, we get nothing more than abuse, indignation and contemptuous scorn.

Perhaps the height of it and the most ironic response we had from the Prime Minister was yesterday in another tirade against the opposition simply trying to do our job when he said that we were less responsible than the government of Cuba. You would have to go to Cuba to find a Prime Minister who levelled less with his own parliament than this one.

Ms BIRD (Cunningham) (4.51 pm)—I rise today to support the cognate bills before the House, which include the Financial System Legislation Amendment (Financial Claims Scheme and Other Measures) Bill 2008, the Financial Claims Scheme (ADIs) Levy Bill 2008 and the Financial Claims Scheme (General Insurers) Levy Bill 2008. I

intend to take the opportunity in this debate to first of all identify the details of the bills before us and their significance and then to put them within the context of the reason for their introduction into the House.

The bill covers the deposit guarantee, it establishes the Financial Claims Scheme, which will be unlimited for the first three years, and it enhances the powers of APRA to manage distressed financial institutions. Last Sunday the Prime Minister announced that the government would guarantee all bank deposits in Australian banks, Australian subsidiaries of foreign owned banks, credit unions and building societies. The guarantee covers all bank deposits, whatever their size, in all Australian banking institutions for the next three years. Any type of deposit, savings or cheque account or term deposit is guaranteed, including deposits held in any currency. Australian regulators advise the government that Australian deposits covered by the guarantee are estimated to be around \$800 million. The move to guarantee deposits places Australian banks on the same footing as other banking systems around the world in the current circumstances. It should be emphasised that the government has been advised by regulators that Australian banks remain sound, profitable and well capitalised. The four largest Australian banks have very high ratings internationally.

Deposit-taking institutions are required to hold sufficient capital against their deposit liabilities. In the unlikely event of the failure of an Australian financial institution, depositor preference has always ensured that depositors have first call on an institution's assets. No depositor of an institution supervised by APRA, or by the RBA before it, has ever lost money. The government does not expect that it will be called upon to pay out on the guarantee. However, there has been community concern at the international events they see unfolding nightly on the

news, and the government is keen to ensure strong community confidence in Australian banking institutions. It is for this reason that the issue of the guarantee and the establishment of the FCS have become necessary.

The government has also announced a guarantee by application of term wholesale funding by Australian banks. The government has undertaken this initiative to ensure that Australian banks are not disadvantaged in accessing global wholesale capital markets. A guarantee will only be applied to individual transactions following an application by an institution and receipt of a fee. The government has been careful to guard against the consequences of encouraging risky behaviour, charging an insurance premium or fee for those institutions applying to take up the guarantee on term wholesale funding. The fee ensures that taxpayers receive compensation for guaranteeing wholesale funding and that institutions applying to take advantage of the guarantee pay for the benefit of that guarantee. The fee will be structured to act as a disincentive for institutions to continue using the guarantee once conditions in capital markets return to normal.

We find ourselves in quite unprecedented times. I reflect back a bit over 12 months to August last year, when I was Deputy Chair of the House of Representatives Standing Committee on Economics, Finance and Public Administration. A couple of weeks earlier, while we were meeting with the Reserve Bank governor in Western Australia, there were reports on the international news channels about some problems occurring in the subprime mortgage sector in the United States. At that point, it was seen to be a contained and not particularly threatening development, although it obviously had severe implications for those who were affected by it in the United States. As a result of some of those reports, it was decided by the commit-

tee to have a one-day roundtable on Australian house mortgages and the situation in this country and to generally have a look at the implications for Australia of what was unfolding in America.

What is particularly interesting for me is that, now we are a bit over 12 months down the track, it is quite astounding that the evidence we took at that roundtable on that day has proven to be so profoundly unreliable. The reality is clearly that very few if any major commentators, economists or people working in the field or with the regulators around the world in any way anticipated the hidden, intricate connections between what was happening with the subprime market in America and the broader international economic world. Sadly, whilst I am sure we have not completely unfolded the implications and exposed them to the light, today we have a much better and more devastating understanding of those connections and their effects.

At that roundtable we had the four major banks; the regulators; the mortgage insurers; a variety of independent economists, including Associate Professor Steve Keen; and the union, the FSU. The general view from most of those—Associate Professor Keen probably being the outstanding exception at the time—was that Australia was unlikely to see any particular flow-on effects from the subprime mortgage issue. I think that was really a very limited view of what the flow-on effects might be, because it was about the nature of our mortgage market and the fact that subprime mortgages were such a tiny percentage of our market and that our defaults were at good rates so that the defaults were not emerging as a major problem, although there was an acknowledgement that within specified markets or geographical areas there was a greater problem than in others—and Western Sydney obviously comes to mind; my colleague the member for Bankstown,

particularly, has been engaging with the problem in his community in recent times.

However, there were assurances that the risk assessment behind the insurance of these products was sound and that the ratings and regulations were appropriate. I think that that remains the case. There is no doubt that in Australia we have a well-regulated, well-capitalised and, I would say, responsible banking sector. However, what was not seen at that time—and was probably not seen internationally at that time—was the way in which these products were dodgy at best and basically reliant on an ever-expanding house price market so that it was okay to lend something to someone regardless of their capacity to repay it because at the end of the day the lender could always repossess the house and sell it for a profit anyway. The very nature of the economics of that sort of loan, apart from its questionable morality, was that it then became a contagious, viral reality in our economy internationally.

These products were packaged up and sold out, often with regulators giving them good credit ratings that encouraged people to think that they were safe investments, so they spread throughout the system. As the Prime Minister indicated in his speech today at the Press Club, it was not until that crunch time came, where there was a major failure in that whole system, and people started handing back the keys in those parts of America where the subprime crisis started to hit, that the tidal wave—or the tsunami, as the former Treasurer, the member for Higgins, described it not long before the election last year—began to flow through. Now, at the end of the day, we are all paying a price for that. It is important that we understand that, while we are in a much stronger position in Australia than most other developed countries—as has often been said by many in this place, if you had to choose one of the countries amongst the developed nations in

which to be weathering this storm, Australia would be your No. 1 choice—we are not immune from the flow-on effects.

One of the most critical effects is the psychology of this sort of event, and that goes to the issues around confidence. I mentioned earlier this week that the major impact in my electorate that I have seen as a result of this in recent days has been the number of people ringing our office who were concerned about the safety of their bank deposits. As much as we can assure people of the strength and resilience of our sector and the quality of our regulators, if people in this country are watching, night after night, TV news about countries internationally providing guarantees to their banks and deposit-taking institutions, they will say, ‘Why haven’t we got that protection as well?’ If you do not provide confidence, it will flow through to behaviours in our real economy. It means that people will get so spooked by what is happening that they will stop spending and will no longer feel secure to invest. Sadly, in the worst cases, people even start pulling their money out of banks and deposit-taking institutions, and that is exactly the sort of behaviour and reaction we do not want to occur in this country. So the announcement that the Prime Minister made on Sunday about the guarantee behind deposit-taking institutions in this country was very, very important in order that people could have that confidence.

It is also important that we recognise that the credit squeeze internationally has made it increasingly difficult for banks, no matter how well regulated and well capitalised they are, to compete for finances on the international market. I was talking to some locals and reminding them that, when we bought our first house in 1984, we had to basically bow and scrape to the bank manager to get a loan to buy it. The current generation just cannot imagine that. They now have the experience—which we raised with the banks at

the roundtable in August last year—of being told, ‘Surely that’s not enough; surely you want more money,’ and of walking away and thinking, ‘I can’t believe that I’d actually be able to borrow that much.’ That is the reality of this generation’s experience, so I think it is hard for many of them to picture what it was like in the days when credit was so tight that you had to basically mortgage your soul, let alone your income, to get a mortgage to buy a home. We certainly do not want to get to the point where the credit squeeze is so bad and our banks are unable to compete on the international market for accessing credit that we get to the point where that occurs again.

The importance, therefore, of the guarantee is also to make sure that our banks are competitive on the international market. One of the most important messages that the Treasurer has brought back from his meetings is the need for countries to act in unison, to act in a way in which no one nation takes action that disadvantages another. With countries internationally providing these guarantees, it is important that we reflect that in this country as well, which is what these bills are about. I commend the bills to the House.

Ms JULIE BISHOP (Curtin—Deputy Leader of the Opposition) (5.04 pm)—The financial crisis that has been unfolding in the United States since around August 2007 has certainly sent shock waves around the world, and the alarm bells have rung on a number of occasions in relation to the banking sector of other countries. The collapse of Northern Rock, the collapse of Bear Stearns in March this year, the acquisition of investment banks in the United States such that there are now only two remaining investment banks on Wall Street and the partial nationalisation of banks in the United Kingdom, in Europe and, overnight, in the United States mean that these are indeed unprecedented times. The

steep falls in stock markets have dominated the front pages of our newspapers, and it is on the minds of many Australians.

We do not know the extent of the financial losses that have already occurred and we cannot know accurately the full extent of future losses, but we do know that a loss of confidence has contributed to the financial crisis around the world and that rebuilding confidence is a crucial part of recovering from the crisis. In advanced countries governments are relying essentially on three lines of defence to shore up their economies from the impact of the financial crisis: monetary policy—and some countries have more manoeuvrability in that regard than others; fiscal policy—and, again, some countries are in a rather difficult position depending upon the strength or otherwise of their budget, their surplus position and their economy generally; and also direct government intervention that has taken the form of liquidity injections, purchasing the troubled assets of some banks and exposing their balance sheets, if you like, and also the issue of recapitalisation. In advanced economies governments are also putting in place deposit guarantees. The International Monetary Fund, in particular, has been calling for greater coverage not only for retail bank deposits but also for interbank and money market deposits.

These bills, the Financial System Legislation Amendment (Financial Claims Scheme and Other Measures) Bill 2008, the Financial Claims Scheme (ADIs) Levy Bill 2008 and the Financial Claims Scheme (General Insurers) Levy Bill 2008, in order to establish a financial claims scheme, provide an unlimited explicit guarantee for bank deposits. It is probably fair to say that most people in Australia assumed that there was already in place at least an implicit guarantee of their bank deposits, particularly with the major banks. But these bills contain important measures to

maintain and build confidence in Australia's financial system.

Australia does have a depositor protection scheme in place whereby authorised deposit-taking institutions must have in place assets held in Australia equal to or more than the deposit liabilities that they have. Depositors in this country also have first claim to the assets of an authorised deposit-taking institution. But in these unprecedented times greater assurance is required, particularly to assure depositors with institutions other than the big four that their deposits are safe, because authorised deposit-taking institutions include building societies, credit unions and the like.

Australia is in a far better position than many other countries to withstand the shocks from the financial crisis. Our financial system is safer than many and we are therefore better prepared than most other countries to withstand the financial crisis. This is not the result of luck. It in fact reflects over 10 years of responsible economic management and the application of measured financial principles by the previous government.

Australia's financial institutions have served us well and are serving us well at this time. The Reserve Bank is keeping its eye on inflation and providing systemic stability to our entire financial system. The Australian Prudential Regulation Authority, which was set up in 1998 as a result of the Wallis inquiry recommendations, provides the type of intense supervision that perhaps has been missing from some systems overseas. That supervision is of systematically important institutions such as authorised deposit-taking institutions and life and general insurance companies. The Australian Securities and Investments Commission is providing careful oversight of corporate law. It has been called upon to act, particularly in relation to the issue of short selling, during the extraor-

dinary month of September. And of course the Australian Treasury oversees policy. So these institutions are interacting and coordinating to ensure our economy has strong prudential regulation and supervision, and their roles are complemented by the Australian Competition and Consumer Commission to ensure that there is promotion of competition policy, enhancing competition, which is essential for the provision of the best quality goods and services at the lowest prices in this country.

The point is that these are institutions that, in the case of APRA, were created by or, in the case of the others, had their mandates strengthened by the coalition when in government. These bills will be competently administered by one of these institutions—the Australian Prudential Regulation Authority. In the highly unlikely event that an Australian institution collapses, these bills will provide depositors with the security that their funds will be available to them in a short period of time. The guarantee will apply for three years to all deposits in authorised deposit-taking institutions. The scheme will also provide compensation to eligible policyholders of general insurance in the event of a failure by a general insurance provider. Finally, the bills strengthen APRA's ability to manage a distressed authorised deposit-taking institution, a general insurer or life insurer, should that be required. In addition, the two related bills provide for the imposition of a levy on authorised deposit-taking institutions and on general insurers in the event of the activation of the Financial Claims Scheme in relation to the failure of an ADI or general insurer.

But there are risks with these bills that must be addressed by the government. While the coalition supports the bills, we also recognise that there are risks in providing such a guarantee to depositors. As with all areas of government, the bills will require careful

analysis and prudent management once they have passed into law.

While the bills before us have been under consideration for some months, the idea of a financial claims scheme is now considerably changed in scope from the original capped scheme which proposed a limited explicit guarantee of \$20,000. It was more about timely access to at least some funds in the event of a failure to meet deposit liabilities rather than ensuring that the entire deposit was covered and available in a short time. I think the government should be up-front and acknowledge that the speed with which these greatly changed bills have been brought forward necessarily means that the analysis available to the government for decision making has been hurried. The opposition has had even less information and less time to consider that information than the government and so there are a number of unanswered questions. I am grateful for the briefing from representatives of Treasury and the government today, but there are a number of issues which will need to be watched very closely. The public and those financial institutions that are affected by these bills, both those that are included and more particularly those that are excluded from its coverage, are largely in a position of just having to trust the government on this one.

I also raised today in this House during the matter of public importance the significance and the importance of having the government level with the Australian people and provide publicly and through this House a full statement of the information and analysis that the government has received on the important decisions that it has been taking over the past couple of days. I refer, of course, to the \$10.4 billion package that has been designed to act as a fiscal stimulus for the Australian economy. There is a dearth of information surrounding the announcement of that package. There was a press release and a

statement by the Prime Minister, but there are no Treasury papers, no Treasury advice and no revised forecasts—all the usual advice, data and information that one would expect to see supporting the announcement of a \$10.4 billion spend. This is effectively going to halve the budget surplus and yet such information is absent. When the coalition asked quite legitimate questions in the House about the revised economic forecasts and the information that the government must have had in order to have made such an extraordinary announcement as a \$10.4 billion package, there was just confected outrage that the opposition should be so impudent as to ask these questions. That just causes more concerns in the minds of the public.

These three bills are no exception. They have not been subjected to the normal scrutiny. There is no regulatory impact statement. The government should prepare a clear statement of the costs and benefits and risks of this policy to government, to the financial sector, to businesses and to the public. In such a statement it is essential that the government recognises that this scheme will alter behaviours by creating new incentives and disincentives to authorised deposit-taking institutions and insurers and their customers to act in ways different than they have in the past. Analysis and effective supervision by government will be required so that the increased risks from the moral hazard are minimised. The government has set an expiry date of three years for this scheme to operate without a cap—that is, an unlimited, explicit guarantee for deposits. To achieve this—that is, to set an expiry date of three years for the scheme to operate without a cap—there must be a credible and workable exit strategy. It should be devised now and then reviewed at appropriate intervals between now and the expiry date. There is currently no exit strategy.

I note that the Treasurer's second reading speech this morning stated that there was interaction between the guarantee on deposits in these bills and the guarantee on eligible wholesale borrowing. He said there was 'interaction' there, but at this stage virtually no information has been provided on the government's wholesale term-funding guarantee. There is virtually no information about that. And, again, I call on the government to make such information available.

The coalition understands the need for a concerted effort to ensure Australia withstands the impact of the financial crisis. But the coalition, like the Australian public, should not be left in the dark, wondering what information the government has that has led it to make these decisions. We will support these bills, but the government must provide this information to the coalition and to the Australian public.

A government should always be wary of adding new laws that are unnecessary or counterproductive. The present financial crisis is, to some extent, a result of poor regulation in the past in various parts of the world. Once a new law is introduced, a government should continue to monitor its effectiveness, its efficiency and its fairness. This is particularly so where a law has been introduced in great haste or in circumstances where none of the normal scrutiny is applied or no regulatory impact statement is provided. In the case of financial regulation, it may be that the immediate circumstances of the present problems are leading to solutions which are not fundamental to improving the workings of financial markets. Many analysts believe that better disclosure of debt is the fundamental requirement for addressing the present problems around the world. That means that banks and corporations and others who have invested in the subprime market would have to declare their level of exposure to

current and future losses. It would prevent debts from being hidden off balance sheets.

Inevitably, there will be some financial institutions that will be revealed as insolvent around the world. They may well need to be recapitalised. But in the absence of transparency, even the huge bailout packages in the United States and the United Kingdom will fail to stop the crisis or to restore trust to the financial markets. There must be absolute transparency. In response, many governments, including Australia's government, are offering these deposit guarantees as an interim step on the way to recovery. We understand that. But it is to be hoped that the world does find a way through this crisis that results in minimal damage to the world economy. It is possible that no circuit-breaker will be found unless the reporting rules are reformed to achieve full disclosure of all balance sheet assets and liabilities.

So our caution, our suggestion to the government, is that whilst we support these bills there are still many matters that need greater consideration, more information. Take the Australian public with you. Level with the Australian public. Give us the detail, the information that we need to be assured that this level of regulation and these bills will achieve the desired effect.

Mr CRAIG THOMSON (Dobell) (5.19 pm)—We are indeed in uncharted waters in terms of the financial crisis that is gripping the world. What the Australian public has been looking for, and what the Rudd government has delivered, are bold and decisive actions on a number of points. The Financial System Legislation Amendment (Financial Claims Scheme and Other Measures) Bill 2008 and cognate bills before the parliament today are part of that. On 12 October the Prime Minister announced three strategies to help protect Australians and the deposits of Australians and inject confidence back into

the financial system. Those three measures that were announced on 12 October were the uncapped guarantee on deposits for the next three years; a guarantee of wholesale term funding of Australian incorporated banks and other authorised deposit-taking institutions, and this guarantee must be applied by the borrowing institution and is subject to the payment of a fee; and the authorisation for the Australian Office of Financial Management to purchase additional RMBSs for a total of \$8 billion. It was then followed up two days later with a \$10.4 billion package to help stimulate the economy. All of these measures need to be taken together when we are considering the legislation today and looking at the decisive action that this government has taken.

I was out in my electorate over the weekend and there was considerable concern from the public who were coming up to talk to me about their issues. The majority of people who were coming to talk to me were worried about their deposits. They were worried about what was going to happen to them. They had had them for many years in banks and they were looking to see what the government could do in relation to this issue. Now this is something that the government has been mindful of for some time. In fact, in June this year we announced the intention for this legislation—at that stage to be capped at \$20,000, but there was an intention by this government to make sure that there was some guarantee for deposits. The events that have gripped the world's financial markets saw a need for us to take those guarantees further, and that is what this legislation is about.

The other point about the approach that this government has taken is that it makes sure that we are working internationally with other governments. This is an international crisis and there needs to be cooperation and coordination with banks and governments

around the world to work it out. Again, this government was decisive in doing that. The Treasurer was on a plane straight over to the United States to participate in very important meetings to make sure that we were part of the international solution to these particular problems.

It was only a couple of weeks ago that the Prime Minister was in New York and those opposite were mocking the fact that he was taking the financial meltdown so seriously that he needed to be in the United States. Two weeks later and we do not hear a squeak out of them about the action that the Prime Minister took in making sure that he was over there, across these issues and talking to government and financial institutions about the effects that this would have on the global community.

This legislation is about trying to make sure that confidence in the Australian financial system is restored. It is there because it is so important for the operation of our system that people do not fear—and in the case of Australia there is no need to fear—that their bank deposits are not safe. Indeed, it is still the case that our banks are strong, well capitalised and some of the safest banks in the world. But we need to make sure that we take strong and decisive measures to restore confidence, and the bills that are before the House go to that.

It is important and welcomed that the opposition, in a show of bipartisanship, are in fact supporting these bills. But I must say that the public sitting in the gallery today during question time would shake their heads if you said that both sides of the House were cooperating and that there was bipartisanship on the measures that were announced on 12 October and on the further measures that were announced on 14 October. Quite simply, what we saw today in question time was the opposition behaving—as they have be-

haved all this year—totally inconsistently. They speak about bipartisanship but then waste question time doing exactly the opposite. It is pleasing that they are going to support these bills, and we hope that the kind of display that we saw in question time today will be something of the past.

I will now go to some of the specifics of the legislation that is before us. The guarantee will cover all deposits in Australian owned banks, Australian subsidiaries of foreign owned banks, building societies and credit unions. The regulators advise that Australian deposits covered by the guarantee on deposits are estimated to be in the order of \$800 billion. Deposit-taking institutions are required to hold sufficient capital against their deposit liabilities, and depositor preference means that depositors already have first call on an institution's assets in the event that it fails. This means that it is highly unlikely that depositors' funds would not be recovered through the liquidation or failure of an institution.

Because of regulation, the supervision of APRA and the way in which our banks have been operating, it is highly unlikely that an institution in Australia would fail. But, in the unlikely event that that does occur, what this legislation is about is making sure that, rather than waiting for those funds to be recovered from a failed bank, the government will step in and cover those deposits in the first instance so that depositors have access to their money. The government does not expect that it will be called upon to pay for these guarantees. As I said, our banks are strong and well capitalised. Deposit-taking institutions are required to hold capital against their deposit liabilities and, as I have said, depositor preference means that depositors have first call.

In terms of the wholesale-funding guarantee, the Prime Minister recently announced

that the Australian government would guarantee, by application, wholesale term funding by banks. Other governments have done this with their banks, which in many cases have poorer credit ratings than our banks. We have had to act domestically to ensure that our banking institutions are not disadvantaged in accessing global wholesale capital markets. As the Prime Minister has said, these measures are necessary to help unclog the arteries of the global financial system.

By offering the wholesale-funding guarantee, the government is ensuring that Australian banks, credit unions and building societies are not placed at a commercial disadvantage in international credit markets. A guarantee will only be applied to individual transactions following application from an eligible institution and the receipt of a fee. Our banking system is one of the strongest in the world and the likelihood of the guarantee being drawn upon is very, very low.

We are in unprecedented times in relation to the actions that governments need to take. We have seen from the Rudd government decisive action, bold action, a plan that goes to the heart of the issues that are plaguing the global community. The government is making sure that the financial sector in Australia is in the best possible situation it can be to meet those challenges as they flow through the economy.

I would like in particular to talk about the \$10.4 billion that was announced yesterday in relation to the economic package to stimulate the economy. This is further decisive action by the government that makes sure that we are stimulating growth in the economy. It makes sure that those people who are hurting and have found the current economic times the hardest to deal with are given, in relation to pensioners, carers and low- and middle-income families, a cash injection so that they can have access to money that they

need. That money will also provide a much-needed stimulus to the economy to ensure that Australia, unlike many of our OECD counterparts, unlike those countries that are close to recession or in recession, continues to maintain the strong growth that we have had in the past and expect to continue to have.

This government has acted decisively; it has acted boldly. The legislation that is before the House is part of that. It is about providing confidence to the financial sector. It is a series of bills that should be supported. It is good that we have some bipartisanship in relation to these bills from the other side of the House. I urge those opposite to make a more positive contribution in relation to the bold and decisive initiatives that the Prime Minister has announced. I commend these bills to the House.

Ms HALL (Shortland) (5.31 pm)—by leave—I move:

That standing order 76 be suspended for the duration of the first speech by the Member for Mayo on the second reading debate on the Financial System Legislation Amendment (Financial Claims Scheme and Other Measures) Bill 2008.

And I wish him good luck.

Question agreed to.

The SPEAKER—Order! Before I call the honourable member for Mayo, I remind honourable members that this is his first speech. I therefore ask that the usual courtesies be extended to him.

Mr BRIGGS (Mayo) (5.32 pm)—Mr Speaker, I rise in this chamber today humbled by the honour and the significance of representing the people of Mayo in the federal parliament. In the shadows of a political giant I stand here as the second person to represent this great electorate. It is appropriate to pay tribute to my predecessor, Alexander Downer. I thank him for his tremendous guidance and friendship, recognise him for

his unfailing commitment to his electors and honour him for his outstanding contribution to the foreign relations of our country.

To the people of Mayo I undertake that my commitment to their service will always be my principal responsibility in this place. Many would be familiar with my electorate, spreading as it does through large parts of suburban and rural South Australia, including some of the best wine country in the world. You would know that Mayo contributes to the nation's food bowl with dairy, beef, sheep, apples, pears, cherries, small-goods and cereals. It is an area of considerable beauty, with many internationally recognised tourism locations. It has some of the fastest-growing towns and rural cities in Australia, creating familiar challenges with planning, services and infrastructure.

Of course, you would have seen the courageous communities on the Lower Lakes making news recently, as they face up to the crisis which bedevils the Murray-Darling Basin every single day. This is a crisis that should not be beyond the wit or ability of a practical and innovative people to fix. The River Murray is a naturally replenishing resource that we must be able to use for food production. But, because of many years of overallocation, excessive regulation, poor planning by successive governments and a once-in-a-generation drought, the system is now at a crisis point.

What has become clear to me is that the time for blaming each other is over. For too long the system has suffered because of continued conflict: state against state, Liberal against Labor and, more recently, Labor Premier against Labor Premier. What those in authority have failed to appreciate is that bickering between us has been viewed as juvenile by those who elect us. What is needed is a national leadership that is above politics. It needs a plan like the Howard-

Turnbull plan released in 2007. That plan was visionary because it addressed the big issues in the system: infrastructure investment, water buybacks, structural adjustment and the management of the whole basin. We must treat the basin as one system, we must invest in water efficiency, we must tackle the problem of overallocations in a coherent manner and, most of all, we must help communities to adjust to the new reality. If we do not, the Lower Lakes in my electorate will reach the point of no return.

The unsatisfactory agreement from COAG will not achieve the necessary reform. While it endorses most of the Howard-Turnbull plan, it is too slow in its implementation, and it still allows the states to preserve their own interests against those of the basin. In this regard, installing a new weir and flooding the Lower Lakes with sea water would be an environmental and social catastrophe. My colleague in the South Australian parliament, the member for Hammond, recently delivered an outstanding speech on this issue, debunking the specious arguments for the weir and with them the myth that has developed in relation to evaporation from the Lower Lakes. Importantly it also debunks the falsehood that the Lower Lakes were once a salt-water environment. A weir is not a solution; it is an admission of failure.

We must also remember that this crisis is not just an environmental crisis. It affects real people. It is our responsibility, therefore, to ensure that the people affected by this crisis receive the same attention that we are prepared to afford the environment. The truth is that the communities on the Lower Lakes need a hand. Therefore, in the spirit of bipartisanship, I have today written to the Prime Minister requesting that he personally intervene to assist the communities on the Lower Lakes to get through this crisis. These are proud Australians who deserve our support.

I come to this place determined to do my part to make the best country in the world an even better place to live. Mine is a typically Australian story. I was brought up in Mildura in a loving middle-class family. My father, Peter, worked for the Commonwealth Bank and my mum, Jan, stayed at home to raise the family. I moved to Adelaide following year 12 to pursue dreams of playing cricket for Australia. What I was quick to learn, however, was that my ability was no match for my enthusiasm and that I was destined to follow a different path.

I was drawn to politics because I realised that the only way to have an influence on Australia's future was to be involved. I have always known the love of my parents and their unfailing belief in my sister and me. I will always be grateful to them and for what they taught us. They taught us the absolute importance of family life, that hard work and making the most of your opportunities will bring rewards and that Australia is the best country in the world, with a stable system of government and strong, enduring institutions. From them and from my own experience I have found that we are a country of abundant opportunity—where anyone willing to have a go can reach for their potential.

But, if we are to keep our place in the world as a country that punches well above its weight, we must continue to face up to our challenges. Our most immediate challenge is to keep our economy strong in a period of incredible financial turmoil. This challenge puts at risk the security of our national economy, as well as the ability of families to meet their monthly mortgage payments. But it is a challenge we are well placed to confront, thanks largely to the tough decisions taken by John Howard and Peter Costello over the previous 12 years. So to every opponent who would have defeated me by my association with the policies of the former Prime Minister, may I express my

gratitude and humility for this legacy: two million new jobs, the lowest unemployment rate in generations, significantly higher real wages for workers, a government that is now debt free and in surplus—delivered in the face of senseless opposition—a people now less dependent on the state and more self-reliant and an Australia proud of its history and its place in the world. Mark my words: the further time passes from the period of the Howard government, the more clearly we will see its legacy and yearn for an administration of its equal.

I have always admired politicians who stand by their beliefs. British author Andrew Roberts describes a statesman as someone who, in the face of a general election, stands by an unpopular policy because they believe it is in the best interests of their country. Through history these statesmen are well remembered: Winston Churchill, Harry Truman, Margaret Thatcher, Ronald Reagan and Tony Blair, to name a few. They are lionised now but were bitterly opposed in their time. History will judge John Howard in a similar way. Whether it was standing up on gun control, modernising our tax system, intervening in East Timor, standing by our allies in the war against terror or reforming the workplace relations system, John Howard did what he believed to be the right thing for Australia's future.

Of course, reforming Australia's workplace laws will be remembered as one of the factors in his government's downfall, but what is ignored and forgotten is that the system that operates in this country today is a world away from the workplace system that operated in 1996—much to Australia's advantage. No longer is the Australian economy held to ransom by wildcat strike action. No longer are the wharves controlled by a group of militants who made our waterfront the laughing stock of the world. No longer are Australian workplaces bullied by unin-

vited third parties. The heavy lifting on reforming Australia's workplace laws has been done. This country is a more productive place because of John Howard's workplace policies, so much so the new government is barely changing them!

While it is right for us to honour the legacies of John Howard, Peter Costello and Alexander Downer, who delivered a golden age in Australia, it is now time for the next generation of Liberals to stand up. The Australian people decided last November they wanted a fresh approach, and we must learn the lessons of that defeat and rebuild. But Australians cannot afford for us to sit on this side of the House for any longer than is absolutely necessary. I believe we must return to our core values, take from the very best of the previous government and set ourselves policies for the next Liberal administration. I am a Liberal because I believe in the importance of family as the cornerstone of our lives. I am a Liberal because I believe in the value of small business as the engine room of jobs. I am a Liberal because I believe in the role of personal responsibility and self-reliance in our society. And I am a Liberal because I am proud of my country and its place in the world.

While we are in opposition we should not be pale imitations of the Labor Party in government, and we must not be afraid to take on battles on unpopular issues if we consider our position to be right and in the interests of Australia. It is vital for Australia that the opposition evaluates major policy changes on merit and not on emotion. In this respect, the planned introduction of an emissions trading scheme will be a key test for both sides of this House. I believe this debate risks being hijacked by extremists who are intolerant of a range of legitimate views. Australia has a proud tradition of avoiding extremism in policy development. It is one of the reasons our country is so strong. But we are dimin-

ished as a nation if we are to persecute those who dare raise doubts about the assumptions behind the current discussion on climate change. This is, indeed, a vital debate—but let it be open, where views are encouraged and respected and a critical evaluation of all the facts is encouraged. For what it is worth, my view on this issue is that we should do what we can to reduce our impact on the environment.

I want my children, Elka and Henry, and future generations of my family to grow up in an environmentally sustainable world. But I also want an honest debate that considers the impact on our economy and the working lives of ordinary Australians. It seems to me that the worst thing we can do is to overreach with our approach to this issue and make little difference to the climate but destroy our economy and our future. This should not be used—as it has been—as a tool of political bludgeon by one party against the record of another. That is why I am so concerned about a government that says it is serious about addressing climate change but in the budget cuts a subsidy for the solar panels because the scheme was supposedly overheating and about a government that says it is serious about addressing climate change but for factional and ideological reasons refuses to sell uranium to India. This is a serious issue and a serious challenge for Australia and the world. We must work overtime to get the big-polluting countries to agree to a plan for the future. Without such an agreement next year, anything we do will be of limited consequence. Hopefully this is the reason our Prime Minister has clocked up so many frequent flyer points this year!

I have the same realistic view of national security that I do of the environment. In particular, I believe we should not for a moment assume that because episodes of terrorism on Western soil have reduced we are immune to attack. We must be aware of our international

responsibilities in the war against terror and be ever vigilant on our homeland. We are right to play a significant role in the war against terror, we were right to stand by our allies and we were right to fight for a victory. I pay tribute to the men and women of the Australian Defence Force for the job they are doing for us in Afghanistan, Iraq and the other countries where they are stationed. I honour all our service men and women, just as I honour the contribution of those Australians—including my grandfather—who served our country and in so many cases made the ultimate sacrifice to protect our way of life.

The reality in today's world is that borders mean less than they have at any time in the past. The internet is the great enabler of our time. It has indeed flattened the world. It is a tool for commerce that will drive economic growth. It is a tool for education that will help our children learn. It is an essential tool in our modern society. I believe that broadband must be reliable and it must be available at a reasonable price. Broadband is also a vital educational tool. Young Australians are very fortunate to have a well-funded and accessible education system with reasonably high standards. It is one of the key pillars in keeping Australia ahead of the world.

But this may not always be the case. Our competition in a globalised world has learnt from and invested in education. Thomas Friedman in his bell-ringing book, *The World is Flat*, highlights the need for Western countries like Australia to improve their education systems to stay in front of the pack. This investment must begin at early childhood and stretch through to higher education. It means creating a system based on reward for effort and reward for achievement.

Reward for the better performing teachers is important. Performance pay for our teachers must be a road travelled for policy mak-

ers in the coming years. Our education system must also reward children who do well. I believe there should be well-designed programs to help fast-track bright kids. Equally for those who wish to pursue trades, this should be encouraged with specialist technical colleges. This government is making a big mistake by walking away from technical schools, just as Labor did in the past. Our education system must be dynamic enough to bring out the best in all our children.

The work and family balance is a further challenge that will continue to test policy makers. I am an unashamed supporter of the baby bonus and of family tax benefits, because families deserve our encouragement and support. As a country we need a higher birth rate, and I have little doubt that recent increases in the birth rate have been due in part to these policies. Paid maternity leave is already a significant part of the equation in the modern workplace, but where the federal government can do more is to fill the gap in the small business area. For businesses with fewer than 100 employees it is very difficult, if not impossible, for them to provide paid maternity leave. I believe the government should develop a scheme to assist workers and businesses in this bracket, leaving larger businesses to continue to build in paid maternity leave in workplace agreements. But whatever policy the government settles on, it should not under any circumstances harm small business or discriminate against those mothers who choose to stay at home and raise their children.

We on this side of the House take an optimistic view of Australia's future. We have challenges but they should not be beyond our wit to fix. We have a sound political system and in that respect I pay tribute to the Australian Electoral Commission for the way in which they conducted the recent by-election in Mayo. We are well served by our Electoral

Commission and their independence is a fundamental strength of our democracy.

However, I believe there is an immediate challenge for our democracy. We are witnessing in present days the US election campaign where millions upon millions are being spent by both sides. I fear that our system is heading down this track at a rapid rate, raising doubts in our electors' minds on the integrity of large donations. I share the concern of the member for Cook that our country needs to address the funding of election campaigns. I also consider we must strive to do better in this place. I believe the Australian public is sick of endless reviews and 'political speak'. It is time to govern rather than manage.

In conclusion, I would like to take the opportunity to acknowledge several people. As all of you in this House know, we do not have the opportunity to represent our electorates without a loyal band of volunteers assisting us. In that respect I pay tribute to all the Liberal Party members and volunteers in Mayo who helped deliver the opportunity for me to sit in this place. In particular I thank Jeff Mincham, who was my campaign manager and whose efforts went far beyond what was expected. By-elections are always difficult to run and win and in that respect I acknowledge the assistance of John Burston and the Lib team at Liberal Party headquarters. Also I thank Nick Minchin for all his advice and hard work during the campaign and all my other state and federal colleagues who worked so hard to ensure my election.

I have been extremely fortunate in my time in politics to be exposed to several brilliant political minds. In particular I acknowledge Rob Lucas, for without his support and guidance I would not be here today, and John Howard, the best Prime Minister this country has ever had and someone I was privileged to serve for three years. To all of my friends

who have journeyed here today from far and wide, thank you, and to others who could not join us today I also express my heartfelt thanks.

To my mum, dad and sister, Kate, thank you for so very much. My sister is achieving significantly in her own right and I am very proud. Mum and dad have always been my biggest fans—and in mum's case, most vocal of fans—and without their guidance and support I would not be standing here today. I thank my in-laws, the Fiebigers, Noel, Claire and Toyah, for all their support, particularly in recent months.

And finally, I thank my children, Elka and Henry, who have brightened our lives, and last but certainly not least, my beautiful wife, Estee. I am indeed the most fortunate man alive to have found my best friend to share my life. Without her support, encouragement and occasional tempering of some of my less well-thought-through ideas, I would not be half the person I am today. It is an enormous honour to sit in this place. I shall never forget nor disregard the enormous faith the electorate of Mayo has placed in me and I will do my best every single day to make Mayo and our country an even better place to live. Thank you.

Mr SIDEBOTTOM (Braddon) (5.50 pm)—I congratulate the new member for Mayo on his entry to the House and on his speech. We live in troubling times, and this government has been seeking and will continue to seek to manage responsibly and in a preventative way what is increasingly becoming a serious economic problem both here, certainly potentially, and elsewhere throughout the world. We handed down a responsible budget in May this year and in that process, through savings, attempted to bring together an important and sizeable surplus and to do that responsibly.

More recently, in the wake of the downturn in the world economy and to try to act in a pre-emptive way, this government has made some decisions. One was to guarantee the savings deposits and mortgages of Australians for at least three years, when that will be reviewed, to give them confidence and also to give those banks and lenders confidence and to give those overseas confidence to invest in and borrow from Australia. At the same time, as announced most recently by the Prime Minister and the Treasurer, we have put together a \$10.4 billion Economic Security Strategy for the future. I suspect that the word 'security' in this case is most correct. It is something that affects us globally, it affects us regionally and, most especially, it has the potential to affect our economy. What we seek to do responsibly, conservatively, diligently and, in this instance, decisively is retain confidence internally and externally in our economy and to give confidence to Australians who operate, work and live in this economy. To do that we introduced five elements, which this House is familiar with and the Australian community is becoming more familiar with as they are disseminated.

In the time remaining to me in this debate on the Financial System Legislation Amendment (Financial Claims Scheme and Other Measures) Bill 2008 and cognate bills, I would like to highlight some of those elements to the House and give them some relevance to my electorate of Braddon. I come from a region of around 100,000 to 110,000 people. Those figures include some people who are in neighbouring electorates as they are figures for the discrete region. I estimate, from the number of first home buyer grants allocated in 2007-08 in Tasmania, that 800 grants for either first home or first new home buyers, to the value of between \$2.8 million and as high as \$4.5 million, will flow to my electorate as a result of

the introduction of the total \$1.5 billion investment to help first home buyers purchase a home. In addition, with 9,574 families in the electorate of Braddon who receive family tax benefit schedule A, with some 18,659 eligible dependent children, I estimate there will be a one-off stimulus of nearly \$19 million to the economy. Finally, through this element, with 33,574 people or couples who receive a variety of pensions and entitlements, I estimate that inclusively around \$70 million will be injected into my regional economy because of the Economic Security Strategy announced by the Prime Minister and the Treasurer. That is a sizeable stimulus in a region of about 100,000 people. Of course, if you multiply that across Australia that is the type of stimulus that we are encouraging. Hopefully, that will give confidence to our local communities, to those who produce, to those who sell, to those who buy, to those who invest and to those who save, in addition to the economic activity that is now taking place. We are also seeking that it acts as a stimulant in the wake of a potential downturn in the economy.

I mentioned there were five elements in the package. There is \$4.8 billion as an immediate down payment on long-term pension reform. It is a down payment, not the only payment. It is a one-off payment that includes many more pensioners and entitlements than was mentioned by the opposition in their earlier politicking on this issue. I speak of age pensioners, disability support pensioners, carer payment recipients, wife and widow B pensioners, partner and widow and bereavement allowees, Veterans' Affairs service pensioners, veterans income support supplement recipients, Veterans' Affairs gold card holders eligible for seniors concession allowance, those of age pension age who receive parenting payment, special benefits or Austudy, and eligible self-funded retirees holding a Commonwealth seniors health

card. In addition, people who are receiving carer allowance will also receive \$1,000 for each eligible person being cared for. What we are looking at is making available a lump sum payment of \$1,400 to singles and \$2,100 to couples who will benefit. As I mentioned earlier, as part of this, the lump sum payment will be extended to disability support pensioners. That is a comprehensive investment and a comprehensive stimulus to people who need support at this time. They have always needed support—we do not doubt that. It is a down payment and I look forward with my colleagues—and hopefully with all in this House—to the outcomes of the review that is currently being out carried out on pensions and other income taxation reform by Dr Henry and his crew.

I also note that approximately \$407 million in total will be paid in the fortnight beginning on 8 December to all Department of Veterans' Affairs service pensioners, income support supplement recipients, Commonwealth seniors health card holders and gold card holders, including war widows over service pension age who receive the seniors concession allowance or utilities allowance. Around 4,000 people receiving a benefit from the Veterans' Children's Education Scheme will also receive a one-off payment of \$1,000. So this is a very considerable stimulus to those in need. And Australian families will receive \$3.9 billion in immediate financial support as a one-off payment of \$1,000 for each eligible child in their care. Families who receive family tax benefit A and families with dependent children who receive youth allowance, Abstudy or a benefit from Veterans' Children's Education Scheme payments will also receive that one-off payment.

I am really pleased that this government is able to further stimulate the first home owners scheme by \$1.5 billion. First home buyers who purchase established homes will

have their grant doubled from \$7,000 to \$14,000. First home buyers who purchase a newly built home will receive an extra \$14,000 to take their grant to \$21,000. I also note that we will be doubling the Productivity Places Program from \$57,000 to \$113,000 in 2008-09. That will take the government's total investment in training places since April to more than \$400 million.

Finally, we wish to fast-track our nation-building agenda to help shield Australians from the global financial crisis. We will look to the opposition in this moment of bipartisanship, which we are being offered, to bring forward projects related to education research, health and hospitals, transport and communications. I commend the government for taking this initiative. It is done responsibly. It is done with a sense of urgency because that is the situation we face. I am sure that, put together with our responsible budget for 2008 and with the guarantee of deposits and mortgages to support our banking system, it will give confidence to the Australian community, it will show the world that they can have confidence in us and that we too have confidence in our institutions and in our economy.

Mr HOCKEY (North Sydney) (6.01 pm)—These are unique and somewhat troubling times for leaders and economies across the globe, particularly in the Western world. It must be recognised that Australia remains one of the few countries that are well placed to withstand not only the financial crisis but also a crisis that is rapidly becoming an economic crisis and, God forbid, perhaps even a security crisis around the world.

We are placing our trust in the government, given that they are not providing us with the evidence upon which they are making decisions. We are placing our trust in the government's decision making through our bipartisan support for the initiatives an-

nounced on Sunday relating to financial markets and the \$10.4 billion package of initiatives announced yesterday. They receive bipartisan support based on trust. The Prime Minister gave a pledge to the Australian people before the last election that he would only deliver evidence based policy and yesterday and today the Prime Minister has failed to answer questions in detail. Indeed, he tends to give more detailed answers at press conferences than he does in this place.

I would have thought that the Prime Minister, in a moment which he describes as 'a national crisis', would have come to this place and spoken on the record about such a significant thing and would have encouraged the opposition to support perhaps even a motion, jointly passed by this place and the Senate, supporting the initiatives of the government. So far we have seen the Prime Minister on television last night addressing the nation in a lengthy speech and at the National Press Club today, but as yet he has not come into this place. With the expectations that a member in this place will speak the truth and that the words spoken in this place will be on the record forever, you would think that the Prime Minister would have come in here and spoken, not just to explain the package announced on Sunday but also, significantly, the \$10.4 billion package.

Today in question time I asked the Minister for Finance and Deregulation two questions relating to previous words he had uttered in relation to the first home owners scheme, not because we oppose the initiative in the \$10.4 billion package but because barely a year ago the Minister for Finance and Deregulation condemned the first home owners scheme as an initiative that would 'be counterproductive, would tend to feed straight into prices'. Therefore, we asked the legitimate questions that may not be asked by others about what underpins these very

significant policy decisions of the government at this critical time. Is it advice from Treasury, advice from the Reserve Bank or advice from the prudential regulator? Does the government know something, when it allocates that much money in one year, something it is not sharing with the Leader of the Opposition, let alone with the rest of the Australian people?

So we have placed our trust in the government, but the government has refused to place its trust in this parliament. Specifically in relation to the package of initiatives relating to the financial markets announced on Sunday, which is the guarantee of wholesale funding and deposits, we support the Financial System Legislation Amendment (Financial Claims Scheme and Other Measures) Bill 2008 and cognate bills and await advice from the government about whether the guarantee of wholesale funding requires legislative support.

Of course, when you enter into a market as a government, as the 800-pound gorilla in the marketplace, it does distort the market. In this case, there is limited liquidity in a number of financial markets, and as that liquidity dries up—and in many cases if you can access credit it is enormously expensive—then there is a role, where there is market failure, for the government to step in.

As of this time, let it be very clear to all of the people of Australia that the government has advised this place that there is no financial institution in Australia that is in distress. There is no authorised deposit-taking institution in financial distress. We would hope that that would be the case. As a former minister for the prudential regulator, APRA, I am familiar with all the changes that they have gone through and recognise that they are a much better organisation today than they were when they were initially formed. It is also the case that APRA, the Australian Se-

curities and Investments Commission, ASIC, and the Reserve Bank, with its new-found independence which came about because of the decision of the previous government—those three major regulators which were borne out of legislation introduced into this place and passed in this place by the Howard government—are doing a fine job.

However, I also recognise that the regulators from time to time do make mistakes, and therefore no-one should be above questioning. No-one—no regulator, no government, no institution—should be above questioning. Therefore, we do ask legitimate questions about the guarantee of wholesale funding. Will there be a transparent and open pricing mechanism, not only so that the market can see what the government is charging for that guarantee but, importantly, so that taxpayers can see the price of the government guarantee, which becomes a contingent liability for every taxpayer in the country?

It is also vitally important that there be proper pricing mechanisms that ensure that the guarantee does not become, as John Stewart said, the teat upon which financial institutions in Australia rely. That would undermine the confidence of the financial markets on a longer term basis, which I think the whole package is designed to alleviate. That is one of the reasons why the Leader of the Opposition quite rightly sought to lay down in a motion before this place the principles upon which you can rebuild confidence, not only in Australian financial markets but across the Australian economy.

If you have a financial crisis, if you have a drying up of liquidity in the credit markets, you can be sure that the cost of funds to those most vulnerable will become more expensive. The cost of funds to those that the banks deem to be riskier borrowers, such as farmers, small business people and so on, becomes more expensive. Only part of this

initiative helps to address the drying up of liquidity in parts of the Australian market—and ultimately, of course, the drying up of liquidity in global markets needs a global response. But the reason why we laid down the principles is that, when you have a crisis—be it a security crisis, a financial crisis or an economic crisis—you need to have some basic principles that guide you through uncharted waters. We are unsure what the principles are.

Today we heard the Prime Minister talk about greed. At various times we have heard him talk about the need for more regulation. We do not know what that is. We do not even know what the evidence is for his \$10.4 billion package. We do not know what the direct evidence is that justifies that package or justifies the form of the package announced on Sunday. We do not know, so we are placing our trust in the Prime Minister. The principles that we laid down are a sound public balance sheet, low levels of public debt, low unemployment, a flexible labour market and sound corporate and prudential regulation.

The fact is that it is important that this parliament reaffirm its confidence in the private sector's ability to provide broad financial services to consumers and to businesses large and small. That is essential, because in Britain, with a cheer squad of left-wing Labour MPs, they have had to step in and take over or take equity in a number of banks, as they are doing in the United States. There is no suggestion that that would be necessary here, because Australian banks, we are advised by the government, remain well capitalised.

But it is also the case and must be recognised that there are risks in any reaction of a government, and therefore, in order for us and particularly in order for the Australian people to see beyond the headlines of the day, it is vitally important that we understand

why the government has committed to a massive stimulus of one per cent of GDP at a time when the Prime Minister stands in this place and says that economic growth will continue to be two per cent this financial year, that it has a '2' in front of it. It seems a little bizarre and we certainly want to get to the bottom of that.

If Australia had a projected two per cent growth figure this current financial year a week ago, a month ago and beyond, then what events occurred between Wednesday and Sunday to justify the biggest individual fiscal stimulus outside of a budget in Australian history? What justified it? The Prime Minister is not saying, and yet the Prime Minister went on TV and said he is levelling with the Australian people. He went to the Press Club today and said he is levelling with the Australian people. He does not come into the people's parliament and say he is levelling with the Australian people, but he goes everywhere else and says it and then is beyond questioning about what his motivations are for such a large fiscal stimulus.

We support this legislation. We support it essentially on the basis of trust—we trust that the government knows what it is doing. Over time we will get the evidence of whether this reaction was justified, and I hope that this reaction, this \$10.4 billion package, is justified because, if there is no evidence to justify a massive fiscal stimulus, we will all pay a very significant price.

Mr BRADBURY (Lindsay) (6.15 pm)—I rise in support of the Financial System Legislation Amendment (Financial Claims Scheme and Other Measures) Bill 2008 and cognate bills that are before the House. Before commencing my comments on the substantive items contained within these bills I will address the comments just made by the member for North Sydney. We have heard about bipartisanship. In fact, one allegation

being made is that the Leader of the Opposition has been prepared to walk both sides of the street. We just saw the member for North Sydney not even prepared to cross the street to come onto our side. If his support of this package and the range of measures that this government has acted so decisively on were any more qualified, it would have been outright opposition. Shame on him. At this time of global economic crisis we have someone on the other side failing to really enter into the spirit of bipartisanship that the Leader of the Opposition has promised.

The member for North Sydney expressed outrage that the \$10.4 billion stimulus package would be made without there being any more substantive evidence presented to the Australian people. I have to ask: where was the member for North Sydney when the \$10 billion water package was announced under the former government? That package did not even go to cabinet. I can understand why he—one of the cabinet members who were shown the great discourtesy of not having seen any details of that proposal before it was announced publicly—might not want to reflect upon that, but to come into this place and criticise this government for not showing the parliament the courtesy of complete access to the information necessary in order to make decisions on this bill is beyond the pale. This Prime Minister has shown the member for North Sydney more courtesy than the former Prime Minister showed him as a cabinet colleague.

Let me turn my attention to the substantive elements of these bills. The crisis we have seen emanating over the last year that has reached a more dangerous and difficult phase in recent weeks is both a crisis of confidence and a crisis of liquidity. Liquidity is a problem and the crisis in liquidity cannot be resolved until the crisis in confidence is addressed. What we have seen in recent times in financial markets and stock markets across

the globe—the decline in equities and increased spreads in credit markets around the world—is largely reflecting that lack of liquidity and lack of confidence.

On Sunday the Prime Minister announced a three-point plan to address some of these elements of confidence and liquidity. In those three points we saw the announcement of guaranteed deposits. This built upon the earlier announcement by this government on the establishment of a financial claims scheme with a cap of \$20,000. It was increased to an unlimited amount of money to ensure that Australians right across this country know that their funds are safe. I did not get any sense that there was an impending run on the banks, but that is the importance of acting decisively and heading off the uncertainty and fear that could occur as events move so fast right across the globe. It was decisive action that sent a very clear message to all Australian deposit holders and general insurance policy holders that their funds and policies would be safe.

We heard from previous speakers that there has been a belief in the community that a guarantee of this sort already existed, and I think that is probably right. So as the spotlight inevitably began to shine on this issue the only way for this government to ensure confidence in our banking system, to ensure that each individual, corporation and entity that has funds on deposit with banks has the certainty that their funds will be protected, was to make sure that there would be a guarantee. This legislation goes a long way towards achieving that.

I mentioned that this was one point in the three-point plan. I see this as being like a triple bypass. We had some clogged arteries and the lack of liquidity throughout our financial system needed to be unclogged. In the three-point plan the first measure is the guarantee on deposits. The second measure

relates to a guarantee on wholesale term funding for authorised deposit-taking institutions, including Australian banks, credit unions and building societies and Australian owned subsidiaries of foreign banks. I will come back to the second measure in a minute because that is the critical one that addresses the issue of confidence that has stymied liquidity, particularly in interbank lending.

The third measure is providing those financial institutions outside of the net of the authorised deposit-taking institutions with some assistance to ensure that they remain viable, competitive and able to participate actively in the marketplace to ensure competition. Those non-bank lenders, in particular the non-ADIs, the mortgage originators—those who have traditionally relied to a much greater extent on securitisation markets—have found their business model, their access to funds and their ability to continue to compete and provide competitive pressure against the authorised deposit-taking institutions under threat. The measure in the package announced by the Prime Minister on Sunday in relation to the injection of funds into the residential mortgage-backed securities market specifically for non-ADIs will go a long way towards ensuring the liquidity within that securitised market for the non-bank lenders and ensure that they remain viable and able to put competitive pressure on the banks.

These measures are significant. They are critical. We have seen events across the globe in recent weeks that shake the very foundations of the market economy. There is no question about that. The events that we have seen, including direct equity injections and investments into banks by governments in some of our major OECD trading partners—

Mr Gray—With bipartisan support.

Mr BRADBURY—With bipartisan support. These are extraordinary events because these are extraordinary times. That is why the decisive action, which is reflected in the introduction of this Financial Claims Scheme and related measures, is so important in ensuring the confidence that we require in the marketplace so that mums and dads right around this country have the peace of mind to know that their funds are safe and that this government will do its level best to protect our financial system.

It has to be said that our banks are amongst the strongest in the world. They are well capitalised and all the advice from the regulators is that they are in a healthy state, notwithstanding the difficulties in interbank lending and the difficulties in accessing funds in international capital markets. They are in a good position. This is as good a place as anywhere in the world to be. That said, it is important that we take into account the need to provide that confidence. Considering the strength of the banks, it is, we hope—and all the evidence seems to point towards this—a very remote possibility that this guarantee will ever be called upon. But we have to make arrangements and the bills before us provide for some of those arrangements. In particular, in the event of an ADI requiring to call upon that guarantee, there will be arrangements in place to allow a levy to be imposed upon other participants within that marketplace to assist in finding the bailout as and when that might occur.

It is important to note that what is occurring here is not a bailout. It is a range of measures designed to provide confidence and reassurance to people right across our economy that funds will be safe in banks. In the end, what we have seen in recent days in the coordinated efforts not only of our regulators and our government but of governments and regulators in other jurisdictions is decisive action being taken, and we have seen some

improvements, albeit that these are very early days, in terms of liquidity in international markets. So we can only hope that as time progresses markets become more liquid, providing banks with the funds that they need to loan to consumers and businesses. In the end, what is occurring in international financial markets might seem like an unreal proposition, but if banks stop lending to each other—if banks cease to be able to access the funds that they need—then they are not able to lend those funds to consumers or do so at competitive and reasonable rates, and the same applies to business. That is why it is critical that these measures be adopted.

In harmony with the other measures that the Prime Minister announced yesterday, with his decisive action in relation to the \$10.4 billion stimulus package, these are the very measures that are needed to strengthen our national economy and support our household budgets to ensure that we are best placed—as well placed as we possibly can be—to confront the looming economic challenges. I support the bills.

Mr PEARCE (Aston) (6.26 pm)—Madam Deputy Speaker, on indulgence, can I just start by welcoming my family to the gallery this evening. It is wonderful to see them here. The Financial System Legislation Amendment (Financial Claims Scheme and Other Measures) Bill 2008 and cognate bills are important. After all, it has been the Leader of the Opposition who has shown real leadership on these matters, after demanding that the government provide a broad deposit guarantee and shore up Australia's banks by underwriting wholesale bank funding. So we are pleased that the government now agree with us and have introduced these bills. Mind you, I do have to say that it did take some time for the government to come on side with our recommendations, and it is good to see them finally adopt the Leader of the Opposition's proposal.

There are three broad objectives of the bills before the House: the guarantee of all deposits offered by ADIs, or authorised deposit-taking institutions; a general insurance guarantee protecting policyholders; and an expansion of the powers of the Australian Prudential Regulation Authority in relation to general insurance. Before the election, the government wanted to disband APRA and merge it with the Australian Securities and Investments Commission. I am sure now, with the benefit of hindsight, that the government is very glad that it did not decide to interrupt the regulatory, business and prudential framework of Australia. APRA, of course, would not even exist if it were not for the coalition establishing it following the Wallace inquiry in 1998. I am sure, Madam Deputy Speaker, that, like me, you could not even begin to imagine the train wreck that would be Australia's financial service industry today without that essential regulatory role that APRA has performed over the years. The guarantee of wholesale borrowing that is a part of this package has not been presented at this stage. We understand that is awaiting some further advice from the Attorney-General's Department.

To the first area, the guarantee of ADIs: this is a new element of the ADI deposit guarantee. We already have an early access facility for depositors where depositors in a failed ADI are granted timely access. If an ADI fails at the moment, the process prioritises the deposit of funds above other claims during the liquidation process. However, there are no provisions for the timely release of depositors' funds. So what this measure will do is allow APRA to speedily disburse deposited funds to customers of ADIs through Reserve Bank of Australia issued cheques or APRA established bank accounts with another ADI. Once the payments are made, APRA will be able to recoup funds expended by way of, I guess, standing in the

shoes of the failed ADI through the liquidation process. A levy to retire costs incurred by APRA where the costs are not recoupable may be established. These provisions are subject to review in three years from now and, in the interim, any public ambiguity about the banking system should now be eradicated. Wholesale and retail customers will be covered, provided their institution is an ADI, so we welcome the fact that the government has now adopted our position on banking guarantees.

The next major area is the general insurance guarantee. If a general insurance provider fails, compensation equivalent to the policyholder's entitlement will be paid. So, as with a banking failure, APRA will step into the insurer's shoes and disburse legitimate general insurance claim payments. Claims can be existing or arising in the future up to a limit of 28 days post the institution's failure. Eligibility criteria will be imposed in order to assess the legitimacy of claims, and all claims valued \$5,000 or less will be automatically paid. As with banking failures, APRA may establish a levy in order to recoup the irretrievable costs.

The other area in these bills, of course, is the expanded APRA powers. APRA will be able to apply to the court to appoint a judicial manager for a distressed general insurer, whose duty is to protect policyholders. APRA's external administration powers will be enhanced, and compulsory recapitalisations and transfers will be made simpler.

We, of course, support these bills, but that does not mean that we do not have some concerns. I think there are some legitimate questions that the opposition has asked the government. Unfortunately, the government is not happy to answer those questions at this point. Some of the questions we have to ask are particularly in and around the exit to this package of bills. It is important to get the

exit strategy right and the process around the exit of these bills in three years time, or sooner, if that is the case. Exiting this range of reforms is just as important as entry into them. We are spending some time making sure that the entry into this package is well constructed, and therefore the exit strategy is very important. We have asked the government to explain that. We also have some concerns in the area of risk and return, particularly the differential and how the government proposes to manage what has been the differential between AA-rated institutions and BB-rated institutions in risk and return considerations of deposits because now, with the guarantee, they have been taken away.

One of the key areas of concern that I have goes to the prudential regulations. This is a significant change. This is putting Australian taxpayers at risk. With the introduction of these bills, Australian taxpayers will be liable; there will be contingent liabilities for Australian taxpayers. To date, the government has not indicated to the House or to the Australian public any strengthening of our prudential guidelines or frameworks. I think it beggars belief that we could be moving into such a significant area, where Australian taxpayers could be potentially liable in some way in the future, and the Australian government has not indicated in any way to date how it intends to strengthen or enhance our prudential framework. I think that is an area of significant concern. It is a concern that Australian taxpayers should have. They deserve to know how they will be protected, because this is a risk that they will have going forward.

In summary, as indicated by the Leader of the Opposition and other speakers, we do support these bills, as these bills put in place initiatives which we in opposition foreshadowed and which, in the end, the government is enacting. I know that my colleagues will join with me in expressing our continuing

concern about the flow-through implications of the continuing global financial crisis, and we welcome the government's action in this regard.

Mr DREYFUS (Isaacs) (6.33 pm)—As a nation we sometimes face challenges and crises, the causes of which are beyond our control but the solutions to which lie within our reach. In these present testing times, Australia is exposed to the turbulence in the global financial system. It is the responsibility of the government to ensure that Australian families and businesses are protected from this turbulence, and that is exactly what this government is doing. We are acting decisively to safeguard our financial system, to secure the savings and the livelihoods of Australians and to strengthen Australia's position as we move through this dire financial crisis.

The Financial System Legislation Amendment (Financial Claims Scheme and Other Measures) Bill 2008 and cognate bills before the House introduce measures to implement the announcement made by the Prime Minister on 12 October. The bills establish the Financial Claims Scheme that will give certainty to depositors. The government has moved to guarantee all deposits of authorised deposit-taking institutions—that is, Australian banks, building societies and credit unions and Australian subsidiaries of foreign owned banks—for the next three years. In addition, the government will guarantee wholesale term funding of Australian banks and other authorised deposit-taking institutions. Given the difficulties in the interbank funding market that have arisen as a result of an increased aversion to risk, and the consequential tightening of lending practices, this move will allow Australian institutions to continue to raise funds overseas to support their operations.

The financial stability package announced by the Prime Minister on 12 October and the Economic Security Strategy announced by the Prime Minister on 14 October are a timely and appropriate response to the unfolding global crisis. The foundations of this crisis are complex. They arose in the context of unusually low real interest rates and high liquidity that resulted in a decrease in the pricing of risk and a resultant willingness on the part of participants in financial markets to take on increased levels of risk and leverage. In addition, financial innovation led to the increased use of newer forms of financial instruments without the capacity to appropriately price risk associated with those instruments. What began as, in the words of the International Monetary Fund, a 'generally orderly repricing of risk for assets linked to US subprime mortgages' has turned into a global maelstrom. This is a market correction that has transformed into a global crisis. There are serious implications for the stability of Australia's financial system and, in turn, for our real economy and the savings and livelihoods of all Australian households and businesses.

Around the world, more than 25 banks have failed or come close to failure and collapse, requiring government bailouts or mergers with other financial institutions. Understandably, there has been growing anxiety among Australian families and businesses that such an event may occur here. The Australian government has now said that, should such an event occur, however unlikely that is, it will guarantee the savings of those families and businesses caught up in such an event. This move is critical to maintaining confidence and therefore stability across our entire financial system. Australian depositors can now feel certain that their deposits are safe.

The reaction of banks to the global financial crisis has understandably been to tighten

lending standards and increase the cost of capital. This has implications for the entire financial system as well as for households and businesses seeking to borrow to finance investment. In the current climate, it has become increasingly difficult for banks to raise funds in the interbank funding market. Governments around the world have reacted to the increased anxiety and what the International Monetary Fund has described as 'an evaporation of trust' by intervening in financial markets in a way that would have seemed unimaginable a year ago.

Four European governments have guaranteed 100 per cent of eligible deposits and other countries have substantially increased their deposit insurance caps. These reactions have required the Australian government to move to secure our banks. Australia's banking system continues to show its resilience despite the threats posed by events beyond our shores. Our financial system remains sound and is amongst the best regulated, safest and strongest in the world. In the words of the Organisation for Economic Cooperation and Development, Australia's 'financial sector has withstood the crisis thanks to prudent management, high profitability and strong capitalisation'. However, as the Prime Minister said on 12 October:

We must act now because other governments with weaker banks have moved to make those institutions more competitive than our stronger banks.

That is why the government has acted to guarantee wholesale term funding of Australian banks. To ensure the continued competitiveness of Australia's mortgage markets, the Australian government is directing the Australian Office of Financial Management to purchase an additional \$4 billion in residential mortgage backed securities from those lenders who are not authorised deposit-taking institutions. This decision has been made after close monitoring of the mortgage market and careful consideration by the gov-

ernment. Through the tightening of credit availability, there is the very real potential that this global financial crisis will have an impact on our real economy. The restoration of stability and liquidity to financial markets is therefore of paramount importance.

This crisis is likely to result in a further slowing of global economic growth, in particular in advanced economies. Although we are better positioned to weather this economic storm than many other countries, these times do require a strong response and strong leadership. Because of this government's prudent financial management in this year's budget, Australia now has the flexibility to respond to this growing crisis with a range of measures.

The Economic Security Strategy announced by the Prime Minister yesterday will both stimulate the domestic economy and protect all Australians through these difficult times. We are now in a position to protect those in our community who are doing it tough: working families, pensioners and small businesses. The government have delivered relief for pensioners, carers and people with a disability through lump sum payments in the lead-up to comprehensive reform of the pension system. We have been able to provide additional support for first home buyers and to stimulate the residential construction industry. We are continuing to pursue long-term capacity-building measures in our economy by creating an additional 56,000 new training places and fast-tracking the three national building funds that were established in this year's budget.

Through the measures contained in this legislation, and through the Economic Security Strategy, we are acting decisively, calmly and in a timely fashion to ensure that Australians are protected through this global financial crisis. It is critical that the opposition also acts in the best interests of all Australia-

lians. This government is continuing its responsible, sound economic management to guarantee the continued stability of our financial system and to protect Australian households and businesses. I commend the bills to the House.

Mr HARTSUYKER (Cowper) (6.42 pm)—I can certainly assure the member for Isaacs that the opposition is acting in the best interests of all Australians. We have seen a crisis of confidence in markets, and it is confidence that binds our markets. It underwrites our financial dealings, and financial markets are the lifeblood of world commerce. Average Australians have sat at home watching their television sets and seen the world financial market in turmoil and they have been attempting to make sense of that turmoil. Over the months they have listened in earnest to explanations of the subprime market and the ensuing international network of loans and will have drawn the conclusion that the great financial edifice that is the world financial system was built on foundations of sand.

The crisis we now face goes back, as we know, to the subprime crisis in the US. To be precise, it was based on loans advanced without sufficient security, without reference to the capacity of borrowers to repay in accordance with the terms of the bank loans advanced and based on the illusion that capital values would continue to rise and rise. It was based on the calculations of financiers who realised they could make a killing without doing anything more than skilfully repackaging debts. As a result of this crisis, the financial security and hard work of everyday citizens of the world has been imperilled by those who have made financial fortunes.

Those people looking on have seen President Bush fight to get his \$700 billion bailout package for the financial sector passed by congress. They have seen President Bush

spending \$250 billion on what amounts to a part-nationalisation of American banks and the UK injecting £37 billion into three of its banks. They have seen Iceland turn to Russia for a loan equal to half their country's GDP. A country that built its economy on a Thatcherite deregulation of its financial sector has now nationalised its major banks. They have seen the former chief executive of the bankrupt Lehman Brothers, Richard Fuld, failing to justify the \$500 million he earned since 2000, all for taking that company into financial collapse. They could be forgiven for thinking that the world has been turned on its head. It is therefore not surprising that people look to their own modest finances and ask the question: how secure are they? The package of measures that the Financial System Legislation Amendment (Financial Claims Scheme and Other Measures) Bill 2008, the Financial Claims Scheme (ADIs) Levy Bill 2008 and the Financial Claims Scheme (General Insurers) Levy Bill 2008 represent will provide a reasonable degree of security. I welcome the package and the speed with which it has been prepared and introduced into this House.

If anyone doubts the wisdom of extending the guarantee, given the strength of Australian banks, let me remind them of the German finance minister, Peer Steinbrück, who said on 25 September:

America was the source ... and the focus of the crisis.

Within days, his government was forced to step in to save the country's second largest property lender, Hypo Real Estate. No sooner had the Governor of the Bank of France, Christian Noyer, declared, 'There is no drama in front of us,' then five European banks had to be bailed out in seven days. This is not to say that our banks are in danger of collapse—they are not—but it illustrates the importance of well-supported confidence-building measures. The lesson might

be that, when it comes to a financial crisis, we should judge governments by their actions and not by their words, whatever the temptation to talk up their own economy in an attempt to maintain confidence. To those who doubt whether it is necessary to guarantee all deposits, let me say this is no time for half-measures. The Nobel Prize winning economist Paul Krugman studied the Japanese crash of 1991. He came to the conclusion that the government took only incremental steps to boost the economy and, as a result, ended up with a mountain of debt worth more than the national income as the economy collapsed. As I said, this is about trust, and we need bold measures in place to secure that trust, even if we never have to use them.

Turning to the details of these three bills, I commend the simplicity of these measures. They will, in themselves, help restore trust. If an authorised deposit-taking institution, or ADI, goes into liquidation, the Australian Prudential Regulation Authority will appropriate funds to pay depositors. Depositors will receive their deposits and accrued interest within a week of liquidation. Depositors do not need to become a party to the liquidation, nor will they lose their right to make other claims on the institution. The Financial Claims Scheme (ADIs) Levy Bill allows the Commonwealth to recoup any shortfall in meeting depositors' claims by means of a levy on the remaining banks, the Commonwealth covering the shortfall in the first instance to ensure that depositors receive their funds. The Financial Claims Scheme (General Insurers) Levy Bill provides similar provisions to cover the event of a failure of a general insurer.

Deposits, as I indicated earlier, are less investments than savings. You make a deposit with a bank in the knowledge that you will get that amount back. On top of that, you will get back a return which has been agreed

with the bank. They are not a form of speculation. They are, for most Australians, a way of securing money at a modest return. There are no promises of bonuses, dividends or potentially huge returns on the bank deposits of average Australians. They appeal to people who do not have money to risk and who just want to keep their savings safe. The need for safety and security in banking deposits is fundamental to the peace of mind of everyday Australians and fundamental to commerce in this country. I commend the bills to the House.

Mr NEUMANN (Blair) (6.48 pm)—Martin Luther King Jr, the famous civil rights campaigner, once said:

The ultimate measure of a man is not where he stands in moments of comfort and convenience, but where he stands at times of challenge and controversy.

These are times of challenge and controversy for our country. There is a crisis afoot, a crisis of confidence, liquidity and nerve. Following this \$700 billion asset bailout by the US congress of the US banking system, I never thought I would see the day, even then, when President George W Bush would go home to West Texas and announce a plan to buy up \$250 billion worth of stock in the nation's leading banks. Never did I think I would see in my lifetime a situation where seven European nations were acting in concert, as they did last Monday, to aid their banks with US\$2.3 trillion in guarantees and other emergency measures. We are seeing a coordinated response. Four European governments—Ireland, Germany, Denmark and Iceland—have moved to ensure 100 per cent of eligible deposits, and we are doing the same.

The government is acting boldly and courageously, and the Prime Minister and the Treasurer deserve credit for that. Despite the fact that we have one of the strongest bank-

ing systems in the world, we are not immune to what is going on. The IMF's forecast of growth in 2008 showed an expected growth of 2.5 per cent compared with the average of 1.2 per cent of other major advanced economies. So it is timely that the Financial System Legislation Amendment (Financial Claims Scheme and Other Measures) Bill 2008 and cognate bills are before the House guaranteeing deposits in our financial institutions, protecting the savings of Australian people and providing them with a 100 per cent guarantee that their hard-earned savings are safe. This guarantee will apply for three years, after which the government will consider a cap. The bills before the House provide compensation to eligible policyholders with claims they may have against failed insurers as well. The bills establish arrangements to improve judicial and statutory oversight of financial institutions and insurers. They improve arrangements concerning the transfer of assets and liabilities between institutions and they facilitate recapitalisation. The new Financial Claims Scheme will be managed by APRA. In the event of a failure, no longer will bank deposit holders go into the mix with other creditors; they will receive a 100 per cent guarantee that their deposits will be paid back to them. It is a welcome measure, I am sure.

This is an extraordinary time. It is an extraordinary guarantee, and it means about \$800 million of Australian bank and financial institution deposits will be covered. It is hoped and expected—the Australian public hopes and prays—that no financial institution will fail. It has not happened in the past and we do not expect it in the future. But we must be cautious and confident in the measures we take. I commend the Treasurer and the Prime Minister for what they have done. It is important that we give confidence to the Australian public in relation to these measures. My office in Ipswich has been inun-

dated with people ringing up and discussing not just the pensioner assistance announced by the government yesterday in terms of its economic security strategy but also the financial crisis.

I welcome also the government's \$10.4 billion Economic Security Strategy, which contains five elements. But I want to focus as I conclude in the few minutes I have available to me on the assistance we are giving to pensioners, carers and those who are doing it tough in our community, particularly disability support pensioners. For so long they have been left out, and so many of my constituents will benefit from the assistance given yesterday. It is expected that nearly 44,000 households in my electorate will receive assistance, getting the kind of help that they need just before Christmas.

I want to finish on this note: I received an email from a fellow called Garry McFadden who lives in Leichardt in Ipswich. He said:

I would like to congratulate the Rudd Government on their promise to give all pensioners and carers a substantial cash bonus. This is the first time any government has treated all types of pensioners as equals. Under the Howard government disability pensioners and carers were treated with contempt by the government and Centerlink. I would like to see this Government legislate to make it an offence for any person or organisation to discriminate against disability pensioners and carers.

He is very passionate about this. He goes on, and I think this is probably the attitude taken by a lot of Australians, so I want to finish on this note:

I am the first to criticise any Government or Government organisation that I feel is not doing the right thing—

I think that is a common feeling amongst the Australian public—

but I also believe in giving credit where it is due and I must give credit to the responsible way the

Rudd Government has handled the worst economic crises in my lifetime.

I am sure that people in my electorate are saying, 'That is a terrific response,' and that is quite apt. There would be pensioners and carers throughout the country who, like Garry McFadden, would be saying, 'Congratulations to the government,' and amen to that. I commend the bills to the House.

Mr CIOBO (Moncrieff) (6.55 pm)—
These certainly are unique times. No-one, I believe, would have foreseen the extent to which this global economic crisis has rocked global financial institutions. Twelve months ago does not seem that long ago. The world ostensibly had quite a different landscape. Although it was clear, storm clouds were brewing; it certainly was not the case that the extent to which those storm clouds would develop into almost the perfect storm was understood. Speaking in support of the Financial System Legislation Amendment (Financial Claims Scheme and Other Measures) Bill 2008 and cognate bills today, as indeed the opposition are, is really a signal that we recognise the importance of this measure of bills and of the government's stimulus package to provide stability and to help rebuild confidence not only in Australia but as part of that chain of developed countries around the world which have all in recent times experienced a significant erosion of financial stability and economic confidence.

These bills do several things. From an opposition point of view, the coalition certainly initiated this process when we commenced an inquiry when we were still in government to look at developing what was widely regarded by Australians as an implicit guarantee of their deposits into becoming an explicit guarantee. These bills build on those initial moves that were undertaken by the coalition. The unlimited bank guarantee for three years, which expires on 12 October 2011, and the most likely introduction of the

cap is the epicentre and the key platform upon which the entire framework of this legislation is supported. The coalition certainly supports this as the central thrust of maintaining stability and building confidence. We also support the review of the scheme in three years time, and it is the opposition's view that this should ideally be undertaken by the Productivity Commission. The development of this guarantee on bank deposits and deposits in other ADIs is certainly one that we believe is best supported by the introduction of the levy scheme as outlined in the legislation. It means that, if there is a failure, the first port of call will be the ADI's capital, followed by a levy on other ADIs and then ultimately taxpayer initial funding if there is not immediately the adequate amount of capital contained in the ADI or through the levies and also for subsequent repayment.

Although the perfect economic storm has now taken place around the world to an extent not seen before, it is important to recognise that this is of itself not the sole factor. It has been my very genuine concern, which I have spoken about in this chamber for a number of months, that although these are large international problems, these problems have been exacerbated in a domestic context by decisions taken by the Rudd Labor government. I have particular concern for those 2.4 million small businesses in Australia that employ around 4.4 million Australians and will find this particular period of time exceptionally difficult. The development of confidence and the importance of maintaining economic stability are certainly fundamental to ensuring that small businesses in Australia continue to enjoy, as best as is possible in these circumstances, the trading conditions that will help to sustain their business.

As much as this debate and this discussion both domestically in Australia and internationally has focused on the need to ensure

economic stability, we must not lose sight of the fact that at a micro level we need to recognise the need of small businesses in this country to be heard. We need to ensure that small businesses in this country get their voice across to those in charge of the levers of government: the small business minister, the Treasurer, the finance minister and the Prime Minister. It is of fundamental importance to provide confidence that goes beyond the key economic institutions, the ADIs, and consumer confidence in the deposits in ADIs. We need to also deal with the complete erosion of business and consumer confidence that has occurred in Australia to date.

The reality is that a key, fundamental and, I believe, neglected aspect in this discussion by the government has been the government's role in eroding that confidence. I do not dispute for one moment that the international economic tumult has played a very major part in that erosion of confidence. But let there also be no mistake that this government's actions in a number of key policy areas have exacerbated the impact on business and consumer confidence as a result of this international economic tumult. Let it not be lost on anyone that small business people across Australia today, while concerned about the international economic factors, are also very concerned about the policies of this Rudd Labor government which are having a material negative, detrimental impact on the running of their businesses.

That is not a partisan political point. It may sound like it, but it is not. It is in fact me being an advocate for the facts as expressed in, for example, the Sensis small business survey. That survey of about 1,800 small businesses in Australia has highlighted that, when questioned directly about the federal government's policies, small businesses in Australia believe that the Rudd Labor government's policies are actively working against their small business.

These measures that are contained in the bills before us today will certainly go a very long way towards rebuilding some confidence and toward providing economic stability. That is why the opposition supports them. But let it not be said by the Rudd Labor government that that then means that they can approach this debate with clean hands and claim that the complete collapse of business and consumer confidence in this country is all attributable to international economic factors, because it is not. The international economic factors play a role. But that problem is exacerbated by a government that frankly does not know what it is doing when it comes to small business policies for this country.

One of the key concerns that I hear from small business is the lack of transparency in the Rudd Labor government. Small businesses do not know who calls the shots in the Rudd Labor government. When the Rudd government were first elected they claimed that they would be open, accountable and transparent. Ahead of the government's announcement, the opposition called for an increase of the guarantee from \$20,000 to at least \$100,000, and I am certainly pleased that the Treasurer and the Prime Minister listened; I am pleased that the Labor government adopted the coalition's policy on that front.

The government said that it would be transparent. But what we have seen as recently as question time this afternoon when the opposition did its job and questioned the Prime Minister on, for example, the economic forecasts upon which this government based its position that \$10.4 billion should be spent to help stimulate the economy—when the opposition dared to question the Rudd Labor government about what those forecasts were and the likely impact on unemployment and the business conditions for small businesses in Australia—is that, in-

stead of being open, honest and transparent with the Australian people and with the opposition through this institution, the Rudd Labor government resorted to ridicule. That is why small businesses in this country do not have confidence in this government to deliver the kind of leadership that they are looking for when it comes to the financial and economic management of this country.

I say to the Rudd Labor government on behalf of Australia's 2.4 million small businesses and on behalf of constituents in my electorate that they need to ensure that their actions match their words. The opposition will provide support and indeed are doing so on these bills and on the economic stimulus package that is being provided to the Australian people. But we will not back down from our responsibility to ensure that Australian taxpayers have scrutiny of the legislation and of the government's intentions and that they understand, through transparent government, why the stimulus package is the size that it is given the newly revised economic forecasts. It is not good enough for the Rudd government to say that they will not reveal the newly revised forecasts and that we can just wait for them to come out in good time in MYEFO.

I support these bills. I certainly support the economic stimulus—based on the very limited amount of information that the government has deemed it appropriate to release to the opposition and, through the opposition, to the Australian people. But I also reinforce to this Labor government that it is time to be upfront and transparent and to release information about the revised economic forecasts. Most fundamentally, this Labor government must recognise that, through policy decisions that they have taken and that they continue to signal to Australia's 2.4 million small businesses, they are exacerbating the confidence problems that are a consequence of the international economic tumult

and making those confidence problems from abroad even more significant in a domestic economic context. Instead of running away from that fact, the government should acknowledge it, deal with it and provide leadership.

Mr MARLES (Corio) (7.07 pm)—I rise to speak in support of the Financial System Legislation Amendment (Financial Claims Scheme and Other Measures) Bill 2008, the Financial Claims Scheme (ADIs) Levy Bill 2008 and the Financial Claims Scheme (General Insurers) Levy Bill 2008. In doing so, I say at the outset that it is disappointing to hear the contribution that has been made by the member for Moncrieff. It was an admirable thing that we heard the Leader of the Opposition provide his support to the package of measures put forward by the Rudd government in what are extraordinary global economic times, but since then we have seen one opposition member after another—which has been repeated just now by the member for Moncrieff—display a certain meanness of spirit instead of coming to the table and working with the government to deal with this extraordinary crisis which the globe is facing and which Australia is obviously facing as part of the globe.

To be honest, what small businesses want, what constituents in my seat want and, indeed, what every Australian citizen wants is for the people who are in this building, in this place, to put aside their party differences and work together to deal with what is an extraordinary situation facing this country. It is a situation which did not begin here—it began in the United States through the sub-prime mortgages which were being issued in that country—but it is a problem which has now spread across the globe. As the Prime Minister said yesterday:

The truth is that we are going through the worst financial crisis in our lifetime. I've described it as

the economic equivalent of a national security crisis.

Alan Greenspan a few weeks ago said:

... let's recognise that this is a once-in-a-half-century, probably once-in-a-century type of event.

He described it as the worst by far in his career. They are very strong words, not from an Australian regulator but from the most esteemed American regulator, about the situation that the world finds itself in. So it extends well beyond the issues which are going on in Australia. Indeed, this is an issue which began in America, which is spreading around the globe and which we need to act upon in this country. To come up with the sorts of comments that we have just heard from the member for Moncrieff is, frankly, very disappointing indeed.

Around the world we have seen 25 banks fail or need to be bailed out by various governments. Indeed, last night the US administration announced that it would seek to invest a further US\$250 billion in shares in nine of its biggest banks. Of course, that follows the move that the United Kingdom government announced on Monday to invest £37 billion in two British banks. In fact, in Australia the situation involving banks is much better. The environment here is much better than has existed around the world, but that is why it is so important that, as a government and as a parliament, we act now, decisively and rapidly, to prevent the worst effects of this coming to fruition in Australia. That is what the package of reforms announced by the government, of which these bills are an important part, is doing.

These bills that we see in the House now provide, in essence, for the guaranteeing of bank deposits from Australian depositors in Australian banks, a very important measure indeed. It needs to be explained in a little detail, although time does not permit me to go into an enormous amount of detail in

relation to this. It is very unlikely that we would ever see a situation where the money that people have in banks would ultimately be lost, even if a bank were to fall over in this country, but if we did see a bank get into trouble and deposits frozen then it might be some considerable time before people access their funds, so this bill provides for a scheme to be set up which enables the government to pay out the deposits of the depositors immediately and then to go through the process of recovering the funds from the liquidated banks, were that to be the case. That measure, the wholesale-funding guarantee for banks, which allows Australian banks to compete for funds on the global money market, and the \$10.4 billion Economic Security Strategy, which was announced yesterday, are a very significant set of measures aimed at trying to put this country in the best possible position that it can be in to weather the storm, and that is exactly what these measures will do.

In the brief time that I have left to me, I want to say something which is particular to my electorate. The people of Geelong have a history in relation to this issue which makes their minds very attuned to what is going on and, in turn, very appreciative of the measures that the government has taken. I am referring to the Pyramid Building Society collapse, which occurred in Geelong in 1990. If there is a community in this country which knows the devastating effects of losing its deposits, or at least having its deposits frozen, it is Geelong, because that is exactly what was experienced by so many people in Geelong in the year 2000, when the Pyramid Building Society was wound up with debts in excess of \$2 billion. It took people more than a decade to recover the money that they had in deposits in that building society, and the whole Pyramid episode scarred the community of Geelong. This has taken a long time to overcome. It is really only now,

almost 20 years later, that we are properly emerging from that event and from that time. So, representing the people of Geelong, I say to this parliament that the significance of putting legislation through this parliament right now which guarantees the deposits of people depositing money in Australian banks cannot be overstated. It is an incredibly important measure to take in terms of providing confidence in the system and protections to individual depositors.

So I very much commend these bills to the House. I very much commend the package of measures that the government has put forward to deal with this crisis. I see the Treasurer in the House at the moment, and I would very much like to congratulate him on all the work that he has done in what is an incredibly difficult and challenging set of circumstances that our nation faces. I call on the opposition, in light of the contribution that we have just heard from the member for Moncrieff—and not just his comments but other comments that we have heard since the announcement yesterday—to put aside all the party differences, to drop all of that rhetoric and to work with the government so that everybody in this building is pulling in the one direction to make sure that this country is properly safeguarded against what is an extraordinary global crisis.

Dr SOUTHCOTT (Boothby) (7.15 pm)—I want to speak on the package of reforms that has been announced in response to the global financial crisis. Particularly I want to speak to the extra 56,000 training places and the \$187 million which are part of the package. Like all members of the opposition, I welcome the measures that have been announced for pensioners, for families and for first home buyers. Included in the extra training places are 10,000 places which are structural adjustment places. This is an issue which the opposition have been raising for some time. We have tracked over 15,000

redundancies from companies since the government was elected last November. I think that it is important to make the point that before Black Friday, before the collapse of Lehman Brothers and other banks, there were already obvious problems in the economy. DEEWR's leading indicator for employment has just been released and employment has now decreased for nine months. That indicates a cyclical downturn in employment.

The Minister for Employment and Workplace Relations came out on Thursday responding to monthly figures which showed unemployment increasing by 21,700, the largest monthly increase in unemployment since January 2001. She said that unemployment was low and basically steady. So we have a minister for employment who was in denial on Thursday about the extent of the problem emerging in employment. We have a Treasurer who decided that fiscal tightening was the way to go in May and fiscal loosening in October. So we have lots of signs of a government that does not know what it is doing when it comes to managing the economy. Having said that, the opposition does welcome the training measures. These measures would have been necessary any way regardless of the global financial crisis. The problem is that the Productivity Places Program had provision for 20,000 places in the first three months and only 22,000 in the next six months. So this is a program which has been centrally planned but not well planned. The Minister for Education is widely recognised as not having much of a focus on training or vocational education. Quite simply, her workload is beyond her. Many training providers around the country have contacted my office with a range of concerns about the way the Productivity Places Program has been delivered, from IT systems failures to the department

neglecting to advise providers when 80 per cent of the places had been filled.

In addition, we would be very concerned if this was another cynical Labor attempt to have a training treadmill. The last time a Labor government, through Working Nation, had a problem—in that there were no jobs—people were cynically put on a training treadmill. The opposition would like to know from the government what the employment outlook is. We have asked these questions and we believe that we should know and the Australian public should be levelled with as to what the employment outlook is for the next couple of years. We already know that well before Black Friday, well before the Lehman Brothers, employment was deteriorating. It was downgraded in this year's budget. The Reserve Bank downgraded employment growth in August and, as I said, the DEEWR leading indicator has now declined for nine months, indicating a cyclical downturn in employment. So the training will be welcome but we are very concerned as an opposition, with only just last month seeing unemployment rise by the highest number since January 2001, at the signs of a government which is not really on top of managing the economy.

Mr SWAN (Lilley—Treasurer) (7.20 pm)—in reply—I would like to thank those members who have taken part in the debate on the Financial System Legislation Amendment (Financial Claims Scheme and Other Measures) Bill 2008, the Financial Claims Scheme (ADIs) Levy Bill 2008 and the Financial Claims Scheme (General Insurers) Levy Bill 2008. I do not have much time, because we do need to get the bills through, tonight and some time has just been wasted by the previous speaker talking about other bills, which has further contracted my time. The urgency here in dealing with the substantive issues is to actually get the bills through, so I will now not have time to make

some of the comments that I would otherwise have done, given the urgency of these bills.

These bills do represent unprecedented action to deal with developments in global markets and to ensure the stability of the Australian financial system. These bills give effect to the Prime Minister's announcement on Sunday that the government will guarantee the deposits of Australian banks, building societies and credit unions and Australian subsidiaries of foreign owned banks. In addition to the Financial Claims Scheme, the bills also introduce a number of other measures that will enhance and strengthen Australia's regulatory framework for managing financial institutions in distress.

We are witnessing a global financial market crisis of historic proportions. Confidence is fragile following the failures of a number of large international institutions, which has caused significant dislocation in global equity and capital markets. Fortunately, Australia's financial institutions do not have significant exposures to troubled assets in the US or, like US and European financial institutions, to troubled mortgage related assets. This was confirmed recently by the IMF in their *Article IV* report and by the RBA at its *Financial stability review*.

This legislation has been made necessary by events external to this country. This is very important legislation and it certainly does deserve the full support of everyone from both sides of the House. It is legislation which is implementing the commitments that we made way back early this year. It is legislation that was recommended by the regulatory authorities and that we have discussed with the Australian Council of Financial Regulators. This bill is historic and it comes at a time of the biggest ever threat to the modern market economy. So I certainly welcome the willingness of the House to con-

sider this legislation today, for it is vital that we ensure the Australian people can have confidence in their deposits in the financial sector. The measures in this legislation will give confidence to ordinary Australians in our financial markets. I commend the bills to the House.

Question agreed to.

Bill read a second time.

Message from the Governor-General recommending appropriation announced.

Third Reading

Mr SWAN (Lilley—Treasurer) (7.23 pm)—by leave—I move:

That this bill be now read a third time.

Question agreed to.

Bill read a third time.

FINANCIAL CLAIMS SCHEME (ADIs) LEVY BILL 2008

Second Reading

Debate resumed.

Question agreed to.

Bill read a second time.

Third Reading

Mr SWAN (Lilley—Treasurer) (7.24 pm)—by leave—I move:

That this bill be now read a third time.

Question agreed to.

Bill read a third time.

FINANCIAL CLAIMS SCHEME (GENERAL INSURERS) LEVY BILL 2008

Second Reading

Debate resumed.

Question agreed to.

Bill read a second time.

Third Reading

Mr SWAN (Lilley—Treasurer) (7.25 pm)—by leave—I move:

That this bill be now read a third time.

Question agreed to.

Bill read a third time.

ADJOURNMENT

Mr SWAN (Lilley—Treasurer) (7.26 pm)—I move:

That the House do now adjourn.

New South Wales Government

Mr HOCKEY (North Sydney) (7.26 pm)—When the Rudd government was elected it promised to end the blame game and ensure that state governments were delivering results for residents across Australia. In my state of New South Wales it has failed on both counts. We have seen the mess that was meant to be the rollout of computers in our schools, with the New South Wales government having withdrawn from the Minister for Education's headline program. There has been no reform for our hospital system, which continues to place those in need of medical care in unacceptably long queues. And we have seen the New South Wales government back away from the infrastructure projects it has promised repeatedly, announced repeatedly and re-announced repeatedly. These are just a few of the areas where Labor's management of the New South Wales state government has fallen well short of what the community expects and is now demanding. More interested in spin than substance—which is obviously a Labor Party trait—the New South Wales Labor administration is now looking down the barrel of a mini-budget that it is struggling to manage. It has avoided making the tough decisions for 13 years, and now that former Treasurer Costa has revealed the truth about the state's finances it knows not what to do.

On Saturday, the electors of New South Wales in Ryde, just next door to my electorate of North Sydney, will have the opportunity to send Labor a message that its per-

formance is just not good enough. They will have the chance to start the change to a better future for New South Wales by electing a Liberal to represent the interests of the residents of Ryde. I understand the frustration of those residents. Like them, I use Victoria Road and wonder how on earth Labor thinks it is acceptable for one of our most important roads to be choked by ever-worsening traffic problems. Like Ryde's young families, I worry about whether the public hospitals in the area, such as Ryde Hospital, will be able to provide timely access to high-quality health care for our children. As a ferry user, I understand why residents in Meadowbank want their own ferry service secured and improved during peak hour.

Like constituents in my electorate, Ryde residents wonder why on earth they have to suffer inadequate rail services. Labor forces residents to make the unpalatable decision of choosing between the traffic queues or to run the risk of using unreliable trains. CityRail's own data shows that the state government has failed to meet its own on-time running targets eight out of 36 weeks in 2008. That is less than a quarter of the time this year that trains have run on time—even with the ever-expanding definition of what 'on time' means. Every time the Labor Party decides it is going to have reform of CityRail, what does it do? It changes the definition of on-time travel, making it more lax and ensuring that, no matter how late the trains are, they are on time. And we now know that Labor has a secret plan to cut local train services by 50 per cent and add seven minutes to travel times. For that performance, it is expecting commuters to pay fare increases of 20 per cent over the next four years.

It is little wonder that the member for Bennelong is more likely to be seen in Antarctica than she is supporting the Labor campaign in Ryde and for that she should have our sympathy. I do not blame her for a sec-

ond for running away from her Labor colleagues and their appalling performance in New South Wales.

The Liberal Party has outlined a positive plan that addresses these and the other areas of Labor's neglect in Ryde. Victor Dominello, our Liberal candidate, is a person of immense integrity and great drive. His commitment is to Ryde, to deliver a better deal for local residents. Born and bred in Ryde, he has served energetically on the local council and understands the local community. His family settled in the area in the 1930s as market gardeners and his father was a local greengrocer. He has lived for 36 years in Ryde and will stand up for local residents. I am proud to call him a friend. I recognise his immense personal integrity and I believe that the people of Ryde would be very well served by Victor Dominello.

This Saturday can be a turning point for New South Wales. Voters in Ryde can send the message that they want a new start and local MPs who will deliver more substance than spin. Only a vote for Victor Dominello can secure the best outcome for the residents of Ryde.

Capricornia Electorate: Great Keppel Island

Ms LIVERMORE (Capricornia) (7.31 pm)—I wish to bring to the attention of this House a matter of grave concern to many of my constituents in Central Queensland. In recent weeks my office has received representations from a large number of individuals and groups about the proposal by Tower Holdings to redevelop Great Keppel Island, which is situated some 15 kilometres off the Central Queensland coastal town of Yeppoon. It is my understanding that Tower Holdings are proposing a major redevelopment of the island. I believe they wish to develop three major resort hotels, two large golf courses, a new international airport and

a large marina, together with an extensive residential development.

Tower Holdings have bought out the existing resorts on the island and closed them down. It is my understanding that they are now asking the state government to change the area known as lot 21 from a recreational lease to a development lease. The area known as lot 21 is 875 hectares, which is 60 per cent of the total land area of the island. I would submit that the area known as lot 21 deserves protection. I feel a responsibility to try to conserve the island's fringing coral reefs, the rocky littoral zones, the sandy beaches, the mangrove wetlands, the eucalyptus forests, the coastal scrub and the parabolic dune system. I must also mention the highly significant archaeological sites, which are an enduring link between the land and its traditional owners, the Wappaburra people.

The scale of the proposed development by Tower Holdings would bring many thousands of people onto this largely pristine and fragile island and would, in my view, destroy the island as we know it today. Tower Holdings' proposal is such that it must impact on the environment, and one has to assume that the proposed marina will trigger the Commonwealth's EPBC Act. After all, Great Keppel Island is in the Great Barrier Reef Marine Park and the area around the Keppel islands has already been the site of some of the most severe coral-bleaching events seen on the reef. And last week's water quality report released by the Queensland government showed that the reef remains under serious threat from excess nutrient and sediment run-off. It is hard to see how the Tower proposal could avoid placing even more stress on this already fragile marine environment.

Since acquiring the existing resort on the island, Tower Holdings have closed the resort, putting the 110 people employed there

out of work and leaving local businesses on the island and the mainland that depend on tourist traffic to fend for themselves. Not surprisingly many of these small businesses have been forced to close. Businesses in Rockhampton have also been negatively affected by the closure of the island resort. A conservative estimate of the impact on our regional economy as a result of the closure of the resort has been calculated at upwards of \$35 million. One could hardly call Tower Holdings a good corporate citizen of Central Queensland.

Looking ahead, I am concerned for the impact on traffic through Rockhampton airport if the Tower proposal for an international airport on the island goes ahead. In 1998, one of my first commitments to the people of Central Queensland was to have Rockhampton airport's runway lengthened to take aircraft up to 747s. This has been done and the airport at Rockhampton continues to prosper. However, I am concerned when I look at the effect the development of the international airstrip on Hamilton Island had on the airport at Proserpine and to what extent the Hamilton Island development has contributed to the continuing financial problems for Proserpine airport. Rockhampton was and should remain the gateway to Great Keppel Island.

While I would welcome an appropriate redevelopment of the now closed resort on Great Keppel Island and the benefits this would bring to our community in Central Queensland, I do not believe it is possible to place some thousands of people on the environmentally sensitive and very beautiful Great Keppel Island without destroying the island and all it has to offer. My constituents need to know that I hear their concerns and I will not support the Tower Holdings proposed redevelopment of Great Keppel Island in its current form.

New South Wales Government

Mr MORRISON (Cook) (7.35 pm)—The New South Wales Labor government is the most conscientiously incompetent government in our country, perhaps even in our history. Their failures are manifold and the bad news is they are not finished yet. On Saturday, the people of Cabramatta have the opportunity to send the New South Wales Labor government the mother of all messages. The way Labor have treated Cabramatta is the way they have treated the people of New South Wales. The retiring member, Reba Meagher, treated the electorate with total contempt. It was nothing more than a vehicle for her own ambition, as she lived on the other side of the city in her trendy Coogee flat.

Reba Meagher took the phrase 'latte Labor' in Sydney to a whole new level and now, when she has had enough, when she is done with it, she walks away, without the slightest thought for those who elected her for the past 14 years. Why should the electorate be any different in terms of how Reba Meagher treated them? This is how she treated the state of New South Wales as a minister. It was during Reba Meagher's tenure as health minister that hospitals crumbled, patients died and mothers had miscarriages in toilets. Her seeming indifference betrayed the conscience of the New South Wales Labor government. So Reba Meagher is gone. If there was ever a time for Labor to show their renewal in Cabramatta and more generally across the state of New South Wales to select a candidate for the future it is now. Instead, the Labor Party in New South Wales have shown that they have run out of ideas, they have run out of leaders and they have run out of talent. It is time for the people of Cabramatta to run out on Labor.

The Labor candidate, Labor Fairfield mayor, Nick Lalich, is a close ally of that

well-known identity in New South Wales political circles Joe Tripodi and is apparently Labor's symbol of great renewal. Yet within days the true colour of the old Labor had emerged. I quote from the *Sydney Morning Herald*, which reveals:

THE ALP candidate for the state seat of Cabramatta was dining with developers and businessmen, including Pat Sergi ...

Pat Sergi, as some of you may remember, was the one to whom 11 pages were devoted in the report of the Woodward royal commission into drug trafficking in 1979. The dinner was a by-election fundraiser just two days before the new New South Wales Premier, Nathan Rees, called for political donations to become a thing of the past. The *Sydney Morning Herald* says:

On the night of his fund-raiser, Cr Lalich failed to attend—

of all things—

a Fairfield council meeting that discussed new regulations about council codes of conduct and political donations.

I remind the House that this was at the same time that the New South Wales ICAC had recommended charges against four Labor councillors in the City of Wollongong based on their conduct in similar activities there. The article continues:

In 2003 Cr Lalich was a director of Tojomi Pty Ltd, with two other Fairfield councillors and two Fairfield property developers. The company was able to take advantage of a change in building height restrictions on land in the Liverpool council area, which the previous owner claimed had not been available to him. Tojomi made a wind-fall profit on the land.

So we have the Labor Party picking a candidate that conforms to the practices of the past, and it is about time that the people of Cabramatta got to have a better go, because Labor simply does not get it.

By contrast, the Liberals have put forward a candidate in Dai Le that the people of Cabramatta can put their trust in. She has had an incredible life story and she is someone that the people of Cabramatta can really get behind. Dai fled Vietnam with her mother and two sisters during the fall of Saigon in 1975. They waited for their father in a refugee camp in the Philippines for four years, but he never made it. Her mother bundled them onto a boat again for another escape attempt, and after 10 days at sea they were picked up by a Hong Kong patrol boat and taken to another refugee camp. Dai Le's mother then decided to bring her daughters to 'an island with a good education', she said, to start a new life and put the nightmare of the Vietnam War behind them. Dai and her family first settled in Wollongong, where there were few Vietnamese. She was 11 years old and had to learn English quickly to blend in with the community. She then moved to Cabramatta with her family.

Dai is now an acclaimed journalist with ABC Radio National's social and history unit, where she produces radio documentaries. She became a journalist so that she could be a voice for people who had no voice and share their concerns. Dai is running for parliament so that she can continue to be the voice of those people in the community of Cabramatta. On Saturday the people of Cabramatta have an opportunity to put an end to the sham that is the New South Wales state Labor government by sending them the message that they will simply not tolerate this conscientious incompetence anymore.

Lindsay Electorate: Panthers on the Prowl Community Foundation

Mr BRADBURY (Lindsay) (7.40 pm)—I rise to acknowledge the valuable work being undertaken by the Panthers on the Prowl Community Foundation in my electorate. Panthers on the Prowl was established in

2000 as a community development foundation with the support of the Penrith Panthers Rugby League Club and the Panthers board of directors. It has also been supported by the Commonwealth since 2005, and I was pleased to join Minister Macklin earlier this year in visiting Panthers on the Prowl and announcing a further funding commitment of \$150,000 for the next 12 months through the Local Answers program.

The concept behind Panthers on the Prowl was to build the capacity of the local community to respond to the needs of families and young people, with a particular focus on promoting healthy lifestyles and targeting children at risk of disengaging with the school system. The programs are based on the philosophy that it is easier to build a fence at the top of the cliff than to provide an ambulance at the bottom. Panthers on the Prowl programs aim to deliver support to local families, including using sport as a motivational tool for secondary school students, a healthy lifestyles program that teaches children about nutrition and exercise, breakfast clubs and the Panthers Bytes Bus, which uses technology to encourage children to learn.

Under the Local Answers program, Panthers on the Prowl also operates a family skills program to foster good parenting skills, including the 'read with a mate' night for parents at local schools to promote adult literacy. More than 8,000 students across 10 schools have participated in the healthy lifestyles initiatives over the life of the program, and since 2005 more than 120 parents have been supported through the family skills program. In 2002, Panthers on the Prowl joined with the New South Wales Department of Education and Training to establish a classroom at Panthers that works with primary school students with challenging behaviours from local schools. This classroom has given the students an opportunity to learn

in a less formal environment, to focus on healthy eating and exercise and to interact with their rugby league heroes, and over the last six years it has helped 200 students.

I recently attended the launch of an evaluation report by the University of Western Sydney into the Panthers on the Prowl Local Answers program for the period 2005 to 2007. The report's findings were that the programs being run by Panthers on the Prowl were having a noticeable and lasting impact on the behaviour of the children participating, improving their attitudes towards learning and giving them important tools to communicate with others. One of the students interviewed for the evaluation said, 'Coming to this classroom—it's better than school.' The report also found that the programs helped improve the skills of parents and break down some of the barriers between parent and child and parent and school.

The strength of the programs run by Panthers on the Prowl lies in the valuable community partnerships they have built up over the past eight years. This includes partnerships with the New South Wales Department of Education and Training, the Nepean Division of General Practice, Mission Australia and the University of Western Sydney. It has also attracted the support of local businesses and large corporations, including Cabe, MJ Seymour and Co., Westfield Penrith, CUA and Sanyo, who have put their faith and sponsorship power behind the important work being done.

One of the most important partnerships is, of course, the one that has been established with the Penrith Panthers Rugby League Club. Over the past eight years, most if not all of the players at the club have been involved in the programs that are run by Panthers on the Prowl. This includes 68 players who have trained as teachers aides in the last three years.

We all acknowledge the important place professional sportspeople have in the hearts of Australians. This is particularly the case for young people, who look to these athletes as role models both on and off the field. There is often far too little attention paid to the valuable work they do in supporting the communities that support them with such enthusiasm. Panthers on the Prowl is one such story that should be given a great deal of attention because it demonstrates the success that partnerships between local sporting clubs and the community can generate.

I would like to acknowledge the efforts and support of the Panthers board of directors, in particular the Chairman, Barry Walsh; Richard Booth; David Reid; Todd Shepherd; Rex Wright; Panthers CEO, Glenn Matthews; Lou Zivanovic; Mark Myles; and Mike Seymour. Panthers on the Prowl is a national and international model of excellence for the building of social capital. I look forward to seeing this initiative strengthen the linkages between sport, education and the community, and continue to deliver results for local families.

New South Wales: Port Macquarie By-Election

Mr HARTSUYKER (Cowper) (7.45 pm)—The forthcoming Port Macquarie by-election will give people in the electorate of Port Macquarie the chance to send the New South Wales Labor government a very clear message. It is an opportunity to take a step towards ridding New South Wales of probably the most incompetent government in this nation's history. It is interesting that, in every electorate where Labor have run a candidate, they have gone backwards since the election of the Rudd Labor government.

We have a good candidate on behalf of the Nationals in Port Macquarie in Leslie Williams. She is a hardworking and well-respected member of the community who

knows in great detail the health issues. Leslie will work hard for the community of Port Macquarie and will certainly be tireless in ensuring that Port Macquarie gets the sort of representation that it has failed to have for many years. Opposing Leslie are a range of Independents, a gaggle, who cannot deliver for those constituents, who cannot command a majority in the lower house and who will never be part of government.

It is interesting to reflect on the performance of the previous member, Mr Robert Oakeshott. In 2003 he committed to:

... making certain that appropriate levels of funding are provided to Port Macquarie Base Hospital so that local residents can make full use of the excellent medical services available. This will include advocating for additional funds to reduce the inequitably high waiting lists at Port Macquarie Base Hospital.

That was the promise. Let us look at what was actually delivered. In 2007-08, 163 elective surgeries were not performed on the scheduled day due to a shortage of beds, 70 due to a lack of theatre time and 336 due to the precedence of emergency surgery, and 24 per cent of cancellations, some 234 cases, were caused because surgeons or anaesthetists were not available.

A local doctor said that almost 60 per cent of the 981 elective surgery cancellations in the past financial year could have been avoided by increasing hospital capacity. The hospital was only built to handle some 12,000 to 14,000 presentations per year. The number predicted for this year is a massive 32,000, which will mean it will be servicing more than double the current capacity. Is that delivering for constituents? I think not.

In 2003 Mr Oakeshott also committed to seek continued improvement to public dental health services. Currently, dental services on the North Coast are in a state of crisis, with 20,000 people waiting to see a public dentist. Again in 2003 Mr Oakeshott said:

Considering the growth in Port Macquarie and the demands on the Base Hospital's services, a 4th 'wing' could house services such as administration, improved mental health, intensive care and even the option of a helipad—all within close access to the Accident and Emergency Unit.

The people of Port Macquarie are still waiting for a fourth wing. They have been listening to the endless rhetoric of Independents now for years. They face a choice between Leslie Williams, the National Party candidate, a tireless worker, a candidate who will work as part of the National Party team, and a range of Independents who will masquerade rather than deliver. When you equate the promises made by Mr Oakeshott with what was actually delivered it tells a very different story. It tells the story of the endless rhetoric of Independents compared to what can be delivered as part of a team.

Members on both sides of this House deliver for their constituents because they are part of a team. No one member in this House can command a majority or pass legislation without the assistance of their colleagues. It has been a myth perpetuated by a range of Independents over the years that they can actually deliver outcomes. They receive outcomes as a gift from the party in power rather than actually delivering and doing the hard yards on behalf of their constituents.

I wish the people of Port Macquarie well in their deliberations this weekend. I am confident that they will see and support Leslie Williams as the person to represent them in the New South Wales parliament.

Child Care

Ms CAMPBELL (Bass) (7.50 pm)—Can there be anything more important that we do as a government than ensuring that we give our children the best start in the world? The key to this I believe is child care. Sometimes I fear that we use words to the point where they somehow lose their meaning, but let us

reflect for a moment on child care, not only what it is but what those two words actually mean.

We have an obligation not only as parents or as politicians but as a wider community to care for our children. This is something about which I am passionate. It is something to which I am pleased to say the Rudd government has already indicated it too is committed. As a government we recognise that critical to a thriving, healthy and, above all, caring childcare sector are training, education and, of course, staff. We also recognise that there is a critical skills shortage in this area, as there is across many other industries.

I would like to take this opportunity to add my support to the Big Steps in Childcare campaign being run by the Liquor, Hospitality and Miscellaneous Workers Union. The LHMU knows all too well the stress and strain under which workers in the childcare sector suffer. To this end Christie Goss from my home state of Tasmania was part of a delegation to present some 2,000 letters to the Hon. Maxine McKew, Parliamentary Secretary for Early Childhood Education and Childcare. I would like to congratulate her on her efforts and thank the LHMU for this campaign.

I myself have been involved in the childcare sector. I was on the board of Stewart Child Care in Launceston and also on the board of the Early Years Parents and Friends. I was also an LHMU organiser, looking after the childcare sector in Launceston. My experience, however, is nothing when compared with those whose days are spent looking after precious children. I will, if I may, share with you the story of one such worker, Jannette Mathieson. This impressive young woman has worked in child care for seven years, after discovering at age 19 what she describes as exactly what she wanted to do professionally. I can inform the House that

Ms Mathieson is studying at university so that she can actually leave child care. This is not something which she wants to do but something she feels she has to do because of the conditions in child care. Disturbingly, she says that she does not know one co-worker who would leave their own child in care under the current conditions. That is truly a damning indictment of the industry and something which we simply must address.

Ms Mathieson describes the strain placed on workers and children under the current ratios. She says that, in a room with five babies or 10 two- and three-year-olds, providers are barely able to attend to the physical needs of children, let alone the emotional requirements. These are our children, and you know what? We owe them more. While recognition is important and financial recompense vital, workers tell me that they would swap all of that to have the ratios improved, so distressing is it currently.

The Big Steps campaign is seeking lower provider-to-children ratios, better wages to assist with attracting and retaining quality staff, opportunities for ongoing training and development, and recognition of the invaluable role which staff play in childcare centres. These are by no means unreasonable demands. Surely this should be the very least that childcare professionals should expect. Up to 60 per cent of workers leave the childcare sector each year because of low pay and comparably low status. A full-time childcare diploma holder earns just \$19 an hour—is it any wonder that they are seeking better recognition in other careers? Our children cannot afford to lose people like Jannette Mathieson, and yet they are.

The Rudd government, I am pleased to say, recognises issues surrounding staffing. That is why over the next four years we will invest more than \$126 million to train and retain a high-quality early childhood educa-

tion workforce. This will support around 8,000 childcare workers to gain a qualification by removing TAFE fees for childcare diplomas and advanced diplomas from 2009. There will be additional university places for early childhood teachers and a reduction in HECS debt for early childhood teachers working in regional and remote areas. Our commitment is this: the National Early Years Workforce Strategy will help build a highly skilled and capable workforce, which is critical to delivering the education revolution.

As a government we have an obligation to the youngest among us to make the right decisions on their behalf, to take the proper and necessary actions to ensure that their lives are the very best that they can possibly be. To the early childcare teachers and providers, I say thank you, and I offer my continuing support for the wonderful and tireless work of the LHMU on your behalf. It may be a cliché, but children are our future and we owe them the absolute best.

Ryan Electorate: Australia-China Business Forum

Mr JOHNSON (Ryan) (7.55 pm)—In the 21st century the great debates that will face leaders and countries are going to be enormous. In those debates, whether they be on issues of energy, the environment or global finance, one country is going to be front and centre, and that country is China. For our country, Australia, it is absolutely critical that we have an understanding of an appreciation of and a very strong familiarity with China; that we have good relationships with its people; that we understand its culture; and that our leaders and the leaders of China are able to communicate—not just in language but also in the policy framework.

That is why last Saturday I had the pleasure of convening the fourth annual Australia-China Business Forum, which I was able to put together in the Ryan electorate. I want to

take this opportunity in the parliament to thank the speakers at the forum and the sponsors of the forum, because to be able to bring together speakers with an expertise, an understanding and a commitment to strengthen the relations of this country with China is very important and something that I encourage other colleagues to do. I know that we have a Prime Minister who speaks Chinese and who is very familiar with Chinese culture and history. When I have had the opportunity to speak on Chinese television myself, I have very publicly, generously and warmly commended that attribute, because I think it is something that we should recognise and be proud of. As a citizen of Australia, I acknowledge that the Prime Minister of my country can speak the language of the world's most populous country. With his skills and understanding in this area, I think that there is a great opportunity and a great responsibility for him to bring all the issues and the concerns of our two countries together. I hope that, in the context of the great debates that we will face when it comes to the environment and energy, he will be able to bring those talents to bear.

I want to also focus on the area of clean coal technology, because that was one of the themes of the conference that I hosted on the weekend. I know that the Prime Minister has announced some \$100 million for an institute that will bring together the best and the brightest around the world to our country to try to find a way to make dirty coal into clean coal. In the state that I come from, Queensland, we have some 400 years of coal deposits left. With a country like China, which is so voracious in its energy needs, we can play a major role in its environmental issues.

The theme of the conference, which I want to flag to the parliament, was 'Energy Security, Affordability, Diversity and Reliability', and was very much a welcome one.

It was very popular, and we certainly had some heavyweights speaking on that theme, such as Mr Bob Bryan, who is the Chairman of the Queensland Gas Company and a very significant corporate figure in Queensland. He spoke about the option of gas, and I am pleased that the Parliamentary Secretary for Regional Development and Northern Australia, who is from Western Australia, is here, because with his background he will have an appreciation for gas as an option in the energy mix. I also want to acknowledge the keynote speaker, who flew from Beijing to Brisbane to speak, and that was the Chairman and CEO of Microsoft China, Mr Ya-Qin Zhang, who also happens to be the Global Vice President on the board of Microsoft. This gentleman is the modern face of modern business in contemporary China. It is in our interest to be able to develop relationships with people like Mr Zhang from China.

The SPEAKER—Order! It being 8.00 pm, the debate is interrupted, and in reminding members of the need to not bring their phones into the chamber the offending member apologises to the member for Ryan.

House adjourned at 8.00 pm

NOTICES

The following notices were given:

Mr Debus to present a Bill for an Act to amend the *Customs Act 1901*, and for related purposes. (Customs Amendment (Australia-Chile Free Trade Agreement Implementation) Bill 2008)

Mrs Elliot to present a Bill for an Act to amend the law in relation to aged care, and for related purposes. (Aged Care Amendment (2008 Measures No. 2) Bill 2008)

Wednesday, 15 October 2008

The DEPUTY SPEAKER (Ms AE Burke) took the chair at 9.30 am.

CONSTITUENCY STATEMENTS

Paterson Electorate: Breast Cancer

Mr BALDWIN (Paterson) (9.30 am)—Today I rise to congratulate the government on its initiative of providing \$12 million for specialist breast cancer care nurses. The issue of breast cancer is critically important, particularly in the electorate of Paterson, as it has one of the highest aged demographics in Australia, particularly for women. Seventy-five per cent of all breast cancer develops in women 50 years and older, so it is important to the people of my electorate. So, when I read the press release from the Minister for Health and Ageing wherein she said, ‘The nurses are being placed in areas that need them the most and in locations where access to a full-time breast cancer nurse is not currently available,’ I was surprised to see that, in the allocation of the nurses throughout New South Wales, there was not one for the entire Hunter Valley or Manning Valley. Areas like Foster-Tuncurry, Nahi, Gloucester and Dungog are remote from major hospitals. It is true that Calvary Mater Newcastle is one of the leading breast cancer hospitals in Australia, but that is a long way to travel for these people. What I need to see happen is further funding so that more specialist breast cancer nurses can be provided for communities such as these.

I pay great credit to companies such as Lawler Partners, a local accounting firm in the Hunter, which tomorrow will have a breakfast to raise much needed funds for the Hunter Breast Cancer Foundation. But, importantly, the money they raise goes to provide specialist training for nurses for breast cancer support. Here we have a local company putting its efforts into raising funds to train specialist nurses in our area. In addition, next Wednesday—and unfortunately I will be in this place and unable to join them—the Ladies Super Breakfast for Breast Cancer at Nelson Bay Bowling Club will also be held to raise money for the Tomaree Breast Cancer Support group, which is one of the groups I had a close shave meeting with last Friday. I say to the minister: congratulations on the funding, and thank you for supporting great Australians like Glenn McGrath, who has done an amazing job for breast cancer. But, in providing these new nurses, greater consideration needs to be given to the placement of the nurses. Indeed, \$12 million in the whole scheme of things is not a lot of money from the health budget, and if preventing the greater incidence of breast cancer through earlier detection can occur by having more nurses, then I would encourage the minister to double the funding so that communities through the Hunter and the Manning Valley can have access to these high-quality nurses, who do make a difference to the lives of women with breast cancer. I call on the government to increase the funding to provide greater support through regional and rural communities.

Maribyrnong Electorate: Autism

Mr SHORTEN (Maribyrnong—Parliamentary Secretary for Disabilities and Children’s Services) (9.33 am)—Autism spectrum disorder affects a growing number of Australians, and autistic children have special needs that often require a specialised education. In this regard, I was pleased to announce in June this year, with the Minister for Families, Housing, Community Services and Indigenous Affairs on behalf of the Rudd government, that all children aged

MAIN COMMITTEE

six and under who are diagnosed with autism and are not yet at school will have access to up to \$12,000 over two years in early intervention support through a new \$190 million package from the Rudd government.

The Helping Children with Autism package will give greater access to a range of early intervention programs, including one-on-one intensive activities, behavioural therapies and tailored group and individual programs. In fact, the Western Autistic School, which services the western suburbs of Melbourne and has a campus in Niddrie in my electorate, is a world leader in educating children with autism. Its principal, Val Gill, and the parents there have recently faced some challenges arising from maintenance work at its Deer Park campus. In that regard, it is welcome news to families in Melbourne's western suburbs that the Brumby Victorian government will be constructing a brand-new campus for the school at a site in Laverton North, and I would like to thank the Victorian Treasurer, the Hon. John Lenders, for taking the time to visit the Western Autistic School earlier this year for a meeting with me and Val Gill and to see firsthand the challenges that the school faces and the tremendous work done there. Following that meeting, the school received word that a time line had been set up for the construction of a new campus along with an anticipated opening date in 2010. This is welcome news for the parents of children attending the existing facility in Deer Park, which is a temporary location on the site of the former Deer Park Primary School, an ageing facility that regularly requires repairs and maintenance works.

As some members may be aware, I also used my recent trip to Kokoda to attract some much needed assistance to the school. In July, I travelled to Papua New Guinea to trek the Kokoda Trail, a 96-kilometre journey that took me through the dense rainforests and mountains where Australian and Japanese soldiers fought during World War II. I travelled with great companions—Ian Silk; Patrick Silk; Luke Donellan; Earl Setches; Peter Jamieson; Don Heggie; David, Adam and Shane Palmer; Greg Nankervis; Peter Burshee; Placid; and the Major—and great porters. It was a journey that gave me a greater understanding of the historic events that took place at Kokoda and the challenging conditions that confronted our troops.

Before I left I asked people to sponsor my trek, with all funds raised going to the Western Autistic School. I am pleased to report that I completed the trek and that many donations have been received, including from many of my fellow members and senators. In fact, the support for the Western Autistic School has been overwhelming, with a total in excess of \$73,000 raised for the school in the sponsorship of this trek. The support for the Western Autistic School is yet another demonstration of the generous nature of Australians and their willingness to give for a worthy cause. I would like to thank those members and senators who supported the school, as well as the many individual and corporate donors who contributed. The donations will make an enormous difference to the school and to the parents of children with autism. Your generosity is very much appreciated by me and the school community.

Cowan Electorate: Wanneroo Senior Citizens Club

Mr SIMPKINS (Cowan) (9.36 am)—In Cowan, like most electorates, there are many seniors clubs. They do great work and are highly motivated to support the activities of older Australians, and they are always run by volunteers. Today I will talk about the Wanneroo Senior Citizens Club in the north of the electorate of Cowan. It is a very active and vibrant club with 450 members, which is simply outstanding and makes it the biggest club within Cowan. It is

located at the Wanneroo Community Centre, within the town site just above the library, so it is very well located and the support of the city of Wanneroo is notable.

The club is a great example of how, if you give the people what they need or what they want, success will follow, and having 450 members really does say something about the club. They have an extremely wide range of activities, including dancing, craft, table tennis, indoor bowls, mahjong, bingo, tai chi, pool, painting, whist and cards, and a hairdresser attends the club on two days a week. There is a lot of appeal amongst all those activities. I particularly make mention of the president, Marcia Dinnie, who for many years has been doing great work in running and promoting the club; John Havlin, her vice-president; Helen Kearton, the secretary; Jean Squibb, the treasurer; and David Morgan, who is a committee member and served for a number of years in a senior position on the committee.

The Wanneroo Senior Citizens Club recently asked for my support to relocate the post office in the town site to the newly redeveloped shopping centre. The next day I gave them a petition and within another 24 hours they gave it back to me with about 160 signatures on it, and apparently there are more signatures just waiting for me to pick up when I get back to Perth. Therefore, they are highly motivated, they care about the local community, they care about their members and they are an outstanding club. I commend their work and the efforts of the committee and the president, Marcia Dinnie, to the parliament.

Reid Electorate: Soccer

Mr LAURIE FERGUSON (Reid—Parliamentary Secretary for Multicultural Affairs and Settlement Services) (9.39 am)—With Australia's soccer game against Qatar this evening, it is worth while remembering the central role of the Auburn-Granville district in the history of Australian soccer, a vestige of Scottish and British migration to the metalworks in the 19th century. I recently spoke to a local, Bobby Simpson, the former Australian cricket captain, who said in passing that his father, having played for Falkirk and Stenhousemuir in Scotland, came and played professionally for Granville. This is typical. The Cottam Cup in the Granville Association has been contested for over 100 years. The Granville Kewpies Club, which plays on Colquhoun Park, behind my home, is the oldest soccer club in Sydney. There are five or six clubs in Newcastle, which again is a result of Welsh migration to the coalfields of Newcastle, but in Sydney it is the oldest club.

I want to pay tribute to the club president, Bill Staines; the secretary, Maurice Campbell, who happens to work in my electorate office; and other members of the club for the way in which they have in more recent times reached out to immigrant communities. Typical of this is the effort of the under-16 team, which emerged from work by Murray Kanneh of Sierra Unite. He has worked to encourage youth into sport and to assist them with homework. That under-16 team, predominantly Sierra Leoneans but also Sudanese, Afghan and members of other recently arrived communities, has reached the grand final of what we call in New South Wales 'the Champion of Champions', which is a state knockout tournament from all the various associations. Brian Forbes, the coach of this team, who has been involved in this sphere for 15 years, commented recently that the team is the most polite and responsive group of kids that he has ever witnessed—that is, on and off the field. The club has also been involved in giving more support to the kids beyond soccer.

Typical of the history of the area is that in the next few weeks a small road that leads into Colquhoun Park will be renamed after the Henderson family, who have given much to Australia.

lian soccer in the Granville area. Bill Henderson was the Australian goalkeeper at the 1956 Melbourne Olympic Games. His father had played for Australia and, from my recollection, was the coach of that team. This history of continuity with regard to this sport is very typical of Sydney. Auburn and Granville were both professional teams and before that soccer in the Sydney district had essentially been, based around business enterprises—companies like Goodyear had professional teams.

I want to signal the massive efforts that this club, particularly the Kewpies and, more broadly, the association, are making to engage modern communities. I recall a Sudanese person of about 35 years of age, who had been a refugee, telling me at one of the award nights a year or two ago that being involved with the Granville Kewpies club was the best thing that happened to him in his entire life.

Gold Coast: AFL Bid

Mr CIOBO (Moncrieff) (9.42 am)—The Gold Coast is Australia's sixth largest and fastest-growing city, so it is with great delight that I recognise the tremendous efforts by a group of committed Gold Coasters, most notably John Witheriff, Graeme Downie, Guy McKenna and Scott Munn, all of whom worked tirelessly for over 12 months on the development, and for several years on the conception, of the Gold Coast 17 bid team. This, of course, is the bid team to secure the 17th AFL licence for the Gold Coast.

On Monday, 13 October, the team submitted its formal proposal to the AFL Commission for the 17th AFL licence. I am proud to say that I am one of the 42,000 registered supporters—which is double the number required by the AFL—who demonstrate the on-the-ground commitment of Gold Coasters to a 17th AFL licence for the Gold Coast. So far the bid team has been able to secure some 114 local businesses to get behind the bid, and in addition to that they have already formed 10 mid-level to serious partnerships with a number of national as well as local sponsors.

The Gold Coast is certainly very excited about the opportunity that presents itself now for it to have a dedicated, Gold Coast based AFL team. We have seen the support that has arisen from the community for other sporting teams, such as the Gold Coast Titans, recently but the time has certainly come, in a city that is rapidly maturing and enjoying strong grassroots support, for the bid team to now secure that 17th licence.

There is a key and fundamental point, though, and that is that we need to see either the redevelopment of the Carrara Stadium or the creation of a new stadium. The council has already offered some \$20 million of funding for the redevelopment of Carrara, but what is required now is a commitment from the state and federal governments of some serious money towards a dedicated AFL ground or the redevelopment of Carrara Stadium if we are going to be successful. The redevelopment is expected to boost Carrara Stadium's capacity by about 27,000 to provide a total of around 40,000 seats. It would be a multi-use facility, not just for AFL but also for cricket and athletics, and with the city preparing for a Commonwealth Games bid the redevelopment of Carrara would play a very crucial role in ensuring that our city has the very best chance possible to secure the Commonwealth Games in the future.

I would also urge the Queensland Labor government to ensure that they move away from this ridiculous agreement they have in place that bans any AFL team being on the Gold Coast or playing AFL on the Gold Coast with a Gold Coast based team until 2016. That was a short-

sighted decision the Queensland government took in the past. It is time now to move on, to see real commitment from the state government and from the Rudd Labor government to putting money into a project that certainly does have strong grassroots support—there are tens of thousands of supporters, of which I am only one; and I look forward to our success in the future.

Wakefield Electorate: Pensions and Benefits

Mr CHAMPION (Wakefield) (9.45 am)—I rise to talk about pensions and the great need in the electorate of Wakefield—a need that has now, in part, been met. I have a very diverse electorate, taking in country towns and regional centres such as Gawler and some very disadvantaged areas in the northern suburbs of Adelaide. Many pensioners in these areas live literally from pay to pay. They have very few savings and there is not much standing between them and not having any money, between them and poverty. Only last week I saw a constituent who is on the disability support pension. He is a veteran; he was a fitter and turner who worked until he had a stroke and injured his back. He tells me that frequently he only has \$5 to \$10 in his pocket to last him the last few days of a pay fortnight.

It is very confronting when you see poverty like this. I have met many pensioners and disability support pensioners who have cut back on basics and on luxuries in order to survive. It is the No. 1 issue at every shopping centre stall I do and at every bowls club and at every senior citizens club I visit, because people are really doing it tough, and there is nothing as tragic as poverty amongst the elderly. That is why it was so good to see that at the centrepiece of our Economic Security Strategy was a \$4.8 billion down payment for Australia's four million pensioners, carers and seniors—providing them with immediate financial help in the lead-up to comprehensive reform of the pension system. That includes \$4 billion in payments to pensioners: \$1,400 to single pensioners and \$2,100 to pensioner couples. Most importantly that includes disability support pensioners, carers and veterans. People who are receiving carer allowances will also receive \$1,000 for each eligible person in their care. The strategy also includes help for self-funded retirees who are eligible for a Commonwealth seniors health card.

It is particularly important to note that the package does not treat disability support pensioners differently from other pensioners. For too long they were treated like second-class citizens and that hurt a lot of good people. These reforms will help about 9,500 partnered age pensioners, 6,000 single age pensioners, 3,400 DSP who have partners and about 5,238 single disability support pensioners. I think it is incredibly important that those people are assisted and I am very proud to be part of a government that was able to give them some relief.

Dickson Electorate: Dickson Seniors Expo

Mr DUTTON (Dickson) (9.48 am)—About six years ago, with a group of dedicated local residents, I established the Dickson Seniors Expo. It was my pleasure again this year to invite my constituents, their friends and their families to visit the Dickson Seniors Expo 2008. The expo was officially opened by me and the Mayor of Moreton Bay Regional Council, Councillor Allan Sutherland, and I am very pleased to advise that the expo, as usual, had a very successful outcome.

This year there was a range of guest speakers and presentations including: a recital by Northside Singers, a collection of men and women who are dedicated to exhibiting their tal-

ents, and it was a great credit to all involved, particularly this year as the presentation they made was wonderful; a presentation by Rachael from *4 Ingredients*, Australia's No. 1 selling cookbook; some wonderful gardening advice from Russell Young of Theo's Nursery and Garden Centre; and a demonstration of exercises for seniors by Victoria Gill of Green Apple Wellness Centre. Bush poetry was a popular presentation this year, with a local known to many as 'Long John Best' entertaining us. Health presentations were also great to listen to and become involved with. This year Shay Green Podiatry and Home Assist provided some great advice. And, for the animal lovers, Alma Park Zoo came along with a baby crocodile and a snake.

As always, the fashion parade presented by Millers and Chaps Menswear from Westfield Strathpine was an added attraction. Special thanks must go to Patsy Barr, Jacqui Buckland, Don Connolly, George Sands, Tony Pratley, Joan and Keith Penman, and Gail Scott for their modelling on the day.

This is the fifth year of the expo, which is an initiative of the Dickson Seniors Council held during Seniors Week to showcase local businesses and community groups. The expo is focused on areas of interest to local seniors and is a great opportunity to gather useful information and listen to informative speakers as well as a great day out. Whilst entry to the expo is free, those who attended had many chances to win some fantastic prizes and were also given free sample bags to take home. Special thanks to the Comiskey Group for their donation of a helicopter flight for two as the major door prize.

Expos such as the Dickson Seniors Expo take much hard work and many months to organise, and, as is usually the case, the dedication and efforts of a small team. I would particularly like to thank the Dickson Seniors Council for their dedication and hard work to ensure that in 2008 the expo was once again the must-visit event for many of my constituents.

My thanks to the chairman, Mr Keith Thompson; the secretary, Mrs Olwyn Connolly; the treasurer, Mrs Joyce Wills; the expo coordinator, Mr Don Peverill; and committee members Mr Bert Baker, Mrs Erica Comiskey, Mrs Penny Edwards, Mr George Sands, Mrs Raelene Fittkau, Mrs Nan McQuilty, Ms Jodie Hampson and Mrs Cath Tonks. I look forward very much to working with the committee to make sure that 2009 is even bigger and better than 2008.

Isaacs Electorate: Dandenong Manufacturing Centre

Mr DREYFUS (Isaacs) (9.51 am)—I rise to speak about the recent opening of the Dandenong Manufacturing Centre, which forms part of the Rudd government's Enterprise Connect network, and the many benefits it will bring to the manufacturing industry in the Dandenong region and, more broadly, across Victoria. The opening of the Dandenong Manufacturing Centre will be a boon for small and medium-sized enterprises in my electorate. The importance of the manufacturing industry is felt in my electorate more keenly than most, in particular in the manufacturing hubs of Dandenong and Braeside.

I was pleased to be joined at last Friday's opening by the Minister for Innovation, Industry, Science and Research, Senator the Hon. Kim Carr, as well as my local parliamentary colleagues the member for Holt, the member for Deakin and you, Madam Deputy Speaker, in your capacity as the member for Chisholm. We all understand the significance of this new centre to manufacturing businesses in our electorates.

The Dandenong office is one of five manufacturing centres in the Enterprise Connect network across the country. They offer small and medium-sized enterprises a free business review, assistance with strategy and operations, and access to the very latest in research and technological knowledge and advice on how to best access government programs. There are 45 business advisers in the Enterprise Connect network nationwide to assist small and medium enterprises gain new skills, specialist advice and funding opportunities.

At the opening I spoke to one of those business advisers, Mr Raj Gopal, who is keen to start assisting business in the area to improve and grow. I also spoke to the Chief Executive Officer of the South East Melbourne Manufacturers Alliance, or SEMMA, Mr Paul Dowling, who believes that this centre will be an extremely valuable resource for manufacturing enterprises in south-east Melbourne. SEMMA's offices are fortunate to be in the same building as Enterprise Connect, which will no doubt enable helpful cooperation.

It is important that manufacturing industry, which operates in highly competitive markets and is a crucial industry for Australia's prosperity, is given support on the ground. Last year, Australian manufacturing exports were worth more than \$87.1 billion. But many challenges lie ahead: the worldwide economic crisis, the shortage of skilled staff and infrastructure bottlenecks all affect our manufacturing output. The Rudd government is facing and dealing with these challenges. I firmly believe that through the Enterprise Connect network Australian manufacturing industries will become more innovative, productive and internationally competitive, and in my electorate the Dandenong Manufacturing Centre will be a large part of that.

Hinkler Electorate: Pacific Islander Pilgrimage

Mr NEVILLE (Hinkler) (9.54 am)—Labourers from the Pacific Islands played an important part in the growth of the sugar industry in Queensland. While many were recruited against their will—and shamefully so—others came willingly, and at the end of the Kanaka period some stayed in Australia. Others returned to the islands, taking the Australian culture—or the English culture, as perhaps it was then—and religion back to the islands. In my electorate last week we had a unique gathering, where South Sea islanders, particularly those from Fiji, New Caledonia, Papua New Guinea, New Zealand, Vanuatu and principally the Solomon Islands, came to Bundaberg in what was truly a pilgrimage.

Bundaberg is to South Sea islanders as Rome is to Catholics or Canterbury is to Anglicans. The history of that is that Florence Young, of the Young family of Fairymead Mill fame, felt that it was important that the Kanakas who came here as uneducated people should have a chance to learn religion, culture and particularly the gospel. Peter Abuofa, who was one of those, went back to the islands and took the Christian religion with him. He called on Florence Young, I might add, to come over with him as a missionary. It is today the third-largest religion in the Solomon Islands. It is called the South Seas Evangelical Church of the Solomon Islands. It has 90,000 registered adherents and probably another 100,000 casual worshippers.

The pilgrimage started with a vessel, a yacht called the *Shining Light*, returning symbolically from the Solomon Islands to Bundaberg. It was a very moving ceremony. These people coming back to Bundaberg, where so much pain occurred, to say thank you was a very humbling thing for white Australians. It was not just some small item. It was led by Sir Nathaniel Waena, Governor-General of the Solomon Islands, the Reverend Erik Takila, the Acting

Bishop of South Seas Evangelical Church, and a whole group of worshippers from all over those islands. There were over 200 delegates. They prayed every morning at 5 am, with over 250 attending each time. They had morning plenary sessions, with over 300 present. At night they had gatherings of over 500. It was truly inspiring, it was humbling and I as the local member was extraordinarily moved by the beauty, the culture, the magnificent singing and the prayerful way that these people came to Australia to acknowledge that the Christian religion they enjoyed had come from Bundaberg.

Bennelong Electorate: Anti-Poverty Week

Ms McKEW (Bennelong—Parliamentary Secretary for Early Childhood Education and Childcare) (9.57 am)—At a time when, the world over, individuals are worried about their personal economic security, it is really heartening to see that so many Australians and others are united in the goal of making poverty history to ensure that the world's poorest citizens are not ignored as international leaders strive to resolve the current market crisis. On Monday this week a committed cavalcade of Australians assembled on the front lawns of parliament. They were the Voices for Justice, supporters of the movement known as Micah Challenge, a global movement of Christians seeking to deepen our engagement with the world's poor and marginalised. This is, indeed, a great challenge for the new century and it is embraced by many committed people in my electorate of Bennelong. In particular I would like to mention Eloise Beech, Dan Allport and Pastor Justin Campbell from Morling College in North Ryde. They embrace the ideal of the Millennium Development Goals to halve global poverty by 2015. I know that they all appreciated the time that many members of this House gave them to listen to their concerns. Their advocacy and their passion need to be embraced by everyone in this House.

Micah Challenge provides suggestions for us as individuals and indeed as a nation on how we can make a difference. We have to make a difference for the one billion people who survive on less than \$2 a day, for the 800 million who go to bed each night malnourished, for the 30,000 children who die each day from preventable diseases and for the 115 million children who do not have access to schooling. Micah Challenge encourages us to open our eyes and hearts to the difficult and challenging images and to believe that we as individuals and as a nation can make a difference.

Our government came to office with the commitment to raise overseas development assistance to 0.5 per cent of gross national income by 2015, and we are honouring that commitment. In this year's budget, we made our first step, raising development assistance by \$505 million to a total of \$3.7 billion over the next year to 2009. There has already been meaningful progress in some countries, with a reduction in maternal and infant mortality, with vaccination programs for measles and malaria, with reforestation and farming assistance and, importantly, with providing safe water. We do have a capacity to feed the 20 per cent of the world's population who exist in extreme poverty. We can as individuals take small steps to create change—change in the minds of government representatives, importantly, and change in the minds of world citizens—to ultimately make poverty history.

The DEPUTY SPEAKER (Ms AE Burke)—Order! In accordance with standing order 193 the time for constituency statements has concluded.

TRADE PRACTICES AMENDMENT (CLARITY IN PRICING) BILL 2008**Second Reading**

Debate resumed from 14 October, on motion by **Mr Bowen**:

That this bill be now read a second time.

Mr ZAPPIA (Makin) (10.00 am)—I rise to speak in support of the Trade Practices Amendment (Clarity in Pricing) Bill 2008 because this bill will be welcomed by consumers and will provide consumers with a much clearer choice when purchasing products or services. The measures contained in this bill will clarify that when a business makes a representation to a consumer about the price of a good or service, to the extent that it is possible to do so, it must also disclose as a single figure the total price for that good or service.

In 2002 the Federal Court found that the existing section 53C of the Trade Practices Act 1974 did not require the disclosure of a single-figure price, provided that a total price could be obtained without the customer needing to perform a complex calculation. The court's finding was inconsistent with the previous legal advice obtained by the government, as well as the ACCC's approach to enforcing the provision. As we all know, consumers are not always familiar with the additional charges that often apply to goods or services and frequently find themselves paying more than they had expected to pay. Not surprisingly, during 2007-08 the ACCC received around 430 complaints relating to the existing section 53 of the Trade Practices Act.

The previous government undertook in 2006 two rounds of public consultation on component price amendments but never introduced legislation into the parliament. The Rudd government is now delivering on another important pro-consumer reform that the previous government never had the courage to push ahead with. No longer will consumers feel ripped off when they suddenly discover that what they thought they were paying does not take into account hidden taxes and charges. In cases that I have been made aware of, the extra taxes and charges can sometimes be more than the product or the service being paid for. Not only will this measure empower consumers to enable them to make a much better, informed choice but it will also enable them to better manage their finances.

The bill, however, does not prevent businesses from using component pricing, provided that the total price is displayed prominently as a single figure. With all businesses expected to do this, the bill will not cause any disadvantage to any business. Of course, in some cases the businesses genuinely may not be able to know the total price in advance of the purchase. The bill makes provision for this scenario, albeit that the business is still required to advise that other charges may apply and to explain the nature of those charges.

Consumers look to government for protection in relation to their purchases, and both state and federal governments have a responsibility in consumer law. As we all know, consumers do not always read or understand the fine print that often accompanies purchase agreements. These documents are usually prepared by lawyers—I notice that I have to my left my colleague Mr Ripoll, who is a lawyer, and I say this with all due respect to him and to my other lawyer colleagues—with the objective of protecting the retailer or service provider and not the consumer. It is interesting that the conditions of the transactions are always in fine print and use complicated legal jargon. It is also noticeable that many retailers or service providers never take the time to fully explain to the consumer all of the conditions and the obligations

expected of the consumer that are contained in the sales agreements. The only conclusion that I can draw is that the retailers or service providers in many cases do not want the consumer to know all of the conditions attached to the sale.

This is another example of clarity in pricing where quite often those conditions may not necessarily relate to the price itself but to other conditions attached to the sale where it would be in the interests of the consumer to be fully aware of just what they are purchasing, including the conditions, when they do make a purchase. I know that that assessment does not apply to all retailers and that many of them are honest and transparent in their dealings with customers. Regrettably not all are, and that is why we need consumer protection legislation.

On Saturday a constituent brought to my attention a brochure that it appears was deliberately ambiguous with the price of the products being marketed, in this case shoes. When the constituent went to purchase the shoes at the price he thought appeared in the brochure, he was told the shoes were much dearer. On closer reading of the brochure—and I read the brochure carefully—I can understand how the retailer could claim that the price expected to be paid by the constituent did not apply to those particular shoes as they were displayed on the brochure. There are many other examples that I, and I am sure other members of this place, could refer to.

The vast majority of businesses that operate ethically will have no objection to these changes; in fact, they will welcome this bill, because it will probably weed out the rogue operators from within their industry. The consumers, however, will certainly benefit from this bill because it provides clarity and certainty in how much a good or service will actually cost them. I commend the bill to the House.

Mr RIPOLL (Oxley) (10.06 am)—It is a pleasure to be speaking on the Trade Practices Amendment (Clarity in Pricing) Bill 2008 because I think it is a core piece of legislative work for any government to undertake. I have noted, as will other speakers, that this bill is long overdue. In my eyes, it is something that could have been done many years ago but was not actioned. It is a great pity that consumers and ordinary people have had to wait so long to have this type of legislation put into place. I congratulate the Minister for Competition Policy and Consumer Affairs and Assistant Treasurer and the people who have worked on this bill. I think it will go a long way to improving consumers' ability to make properly informed decisions about the price of goods that they purchase.

For a long time we have seen a range of business operators using language, advertising, marketing techniques and pricing with the all-too-common asterisk beside the price to lead people to believe that that is the price that they will be paying when we all know that it will actually be much more. This is done in a variety of ways, from products which just have a simple advertised price with an asterisk which says, 'Other fees and charges will be attached', to the much more sophisticated and complex types of arrangements, where some unscrupulous operators will deliberately mislead consumers into believing that a particular price, the advertised unit price, is what they will pay when in fact it is not even close to that price.

Often those techniques are used to draw people in—just to get consumers to come through the door. Once they are through the door they have perhaps made that emotional commitment to buy a product they were interested in and figured it around a price that was advertised. Once they are in the door and have a slick salesman on their heels, they are convinced to purchase something that is either much more expensive or, by the time they have committed to

buying that product with all the additional fees, charges and other elements that go with the price, to in effect pay substantially more. Something needs to be done about that, and this bill does that. Consumers do need to be protected. They need to be protected from unscrupulous businesses and unscrupulous practices, so I very much welcome this bill.

The bill does a number of things. Sometimes an advertisement carries a price—let us say it is the large-print price—which is not the full price, so there are other fees and charges. That might be appropriate, because there are circumstances where the final price cannot be determined properly until a consumer comes in and makes all their final decisions on what it is that they are purchasing. Buying a car is a good example of that. There is a base price and you know that there will be fees and charges, delivery costs and a range of things on top of that, so the final cost may vary. Consumers need to be properly informed about the unit price, and then also properly informed about each of the other fees and charges and delivery costs that are associated, to make sure that they are entering into a decision to buy a product based on proper information that they have at hand. What our legislation does, for example, is make clear that if a business advertises a large-print price with an asterisk indicating that there are other fees and charges, it must also carry the final price in the same size print and the same font. So there will be an equal balance between the advertised price—let us say the sale, gimmicky price—and the real price that consumers have to pay.

I am sure that I am speaking not only for my constituents but for constituents right across Australia and every consumer when I say that there is nothing more frustrating and infuriating than when you turn up to a particular business outlet with a newspaper clipping in your hand, quite excited about some bargain that you are going to get based on this wonderful, unbelievable advertised price. I am sure we have all had this experience. You are thinking: 'This is almost too good to be true. This is what I want to buy; it's exactly what I'm after,' only to be massively disappointed when you are told what the real price will be and that you cannot get any colour you want, that you can really only get the colour white, for example—just plain white—and that if you want it in any other colour it is going to cost you an extra thousand dollars, and so forth.

There are so many examples and circumstances where consumers are let down. That in itself may not be too bad a problem, some might say—that is, you are a little disappointed. The real issue and where consumer protection needs to come in—our role and why we need this legislative change—is when you go through that process, you have made some sort of emotional commitment and then you are convinced to buy it at the higher price. Basically, you have been scammed. That is where we need to come in. That is why the amendments in the Trade Practices Amendment (Clarity in Pricing) Bill need to take place. I know consumers will be exceptionally happy when they see advertisements now. They will have more confidence that the price that they are seeing is actually the real price.

This sort of problem exists in a whole range of areas, not just with the unit prices that we often see advertised. A particular issue that I know would have been raised with many members right across the country is that of mobile phone contracts and other telephony related contracts, where it is very difficult for anybody to comprehend just what it is they are buying and what the real costs will be. There are so many different elements to it that it becomes very complicated, and very confusing. Somebody purchasing what they believe might be a \$10 plan or some sort of simple service may end up paying substantially more—sometimes many,

many times more than the original price they had intended to pay. I think it is important that we as legislators put in place a range of protections to ensure that consumers have proper access to information and a better understanding of the prices.

This will level out the playing field. I think it will actually be good for business—a real bonus. It will be a real benefit to small enterprises and small business, the backbone of the Australian economy, because it means that they will be on a better playing field. The smaller businesses do not have large marketing and advertising budgets or capacity, so it will put them in a better position against the large, big-business firms and against the unscrupulous players who sometimes take out these large-print advertisements carrying unbelievable prices.

Of course, it is not just about unscrupulous firms and situations where prices are outrageously advertised and are nowhere near the real price; sometimes it is just the smaller things. It can be just as simple as getting a haircut, going to a restaurant or buying a simple product on a daily basis. You ask the price and you are told the price, but by the time you have consumed the good, in whatever manner it will be, there is an additional fee. It has happened to me on a number of occasions. I know it has happened to friends of mine, and constituents have come and complained to me about it.

I think this problem is even worse because the price may not be specifically written down; sometimes it is just verbally told to you or it may be on a menu or something similar. When you go to pay the bill, there are additional charges there that you were not told about, and you really are left with very little option or choice because of the embarrassment factor. I think that some unscrupulous businesses actually trade on the embarrassment factor. It is too late—the bill is there, so you are going to pay it, be embarrassed and argue about it or not check in detail if there are different items that carry additional charges. I am sure there are not many of these businesses around Australia, but there are some where you buy the basic item but to have it brought over to your table, say, costs an extra dollar.

It is important that the message is sent through really strongly that we do not support that type of behaviour, that there needs to be clarity in pricing and that consumers need to understand and be fully informed of what it is that they are purchasing and for how much they are purchasing it. We saw that particularly become an issue when the GST was first introduced. Some business outlets were actually advertising the price pre-GST, or the price without the GST included, and then later were hitting people up for that extra fee. As we all understand, the price is the price and it should be inclusive of fees and charges where they are applicable.

Of course this bill will not apply to a range of areas. As a government we went out and consulted with people. This was not some sort of arbitrary decision-making process. We actually went out to the sector and to the community to ask for input to make sure that what we were doing met the standards and needs of consumers right across the country. Following that extensive consultation, a number of key changes to the previous government's draft legislation had to be implemented, including things such as removing postage and handling charges from the scope of the changes.

The amendments in the bill do not apply to the Australian Securities and Investment Commission Act 2001, meaning that financial services are exempt. They also apply exclusively to business-to-business transactions. In most cases, the total price will have to be at least as prominent as the most prominent of any components of the price. Also, there is an exception to the 'at least as prominent' disclosure requirement for contracts for services where those

services are provided for the duration of a contract either periodically or continuously and the contract provides for periodic payments. These are sensible changes and amendments which reflect that you cannot in all cases have a single price which is the final determined price and that there will be some form of negotiation in terms of a final price depending on the service or product and charges for things such as postage, handling and weight. So there are a range of important circumstances which we have accounted for in this legislation.

In the end, what this bill tries to do is very sensible. It is a common-sense and important change which will give consumers a fair go and make sure that people do not get ripped off. We have made sure that the regulatory framework is in place to protect them. I commend the bill to the House.

Ms NEAL (Robertson) (10.18 am)—I rise in support of the Trade Practices Amendment (Clarity in Pricing) Bill 2008 and in support of consumers both in Robertson and Australia-wide. It is my firm view that the protection of consumers in the marketplace is a fundamental policy priority for Labor, and I am pleased to see that we are acting in this particular case. A consumer is entitled to make a considered and informed decision in the marketplace about what products or services to purchase and at what price. Unless suppliers are required to clearly communicate the price of an item, consumers do not have the essential information to make a reasoned choice.

The bill before the chamber today goes to the core of this principle of consumer rights. Schedule 1 of the bill repeals the existing section 53C of the Trade Practices Act and replaces it with a new section which provides a prohibition, when supplying goods or services or advertising them, from making a representation of the consideration for the item that is only part of the price, unless that representation also indicates the total price with equal prominence. There is an exception in that the delivery price does not have to be included in the single price. Further, the section only applies where the goods or services are provided by businesses to consumers.

Schedule 2 provides three further minor technical amendments to the Trade Practices Act. They are: an extension of the act to cross-reference section 61 in relation to pyramid-selling schemes, clarification that the breach of notices under section 65E can be a criminal offence, and amendments that provide that state and territory trading laws operate concurrently with the federal legislation.

The core of this bill though is the idea that consumers, in order to make a properly considered decision, must have access to honest and clear information on the cost of the product or services that they are purchasing. A consumer is not honestly informed of the price of an item if they do not know what the total cost is. This amendment, within the range of consumer legislation, is aimed at assisting consumers to make better purchasing decisions by providing them with this better information. Policies that assist consumers to be better informed and confident consumers also assist in invigorating competition, which, in turn, encourages efficiency and innovation. This type of problem is common in the sale of cars and other desirable consumer items such as computers, large-screen TVs, holidays and travel. These types of sales are often coupled with complex finance arrangements which make it even more difficult for consumers to determine the true final price of the item. After listening to previous speakers, I have to say that this sort of trick is often used to engage consumers emotionally in feeling committed to the wonderful experience of having that wonderful holiday—thinking they

can afford it, committing themselves emotionally and then finding it is beyond their capacity to pay for it. That is a very sad situation because many people, once emotionally engaged, go on to purchase the item, commit themselves financially and then find they have difficulties paying, which can often lead to quite dire results.

The main intention of this bill is to rectify a failure in section 53C of the Trade Practices Act which was introduced by the previous Labor government in 1986. The original intention of the section was to prohibit a corporation from advertising part of the consideration payable for goods and services without disclosing the full price. The intention of this section was undermined by a Federal Court decision in 2002—that is, the *Australian Competition and Consumer Commission v Dell Computer Pty Ltd*. The case determined that the advertising of a price that showed the component parts of the price and not the total was not a breach of the previous section. I note that it is somewhat ironic that the component part was actually in relation to delivery costs of the Dell computer. In fact, in this particular piece of legislation we have allowed the delivery costs to be left out. But, notwithstanding the detail of the decision, it did have the effect of undermining the true intention of the section.

The effect of this decision was that suppliers of goods and services were free to show a price for an item as components and there was no necessity to show the total price. The entire rationale of the section as originally carried by the parliament was undermined. The previous, coalition government made reference to this problem in 2005 but, other than the release of a draft amendment to the Trade Practices Act, took no further action. It seems that, after opposition from the business community, the then Parliamentary Secretary to the Treasury, Chris Pearce, sent the proposals off to the Productivity Commission for an inquiry that was to take up to one year. He probably considered it likely that action would be precluded by the intervention of an election. And that is, in fact, what took place. Unfortunately this is often the view of the coalition: that action to protect consumers is not a particularly high priority. I am pleased that this government has taken action to remedy a problem that has been apparent for some years. For Labor, the protection of consumers is important and I look forward to further action in this area from the minister, Chris Bowen.

Another area of consumer law, or unequal relationships between consumers and a supplier of goods, that I believe needs further examination and action is the situation where unreasonable and one-sided contract terms—the so-called unfair terms—are imposed on a weaker party by a party with greater power. This can arise in a situation where a consumer with a credit contract or a mortgage is dealing with a bank or finance company or a consumer is negotiating a mobile phone contract. It also may happen where a small business is dealing with a large retail landlord or a franchisor.

This area of unfair terms has been identified as being an area of deficiency in our consumer law by the Productivity Commission report released in April this year titled *Review of Australia's consumer policy framework*. In my view, it is an area that cries out for greater attention and further protections for consumers and small businesses dealing with larger businesses. It is more and more the case that corporations are combining with others, becoming larger and becoming national. In many industries the businesses are becoming so large and extensive that national corporations now provide 50 per cent of consumer needs in Australia. Further, in some industries such as communications, companies that operate nationally supply 90 per

cent of this type of product for Australian consumers. They have a tendency to have a standard contract and the option for the consumer is to take it or leave it.

The concept of a consumer and supplier negotiating on an equal basis is a myth. Have you ever contacted your bank prior to signing your mortgage and asked to vary the terms or tried to negotiate a lower rate for international roaming with your telco? Generally you are offered a product and your choice is to accept or reject it. The inclusion of unfair or unreasonable terms most commonly arises in these 'standard form' non-negotiated contracts. The worst examples allow the more powerful party, generally the supplier, to vary essential terms at will. This is most commonly seen with financial contracts such as mortgages, where banks can vary interest rates at will. If most people had a close look at their mortgages, they would find that the bank can actually call in the loan at any time.

The introduction of consumer protection legislation in this area of 'unfair terms' has already occurred in Victoria and also in overseas jurisdictions such as the United Kingdom and the European Union. To date the ministerial council has not yet determined an appropriate regime in this area, but I am sure that with greater consideration such a scheme can be identified. In this more and more globalised and corporatised world, the arguments are strong for protecting consumers from the abuse of unfair terms. This means that suppliers and businesses that are in a very powerful position and are highly unlikely to willingly negotiate with individual consumers will be able to be called to account for unfair terms. I hope this is an area the minister will take action on. Meanwhile, I congratulate the government on this initiative and urge the support of the chamber for the bill.

Ms PARKE (Fremantle) (10.27 am)—I support the Trade Practices Amendment (Clarity in Pricing) Bill 2008 because it is a matter of common sense that to the greatest extent possible Australian consumers ought to be able to rely on an advertised price as representing the full price of any promoted good or service. One could go further and say that, for a market economy to work efficiently, consumers must be in a position to accurately assess the comparative prices of goods and services, so that the demand for goods and services is properly determined by relevant supply, cost and margin factors, as represented in the accurately advertised price, rather than by some kind of pricing obscurity.

This bill amends the Trade Practices Act to deal with an interpretation by the Federal Court of section 53C and its requirements as far as price disclosure is concerned. The need for the amendment contained in this bill has been spoken to eloquently by the number of complaints to the Australian Competition and Consumer Commission. These complaints have focused on the practice by some businesses of advertising prices that are in fact significantly less than the total price of a good or service—by excluding certain taxes and fees. The previous government examined the component pricing issue in two rounds of public consultation and outlined draft legislation to deal with the problem in 2006. However, nothing came of it—there was no action.

The effect of this proposed amendment is quite clear. Where a price for a good or service is provided or represented to consumers, it must be presented as the total price of the good or service to the extent that it is possible to do so. While component pricing is still available as an option to businesses, where a component price is presented, the total price must also be clearly displayed, and the total price must be presented at least as prominently as the most prominent of any of the displayed component prices.

As an amendment that governs pricing conduct, this bill has no significant financial impact on Commonwealth expenditure or revenue. Its impact will be on individual Australian consumers, who will be able to make financial decisions with greater knowledge and confidence, and on the Australian market as a whole, which will become more properly responsive to true price signals.

As with any regulatory change, this bill takes into account the realistic concerns of Australian businesspeople. The new price disclosure requirements will not apply to the provision of financial services, which is covered under section 12DD of the Australian Securities and Investments Commission Act 2001 and will remain so covered out of recognition of the fact that total price disclosure cannot feasibly or accurately be made in respect of many financial services. Similarly, postage and handling costs have been excluded as a component that must be disclosed in the total price, for the reason that this would place an unreasonable compliance burden on many businesses and because postage and handling are generally understood by consumers as constituting a separate service with an additional and separate cost.

When one considers the benefit of total price disclosure, and then takes into account the regulatory nuances I have already mentioned, it cannot be argued that this amendment does anything other than require Australian businesses to operate with the kind of price clarity that the man and woman in the street, and the vast majority of Australian businesses, would already regard as right and proper conduct. In discussing this bill over the last few days with friends and with constituents, it has been interesting to note how many people assume that the requirement for total price disclosure already exists or is implicit in the Trade Practices Act.

It is also relevant, in my view, to note that the pricing clarity required by this amendment is no different from or more onerous than the kind of precision we require in numerous areas of Australian social and economic life. We require extensive financial information disclosure from publicly listed companies; we require accurate GST input and output information from small- and medium-sized Australian businesses; and of course we require Centrelink clients to report their income, in detail, fortnightly. If you are asked to provide your gross income for a family tax benefit estimate, you are certainly not entitled to put the net figure and then hide an asterisk somewhere on the bottom of the page. Indeed, there would be very serious penalties for doing so. Yet you only have to go online or pick up the travel section of the newspaper to see a very generous pepper-grinding of asterisks around, or at least in the vicinity of, the advertised prices. This Tuesday's edition of the *West Australian* contained ads for car rentals, health insurance and travel products—all of which failed to display the total price for obtaining the proffered good or service.

I would like to briefly address some of the comments that have been made in relation to this bill. I note that in the opinion of the Business Council of Australia there is an 'absence of a clearly articulated problem at which the proposed amendments are aimed'. I think the problem can be clearly articulated. The problem is that some businesses, whether intentionally or otherwise, are misleading Australian consumers by advertising prices that are significantly lower than the total price which the consumer will, in reality, have to pay. The Business Council has also suggested that there would be 'practical problems associated with businesses attempting to comply with these provisions'. However, when you consider the way the amendment is calibrated, with sensible exemptions and limitations of coverage, and when you consider the number of businesses that already comply—often in the same industry as those

who do not—it is hard to see the Business Council’s position as being anything other than a reflex antiregulatory stance.

This government is well aware that a market is not some naturally-occurring phenomenon. As demonstrated in recent times by the global economic crisis, markets are created and shaped by humans. They work more or less fairly, more or less efficiently and more or less stably as a result in large part of the quality of the regulatory framework that governs them. This government is not afraid of taking action to make the regulatory framework better. While in many cases this may well involve reducing regulation, in this case it requires a small but significant change to deliver fair pricing transparency for Australian consumers.

This bill has received strong support from CHOICE, one of Australia’s most significant consumer advocate groups. Indeed, CHOICE campaigned for this change for years before the former coalition government finally released its draft legislation in 2006. But then, having reached the draft stage, the previous government went no further. In these circumstances, for the shadow minister for health and ageing, the former shadow minister for finance, competition policy and deregulation, to claim that the Rudd Labor government has merely copied coalition policy is patently ridiculous. How can legislative action be regarded as copying inaction?

The Consumer Action Law Centre has also recognised that the proposed amendment bill is well written and practical. Its submission in response to the draft legislation highlights the practical nature of the changes. Consumer Action supports amendments to the act that increase consumers’ access to easily understood information about goods and services. Requiring a single price for goods and services will provide important price information to consumers.

We support the general thrust of the amendments and believe that generally the draft legislation is well prepared and the draft explanatory memorandum is clear and useful. This amendment bill is tailored carefully so as to create a fairer market environment for consumers and a fairer competitive environment for the vast majority of honest businesses. Importantly, it will achieve these things without creating an unfair compliance burden.

I conclude by returning to my first point: that the clarity or transparency in pricing that is required by the amendment to the Trade Practices Act contained in this bill is a matter of common sense. All things being equal, goods and services should be advertised at the total price required to obtain them. Many Australians would assume that this is in fact already the case. I am sure that this is partly why so many complain to the ACCC when they find that it is not so. Most Australian businesses operate on a total price disclosure basis and they will be rightly supported by this bill, which will require their competitors, some of whom have behaved unscrupulously, to meet the same fair and honest standard of pricing clarity.

Mr SHORTEN (Maribyrnong—Parliamentary Secretary for Disabilities and Children’s Services) (10.36 am)—I am pleased to express my advocacy for the Trade Practices Amendment (Clarity in Pricing) Bill 2008. The Rudd government is achieving another valuable pro-consumer reform that its predecessors never had the courage to press forward with. The Rudd government believes in taking decisive action in the national interest, as evidenced yesterday with the announcement of the \$10.4 billion Economic Security Strategy to strengthen the Australian economy in the face of the worst global financial crisis in modern times. The \$10.4

billion strategy will buttress the national economy and support Australian households, given the risk of a deep and prolonged global economic slowdown.

Our economy is strong and we remain better placed than other nations, but Australia is not immune from the global financial crisis. In the midst of the global financial crisis, the Rudd government is taking decisive action to strengthen the Australian economy. Our government's \$10.4 billion Economic Security Strategy contains five key measures: \$4.8 billion for an immediate down payment on long-term pension reform; \$3.9 billion in support payments for low- and middle-income families; \$1.5 billion of investment to help first home buyers purchase a home; \$187 million to create 56,000 new training places in 2008-09; and the acceleration of the government's three nation-building funds, bringing forward the commencement of investment in nation-building projects to 2009.

I am particularly pleased that we will deliver a \$4.8 billion down payment on pension reform for Australia's four million pensioners, carers and seniors, providing them with immediate financial help in the lead-up to comprehensive reform of the pension system. The Rudd government will not pit pensioner groups against each other, and we have not sought to exclude two million carers, people with disabilities and married pensioner couples from this payment ahead of the longer term reform, in stark contrast to the opportunistic solutions raised by the opposition in recent weeks. These payments recognise also the additional costs that single pensioners face relative to couples, and for the first time lump-sum payments are being extended to include disability support pensioners, which I regard in my portfolio area of disability services as a fantastic development for all people with disabilities.

Indeed, one thing we are trying to do in these difficult times is ensure that consumers, particularly those that are assisted by the \$10.4 billion economic security package, benefit from the Economic Security Strategy and are not injured by virtue of lack of consumer protection when they purchase goods and services. The government is resolute about empowering consumers and reinforcing the consumers' right to know the total price of a good or service. We want to ensure that consumers are not fleeced—when they discover that what they thought they were paying does not take into account hidden charges and prices and taxes. The changes in this bill mean that consumers will know the total price they need to pay for the goods and services they buy.

This government rejects placing an undue burden on business or trying to fix a problem that does not exist. However, following the government's undertaking of extensive consultation through both submissions and follow-up meetings with business and consumer groups, there are key changes to the previous government's draft legislation. These include removing postage and handling charges from the scope of the changes; making sure that the amendments do not apply to the Australian Securities and Investments Commission Act 2001, meaning that financial services are exempt; and making sure that amendments will apply exclusively to business-to-business transactions. In most cases the total price will have to be at least as prominent as the most prominent of any components of the price. An exemption to the 'at least as prominent' disclosure requirement has been made for contracts for services where those services are provided for the duration of the contract either periodically or continuously, and the contract provides for periodic payments. Businesses will not be prevented from using component pricing, providing that the total price is also displayed prominently as a single figure.

The Consumer Action Law Centre is a nationally recognised consumer advocacy, litigation and policy organisation. It has welcomed the government's bill. The Consumer Action Law Centre has said:

Consumer Action believes that the amendments proposed ... will ameliorate some of the market distortions and anti-competitive effects of traders advertising component prices and not the single price.

Consumer Action supports amendments to the Act that increase consumers' access to easily understood information about goods and services.

To further quote the centre's submission:

Requiring the single price for goods and services will provide important price information to consumers. We support the general thrust of the amendments, and believe that generally the draft legislation is well-prepared, and the draft explanatory memorandum clear and useful.

The previous government attempted to do something on component pricing. On two separate occasions in 2006 they outlined draft legislation that, unfortunately, I have to report, fizzled, fell through, foundered and came to nothing. This government has taken on reform in an area where the previous government acknowledged that there was a problem and talked about changes but left the job unfinished. Identifying an issue achieves little unless you persevere to bring about change.

Let us have a look at some of the things that the Rudd government has already done for consumers. The first move this government made was to relax foreign investment rules to make it easier for the likes of foreign companies such as Aldi to set up more shops and create more competition in the market. During the last session of parliament, the government introduced the biggest package of reforms to the Trade Practices Act in 22 years. It includes provisions to promote competition and protect smaller retailers from predatory pricing. The government is moving on the key recommendations in the ACCC report into the price of groceries. The government will execute its plan in response to the ACCC inquiry as a matter of urgency by, firstly, referring the anticompetitive impacts of state and local zoning and planning laws to the COAG—this is about getting more competition in more communities, to put downward pressure on local food prices; secondly, considering the best way to introduce a mandatory, nationally consistent unit-pricing regime in consultation with industry and consumer groups; thirdly, and very importantly, working with the horticultural industry on improvements to the horticulture code of conduct; and, fourthly, implementing a creeping acquisitions law, following feedback on a discussion paper to gauge the best way forward.

I think the real question for the coalition is the dubious integrity of their response on issues that affect the consumer. Why are they so opposed to measures, such as unit pricing, that increase transparency and provide more information to consumers? These are important reforms that the previous, unlamented government could or would never deliver, and now they seek to block these reforms in the Senate and exact payback from the consumer watchdog. The Rudd government and modern Labor believe in competition, transparency and empowering the consumer.

Across our eastern capital cities it was previously all a guessing game as to where motorists should go for the lowest petrol prices. Now Fuelwatch has put some power back in the hands of motorists. The government does not, nor should it ever, apologise for backing the Australian motorist against the big oil companies and the interests they represent. I believe the Leader of the Opposition should drop, on behalf of the opposition, their blatant support for the

vested interests in the petrol market and let Fuelwatch through the Senate. We want motorists to enjoy the benefits of greater information before they drive away for Christmas. The other side, it would appear, would prefer to back the oil companies.

This government also should make no apology for siding with consumers by putting more information about grocery prices into the public domain. On 5 August this year the government announced the establishment of its GROCERYchoice website. This provides consumers with practical grocery price information not previously available to consumers that will assist them to compare general price levels for a large number of products in different regions. Each month the site publishes the prices of a typical grocery basket from supermarket chains located in 61 regions across Australia. I believe this site puts some public pressure on the major retailers to be the cheapest outlet. In July Coles was cheaper than Woolworths in a total basket of products in 52 of the 61 regions. I think that sends a pretty clear message. Furthermore, Aldi is cheapest in the basic staples basket in the regions it is operating in by about 20 per cent.

What is it about this information that the Liberals would seek to withhold it from the Australian public? This legislation, along with the range of measures I have spoken about, demonstrates that the government is allowing consumers to make more informed purchasing decisions to promote more vigorous competition between different large organisations. It is the increased competition, from supermarkets to oil companies, that can put downward pressure on all these prices. For these reasons I support this legislation as another example of the ongoing crusade by this government to put information in the hands of consumers and therefore power in the hands of consumers.

Mr BOWEN (Prospect—Minister for Competition Policy and Consumer Affairs, and Assistant Treasurer) (10.47 am)—in reply—I thank all honourable members who have contributed to this debate on the Trade Practices Amendment (Clarity in Pricing) Bill 2008. I note that the opposition was represented by the honourable member for Cowper and the government was represented by a very long list of speakers. This is an important piece of legislation which provides for consumers to be told exactly what they will pay when they make a purchase. I say at the outset that I agree with the member for Cowper, who in his remarks said:

Overall, I believe that these amendments will have a positive impact on consumers. Without burdening businesses with high compliance costs, this measure will provide consumers with better information about the products and services they wish to purchase. It should also close the loopholes opened by the 2002 and 2003 court cases, and make pricing more transparent.

I certainly agree with the member for Cowper and that has been the government's intention.

Drafting this legislation has not been easy. The objectives of the legislation are clear, but unintended consequences are also clear. It has been necessary to engage in a very extensive round of consultation not only with consumer groups but also with industry groups. I think that the balance the government reached in the legislation we put to the House is the right one. Consumers by and large understand, for example, that when they buy a good which requires it to be posted to them there will be postage and handling costs. This legislation strikes the right balance on the matter of postage and handling. I received a number of representations from internet sellers in particular about the problems that would be created and the unintended consequences of requiring the compulsory disclosure in a single price of the postage and handling cost when postage and handling is an option—when it is not necessary to have the good

posted to you. So we have struck the balance of requiring postage and handling cost to be disclosed where it is not an option, where it is compulsory, but allowing separate disclosure of postage and handling cost where it is optional.

Likewise we received a lot of representations that financial services were not appropriately covered by this legislation, and on balance I agreed. Where you have financial services there are issues of disclosure and they are best dealt with through specific legislation, not through the general application of component pricing to financial services.

Similarly I received strong representations from various companies involved in service provision over a long period of time, pay television being a prime example, where you pay for a contract over a period of time but there is a monthly fee. By and large, I think Australian consumers understand monthly fees. They understand that if you take out a contract for a pay TV service, for example, and you pay a certain amount per month plus an installation fee, it will equate to an amount over the total minimum period of the contract. We have struck the right balance again, and that has been welcomed by those groups.

What is important about this legislation is that it deals with those unscrupulous sellers. It deals with those who have attempted to mislead their consumers, whether they be big or small. It deals with airfares being advertised free of government taxes and charges and other compulsory costs which add significantly to the airfare. No longer should people see an airfare advertised for a certain amount and think it is a very good price and, when they purchase it, find that it costs much more. Similarly, there has been a lot of concern in the community about dealer delivery fees and hidden costs and charges that are imposed when people go to buy vehicles. It is not just those two industries, but they are clear examples.

What the government has tried to do is to protect consumers without imposing an unfair compliance burden on those businesses doing the right thing. I think we have struck the right balance. This legislation has been broadly welcomed by consumer groups. It is true that there are some consumer groups who have asked us to go somewhat further, but we have struck the right balance. By and large it has also been welcomed by business groups. It is true that there are some business groups who say we have gone too far, but again I believe that we have struck the right balance. I think that the contributions from both sides of the House—the member for Cowper, who was the only contributor from the opposition, and all the government members who spoke on this bill—indicate that the House also agrees that we have struck the right balance.

This is legislation which was flagged by the previous government back in 2002 and 2003 as a result of various court cases, but the previous government did not actually introduce the legislation. I suspect that is because those vexed issues which this government has had to work through were too difficult to be worked through. We have taken the approach that this is urgent and that it is required to protect consumers but that the issues that have arisen during the consultation have been genuine and have needed a genuine approach to find the right solution. I believe we have struck the right balance, and I commend the bill to the House.

Question agreed to.

Bill read a second time.

Ordered that the bill be reported to the House without amendment.

PRIVATE DAVID FISHER

Consideration resumed from 13 October.

Mrs MARKUS (Greenway) (10.52 am)—On indulgence: I rise to honour the life of Private David Fisher, whose remains were finally brought home to rest on Friday, 10 October to the RAAF Base Richmond, in my electorate of Greenway. A funeral for Private Fisher was held yesterday in Sydney, and I understand that the Hon. David Johnston, shadow minister for defence, attended.

The story of Private Fisher is one of courage, selflessness and duty to his country. The repatriation of Private Fisher is a story of patient persistence by a number of people: by Mr Brian Manns and Major Jack Thurgar of the government investigation team, who were instrumental in locating Private Fisher's body, and by Jim Bourke and his team at Operation Aussies Home, who worked hard to have repatriation cases like Private Fisher's brought home. It has taken 39 years to recover Private Fisher's body from the jungles of Vietnam, but he is home at last.

Private Fisher joined the Army as a volunteer and became a member of the Special Air Service Regiment, SASR. He tragically fell from a rope, approximately 200 feet in the air while suspended below a RAAF helicopter during a 'hot extraction' of his SASR patrol at Nui May Tao, 32 kilometres north-north-east of Nui Dat. A hot extraction involves a rapid extraction, often under enemy fire, in which soldiers are suspended by ropes below a helicopter until a suitable and safe location allows them to load on board. Despite an immediate air search by the aircraft involved, followed by a light helicopter search and subsequent ground patrols from the SASR led by the squadron commander and two infantry rifle companies over a 10-day period, no trace of Private Fisher was found.

Those of us who have never faced battle can only imagine the horror of those days and the tragic loss felt by the members of Private Fisher's Special Air Service unit. To seek and not find their mate, their brother in arms, and then to have to leave him behind I am sure left an indelible sense of loss to which repatriation to Australia, to his final resting place, could only help to give some sense of closure.

The special bond the Special Air Service unit had with Private Fisher has held fast across the years and was strongly evident as former members of his unit accompanied his casket home. It was a very moving moment when Private Fisher's former commander in Vietnam, retired Colonel Reg Beesley said, 'I can now close the roll book' and referred to Private Fisher as 'one of his lads'. I was privileged to attend the repatriation ceremony and to see the outpouring of love and respect for Private Fisher. He was respected as a soldier and as a man. He will be honoured as a soldier who paid the ultimate price for his country. His name is entered on the Roll of Honour and will never be forgotten.

The repatriation ceremony held last Friday was a sombre affair. I spoke to Private Fisher's family and met with his step-mother, Peg. Also there were his sisters Annie, Julie and Penny; his brother-in-law Peter; and niece Nicci. They spoke of the hope they had held in their hearts that David would have been found alive, despite the reality of time and geography.

Private Fisher was the last of four Australian Army soldiers lost on operations and not recovered during the Vietnam War. Two of the other soldiers, Lance Corporal Richard Parker and Private Peter Gillson, were repatriated to Australia in June 2007, and Lance Corporal

John Gillespie was returned in December 2007. There are still two Royal Australian Air Force personnel, Flying Officer Michael Herbert and Pilot Officer Robert Carver, still unaccounted for.

Earlier I mentioned Jim Bourke from Operation Aussies Home. I would like to acknowledge again his tireless efforts to locate and repatriate our servicemen and women. His work brings comfort to grieving families, mates and comrades. For the wider community, the repatriation of servicemen and women brings home the danger that the men and women in the Army, RAAF and Navy face in the service of our country. I wish Jim Bourke and his team well in their endeavours to recover all of Australia's lost sons and daughters and bring them home.

As Private Fisher is laid to rest, our thoughts go out to the families of all servicemen and women who have laid down their lives in the service of this country. We as a nation salute their service and honour their memory.

Mr GIBBONS (Bendigo) (10.58 am)—On indulgence, I too take this opportunity to make some remarks about the return to Australia of the remains of Private David Fisher. Private Fisher was a member of the Special Air Service Regiment and was killed in action in Vietnam on 27 September 1969. He fell from a helicopter while helping to extract an SAS patrol from Nui May Tao. Despite the extensive searches at the time, his body was unable to be located. Thanks in particular to the tireless efforts of former Lieutenant Colonel Jim Bourke and Operation Aussies Home, his remains were recovered and returned to Australia last Friday, 39 years after he gave his life for his country.

Private Fisher is the last Australian soldier to be returned from the Vietnam War. Last year, I, along with a former member for Cowan, Mr Graeme Edwards, my good friend, had the privilege of playing a small part in the return of two other Australian diggers missing in Vietnam. I refer to Lance Corporal Richard Parker and Private Peter Gillson. I am indebted to the 7RAR website for this account of the events that led up to that. It reads:

On the 8th of November 1965 A Company (1 RAR), led by Major John Healy, headed across the northern edge of Gang Toi plateau. Around 1030 hrs, 3 Platoon had a contact—

resulting in one enemy casualty. It goes on:

Later on, 2 Platoon found an unoccupied company sized position consisting of fighting pits and dugouts and a little later were fired upon without casualties.

The enemy had escaped again. Later 1 Platoon established another contact and two more enemy casualties were the result. It goes on:

The order of march was changed to 1 Platoon followed by Company Headquarters, the 2 Platoon with 3 Platoon coming up the rear. (1 Platoon was under strength and only had two sections of seven men instead of three of nine). Corporal [Richard] Parker's section was up front in thick jungle moving towards the feature known as "Hill 82" and the whole Company was in single file, stretched out over almost 300 metres heading towards the top of the plateau.

As the lead section reached the top, the [enemy] opened fire with devastating effect, using three or four well-placed machine guns backed up with other small arms and grenades. The lead section took several casualties almost immediately, then, when the section moved up in support, their Section Commander was also wounded. Two of the wounded from [Lance Corporal] Parker's section managed to crawl back to the rest of the platoon. Parker lay in front of the enemy gun and was hit again and again. The platoon was pinned down in a vicious crossfire. 3 Platoon meanwhile—

accounted for two more of the enemy—

along the creek line below the action at the top of the plateau. Major Healy asked Clive Williams (3 Platoon Commander) to move up to the left of 1 Platoon and sweep through in assault formation. Reaching the high ground, 3 Platoon formed up in extended line and began the assault and soon struck another strong enemy force on their flank. Using fire and movement, they continued their advance when Private Peter Gilson, a machine gunner, was hit and fell into a tangle of tree roots that he was trying to negotiate while trying to get a better firing position. He was only 15 metres from the enemy. Two [of the enemy] tried to get his gun but the wounded Gilson raised himself and shot them at point blank range. 3 Platoon tried to press home the attack but the enemy fire was too intense.

A stop was called to the assault as the Platoon realized they were being outflanked. The Platoon Sergeant, Col Fawcett, crawled forward under heavy fire to try and retrieve Gilson's body. He managed to feel for a pulse and found none, then made several attempts to retrieve the body but each time sustained bursts of fire hit Gilson. (He later told ... he felt rounds striking the body as he was trying to pull Gilson clear). Sergeant Fawcett later received the Military Medal for his bravery under fire. 3 Platoon looked like being cut off from the rest of the Company and were forced to withdraw.

With the support of the highly accurate New Zealand artillery, the Company used fire and movement to extract themselves and the wounded from the killing ground and [accounted for] two more [of the enemy] in the process. They were unable to recover either Parker or Gilson's bodies. The men of A Company never forgot the horror and perceived guilt of leaving their mates behind.

I am indebted to the 7RAR website for that historical information.

Many members of this House will remember the continuing concern of our former colleague Graeme Edwards for both the victims and survivors of the Vietnam War, as well as his own sacrifice in that conflict. Graeme Edwards continues his passionate support and efforts for not only Vietnam veterans and their families but all Australian veterans and their families now that he has retired from his successful parliamentary career. Graeme and I were in Vietnam last April when, at short notice, we were invited to attend a ceremony at Bien Hoa for the handing over of the remains of Lance Corporal Parker and Private Gilson. It was a sad and sombre occasion, but we both felt that the presence of two members of the Australian parliament helped to convey a sense of importance and reverence that all Australians have for their fallen servicemen and women.

Many people have been involved in the successful search and recovery of our diggers in Vietnam. I have already mentioned the role of Jim Bourke and the Operation Aussies Home team and I again pay tribute to their hard work. I had the privilege of meeting Jim Bourke in Bien Hoa last year and again at the RSL State Conference in Victoria later that year. Jim Bourke is a great Australian and deserves every accolade for his tireless efforts in repatriating Australian service personnel from various conflicts throughout our history, often under considerable personal difficulty. The efforts of Operation Aussies Home could not have been successful without the cooperation of the Vietnamese authorities. Graeme Edwards and I personally thanked the Vietnamese officials who attended the ceremony at Bien Hoa. We found the Vietnamese officials to be diligent, thorough and exceptionally cooperative and helpful. I note that the Prime Minister expressed the Australian government's appreciation to the Prime Minister of Vietnam during his visit to Canberra recently. It is hoped that this close association will lead to the completion of the recovery task and the return to the two Australian airmen who are still missing in Vietnam—Flying Officer Michael Herbert and Pilot Officer Robert Carver.

It is often said that the war in Vietnam was an unpopular war. There was considerable opposition to Australia's involvement in that conflict, just as today there is opposition to our involvement in Iraq and Afghanistan, but the various views on the rights or wrongs of our involvement are just as irrelevant to those who are fighting today in the burning sands of Afghanistan and Iraq as they were to those who fought in the steaming jungles of Vietnam all those years ago. In the end, the result is the same: our service men and women are asked to put their lives on the line by the democratically elected government of the day. They are asked to do this to preserve the principles that are the foundation of this nation, principles that ensure we have democratically elected governments and the freedom to be able to hold and express differing views without the fear of persecution or retribution—and that is something that is worth fighting for. The preservation of these freedoms is the reason this country has sent so many of its sons and daughters overseas since Federation. It is the reason that so much Australian blood has been spilled so far away from home, on the beaches, in the fields, on the high seas and in the air.

Unfortunately, in the case of Vietnam, we lost sight of this for many years. Veterans of earlier conflicts even said Vietnam was not a real war, but I can remember the horrendous images on the television news each night. From the comfort and security of my living room, it certainly looked like a real war to me, and it would have felt like a real war to those brave young Australians doing the fighting and helping to evacuate their dead and wounded comrades, and it was a real war for the families, friends and loved ones of the 520 young Australians who lost their lives.

During the 40th anniversary of the Battle of Long Tan, the former Prime Minister, Mr Howard, in a superb speech in this House acknowledged the appalling treatment that our Vietnam veterans received on their return home. I am sure he spoke on behalf of all Australians when he said the nation had collectively failed those men at that time and 'they are owed our apologies and our regrets'. His apology was an acknowledgment of their courage, commitment and sacrifice, and went a considerable way towards righting a terrible wrong, to removing the stain on our nation's past. As the present Prime Minister said in the House on Monday, the passage of time does not diminish our great respect for the bravery and dedication of our service men and women, and their sacrifices will not be forgotten.

I would like to conclude this tribute to the contribution of Private Fisher by acknowledging his ultimate sacrifice in the service of his country. A military funeral was held for him in Sydney yesterday, and I would like to offer my personal condolences to his family and thank them on behalf of the people of central Victoria for his sacrifice on behalf of his nation.

Mr SIMPKINS (Cowan) (11.07 am)—On indulgence: it was a great day in late August when Private David Fisher's remains were discovered, after a lot of hard work, and I would pay tribute to Jim Bourke and Operation Aussies Home, the Army History Unit and others that were involved—people who were motivated and dedicated to getting this job done, to bringing an Australian serviceman home.

Private Fisher met his death on 27 September 1969, and the majority of my comments today are focused on paying tribute to him and the circumstances under which he served and paying great respect to the efforts of the Special Air Service Regiment in the Vietnam War. Of course, the SAS have a great history of service throughout many conflicts. When you look at the conditions under which battles were fought—very small battles sometimes were fought in

Vietnam—it is a great tribute to the way these guys operated in their small patrols. We know that in Private Fisher's case there were five people on the patrol, including a medic, and that that patrol took place over seven days. It is my understanding that over the first six days there was no contact with the enemy as they moved around through the jungle, apart from seeing signs of them. It was only on the seventh day, 27 September 1969, that there was actually contact with the enemy.

I have found some information as to what Private Fisher was actually carrying at the time of his death. It really does show that these guys are very special in being able to operate in these very small groups for a protracted period of time. I am sure there would have been re-supplies, but we are talking about a lot of weight here and these guys were yomping around in the jungle. Two hundred rounds of 7.62mm ammunition in three magazines—probably more—is a very significant weight, let alone a Claymore mine with a delayed fuse, grenades, white phosphorus, two normal explosive grenades, two smoke grenades, a radio set, a fuel pack, basic webbing and four full water bottles. These men were carrying a lot of weight over a long time.

If you look at the context of that last date, we know that there were basically two contacts: that first contact where they encountered eight enemy and apparently four were killed by the Australians—probably two more as well—and then, as part of that withdrawal away from that contact, as is normal procedure, they again made contact with a larger group of enemy which then necessitated another withdrawal and the seeking of the hot extraction. Although there is some debate as to exactly what sort of foliage or canopy cover existed in the jungle in that particular area, clearly there was no landing zone, LZ, and that is why the five ropes were thrown from the side of the UH-1H Iroquois helicopter.

I guess the point I am trying to make, particularly with regard to the weight, is that this would have been a very difficult situation. There would have been the noise of the helicopter—or helicopters—from above. I understand that it was raining at the time. They would probably have been a bit tired, having made these two withdrawals and having fought just minutes earlier. To then be standing there and concentrating on clipping onto a bowline with a karabiner attached to themselves—and with their packs, their webbing and their rifles slung—would have been a time when distraction and a difficulty in concentrating was very likely.

I have not found anything that really suggests exactly what happened to Private Fisher. We all know that he fell from the rope. But, whether that was to do with the karabiner or with the bowline not being as good as it could have been or some other reason, it would have been an extremely difficult situation. As previous speakers have said, it was a situation that I do not think anyone here would have ever experienced. In my own military service I had some very limited experience in jungles and with helicopters, and it is very hard going. I remember one day in training—certainly nothing to do with combat—where it took us eight hours to move less than a kilometre through jungle. And obviously that was with no-one doing any shooting. It was careful movement, but the conditions were very difficult. On another occasion—and, again not that I have any great familiarity with this—a very exciting day in my military training was rappelling from a helicopter, not clipping on at the bottom but clipping on at the top and just rappelling out of the side of the helicopter. The way your heart is going and the way you are trying to concentrate hard make it a very difficult situation. And, again, these guys were there for seven days, with two fights minutes earlier, difficult conditions and heaps of

weight. It was a unique situation that, as I said before, probably no-one here has ever had to deal with. It is a tribute to the professionalism of the SAS that they can operate under these circumstances.

What we know is that the plan was that they were going to have this hot extraction. They were to clip onto the ropes and be lifted out of the jungle and then moved on to another location, a safer location, and then they could jump inside the helicopter and move back to base. Some 800 metres from where they were picked up various witnesses saw Private Fisher drop from the rope from the height of some 200 feet. As was suggested by the inquiry afterwards, he probably would have died on impact with the ground or at the least shortly thereafter. So there was very little chance that he could ever have been saved after what happened to him, as you would imagine.

As I said before, Private David Fisher was a member of probably the most professional and effective military unit in the world. I believe that is the case today and I am sure it was the case then as well. These guys operated under extremely difficult conditions with the utmost professionalism and Private Fisher served his country exceptionally well. It is a great tragedy that he was lost, that he died that day. It was probably a greater tragedy that his body was not recovered at the time. But, due to the efforts of a lot of people and a lot of dedication, someone who served their country well has now been returned to this country and now lies in Australian soil. I pay tribute to Private Fisher and the SAS and give my best wishes to his family.

Dr KELLY (Eden-Monaro—Parliamentary Secretary for Defence Support) (11.17 am)—On indulgence, it gives me pleasure to rise in acknowledgement and commemoration of the life and service of Private David Fisher. It was a privilege for me to be in attendance at the ramp ceremony at Richmond last Friday, in the presence also of the Hon. Warren Snowdon, the Minister for Defence Science and Personnel, and the members for Greenway and Parramatta. In particular it was a very moving occasion in terms of the two speeches that were delivered by the minister and also by Major General Tim McCowan, a good friend of mine, currently the commander of the Special Operations Command. They highlighted the service of David Fisher and the importance of that service to the Australian community and our heritage.

In addition to the presence of those people, we also had the members of the SASR, not only members of the regiment as a whole wrapping their family support, if you like, as part of the defence family around the surviving members of David's family but also the members of the patrol and the unit that David Fisher served with. It was a very moving occasion for them. I do not think the intensity that forms in these relationships amongst these unit members can be well appreciated or imagined. A very special bond is generated by not only enduring those difficult years of training but also surviving those intense contacts and conflict situations. I do not think anybody who has not been under fire can really appreciate just how heightened those situations are and the intensity of the relationships that are necessarily formed out of having to depend on someone next to you for your very life. It was very moving to see their response and their reaction as they formed the honour guard for the casket. For such hardened men, such heroic and courageous men, to see their emotional response to that situation was incredibly moving.

We also had in attendance the surviving members of Private Fisher's family: his two sisters, Annie Cowdroy and Penny Fisher; a stepsister, Julie; and his stepmother, Margaret

Fisher. It was very poignant for me to talk to Annie Cowdroy about the experience they had on that terrible day of learning the news, a day which has been experienced so many times by Australian families who have had service men and women involved in conflicts, when the car turns up, there is a knock at the door and the duty officer and the chaplain appear and pass on the shattering news that you have lost that loved member of the family. I certainly know what that is like because, in my Army career, I had to perform that duty. There is no more deeply impressing and difficult situation for a serving officer than to engage in that sort of duty. Certainly, you get to appreciate the cost to real people of the service and the loss of the incredible people in our Defence Force.

Also present on the day was Brigadier Billy Rolfe, who is involved with veterans and repatriation services. Billy Rolfe is a special person in my life; he recruited me into the Army, in fact. Billy Rolfe lost both legs in Vietnam in a mine incident, and he has always been a hero to me. Certainly, he represents to me just about all of the Vietnam veterans that I have had dealings with over the years. They are a very special group of people. In my training in the Army, they were the ones who provided me with military skills that enabled me to survive the various missions and deployments that I served on in my career. I am eternally grateful for the support of those Vietnam veterans who transferred those skills to me.

In recent times, I have had cause to be grateful to them again, when I entered into this political career. During the course of the campaign last year, there were tense moments when certain things were said in the heat of battle attacking my military service. Certain comments were made about me being a war criminal, a Nazi or a murderer because of my service in Iraq and Somalia. It was the Vietnam veterans who really rallied around me at that time. I note that they lived through some incredibly difficult experiences upon their return from Vietnam; the way they were received by the community and by both sides of politics was one of the more regrettable—in fact, disgraceful—episodes in our history. For them, those comments were very resonant of that experience, and I was extremely grateful for the way they rallied around me and supported me through that time. So I feel a special, personal debt to Vietnam veterans, and one of the reasons I wanted to speak about David Fisher today was not only to commemorate his service and his life but to speak on behalf of all Vietnam veterans. I certainly take it as a special responsibility of mine to represent the interests of veterans, being now, as I am, the only remaining member of the parliament who is a veteran.

The incident, as we have heard the member for Cowan describe it, was a traumatic circumstance. These men were engaged in combat against a superior enemy in terms of numbers. The Special Air Service, in its engagements in Vietnam and the long-range patrols, were involved in extremely tense episodes; short bursts of overwhelming concentration, endurance and courage were required. Normally they were in small groups and it was quite often a risk that they would come across larger bodies of the enemy, and so it was on the occasion when Private David Fisher was engaged in this contact involving possibly over 30 of the enemy. The contact resulted, as we know, in the need for what is called a 'hot extraction'. During my time in the Army, I completed a helicopter assault course. Those courses themselves are testing in the risk that is involved in the training, but to combine the physical effort of engaging in extractions in these situations with the tenseness, fear and risks involved in having to do that in the face of the enemy, under fire, cannot really be appreciated or imagined.

The fact is that Private Fisher plummeted to the earth as a result of who knows what situation. The understanding that I have from talking to some of his fellow servicemen on Friday is that, while the karabiner is usually connected to the bowline in this sort of situation, it was possibly connected to an incorrect part of the rope and Private Fisher came loose as a result. Certainly, it was a 60-metre fall, so it is highly unlikely that he suffered in the end; it is likely that he would have died instantly from his contact with the ground.

You can imagine the absolute horror and grief for his fellow patrol members in experiencing that situation as well. Certainly, it was not something that they were prepared to let idly go by—just waving goodbye to Private Fisher and not attempting to relocate him. It is a bit of a sacred task and duty for every defence member in the Australian Army to try and bring home your colleagues and leave no-one behind. Certainly a massive effort was put into the attempt to relocate Private Fisher or at least his remains. The members turned around, after having been out there enduring great hardships on their patrols, immediately volunteering to go back out there and try and find Private Fisher. A massive effort was put into that. Unfortunately, notwithstanding that massive effort, they were not able to relocate him.

So, for all these years since that dark day on 27 September 1969, Private David Fisher has been lost to us as a defence family and lost to his own personal family and to his colleagues. It was a burning hole in their existence that he had not been brought home, but he was never forgotten. I think it is another enduring trait for defence members in the Australian Army, and indeed the Australian Defence Force as a whole, that you will not be forgotten.

Recently, of course, we had the formation of the Operation Aussies Home organisation. Jim Bourke and the wonderful people who have been involved in that have been supported not only by this government but by the previous government in their efforts to try and bring home those wonderful service personnel who we had not managed to bring home so far. Certainly, when I used to go on my jogging runs past the Vietnam War Memorial and see the references there to the missing, it always left a little tug in my heart that there were these members of the Defence Force of our own community in a foreign land who we were not able to bring home. It was just wonderful to see that through the efforts of Operation Aussies Home we have been able to relocate a number of the remains and bring home many of our personnel.

In 2007 three sets of human remains were located and recovered, including those of Lance Corporal Richard Parker and Private Peter Gillson, of the 1st Battalion Royal Australian Regiment—‘True Blue’, as we call it—which I was privileged to serve with in Somalia. It is a very proud unit, and it was a great joy to all former serving members of the 1st Battalion to have been able to bring Lance Corporal Parker and Private Gillson home. In addition, we were able to locate and bring home Lance Corporal Gillespie, an Army medic involved in an aircraft accident or downing in Vietnam. His body has also been recovered.

With the repatriation of the remains of Private David Fisher, we have brought home the last of the Australian Army missing, but the job is not completed at this stage because we still have two of our people out there, two RAAF helicopter crewmen, and we are determined, of course, to continue our efforts to bring them home.

I must commend and give thanks for the efforts of the Vietnamese government and Vietnamese veterans in this effort. We had the pleasure of having the Vietnamese Prime Minister visit us recently and of having dinner with him here in Parliament House. The efforts and co-operation that we have had from the Vietnamese government have been outstanding. We cer-

tainly would not have been able to recover these remains without that assistance. I thank them very sincerely on behalf of the government and all Vietnam veterans as well.

It was heart warming to see the cooperation that we had from the veterans of the Vietnamese army. It was interesting to note that a Vietnamese soldier had actually attempted to bury Private Fisher's remains in respect to him. He had moved his body into a shell scrape and attempted to effect a burial. There was respect there, and there is great respect now between the Vietnam veterans of our own Defence Force and the Vietnamese veterans. That is a wonderful link, a healing thing in itself, that we continue to encourage and see grow and flourish. I think that will be a feature of our relationship with Vietnam, as it has been a feature of our relationship with Turkey in the bonds that have been forged from conflict, notwithstanding that we were on opposite sides of those conflicts.

The story of how Private Fisher's remains were identified was an interesting one in itself. I will not go into all the details of that, but it was a tremendous forensic effort as well, and it must have been a great joy to have been able to identify the fact that some of the equipment there was unique to the SASR and its service in Vietnam. That has led, of course, to the confirmations that we have had since then.

David John Elkington Fisher was a special individual, so it is important that we remember the individual himself. He was a very, very dedicated member of the SAS Regiment. He was a volunteer during a period when national service was first generated in terms of the random selection process. He wanted to avoid that and volunteered his service. His father had been a distinguished bomber pilot in World War II and had transferred to the RAAF. Poignantly, given that the ramp ceremony was held at Richmond, David's father's first posting in Australia was to RAAF Base Richmond, so in a sense it was a coming home in many ways. This family has rendered service to the cause of freedom and democracy over many decades in that context.

David himself was one of those people, one of those forces of nature, who seeks to contribute to society in any possible way he can. He had enormous and boundless energy in that respect. I note that he was a rugby boy and played rugby for the Mosman rugby union club. He was very much a rugby tragic like me. On behalf of the rugby community and the parliamentary rugby side, I would like to pass on our condolences to the family and remember one of our own in that respect as well.

David Fisher's life was special. His service was special. No-one can really appreciate the physical demands and skills that are required of SAS soldiers. They are a breed apart in many respects. To lose any one of them is a great loss. To lose any person is a great loss.

The importance of these situations for the Vietnam veterans as a whole is that they are just another step towards the closure that Vietnam veterans seek. I mentioned the treatment to which they were subjected when they returned home, and I do not think people can appreciate some of the extremely insensitive and cruel aspects of that treatment. To go into these situations of enormous tension, to have to do the things that they did, to kill in the name of your country, and then to come back to your country and be vilified for that effort, when it is even more important for people like that that the society and the community wrap around them to support them through the withdrawal process after their having been in those situations—to have that pulled from under them and to have the value of what they did questioned was the removal of a very significant psychological prop that is essential for a veteran. It is little won-

der that that created the problems that it did in the way they struggled to reintegrate into society.

It has been a great privilege for me since the Rudd Labor government have taken office for us to have been able to help bring to Vietnam veterans in general some resolution of long-standing issues that should have been sorted out well before now through the periods of governments of both descriptions. In particular, I refer to the 2nd D&E Platoon soldiers who for so long had been denied recognition of their very existence as a subunit—and of course the extreme gallantry and effectiveness of the service that they rendered in many very difficult battles and situations. I salute their service. It is wonderful that we have now at last put that issue to rest and that they have been recognised. They were certainly extremely grateful for that.

In addition, at last, after 40 long years, we have been able to bring to a closure the Long Tan saga, a situation that should not have been allowed to continue as long as it did. Certainly, in our long discussions with those veterans and with Harry Smith in particular—a man of enormous principle, courage and dedication who was determined, with whatever breath was left in his body, to ensure that his soldiers were properly recognised—we have been able to resolve that issue for him and for his veterans. I note that a review was finally commissioned by the previous government on the matter, but the review itself only went as far as providing some resolution for Harry Smith himself and for the former Lieutenants Sabben and Kendall.

It was a highly significant engagement that led to the breaking of the back of the VC and North Vietnamese army effort in the Phuoc Tuy province. The significance probably was not completely appreciated at the time. I felt that we needed to recognise all of those who participated in that battle. I was pleased to represent in rugby Delta Company of the 6th Battalion, Royal Australian Regiment, another very proud unit of the Army and a company which contributed a great deal to the security of the force at the time. That effort at Long Tan was an attempt to destroy the Australian task force altogether, and so that effort was blunted in this battle, against great odds.

It was a pleasure for me to argue the case for these veterans to obtain the former South Vietnamese government unit citation that was denied to them at the time. It had clearly been the intention of that government to award that decoration, and it was only bureaucratic nonsense that prevented that from happening. So I am really delighted that we have been able to push through that measure as well, in recognition of all of the diggers who put their lives on the line in that battle and, of course, the many who lost their lives in that battle.

The return home of Private David Fisher is another episode in seeking closure for our Vietnam veterans. I would like to finish with this comment: David Fisher, welcome home, cobber; you are not forgotten.

Ms OWENS (Parramatta) (11.36 am)—On indulgence: it was my privilege to be at the Richmond airbase last Friday, 10 October, when Private David Fisher finally came home. We lost David Fisher on 27 September 1969, when he fell from a rope under a helicopter into thick jungle in Xuan Dong province in Vietnam, and it has taken us 39 years to find him and bring him home. The story of Private David Fisher is one of courage, loss and mateship, and before I talk about the courage of the man I would like to pay tribute to the loyalty and commitment of his mates, who did not forget their mate during the 39 years that he lay on foreign soil.

Private David Fisher was one of six Australian servicemen killed in action during the Vietnam War whose bodies were not recovered: four soldiers and 2 RAAF aircrew. In 2002, a group of Vietnam War veterans began working to find them and bring them home. They called themselves Operation Aussies Home. After four years of painstaking work and calling attention to their cause, the Deputy Chief of the Army, Major General Gordon, directed the Army History Unit to investigate the possibility of locating and recovering the remains of our four missing soldiers.

In April 2007, the remains of Lance Corporal Richard Parker and Private Peter Gillson were found, and the remains of Lance Corporal John Gillespie returned home in December 2007. The fourth Australian soldier, Private David Fisher, was located and returned home finally last Friday. Mr Jim Bourke from Operation Aussies Home was there to welcome him to see the finish of what he had started some six years ago, and some of his comrades in arms from that time told me about the way they plan to change the plaques at the Vietnam War Memorial. There have been six plaques with the names of the soldiers and 'missing in action' engraved on them in front of the war memorial; four of them will now have 'no longer missing in action; home at last'.

The government continues to work to locate the remaining two RAAF personnel. Two Australian airmen, Flying Officer Michael Herbert and Pilot Officer Robert Carver, are still missing, and we hope that in time we may also find the remains of these missing airmen and bring them home as well. But I think it is fair to say that it was the work of a group of Vietnam vets who would not let the matter rest until they had brought their mates home that resulted in the Army and the government's involvement and their commitment to seeing all our servicemen come home.

I would like to pay a special tribute to David Fisher's mates who escorted him on the journey: Colonel (Retired) Reg Beesley, David's former commanding officer in Vietnam; Dave Lewis, National President of the SAS Association; Dennis Mitchell; Rod Wallis; Mick Vandroffelaar, David's patrol commander; Mick Malone; John Cuzens, who was a member of David's patrol; and John Matten. They showed great dignity, and the respect and the care that they showed for Private David Fisher on his return tells us much about David but also much about them and the relationship that they shared. It was extraordinary to see so many of the men of the 3rd Squadron of the Special Air Service Regiment there at Richmond airbase to see the last of their company return home. There were also Vietnam veterans from our Vietnamese allies, now Australians, who fought alongside us. They were there to pay tribute to the Australians who risked their lives and sometimes gave their lives fighting for freedom in their homeland.

Private David Fisher was lost on 27 September 1969 after the culmination of three days of intense action by the members of the Long Range Reconnaissance Patrol No. 11 of the 3rd Squadron of the SASR. The Minister for Defence described the circumstances that led to the loss of Private David Fisher at the ceremony on Friday, and I will draw from part of that description:

[The patrol] had been deployed on a reconnaissance mission west of the Nui Mao Tao Mountains, a strategically important base to the opposing force.

The area was heavily contested and patrol 11 had sighted the opposing soldiers on a number of occasions and been engaged by them twice.

On the last occasion, a force of 30 soldiers had fired upon them using automatic weapons and rocket propelled grenades. The contact was fierce and deadly.

It is against this backdrop that the Squadron OC ordered the 'hot extraction' of the patrol to take place.

The RAAF mission leader, given the dangerous situation on the ground, decided to deploy with a Heavy Fire Team consisting of three helicopter Gunships to protect the SAS soldiers and the three 'slick' helicopters to be used in this dangerous mission.

The Mission Leader anticipated and indeed expected fire to be directed onto his aircraft during this 'lift'.

It was under these circumstance that Private David Fisher lost his life, falling 60 metres into the jungle below.

Despite searches over the following days, the body of David Fisher was not recovered.

Private David John Elkington Fisher had, until August of this year, been lost to us after he fell from a rope beneath the helicopter during that hot extraction in now Xuan Dong commune of Dong Nai Province in Vietnam. And what happened to David after this remained a mystery until Major Jack Thurgar and Mr Brian Manns and their team engaged in precise investigative work and driven research that revealed his final resting place only a month or so ago. Then on Friday, 10 October 2008, one of Australia's truly brave and courageous sons came home.

Nothing I can say to David's family, who were there on Friday, can repay them or compensate them for the loss of their son and brother so many years ago in the defence of our nation. But I would like to acknowledge the family and friends of David Fisher. The loss of David was first and foremost their loss and, after watching them on Friday, I cannot even imagine the pain at that time and the feelings that they must have had watching David's remains finally brought home to be laid to rest. That his sacrifice did not go unnoticed by a grateful nation is a message that we well and truly must give to that family.

I also thank David Lewis, the National President of the Special Air Service Association, who freely gave his time, care and support to the Fisher family over many, many years. Private David John Elkington Fisher was just 23 years old when he served and sacrificed his life. It took us 39 years to bring him home, and we salute him for his service and finally welcome him home.

BALI BOMBINGS ANNIVERSARY

Debate resumed from 13 October.

Mr SIMPKINS (Cowan) (11.43 am)—On indulgence: last Sunday, 12 October, was the sixth anniversary of the Bali bombings. Within the electorate of Cowan is the Kingsley Football Club, a club that sadly lost players during an end-of-season trip to Bali. I would like to make some comments with respect to the Kingsley Football Club, and I will begin by uttering the statement 'For the boys'. That will become relevant soon.

In 2002 the Kingsley Cats were in the E grade of the local competition. Having turned a number of less than glorious seasons around, both the league team and the reserve team made the grand final. Unfortunately, the league team did not quite get there on the day, but the reserves did. In the preparation and the lead-up to the grand final, towards the end of the season, many members of the club decided that they would go to Bali, an overseas trip to finish off the season. On 12 October they arrived in Bali.

I would like to read the names of all those present on the trip because they have not yet been noted in *Hansard* in the federal parliament: Ash Diver, 'Bruiser'; Dean Gallagher, 'Deano'; Jason Stokes, 'Stokesy'; Damon Brimson, 'Damo'; Duane Pearce, 'Pearcey'; Jason Madden, 'Madds'; Simon Quayle; Byron Hancock, 'Byza'; Corey Paltridge and his work partner, Paul Adams; David Ross, 'Baldy'; Brad McIlroy, 'Macca'; Adam Nimmo; Phil Britton, 'Britts'; Jonathon Wade, 'Jono'; Anthony Stewart, 'Big Stewie'; Kalan Zomer; Laurie Kerr; Brad Phillips, 'Rooster'; and Ben Clohessy were all members of the Kingsley Football Club Bali end of season trip.

On the day they arrived in Bali they went straight to their hotel and relaxed for the rest of the day then went out to dinner. Then they decided they would hit the nightspots and they began with the Sari Club. As we know, Paddy's Bar was the scene of the first explosion and very shortly thereafter the Sari Club itself was blown up in a terrible, vicious explosion. The result was that seven of the players from the club were killed: Dean Gallagher, Jason Stokes, Byron Hancock, Corey Paltridge, David Ross, Jonathon Wade and Anthony Stewart. Thirteen survived but two were pretty seriously wounded with severe burns and were airlifted back.

The 11 survivors that were left in Bali decided that they would stay and look for their seven missing team mates. Unfortunately, despite their efforts, there was no hope. They then decided they would refuse to fly home until they could go home as a team—they would return to Australia as a team. They could not come home due to the flight schedules, but that was fortunate because the noted and famous Perth businessman, Kerry Stokes, who previously had no affiliation with the club, provided his private aeroplane and flew them back.

On the return home the team mates committed to building a new clubroom as a memorial to their lost friends. On arrival back in Perth they announced the plan to the waiting crowd, families, friends and media. That commenced a wave of donations and pledges of support to see the clubrooms and a memorial built as a living, lasting memorial for the seven players who died. On Sunday, 20 October that year a candlelight vigil was held with the assistance of the City of Joondalup and conducted by Father Brian Morrison. Around 10,000 people filled the oval at Kingsley. As a result of that the number of generous donations of time, effort and money were made and the commencement of the clubrooms began.

When you look at Kingsley, this event, in many ways, has defined the suburb. Everybody knows about it and the club is the centre in some ways, or the heart, of Kingsley now. Fortunately, apart from those private people who made donations and put their effort into it, the club was also supported by the builder Dale Alcock, who coordinated and donated materials and volunteered labour, tradesmen and other expertise. The clubrooms were, in fact, constructed as an attachment to the existing building and a foyer and memorial hall were joined to that old building. The clubroom had the words 'For the boys' emblazoned on the memorial hall wall.

It is worth noting that, of the survivors, Ben Clohessy was awarded the Star of Courage for his bravery in helping to save people at the Sari Club. I am also informed by the club that this is the second time Ben has been given an award for bravery, having saved a woman at another time. It is also worth noting that on 7 October this year Ben became a father, and I congratulate him on that. That was a great day for him.

Afterwards there was always the potential that the club would fall over, would lay down and die as it struggled with the impact of what had happened, but that did not occur. People

fought back and they united, and even those who were injured came back and played again the next year. Phil Britton fought back from the agony of his burns and astounded everyone by coming back to play, and he was re-appointed club captain. Laurie Kerr also recovered from his burns and assisted the league coaching panel. And so on: other members of families of those who had died came to the club. In fact it was the sister-in-law of Jason Stokes who made the mosaic for the memorial hall floor in the clubrooms.

What happened at the Sari Club was a great tragedy: 202 people died, 88 of whom were Australians; among them were seven from the Kingsley Football Club. But from that adversity great work has been done. The club has risen from the ashes and fights through. Each year on the Sunday evening close to 12 October the club and the community of Kingsley unite to pay their respects to those members of the club. I also pay tribute to the seven who died and to the Kingsley Football Club, which survives and fights on.

Mr HALE (Solomon) (11.52 am)—On indulgence, I also rise to acknowledge the sixth anniversary of the bombing in Bali. As the member for Solomon, in the Northern Territory, I represent an area with an affiliation to these events, not only because of the close proximity of Bali to Darwin but because of the role that the Royal Darwin Hospital and emergency services and defence personnel played in assisting the victims of this horrible event. As the Prime Minister said on Monday in this place, ‘On 12 October 2002 tragedy shocked Australia. For those who lost loved ones, life will never be the same.’

The 2002 Bali bombing occurred on 12 October in the tourist district of Kuta, on the Indonesian island of Bali. It was the deadliest act of terrorism in the history of Indonesia, killing 202 people: 88 Australians who were among the 164 foreign nationals who died that day and 38 Indonesian citizens. A further 209 people were injured. The innocence of Australia was shattered on that fateful night. No longer do Australians feel that terrorism is someone else’s problem; no longer do we feel that these events happen somewhere else in the world. For me the Bali bombing brought it home: these people with their evil ideology can strike at any time and none of us is immune from it. Like many Australians I sat and watched the events unfold. Television report after report brought the horror of Bali into our living rooms. As the death toll rose I remember thinking, ‘Surely someone I know has not fallen victim to this terrible act.’ I heard, however, some days later that a guy whom I had played football against when I coached Temora in the Riverina Football League had lost his life. Shane Till, a schoolteacher who had been in Bali for a bit of a break after a teachers conference, was killed in the attacks. He was 32.

The attacks involved the detonation of three bombs: a backpack-mounted device carried by a suicide bomber and a large car bomb, both of which were detonated in or near popular nightclubs in Kuta; and a third much smaller device detonated outside the United States consulate in Denpasar, causing only minor damage. Various members of Jemaah Islamiah, a violent Islamic group, were convicted in relation to the bombings, including three individuals who were sentenced to death. A suicide bomber inside the nightclub, Paddy’s Bar, detonated a bomb in his backpack, causing many patrons, with or without injuries, to immediately flee into the street. Fifteen seconds later, a second and much more powerful car bomb hidden inside a van was detonated by another suicide bomber outside the Sari Club, located opposite Paddy’s Bar. This was a premeditated, extremely well-organised and malicious attack designed to cause maximum casualties. To highlight this fact, it was later discovered that the van

was rigged for detonation by remote control in case the second bomber had a sudden change of heart. Damage to the densely populated residential and commercial district was immense, destroying neighbouring buildings and shattering windows several blocks away. The car bomb explosion left a one-metre deep crater in the ground.

The local Sanglah Hospital was ill-equipped to deal with the scale of the disaster and was overwhelmed with the number of injured, particularly burns victims. There were so many people injured by the explosion that some of the injured had to be placed in hotel pools near the explosion site to ease the pain of their burns. At very short notice, Darwin became the receiving centre for critically injured Australians and Indonesians. The first patients arrived at the Royal Darwin Hospital 26 hours after the blasts. The Royal Darwin Hospital assessed and resuscitated 61 patients, including 20 intensive care patients. RDH evacuated 48 patients to burns centres around Australia within 36 hours of the first patient arrivals at the hospital and 62 hours after the bomb blasts. Royal Darwin Hospital's medical and nursing staff, whether trauma specialists or the many other professionals lending assistance, were stretched to the very limit. Everyone performed magnificently. In the midst of the Bali tragedy, the nation was justly proud of the efforts made in Darwin in that terrible week. Lives were saved that otherwise would have been lost. The post-Bali establishment of the National Critical Care and Trauma Response Centre at the RDH supports not only the Northern Territory but the rest of Australia. It also has a positive impact on the whole of South-East Asia. It puts Royal Darwin Hospital on the map as far as trauma and critical care are concerned.

As a former footballer and football coach, I related instantly with the story of Jason McCartney after the Bali bombings. The Bali bombings had coincided with end-of-season trips for many Australian football clubs, across codes and at all levels, and so had a disproportionate impact on the lives and families of footballers. As the member for Cowan mentioned in his contribution, the Kingsley Australian Rules Football Club in Western Australia lost seven members of their 2002 team, while the Forbes Rugby Union Club in rural New South Wales lost three team members. The accounts of courage and desperation of their surviving players in the period after the bombings became an enduring image of the human suffering exacted by the tragedy.

Former North Melbourne footballer Jason McCartney was holidaying in Bali at the time and, along with his team mate Mick Martin, he was in Paddy's Bar when the first bomb went off. Jason was critically injured, with serious burns to a large percentage of his body. He was evacuated to Darwin and then on to Melbourne, and it was touch and go for a while. Jason became the face of Bali, due to his profile as an AFL footballer and also due to the fact he would not get on a plane until people he believed were needing attention before him had been evacuated. Little did he know that his body was going into shock, and by the time he left Bali he was in a fight for his life.

Jason McCartney's comeback match against Richmond in the 2003 AFL season was the culmination of eight months of rehabilitation, a process which was inspired by his determination to again take to the field for the Kangaroos in elite competition. When Jason McCartney took to the field in a fully protective body suit under his football jumper, his determination to play again became symbolic of the suffering and recovery of all of those who were affected by the bombings. It also held a special and immediate significance for the Australian Rules football fraternity. The match was attended by many of the survivors of the bombings, and the

Kangaroos wore jumpers commemorating the 202 victims of the bombings and the 88 Australians who lost their lives.

Jason McCartney's actions during the immediate aftermath of the bombings and his triumphant return from horrific injury epitomise the human spirit and are a fitting and lasting counter to those who would seek to diminish and demean it. Like many others on that night, Jason is a hero and so is his mate Mick. He survived Bali and made a triumphant return to play one game of AFL football. After the game, Jason retired. While Jason has moved on with his life with the help of his wife Nerissa and young son Lucas, along with the rest of his family, friends and the AFL, many victims of the Bali bombings continue to struggle with the terrible events of that day. Jason and I have become great mates and he assisted me with my teams when I was coaching in the Northern Territory in the past few years.

The family and friends of the Bali victims live their personal torment every day. The pain etched on their faces at the time of the anniversary each year is there for all to see. For many of us, 12 October comes and we reflect on the 202 people who lost their lives that day; however, we move on. But for the families who lost people in Bali it is, and will continue to be, very hard to move on. It is for them that we must never forget those people who died the day our nation's innocence was lost.

There are also less public victims of the Bali bombing and they are the people of Bali themselves. They rely on the tourism industry in Bali and after the bombings their economy collapsed as for a long time people chose not to return to that beautiful island. They paid a heavy price for the actions of extreme Muslim fundamentalists on that day.

A further tragedy is that, whenever these extreme elements of Islam strike, all Muslims around the world feel the pain. I have a wonderful Muslim community in Solomon, and they feel the pain of the terrorists' actions. They have just completed the holy month of Ramadan, and it was at this time that the terrorists attacked six years ago. The terrorists do not represent Islam. They do not represent Muslims around the world. They certainly do not represent the prophet Mohammed.

As we remember the victims of Bali, it is an appropriate time to remember our Defence Force men and women who continue to put their lives on the line in various deployments in our region and in other parts of the world, and the efforts of like-minded nations that are engaged in a war on terror to protect the freedoms that we often take for granted.

The Australian Strategic Policy Institute report says groups such as JI of Indonesia, responsible for the 2002 Bali bombings that killed over 200 people, are still capable of launching major attacks. The report, which also examines Muslim radical movements in the Philippines and southern Thailand, warned policymakers against complacency after a successful police crackdown on JI in Indonesia in 2002. The group has now split between a fanatical hardcore, which still believes in violence, and a less extreme wing, but it could muster around 900 militants, including at least 15 'first generation leaders'.

Despite these changes, however, JI continues to represent a significant threat to both Australian and regional security interests—

the report said. It went on to say:

It is essential, therefore, that Australian and Southeast Asian governments remain vigilant in the face of evolving political developments in these areas and work conscientiously to make these ungoverned spaces less hospitable to terrorist exploitation.

Its release came two weeks after Australian Prime Minister Kevin Rudd pledged to boost security ties with Indonesia during his first state visit to Jakarta since taking office.

In fact, Australia's largest ever multijurisdictional counterterrorism exercise, Mercury 08, has commenced this week. Mercury 08 is designed to enhance Australia's capacity to prevent, prepare for, respond to, and recover from multiple threats or acts of terrorism. Mercury 08 takes into account the current global and domestic security environment, and will robustly test whole-of-government decision making, information sharing, intelligence management, critical infrastructure protection and airport security. The new national counterterrorism alert level system announced earlier this month will also be tested during the course of the exercise. As Attorney-General Robert McClelland said on Tuesday this week:

Australia's security arrangements are strong, but they can always be enhanced by comprehensive counterterrorism exercises such as Mercury 08. I want to thank everyone involved in the exercise. Their work will help make Australia safer.

It is the actions of government, actions such as Mercury 08, that will ensure that we are at the forefront when it comes to preventing these types of attacks occurring in Australia or in countries in our region. In conclusion, to the victims of the Bali bombings—202 lives, 88 of which were Australian—we mourn your loss. Six years on, we remember those who are still suffering due to the events of 12 October 2002. As a nation, Australia—with our allies—will continue to fight against evil elements of the global community so that we can continue to enjoy the freedoms that our democracy brings.

Mr IRONS (Swan) (12.05 pm)—On indulgence, today I rise to talk about the sixth anniversary of the Bali bombings and would like to recognise the contributions by the members for Cowan and Solomon. Today I will talk about the Bali bombings, which took the lives of 202 people in the district of Kuta in 2002. We as Australians, and as Western Australians, shared this tragedy with the people of Indonesia and the rest of the world. With the deaths of 88 Australians and the injuries to many others, the dark shadow of terrorism finally came to meet Australians face to face in the home of one of our nearest neighbours. In Bali, the holiday playground for many Australians, the peaceful, idyllic destination's ambience was shattered forever with that terrorist act. It brought home to all Australians how cowardly terrorists use senseless and brutal acts as well as fear, violence and death as their tools to achieve their religious and fanatical beliefs.

This was a tragedy for the peace-loving Balinese, who welcome all Australians and many other world visitors to their beautiful island. They shared the pain and tragedy suffered by many Australians and others around the world who lost loved ones. The Balinese and Indonesians also shared our strength in overcoming its devastating toll. Now, six years after the tragic events, we recognise the distance our two countries have travelled not only in overcoming this tragedy but in building a world where extremists and terrorists do not dictate our existence. Out of this tragedy, we have strengthened the relationship between Australia and Indonesia, and we are closer now in 2008 than ever before. We have found new strength not only between our governments but also between our people and our cultures.

Australia has long been a friend and ally of Indonesia, our closest neighbour. At the closest point between the two countries, there is less distance between Australia and Indonesia than there is between Sydney and Canberra. By being so close we have been able to share in great opportunities for relationships to grow on so many levels. The close proximity of our two countries has also meant that the security and prosperity of Australia is intimately linked with the security and prosperity of Indonesia, and we as a nation are committed to growth and stability for their nation and the region.

We stood by Indonesia as they fought for their independence in 1948. Now, in 2008, and with Indonesia's population nearly 10 times that of Australia, we stand with them once again as they face a new set of challenges. We have helped strengthen the institutions and practices of democracy and we have helped to improve security and stability through support for counterterrorism work, conflict prevention and humanitarian assistance. We have helped increase the accessibility and quality of basic social services, particularly in education and health. The bombings have driven our government organisations closer than ever before. Our Federal Police now work in coordination with Indonesian authorities to stop drug trafficking, money laundering and people smuggling. We have developed stronger trade relations in areas including agriculture, mining and industry.

Western Australia in particular has established strong and profitable trading relationships with Indonesia which have largely weathered Indonesia's economic woes. These strong relationships led to WA becoming one of the first states to establish a trade office in Indonesia. In 2002-03 Indonesia and Western Australia undertook bilateral trade totalling almost \$2.2 billion. Western Australia imports more from Indonesia than it does from any other country. On a personal level, Australians are more aware now of the Indonesian culture as we continue to look at ways to better educate others on the lifestyles and cultural challenges that face Indonesian people. We have also developed a greater understanding of the Muslim faith and the challenges it presents.

In recognition of the magnitude of the effects of the bombings on the people of Indonesia, a team of Western Australians travelled to Bali in 2007 to build the Australia-Bali Memorial Eye Centre. The \$7 million facility was funded by the Australian government and gifted to the Indonesian people to provide an eye clinic and day surgery in Indonesia. As we remember the tragic events that took place in the district of Kuta, in Bali, on 12 October 2002, we recognise how far our two countries have come and acknowledge how much we still have to offer one another as we try to live in a world where extremists do not dictate our existence.

In closing, I would like to mention the Kingsley Football Club in Western Australia, which suffered through this tragedy; emotional relationships were built within that club that will last a lifetime. These are relationships that are stronger than the normal ones built through many seasons of playing football and winning grand finals together. These are relationships that have been built between members, families and the island of Bali, built on the foundation of tragedy, human suffering and loss of life. I would also like to mention Jason McCartney, who suffered tremendous injuries but recovered from those injuries to grace the AFL sporting field one more time. His courage and determination were an inspiration to all who have played the sport and to all Australians in all walks of life. He showed the spirit of the Anzacs, to fight against all odds to ensure that the terrorists of this world do not take away our freedoms or our lives and make us cower in submission, as they aim to do.

Australians on this sixth anniversary of the Bali bombings must make sure we never forget the loss of life, the pain from injuries suffered and the pain of personal grief suffered by families. We must draw energy and inspiration from this tragedy and from the recovery shown by people like Jason McCartney to ensure we maintain our lives and our lifestyles and our children's future lifestyles. As a nation we will face future tragedies but will have learnt from the Bali bombings and we will never lose our spirit or forget this tragedy.

Mr HAYES (Werriwa) (12.11 pm)—On indulgence: Bali is a small tropical island, best known for its luxury holiday resorts, beaches, hundreds of Hindu temples sweeping across the coastline and dozens of volcanoes. It certainly has been a holiday destination for a lot of Australians. Bali has been one of the most popular tourist destinations for Australians for decades. Kuta is the epicentre of all that trade, particularly for those that have young sons; the surf at Kuta is renowned. Kuta is filled with hundreds of restaurants, hotels and gift shops, and almost every night tourists can be seen dancing and having a good time, enjoying themselves in Bali.

Bali had the image of a spiritual place, one of peace, one of tranquillity and certainly one of wonder, but just after 11 pm on 12 October 2002 terrorists took advantage of the island's nature and its hospitality. Bali was no longer the peaceful place that it had been for thousands of Australians, nor was it the same place for the many thousands of Balinese. The first bomb, hidden in a backpack, exploded inside a popular tourist destination, Paddy's bar in Kuta. Approximately 10 to 15 seconds later, a second, much more powerful car bomb was detonated. I understand that the bomb, concealed in a van, was about 1,000 kilograms and was remotely detonated in front of the Sari Club. The explosion left a one-metre-deep crater in the roadway and also blew out most of the windows in the town. A third bomb was detonated in the street immediately in front of the American consul in Bali. This bomb caused little damage and only a slight injury to one person, but what was significant about the bomb was that it was packed with human excrement; it was designed to cause maximum moral damage.

The attack, blamed on the militants Jemaah Islamiyah, a network linked to al-Qaeda, claimed the lives of 202 people from 22 countries. Australia, which for years saw Bali as a safe haven, a holiday destination, had the most victims, with 88. A further 209 people were injured. The Bali bombings was one of the most horrific acts of terrorism that have come close to our shores. It was an act that some would refer to as Australia's September 11, not only because of the large number of Australians attacked and killed but also because it was Australian citizens who were actually targeted.

This week marks the sixth anniversary of the Bali bombings, and the recollection of the events of that fateful evening is particularly sad. Earlier this week, the Prime Minister, together with the Leader of the Opposition, made statements on indulgence in the House and remembered those who were tragically killed and injured, their families and friends and those who contributed to the aftermath of the tragedy in a very practical way, including the doctors, the other health professionals, our police and the local residents of Bali. Those who have been touched by these bombings would know that the anniversary is more than symbolic. The hurt and the unbelievable sense of grief come flooding back, together with the anger and disbelief that such an insane act could be planned and carried out by people against fellow humans.

I have recently been reading a number of articles and essays in relation to the death penalty. I think most members in this House know that I have been making a case in relation to Scott

Rush, who is currently on death row in Kerobokan Prison in Bali. One essay I came across, written by Brian Deegan, published in the Catholic Social Justice Series and entitled *People, Politics and Principle*, contributes to the discussion of the culture of life, and it is one that I would like to mention briefly. Brian Deegan is an Adelaide based lawyer who served as a magistrate for some 16 years. He was on the South Australian Youth Court from 1988 to 2004, was a member of the South Australian Police Tribunal and is the author of a book entitled *Remembering Joshua*.

Brian lost his son Josh in the Bali bombings. His son was 22 years old. From Brian's essay, I have learnt that Josh headed to Bali with his team mates from the Sturt Football Club. They did this after winning a grand final against all the odds, I am told, so it was a major celebration for them. The very day they arrived to start their overseas end-of-year holiday and their celebration of the grand final was the day the terrorists struck. Josh had only recently achieved a Bachelor of Applied Science degree, and clearly he was an athlete. I will read an extract of what his father, Brian Deegan, has written. He said:

Convicted of murdering my son and hundreds more, Amrozi still awaits his fate. He has been defrocked, uncrowned, isolated and segregated. The demonic grin that once served its master well is thankfully gone; fear and his conscience are his constant companions.

The vision of my son's murderer, seated uncomfortably on a harsh concrete floor in a room bare of conveniences he had once taken for granted, evokes little sympathy. But the prospect of him picking at grains of rice from his last meal is something I wish no part of.

I do not wish for the death of those convicted, for I oppose the death penalty under any circumstances. But due to my own shortcomings, while I have understood the murderers' motives, I have yet to find forgiveness and therefore cannot pray for their lives.

I find that passage very moving. It is by a man who has lost his son, a person who is obviously a man of conviction.

Following what I could only say was an amazing investigation by the Indonesian police—and I know firsthand of the level of cooperation from the Australian Federal Police and other law enforcement agencies—the trial, and the denials throughout the trial, the perpetrators of this crime against humanity were eventually convicted. The bombers are Amrozi, his brother Mukhlis and Imam Samudra. The three have exhausted all their legal options and are due to be executed for their roles in the 2002 Bali terrorist attack. They have shown little regret. They are now looking forward to dying as martyrs. It was with profound regret that I read on Monday an article in the *Sydney Morning Herald* which quoted Abu Bakar Bashir as saying that the Bali bombers 'are not terrorists; they are counterterrorists because their objective was to defend Muslims'. He said:

They will die as martyrs and if someone dies as a martyr he will get special treatment in the afterlife ...

Therein we see perpetuated the myth that is being created here: that these people are in some way seeking martyrdom. These men seek to be revered in their community and, clearly, Bashir's intention is that they be revered as martyrs for their actions and regarded as holy warriors. I feel they should be seen and remembered for the evil that they have set out to perpetrate against their community and against humanity generally. Let us not forget, either, those who assisted them, those who educated them and those who brainwashed people to think that such violence could in any way be countenanced by a loving god. I would prefer to

see the people who are responsible for this heinous act rot in a Bali jail and be a constant reminder of the evil that they have perpetrated.

My thoughts and my prayers go to the families of all those affected by the Bali bombings. It is something that we should never forget. As a previous speaker, the member for Solomon, has indicated, we should make all efforts in terms of our counterterrorism activities to ensure that these heinous acts against Australians can never again become a reality.

Mr JOHNSON (Ryan) (12.23 pm)—On indulgence, I am speaking on this subject on behalf of the electorate I represent, Ryan in the western suburbs of Brisbane. I regret very much that I have to speak in the parliament on such a topic, but the reality is that the Bali bombings took place and all of us in this country and in the parliament must acknowledge that. Indeed, we must remember and, especially, must honour the lives of those 88 Australians who died so innocently. But we must also remember that there were some 200 others who were injured and many citizens from other countries who also lost their lives. On behalf of the people of Ryan I take this opportunity in the parliament of our country to put on the record their condolences, as well as their affection for the families that have been touched by the tragedy of the evening of 12 October 2002.

On 12 October 2002 three bombs went off on the Indonesian island of Bali. It was 11.05 pm on 12 October 2002 when a suicide bomber detonated an explosive device at the nightclub in Kuta, killing and injuring many innocent people. Two of the three bombs that evening went off in or outside the popular tourist destinations of Paddy's bar and the Sari nightclub. The bombs killed a total of 202 people, including 88 Australians. The bombings of that evening shocked and horrified those on the tranquil island of Bali—thought by many to be almost a paradise. It was a place known globally for its harmony, its pristine beaches and its very peaceful way of life. It sent shockwaves the length and breadth of our country because we have not known so close to our shores such a significant act of brutality and terrorism. We see ourselves as a place sheltered from these sorts of atrocities and brutal attacks on innocent lives that are made for reasons that we simply cannot comprehend. I think it is fair to say that the bombings jarred Australians out of any sense of complacency by proving that terrorism strikes with no regard for gender, race, religion or political belief.

The people killed on that occasion were simply holiday makers. They had done no wrong to anyone. They would have thought of themselves as visiting a place that was amongst the safest on our earth. Who of them would have thought, as they woke up on that day of 12 October 2002, that they would face tragedy? Their families would never have even contemplated such a thing. I think what happened was aptly summed up by a former senior police detective in Bali, Mr Pastika, who said the bombings turned 'paradise into hell'. I think that visually sums up for so many of us the transition that took place that night. Australians no longer felt safe in the tourist destination of Bali, and we all know that in the months afterwards—perhaps in the many months afterwards—Bali as a place for Australians to visit was affected very negatively. It was seen to be a place tainted by terrorism. Against the backdrop of 12 October 2002 it was seen as a place where people's lives would be very much at risk.

For us at home, this was seen against the terror of 9-11 in the United States. I think we might have wondered what was coming into the world we lived in. Were we going to be living through an era of terror and a phase in the world's history that was incomprehensible to a peace-loving country such as ours? But it did prove that we in this country, a place of democ-

racy and a place of stability and prosperity, were not immune from indiscriminate attack and that perhaps those who committed this barbaric act were also attacking us for what we believed in, for what we stood for, for the values that we subscribed to very strongly and very proudly. Our sense of security was shattered as we struggled to understand the new climate of terror that we were apparently entering.

The bombings linked this country with Asia in a way that has not been seen before. I believe we came to see that the lack of security in other parts of the region so close to our shores also affected our security. One of the good things to come out of that, if a good thing can come out of such a tragedy, is that it affected the relationship between Australia and Indonesia in a positive fashion because we mourned together as nations, as communities, as families and as individuals and there was a new-found, steely determination to bring the perpetrators of this atrocity to justice.

Of course it is now known that the militant Islamic group Jemaah Islamiah was officially linked to the bombings and 33 people involved have been sentenced—including the three main bombers, who have been sentenced to death. We now know that Jemaah Islamiah's operational capacity has been seriously damaged by law enforcement efforts, but the organisation still exists and who knows what they might do to innocent lives in the future. We pray that nothing as terrible as what happened on 12 October 2002 will be repeated, but we must be vigilant and resolute to ensure that the security of communities, individuals and towns is protected.

On this anniversary, six years after that terrible occasion, I want to say very strongly that we must continue to remember the suffering of those individuals and communities—the innocent people killed, their families and friends who suffer and mourn, and the survivors, who will of course not only remember that occasion, which will be a scar on their minds forever, but also have an additional burden in that they will be remembering the loss of life of loved ones and of friends.

I had the opportunity to be in Bali last December. During my few days in Bali to attend an energy and environment conference, I took the opportunity to visit the memorial that has been placed outside the Sari Club, where many of the victims were killed. I also took two of my staff members, Julian Simmonds and Talena Elson, with me to that place of tragedy, and it was interesting to observe these young Australians' emotions and sense of the tragedy. Although the three of us knew none of the victims personally or their families who were to suffer so terribly, in a remarkable way we felt they were Australians with whom we had a connection. I know that many of our fellow Australians have been to Bali since, and I suspect that all of them would have visited the memorial that has been built outside the Sari Club. For those who might go to Bali in the future, I strongly encourage them to do their bit to honour the lives that were lost.

It is interesting that in this country the pain of that occasion is still felt. It is the way that we Australians are—we remember such occasions. And we must always do so, because I think a mark of our character as a nation is how we get together to support each other directly where we perhaps know the families and the communities, and how we can indirectly feel for them where we do not know them personally. We should never undervalue or underestimate the power of that feeling where we know others across the country feel for us. For those of us who have experienced personal tragedy in our life or in our families, I can say that we some-

how know when others in our communities—in our suburbs, in our cities—have compassion and care for us.

At the national level, Australia and Indonesia, as I alluded to earlier, became partners in a new-found determination to bring justice, to ensure that the terrorists who changed the lives of so many people were held to account for their barbaric, indiscriminate and senseless act which destroyed lives. These people seek to destroy more than just lives; they seek to destroy a way of life. They seek to destroy our freedom—in our movements, in our thinking and in what we stand for. As Australians we must never shirk from the grave responsibility of standing up to those who would seek to destroy that characteristic in this country.

I want to give the people of Ryan a sense of what two Australians affected by that occasion think and how they have expressed their emotions. Ross McKeon, whose wife and daughter died in the blast and who was injured, made these observations on Sunday, on the sixth anniversary of the Bali bombings:

Six years on and I still feel the horror, I still see the visions, the images ... It's something that is so ingrained in me ... now so deep I hope that I can put it all away.

Hannah Singer lost her brother Tom as a result of injuries he sustained in the bomb blast. Hannah said:

I couldn't understand and still don't know now how human beings could kill each other for a thing that they call faith in God.

That is a very profound statement. For Australians it is something we just cannot comprehend. Never mind killing someone, taking another human life, but to do so in the name of God, for faith, is something Australians cannot appreciate. The response at the time by the Australian government, the government of John Howard, deserves commendation. More so, those who acted in the name of Australia—the Commonwealth agencies, the Australian Defence Force and the Australian police force, many state and territory agencies and private and non-governmental organisations such as St John's and the Australian Red Cross—all played critical roles in the evacuation and in the investigation.

I want to again thank Qantas and recognise the role that it played in being the spirit of Australia. I would hope very much that this airline never loses that spirit, because it is something that makes it successful and something that must always be a feature of that company.

For the record and for the electorate of Ryan that I represent in the federal parliament I want to pay tribute to all the medical people who played a role in treating the victims of the bombings and those suffering at the Royal Darwin Hospital in particular. Having a brother who is a doctor, one of Australia's finest young neurosurgeons, and a sister who is a doctor and hearing sometimes of their experiences in their professional working day treating suffering, I can only stand in awe of the talent and the skill of those Australians across the allied health professions at the Royal Darwin Hospital for what they did. We must thank them very sincerely for the way that they did their jobs professionally but beyond professionalism. It is really a mark of them and of the very best of our country.

In the months and years that have followed, we know that the government's efforts to strengthen counterterrorism in Indonesia and the whole region have been reasonably effective and successful. Australia is currently implementing a \$10 million four-year initiative to help Indonesia build its counterterrorism capacity and a \$3 million fund has been established to

foster capacity-building links between Australian and Indonesian government departments relating to travel security. Indonesia is a very significant country in the world. It is the world's largest Muslim democracy and its proximity to our country must put it front and centre in our foreign policy as well. We have taken a leading role in increasing regional cooperation against terrorism, including organising meetings of key experts, regional conferences to talk about the critical issues that face Indonesia and therefore face us in confronting terrorism, issues such as the financing of terrorism and money laundering. Those are not insignificant gestures; they are very substantial mechanisms to deal with this issue.

I end my remarks by saying, on my own behalf as a citizen of this country and on behalf of the Ryan electorate that I represent, to those who suffered terribly on that evening of 12 October 2002, that we will not forget you, that we must honour you and we must do all we can to ensure that greater security is reached for individual Australians, for individual Indonesians and for all those in our part of the world. We must do all we can to ensure that our way of life and the values that we believe in remain protected and that they endure for the generations to come, and that all those who would wish us ill and would wish to condemn our way of life by taking innocent lives do not succeed. They must not succeed. I take this opportunity in the Australian parliament as the member for Ryan to put that on the record for the people I represent, who I know, speaking to them in the days and weeks and indeed even in the years afterwards, still remain absolutely shocked by what happened that night. In one sense six years might be a little while ago but in another sense it is as if it were yesterday.

Ms PARKE (Fremantle) (12.44 pm)—On indulgence: in a statement to the Western Australian parliament exactly six years ago, on 15 October 2002, the then WA Premier, Dr Geoff Gallop, noted that on the night of Saturday, 12 October 2002 a cowardly bomb attack shattered the tranquillity of a favourite holiday destination for many generations of Australians. These Australians experienced the horrors of war in what was expected and assumed to be a peaceful holiday destination.

I offer my deepest condolences to the families of the 202 people, including 88 Australians, who died as a result of the bombings and to the many who were injured. I also note the devastating effect this event had on the peaceful people of Bali. In addition, I wish to express heartfelt thanks to the staff at the Royal Perth Hospital and other hospitals who worked so hard to ensure a decent quality of life for those injured by the Bali bombings.

At the time the bombings occurred, I was working with the United Nations in Gaza. Unlike Bali, Gaza was not a peaceful holiday destination and bomb attacks were not entirely unexpected. Nevertheless, the fact that it happened often did not make it easier. I also had close friends working for the UN in other conflict zones such as Iraq. On 19 August 2003, my good friend Jean-Selim Kanaan, to whom I dedicated my first speech in this place and one of a number of colleagues I had worked with in Kosovo, was killed in the terrorist bombing of the UN Canal Hotel headquarters in Baghdad. Jean-Selim had worked in war zones in Africa, the Balkans and the Middle East, he spoke seven languages, he had written a book called *My War against Indifference* and his wife, Laura Dolci-Kanaan, had just given birth to their only child, Mattia-Selim—three weeks before Jean-Selim died, too young, at the age of 33. Rather than becoming disillusioned with the world, Laura continues to work for the UN and in particular for the Office of the High Commissioner for Human Rights. She is committed to raising Mat-

tia-Selim with the values that his father stood for, including respect for human life and dignity.

In his speech to the WA parliament after the Bali bombings, Dr Gallop noted:

This will unsettle many people. It may even disillusion us, and affect our view of the wider world and the opportunities that the wider world offers. We will need to work together as a community to assist individuals and families cope with the consequences of this tragedy. ... We will also have to renew our commitments to each other, despite the many differences that exist between us, be they racial, religious, philosophical, ideological or political. The time has come for us to renew our commitment to our common purpose as a society, a democratic society that respects the rights and interests of all of the individuals within it.

This is the spirit in which we must go on. Some people want to seek the bluntest and most direct form of justice for what happened in Bali. This is an understandable reaction to fear, hurt, anger and a deep sense of loss, but the death penalty is not the solution. It did not deter terrorists from committing this act and it only confuses the otherwise clear issue that those who did this deserve to be punished. I note this comment in the *New York Times* by former US Supreme Court Justice William Brennan: 'Even the most vile murderer does not release the state from its obligation to respect dignity, for the state does not honour the victim by emulating his murderer.'

Another US judge, Daniel Gaul, in a 2000 case in Cleveland was required to impose the death penalty upon the defendant, who had been convicted of murdering a police officer, but the judge was moved to comment: 'Why do we kill people who kill people to prove that it is wrong to kill people? It is not about his soul. It's about our souls, the community's soul.'

The Asia Pacific Human Rights Network has noted: 'Like other forms of punishment, the application of the death penalty is subject to human fallibility. However, unlike other forms of punishment, the death penalty is irrevocable. These two factors make the outcome intolerable.'

Former Chief Justice of India, PN Bhagwati, in a dissenting judgement in a death penalty case in 1982, said the following: 'The death penalty is irrevocable; it cannot be recalled. It extinguishes the flame of life forever and is plainly destructive of the right to life, the most precious right of all, a right without which enjoyment of no other rights is possible. Howsoever careful may be the procedural safeguards erected by the law before the penalty is imposed, it is impossible to eliminate the chance of judicial error.' Justice Bhagwati expressed the view that one innocent man being executed is enough to wipe out the value of capital punishment forever.

Similarly, I note Amnesty International's description of the death penalty:

... the ultimate, irreversible denial of human rights ... created by a system riddled with economic and racial bias and tainted by human error ...

Amnesty International participated in the sixth World Day Against the Death Penalty on 10 October this year, which is organised by the World Coalition Against the Death Penalty. I would like to read a short excerpt from a letter written last week, on World Day Against the Death Penalty, to the member for Werriwa. It is from Scott Rush, who is currently awaiting the death penalty in Indonesia. In the letter, Scott says:

If the Opposition—

against the death penalty—

is just (for) us Australian citizens it makes us stick out, like sore thumbs, amongst all the other nationals who have also got the death penalty. I say this because I share my cell with a Nigerian, Emmanuel, who's dignity and kindness helps comfort us on our many dark nights.

So taking consistent stand for everyone on the death penalty—that helps us here on the inside of the wall.

This year the efforts as to World Day Against the Death Penalty are being focused on the Asian region. Amnesty International claims that at least 664 executions have occurred in Asia in 2007 and that the real figure is probably much higher. It is estimated that between 85 and 90 per cent of the world's executions occur in Asia. The European Union, including countries such as the United Kingdom, which recently experienced the horror of the London bombings, also initiated World Day Against the Death Penalty occurring yearly on 10 October since 2007.

The trend against the death penalty is due, in part, to the lobbying efforts of the European Union. In recent years Albania, Argentina, Rwanda, Uzbekistan and the US state of New Jersey have all taken steps towards the abolition of the death penalty. It is of great concern that three people may be executed next week in relation to the Bali bombings and that the Indonesian government's announcement about the executions is likely to be made on Friday, 24 October, which is also United Nations Day.

Australia is a signatory to the Second Optional Protocol to the United Nations International Covenant on Civil and Political Rights, which is aimed at the abolition of the death penalty. The optional protocol states that the state parties 'believe that abolition of the death penalty contributes to enhancement of human dignity and progressive development of human rights' and that they are 'desirous to undertake hereby an international commitment to abolish the death penalty'.

As with the barbaric execution of Saddam Hussein in Iraq, the execution of Amrozi, Mukhlas and Imam Samudra in Indonesia will not be a cathartic conclusion to the Bali bombings and it will not reduce terrorism in our region. It will only decrease our human dignity. No-one in this place would suggest that an Australian life is worth more than the life of someone from another country, yet if we have an inconsistent position on the death penalty when applied to Australians, as opposed to those from other countries, we leave ourselves open to this very criticism. The fact that Australia has abolished the death penalty is a testament to our commitment to human rights at home but we must also be consistent in our approach to the death penalty and human rights abroad. With our close neighbours and friends, be they the governments of Indonesia, the United States of America, China or Singapore, we have not only the opportunity but the duty to respectfully insist that international human rights standards be upheld.

This sixth anniversary of the Bali bombings is a time for us to reflect on the terrible losses that occurred six years ago. We may also reflect on the fact that, while Australia is lucky to have little history or experience of terrorism on its shores, it is in our own national interest to reduce the potential for terrorism in other countries, particularly within our region. Promoting the enhancement of human dignity and the progressive development of human rights through the Millenium Development Goals and the universal abolition of the death penalty will go a long way towards achieving this. I think it most appropriate on this occasion to conclude with

the words of former Adelaide magistrate Brian Deegan, whose son Josh died in the Bali bombings and about whom the member for Werriwa spoke just a moment ago. Mr Deegan said:

... Josh detested violence, he detested conflict. For him to think of somebody being stood up in cold blood—

to—

be cut down by machine-gun fire would repulse him as it does me.

Main Committee adjourned at 12.55 pm

QUESTIONS IN WRITING**Sport Funding
(Question No. 216)**

Mr Farmer asked the Minister for Sport, in writing, on 28 August 2008:

In respect of the Northern Territory (NT) Australian Football League (AFL) and netball development contribution: (a) how will the \$2.5 million be spent? (b) what funding will be available to help athletes participate in the AFL competitions? (c) how much of this funding will go towards developing netball? (d) can she indicate whether other stakeholders, such as the NT Government, corporate sponsors or private providers, will contribute? (e) how many people currently participate in junior AFL and netball in the NT?

Ms Kate Ellis—The answer to the honourable member's question is as follows:

- (a) \$2.5 million has been allocated over five years at \$500,000 per year. In 2008/09, \$220,000 has been allocated to support the involvement of a Northern Territory Australian Football League team in the 2009 Queensland Australian Football League competition, \$230,000 for joint Australian football and netball development activities and \$50,000 to support the involvement of a Northern Territory netball team in the 2008 Australian Netball League. Expenditure for the out years will be provided to the Australian Sports Commission on an annual basis for approval.
- (b) In 2008/09, \$220,000 will be utilised to support the involvement of a Northern Territory Australian Football League team in the 2009 Queensland Australian Football League competition.
- (c) In 2008/09, \$50,000 will be utilised to support the involvement of a Northern Territory netball team in the 2008 Australian Netball League and \$230,000 will be utilised for joint Australian football and netball development activities.
- (d) Yes. Other partners to commit to the initiative as at 26 September 2008 include the Northern Territory Government, Energy Resources of Australia Rio Tinto, the Australian Football League, the Pratt Foundation and Qantas. Northern Territory Australian Football League is currently negotiating with other stakeholders.
- (e) In 2007, Northern Territory Australian football had 17,582 junior registered participants. In 2007, Northern Territory netball had 921 junior registered participants.

**Saving Lives in Water and Remote Indigenous Pools Project
(Question No. 221)**

Mr Farmer asked the Minister for Sport, in writing, on 28 August 2008:

- (1) In respect of the \$12.2 million for Saving Lives in Water announced in the 2008 Budget: (a) what are the names of the organisations that will receive funding; (b) how much will each organisation receive; and (c) how and when will all of these projects be evaluated.
- (2) In respect of the "Remote Pools" program under the Department of Health and Ageing: (a) has the Northern Territory branch of the Royal Life Saving Society Australia (RLSSA) previously received funding under this program; if so, how much; and (b) will this branch of the RLSSA receive funding for the "Remote Pools" program in 2008-09.

Ms Kate Ellis—The answer to the honourable member's question is as follows:

- (1) (a) The 'Saving Lives in Water' measure announced in the 2008 Budget has two separate elements aimed at reducing injuries and deaths from drowning in Australia.

The first element is a commitment of \$8.0 million over four years which aims to provide support for a range of national projects and priority initiatives identified in the new Australian Water Safety Strategy 2008-11. Funding allocations under this element have not yet been determined.

The second element is a commitment of \$4.2 million over four years to support initiatives that aim to reduce drowning injuries and deaths in the 0 to 4 years age group including the "Kids Alive" initiative. Contract negotiations are currently underway with Laurie Lawrence Enterprises to implement this measure.

- (b) No funding commitments have been determined under this measure to date.
 - (c) The Department of Health and Ageing (the department) will determine appropriate evaluation strategies in the administration of funding commitments made under this measure.
- (2) (a) The Remote Indigenous Pools Project is an initiative of the National Office of the Royal Life Saving Society Australia (RLSSA). The Project supports indigenous communities in achieving self-sustaining, self managed and well-resourced aquatic facilities in a number of remote locations including the Northern Territory. The department has previously provided funding for this initiative directly to the National Office of RLSSA.
- (b) The RLSSA receives funding for its projects from a variety of sources, including the Commonwealth Government. Decisions about allocation of funds to particular projects are a matter for the RLSSA.