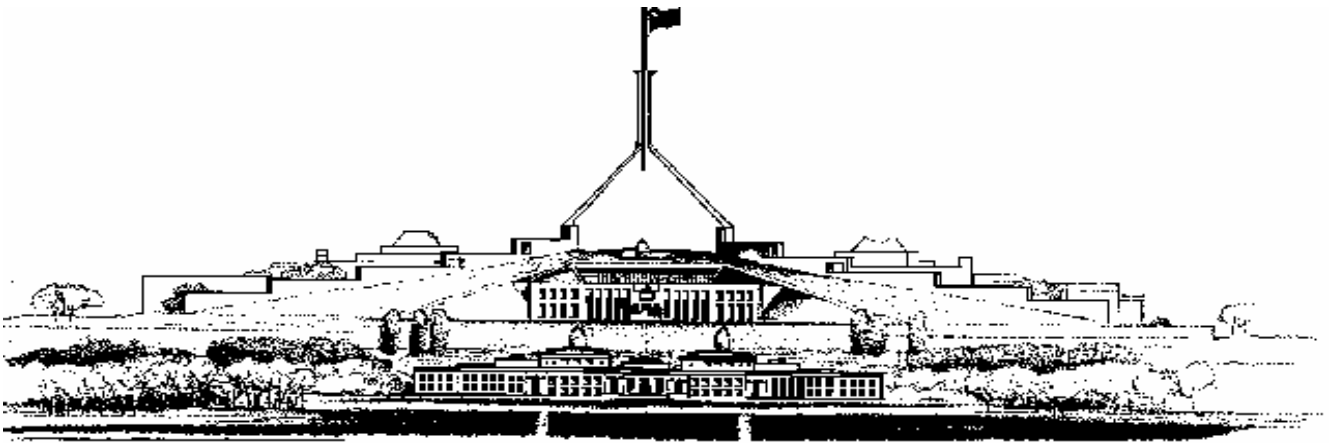




COMMONWEALTH OF AUSTRALIA

PARLIAMENTARY DEBATES



House of Representatives

Official Hansard

No. 9, 2005

Wednesday, 25 May 2005

FORTY-FIRST PARLIAMENT
FIRST SESSION—THIRD PERIOD

BY AUTHORITY OF THE HOUSE OF REPRESENTATIVES

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SITTING DAYS—2005

Month	Date
February	8, 9, 10, 14, 15, 16, 17
March	7, 8, 9, 10, 14, 15, 16, 17
May	10, 11, 12, 23, 24, 25, 26, 30, 31
June	1, 2, 14, 15, 16, 20, 21, 22, 23
August	9, 10, 11, 15, 16, 17, 18
September	5, 6, 7, 8, 12, 13, 14, 15
October	4, 5, 6, 10, 11, 12, 13, 31
November	1, 2, 3, 28, 29, 30
December	1, 5, 6, 7, 8

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

Governor-General

His Excellency Major-General Michael Jeffery, Companion in the Order of Australia, Commander of the Royal Victorian Order, Military Cross

House of Representatives Officeholders

Speaker—The Hon. David Peter Maxwell Hawker MP

Deputy Speaker—The Hon. Ian Raymond Causley MP

Second Deputy Speaker—Mr Harry Alfred Jenkins MP

Members of the Speaker's Panel—The Hon. Dick Godfrey Harry Adams, Mr Robert Charles Baldwin, the Hon. Bronwyn Kathleen Bishop, Mr Michael John Hatton, Mr Peter John Lindsay, Mr Robert Francis McMullan, Mr Harry Vernon Quick, the Hon. Bruce Craig Scott, the Hon. Alexander Michael Somlyay, Mr Kimberley William Wilkie

Leader of the House—The Hon. Anthony John Abbott MP

Deputy Leader of the House—The Hon. Peter John McGauran MP

Manager of Opposition Business—Ms Julia Eileen Gillard MP

Deputy Manager of Opposition Business—Mr Anthony Norman Albanese MP

Party Leaders and Whips

Liberal Party of Australia

Leader—The Hon. John Winston Howard MP

Deputy Leader—The Hon. Peter Howard Costello MP

Chief Government Whip—Mr Kerry Joseph Bartlett MP

Government Whips—Mrs Joanna Gash MP and Mr Fergus Stewart McArthur MP

The Nationals

Leader—The Hon. John Duncan Anderson MP

Deputy Leader—The Hon. Mark Anthony James Vaile MP

Whip—Mr John Alexander Forrest MP

Assistant Whip—Mr Paul Christopher Neville MP

Australian Labor Party

Leader—The Hon. Kim Christian Beazley MP

Deputy Leader—Ms Jennifer Louise Macklin MP

Chief Opposition Whip—The Hon. Leo Roger Spurway Price MP

Opposition Whips—Mr Michael Danby MP and Ms Jill Griffiths Hall MP

Printed by authority of the House of Representatives

Members of the House of Representatives

Member	Division	Party
Abbott, Hon. Anthony John	Warringah, NSW	LP
Adams, Hon. Dick Godfrey Harry	Lyons, Tas	ALP
Albanese, Anthony Norman	Grayndler, NSW	ALP
Anderson, Hon. John Duncan	Gwydir, NSW	Nats
Andren, Peter James	Calare, NSW	Ind
Andrews, Hon. Kevin James	Menzies, Vic	LP
Bailey, Hon. Frances Esther	McEwen, Vic	LP
Baird, Hon. Bruce George	Cook, NSW	LP
Baker, Mark Horden	Braddon, Tas	LP
Baldwin, Robert Charles	Paterson, NSW	LP
Barresi, Phillip Anthony	Deakin, Vic	LP
Bartlett, Kerry Joseph	Macquarie, NSW	LP
Beazley, Hon. Kim Christian	Brand, WA	ALP
Bevis, Hon. Archibald Ronald	Brisbane, Qld	ALP
Billson, Hon. Bruce Fredrick	Dunkley, Vic	LP
Bird, Sharon	Cunningham, NSW	ALP
Bishop, Hon. Bronwyn Kathleen	Mackellar, NSW	LP
Bishop, Hon. Julie Isabel	Curtin, WA	LP
Bowen, Christopher Eyles	Prospect, NSW	ALP
Broadbent, Russell Evan	McMillan, Vic	LP
Brough, Hon. Malcolm Thomas	Longman, Qld	LP
Burke, Anna Elizabeth	Chisholm, Vic	ALP
Burke, Anthony Stephen	Watson, NSW	ALP
Byrne, Anthony Michael	Holt, VIC	ALP
Cadman, Hon. Alan Glyndwr	Mitchell, NSW	LP
Causley, Hon. Ian Raymond	Page, NSW	Nats
Ciobo, Steven Michele	Moncrieff, Qld	LP
Cobb, Hon. John Kenneth	Parkes, NSW	Nats
Corcoran, Ann Kathleen	Isaacs, VIC	ALP
Costello, Hon. Peter Howard	Higgins, Vic	LP
Crean, Hon. Simon Findlay	Hotham, Vic	ALP
Danby, Michael	Melbourne Ports, Vic	ALP
Downer, Hon. Alexander John Gosse	Mayo, SA	LP
Draper, Patricia	Makin, SA	LP
Dutton, Hon. Peter Craig	Dickson, Qld	LP
Edwards, Hon. Graham John	Cowan, WA	ALP
Elliot, Maria Justine	Richmond, NSW	ALP
Ellis, Annette Louise	Canberra, ACT	ALP
Ellis, Katherine Margaret	Adelaide, SA	ALP
Elson, Kay Selma	Forde, QLD	LP
Emerson, Craig Anthony	Rankin, Qld	ALP
Entsch, Hon. Warren George	Leichhardt, NSW	LP
Farmer, Hon. Patrick Francis	Macarthur, NSW	LP
Fawcett, David Julian	Wakefield, SA	LP
Ferguson, Laurence Donald Thomas	Reid, NSW	ALP
Ferguson, Martin John, AM	Batman, Vic	ALP
Ferguson, Michael Darrel	Bass, TAS	LP

Members of the House of Representatives

Member	Division	Party
Fitzgibbon, Joel Andrew	Hunter, NSW	ALP
Forrest, John Alexander	Mallee, VIC	Nats
Gambaro, Hon. Teresa	Petrie, QLD	LP
Garrett, Peter Robert, AM	Kingsford Smith, NSW	ALP
Gash, Joanna	Gilmore, NSW	LP
Georganas, Steven	Hindmarsh, SA	ALP
George, Jennie	Throsby, NSW	ALP
Georgiou, Petro	Kooyong, Vic	LP
Gibbons, Stephen William	Bendigo, Vic	ALP
Gillard, Julia Eileen	Lalor, Vic	ALP
Grierson, Sharon Joy	Newcastle, NSW	ALP
Griffin, Alan Peter	Bruce, Vic	ALP
Haase, Barry Wayne	Kalgoorlie, WA	LP
Hall, Jill Griffiths	Shortland, NSW	ALP
Hardgrave, Hon. Gary Douglas	Moreton, Qld	LP
Hartsuyker, Luke	Cowper, NSW	Nats
Hatton, Michael John	Blaxland, NSW	ALP
Hawker, David Peter Maxwell	Wannon, Vic	LP
Hayes, Christopher Patrick	Werriwa, NSW	ALP
Henry, Stuart	Hasluck, WA	LP
Hoare, Kelly Joy	Charlton, NSW	ALP
Hockey, Hon. Joseph Benedict	North Sydney, NSW	LP
Howard, Hon. John Winston	Bennelong, NSW	LP
Hull, Kay Elizabeth	Riverina, NSW	Nats
Hunt, Hon. Gregory Andrew	Flinders, Vic	LP
Irwin, Julia Claire	Fowler, NSW	ALP
Jenkins, Harry Alfred	Scullin, Vic	ALP
Jensen, Dennis Geoffrey	Tangney, WA	LP
Johnson, Michael Andrew	Ryan, Qld	LP
Jull, Hon. David Francis	Fadden, Qld	LP
Katter, Hon. Robert Carl	Kennedy, Qld	Ind
Keenan, Michael Fayat	Stirling, WA	LP
Kelly, Hon. De-Anne Margaret	Dawson, Qld	Nats
Kelly, Hon. Jacqueline Marie	Lindsay, NSW	LP
Kerr, Hon. Duncan James Colquhoun, SC	Denison, Tas	ALP
King, Catherine Fiona	Ballarat, Vic	ALP
Laming, Andrew Charles	Bowman, Qld	LP
Lawrence, Hon. Carmen Mary	Fremantle, WA	ALP
Ley, Hon. Sussan Penelope	Farrer, NSW	LP
Lindsay, Peter John	Herbert, Qld	LP
Livermore, Kirsten Fiona	Capricornia, Qld	ALP
Lloyd, Hon. James Eric	Robertson, NSW	LP
Macfarlane, Hon. Ian Elgin	Groom, Qld	LP
Macklin, Jennifer Louise	Jagajaga, Vic	ALP
Markus, Louise Elizabeth	Greenway, NSW	LP
May, Margaret Ann	McPherson, Qld	LP
McArthur, Fergus Stewart	Corangamite, Vic	LP
McClelland, Robert Bruce	Barton, NSW	ALP

Members of the House of Representatives

Member	Division	Party
McGauran, Hon. Peter John	Gippsland, Vic	Nats
McMullan, Robert Francis	Fraser, ACT	ALP
Melham, Daryl	Banks, NSW	ALP
Moylan, Hon. Judith Eleanor	Pearce, WA	LP
Murphy, John Paul	Lowe, NSW	ALP
Nairn, Hon. Gary Roy	Eden-Monaro, NSW	LP
Nelson, Hon. Brendan John	Bradfield, NSW	LP
Neville, Paul Christopher	Hinkler, Qld	Nats
O'Connor, Brendan Patrick John	Gorton, Vic	ALP
O'Connor, Gavan Michael	Corio, Vic	ALP
Owens, Julie Ann	Parramatta, NSW	ALP
Panopoulos, Sophie	Indi, Vic	LP
Pearce, Hon. Christopher John	Aston, Vic	LP
Plibersek, Tanya Joan	Sydney, NSW	ALP
Price, Hon. Leo Roger Spurway	Chifley, NSW	ALP
Prosser, Hon. Geoffrey Daniel	Forrest, WA	LP
Pyne, Hon. Christopher Maurice	Sturt, SA	LP
Quick, Harry Vernon	Franklin, Tas	ALP
Randall, Don James	Canning, WA	LP
Richardson, Kym	Kingston, SA	LP
Ripoll, Bernard Fernando	Oxley, Qld	ALP
Robb, Andrew John	Goldstein, Vic	LP
Roxon, Nicola Louise	Gellibrand, Vic	ALP
Rudd, Kevin Michael	Griffith, Qld	ALP
Ruddock, Hon. Philip Maxwell	Berowra, NSW	LP
Sawford, Rodney Weston	Port Adelaide, SA	ALP
Schultz, Albert John	Hume, NSW	LP
Scott, Hon. Bruce Craig	Maranoa, Qld	Nats
Secker, Patrick Damien	Barker, SA	LP
Sercombe, Robert Charles Grant	Maribyrnong, Vic	ALP
Slipper, Hon. Peter Neil	Fisher, Qld	LP
Smith, Anthony David Hawthorn	Casey, Vic	LP
Smith, 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
Swan, Wayne Maxwell	Lilley, Qld	ALP
Tanner, Lindsay James	Melbourne, Vic	ALP
Thompson, Cameron Paul	Blair, Qld	LP
Thomson, Kelvin John	Wills, Vic	ALP
Ticehurst, Kenneth Vincent	Dobell, NSW	LP
Tollner, David William	Solomon, NT	CLP
Truss, Hon. Warren Errol	Wide Bay, Qld	Nats
Tuckey, Hon. Charles Wilson	O'Connor, WA	LP
Turnbull, Malcolm Bligh	Wentworth, NSW	LP
Vaile, Hon. Mark Anthony James	Lyne, NSW	Nats
Vale, Hon. Danna Sue	Hughes, NSW	LP

Members of the House of Representatives

Member	Division	Party
Vamvakinou, Maria	Calwell, Vic	ALP
Vasta, Ross Xavier	Bonner, Qld	LP
Wakelin, Barry Hugh	Grey, SA	LP
Washer, Malcolm James	Moore, WA	LP
Wilkie, Kimberley William	Swan, WA	ALP
Windsor, Antony Harold Curties	New England, NSW	Ind
Wood, Jason Peter	La Trobe, Vic	LP

PARTY ABBREVIATIONS

ALP—Australian Labor Party; LP—Liberal Party of Australia; Nats—The Nationals;
Ind—Independent; CLP—Country Liberal Party; AG—Australian Greens

Heads of Parliamentary Departments

Clerk of the Senate—H Evans
Clerk of the House of Representatives—I C Harris
Secretary, Department of Parliamentary Services—H R Penfold QC

HOWARD MINISTRY

Prime Minister	The Hon. John Winston Howard MP
Minister for Transport and Regional Services and Deputy Prime Minister	The Hon. John Duncan Anderson MP
Treasurer	The Hon. Peter Howard Costello MP
Minister for Trade	The Hon. Mark Anthony James Vaile MP
Minister for Defence and Leader of the Government in the Senate	Senator the Hon. Robert Murray Hill
Minister for Foreign Affairs	The Hon. Alexander John Gosse Downer MP
Minister for Health and Ageing and Leader of the House	The Hon. Anthony John Abbott MP
Attorney-General	The Hon. Philip Maxwell Ruddock MP
Minister for Finance and Administration, Deputy Leader of the Government in the Senate and Vice-President of the Executive Council	Senator the Hon. Nicholas Hugh Minchin
Minister for Agriculture, Fisheries and Forestry	The Hon. Warren Errol Truss MP
Minister for Immigration and Multicultural and Indigenous Affairs and Minister Assisting the Prime Minister for Indigenous Affairs	Senator the Hon. Amanda Eloise Vanstone
Minister for Education, Science and Training	The Hon. Dr Brendan John Nelson MP
Minister for Family and Community Services and Minister Assisting the Prime Minister for Women's Issues	Senator the Hon. Kay Christine Lesley Patterson
Minister for Industry, Tourism and Resources	The Hon. Ian Elgin Macfarlane MP
Minister for Employment and Workplace Relations and Minister Assisting the Prime Minister for the Public Service	The Hon. Kevin James Andrews MP
Minister for Communications, Information Technology and the Arts	Senator the Hon. Helen Lloyd Coonan
Minister for the Environment and Heritage	Senator the Hon. Ian Gordon Campbell

(The above ministers constitute the cabinet)

HOWARD MINISTRY—*continued*

Minister for Justice and Customs and Manager of Government Business in the Senate	Senator the Hon. Christopher Martin Ellison
Minister for Fisheries, Forestry and Conservation	Senator the Hon. Ian Douglas Macdonald
Minister for the Arts and Sport	Senator the Hon. Charles Roderick Kemp
Minister for Human Services	The Hon. Joseph Benedict Hockey MP
Minister for Citizenship and Multicultural Affairs and Deputy Leader of the House	The Hon. Peter John McGauran MP
Minister for Revenue and Assistant Treasurer	The Hon. Malcolm Thomas Brough MP
Special Minister of State	Senator the Hon. Eric Abetz
Minister for Vocational and Technical Education and Minister Assisting the Prime Minister	The Hon. Gary Douglas Hardgrave MP
Minister for Ageing	The Hon. Julie Isabel Bishop MP
Minister for Small Business and Tourism	The Hon. Frances Esther Bailey MP
Minister for Local Government, Territories and Roads	The Hon. James Eric Lloyd MP
Minister for Veterans' Affairs and Minister Assisting the Minister for Defence	The Hon. De-Anne Margaret Kelly MP
Minister for Workforce Participation	The Hon. Peter Craig Dutton MP
Parliamentary Secretary to the Minister for Finance and Administration	The Hon. Dr Sharman Nancy Stone MP
Parliamentary Secretary to the Minister for Industry, Tourism and Resources	The Hon. Warren George Entsch MP
Parliamentary Secretary to the Minister for Health and Ageing	The Hon. Christopher Maurice Pyne MP
Parliamentary Secretary to the Minister for Defence	The Hon. Teresa Gambaro MP
Parliamentary Secretary (Foreign Affairs and Trade)	The Hon. Bruce Fredrick Billson MP
Parliamentary Secretary to the Prime Minister	The Hon. Gary Roy Nairn MP
Parliamentary Secretary to the Treasurer	The Hon. Christopher John Pearce MP
Parliamentary Secretary to the Minister for Transport and Regional Services	The Hon. John Kenneth Cobb MP
Parliamentary Secretary to the Minister for the Environment and Heritage	The Hon. Gregory Andrew Hunt MP
Parliamentary Secretary (Children and Youth Affairs)	The Hon. Sussan Penelope Ley MP
Parliamentary Secretary to the Minister for Education, Science and Training	The Hon. Patrick Francis Farmer MP
Parliamentary Secretary to the Minister for Agriculture, Fisheries and Forestry	Senator the Hon. Richard Mansell Colbeck

SHADOW MINISTRY

Leader of the Opposition	The Hon. Kim Christian Beazley MP
Deputy Leader of the Opposition and Shadow Minister for Education, Training, Science and Research	Jennifer Louise Macklin MP
Leader of the Opposition in the Senate and Shadow Minister for Social Security	Senator Christopher Vaughan Evans
Deputy Leader of the Opposition in the Senate and Shadow Minister for Communications and Information Technology	Senator Stephen Michael Conroy
Shadow Minister for Health and Manager of Opposition Business in the House	Julia Eileen Gillard MP
Shadow Treasurer	Wayne Maxwell Swan MP
Shadow Minister for Industry, Infrastructure and Industrial Relations	Stephen Francis Smith MP
Shadow Minister for Foreign Affairs and International Security	Kevin Michael Rudd MP
Shadow Minister for Defence and Homeland Security	Robert Bruce McClelland MP
Shadow Minister for Trade	The Hon. Simon Findlay Crean MP
Shadow Minister for Primary Industries, Resources and Tourism	Martin John Ferguson MP
Shadow Minister for Environment and Heritage and Deputy Manager of Opposition Business in the House	Anthony Norman Albanese MP
Shadow Minister for Public Administration and Open Government, Shadow Minister for Indigenous Affairs and Reconciliation and Shadow Minister for the Arts	Senator Kim John Carr
Shadow Minister for Regional Development and Roads and Shadow Minister for Housing and Urban Development	Kelvin John Thomson MP
Shadow Minister for Finance and Superannuation	Senator the Hon. Nicholas John Sherry
Shadow Minister for Work, Family and Community, Shadow Minister for Youth and Early Childhood Education and Shadow Minister Assisting the Leader on the Status of Women	Tanya Joan Plibersek MP
Shadow Minister for Employment and Workplace Participation and Shadow Minister for Corporate Governance and Responsibility	Senator Penelope Ying Yen Wong

(The above are shadow cabinet ministers)

SHADOW MINISTRY—*continued*

Shadow Minister for Immigration	Laurence Donald Thomas Ferguson MP
Shadow Minister for Agriculture and Fisheries	Gavan Michael O'Connor MP
Shadow Assistant Treasurer, Shadow Minister for Revenue and Shadow Minister for Banking and Financial Services	Joel Andrew Fitzgibbon MP
Shadow Attorney-General	Nicola Louise Roxon MP
Shadow Minister for Regional Services, Local Government and Territories	Senator Kerry Williams Kelso O'Brien
Shadow Minister for Manufacturing and Shadow Minister for Consumer Affairs	Senator Kate Alexandra Lundy
Shadow Minister for Defence Planning, Procurement and Personnel and Shadow Minister Assisting the Shadow Minister for Industrial Relations	The Hon. Archibald Ronald Bevis MP
Shadow Minister for Sport and Recreation	Alan Peter Griffin MP
Shadow Minister for Veterans' Affairs	Senator Thomas Mark Bishop
Shadow Minister for Small Business	Tony Burke MP
Shadow Minister for Ageing, Disabilities and Carers	Senator Jan Elizabeth McLucas
Shadow Minister for Justice and Customs, Shadow Minister for Citizenship and Multicultural Affairs and Manager of Opposition Business in the Senate	Senator Joseph William Ludwig
Shadow Minister for Pacific Islands	Robert Charles Grant Sercombe MP
Shadow Parliamentary Secretary to the Leader of the Opposition	John Paul Murphy MP
Shadow Parliamentary Secretary for Defence	The Hon. Graham John Edwards MP
Shadow Parliamentary Secretary for Education	Kirsten Fiona Livermore MP
Shadow Parliamentary Secretary for Environment and Heritage	Jennie George MP
Shadow Parliamentary Secretary for Infrastructure	Bernard Fernando Ripoll MP
Shadow Parliamentary Secretary for Health	Ann Kathleen Corcoran MP
Shadow Parliamentary Secretary for Regional Development (House)	Catherine Fiona King MP
Shadow Parliamentary Secretary for Regional Development (Senate)	Senator Ursula Mary Stephens
Shadow Parliamentary Secretary for Northern Australia and Indigenous Affairs	The Hon. Warren Edward Snowdon MP

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Wednesday, 25 May 2005

The SPEAKER (Hon. David Hawker)
took the chair at 9.00 am, and read prayers.

**MINISTER FOR EDUCATION,
SCIENCE AND TRAINING**

Ms MACKLIN (Jagajaga) (9.01 am)—I move:

That so much of the standing and sessional orders be suspended as would prevent the Minister for Education coming into the House to apologise to the Australian people including school principals, staff, students and their families for politically abusing the Australian flag.

The minister should come into the House straightaway and apologise—

Mr HARDGRAVE (Moreton—Minister for Vocational and Technical Education and Minister Assisting the Prime Minister) (9.01 am)—I move:

That the member be no longer heard.

Question put.

The House divided. [9.05 am]

(The Speaker—Hon. David Hawker)

Ayes..... 74

Noes..... 57

Majority..... 17

AYES

Abbott, AJ	Anderson, JD
Bailey, FE	Baird, BG
Baker, M	Baldwin, RC
Barresi, PA	Bartlett, KJ
Billson, BF	Bishop, BK
Bishop, JI	Broadbent, R
Brough, MT	Cadman, AG
Causley, IR	Ciobo, SM
Costello, PH	Downer, AJG
Dutton, PC	Elson, KS
Entsch, WG	Farmer, PF
Fawcett, D	Ferguson, MD
Forrest, JA *	Gambaro, T
Gash, J	Georgiou, P

Haase, BW
Hartsuyker, L
Hockey, JB
Hunt, GA
Johnson, MA
Kelly, JM
Lindsay, PJ
Macfarlane, IE
May, MA
McGauran, PJ
Nelson, BJ
Panopoulos, S
Prosser, GD
Randall, DJ
Robb, A
Scott, BC
Smith, ADH
Stone, SN
Tollner, DW
Tuckey, CW
Vaile, MAJ
Vasta, R
Washer, MJ

Hardgrave, GD
Henry, S
Hull, KE
Jensen, D
Keenan, M
Ley, SP
Lloyd, JE
Markus, L
McArthur, S *
Moylan, JE
Neville, PC
Pearce, CJ
Pyne, C
Richardson, K
Schultz, A
Secker, PD
Somlyay, AM
Ticehurst, KV
Truss, WE
Turnbull, M
Vale, DS
Wakelin, BH
Wood, J

NOES

Adams, DGH
Andren, PJ
Bevis, AR
Bowen, C
Burke, AS
Corcoran, AK
Danby, M *
Elliot, J
Ellis, K
Ferguson, MJ
Garrett, P
George, J
Gillard, JE
Griffin, AP
Hatton, MJ
Irwin, J
Kerr, DJC
Lawrence, CM
Macklin, JL
McMullan, RF
Murphy, JP
O'Connor, GM
Plibersek, T
Quick, HV
Rudd, KM
Sercombe, RCG

Albanese, AN
Beazley, KC
Bird, S
Burke, AE
Byrne, AM
Crean, SF
Edwards, GJ
Ellis, AL
Emerson, CA
Fitzgibbon, JA
Georganas, S
Gibbons, SW
Grierson, SJ
Hall, JG *
Hayes, CP
Jenkins, HA
King, CF
Livermore, KF
McClelland, RB
Melham, D
O'Connor, BP
Owens, J
Price, LRS
Ripoll, BF
Sawford, RW
Smith, SF

Swan, WM
Thomson, KJ
Wilkie, K

Tanner, L
Vamvakinou, M

* denotes teller

Question agreed to.

The SPEAKER—Is the motion seconded?

Mr EDWARDS (Cowan) (9.10 am)—I second the motion and call on the Minister for Education, Science and Training to get his grubby political hands off our flag. Come into this House and apologise like a man!

Mr HARDGRAVE (Moreton—Minister for Vocational and Technical Education and Minister Assisting the Prime Minister) (9.10 am)—I move:

That the member be no longer heard.

Question put.

The House divided. [9.11 am]

(The Speaker—Hon. David Hawker)

Ayes.....	77
Noes.....	<u>57</u>
Majority.....	20

AYES

Abbott, AJ	Anderson, JD
Bailey, FE	Baird, BG
Baker, M	Baldwin, RC
Barresi, PA	Bartlett, KJ
Billson, BF	Bishop, BK
Bishop, JI	Broadbent, R
Brough, MT	Cadman, AG
Causley, IR	Ciobo, SM
Costello, PH	Downer, AJG
Dutton, PC	Elson, KS
Entsch, WG	Farmer, PF
Fawcett, D	Ferguson, MD
Forrest, JA *	Gambaro, T
Gash, J	Georgiou, P
Haase, BW	Hardgrave, GD
Hartsuyker, L	Henry, S
Hockey, JB	Hull, KE
Hunt, GA	Jensen, D
Johnson, MA	Keenan, M
Kelly, JM	Ley, SP
Lindsay, PJ	Lloyd, JE

Macfarlane, IE
May, MA
McGauran, PJ
Nelson, BJ
Panopoulos, S
Prosser, GD
Randall, DJ
Robb, A
Schultz, A
Secker, PD
Smith, ADH
Stone, SN
Ticehurst, KV
Truss, WE
Turnbull, M
Vale, DS
Wakelin, BH
Wood, J

Markus, L
McArthur, S *
Moylan, JE
Neville, PC
Pearce, CJ
Pyne, C
Richardson, K
Ruddock, PM
Scott, BC
Slipper, PN
Somlyay, AM
Thompson, CP
Tollner, DW
Tuckey, CW
Vaile, MAJ
Vasta, R
Washer, MJ

NOES

Adams, DGH	Albanese, AN
Andren, PJ	Beazley, KC
Bevis, AR	Bird, S
Bowen, C	Burke, AE
Burke, AS	Byrne, AM
Corcoran, AK	Crean, SF
Danby, M *	Edwards, GJ
Elliot, J	Ellis, AL
Ellis, K	Emerson, CA
Ferguson, MJ	Fitzgibbon, JA
Garrett, P	Georganas, S
George, J	Gibbons, SW
Gillard, JE	Grierson, SJ
Griffin, AP	Hall, JG *
Hatton, MJ	Hayes, CP
Irwin, J	Jenkins, HA
Kerr, DJC	King, CF
Lawrence, CM	Livermore, KF
Macklin, JL	McClelland, RB
McMullan, RF	Melham, D
Murphy, JP	O'Connor, BP
O'Connor, GM	Owens, J
Plibersek, T	Price, LRS
Quick, HV	Ripoll, BF
Rudd, KM	Sawford, RW
Sercombe, RCG	Smith, SF
Swan, WM	Tanner, L
Thomson, KJ	Vamvakinou, M
Wilkie, K	

* denotes teller

Question agreed to.

Original question put:

That the motion (**Ms Macklin's**) be agreed to.

The House divided. [9.16 am]

(The Speaker—Hon. David Hawker)

Ayes..... 57

Noes..... 77

Majority..... 20

AYES

Adams, DGH	Albanese, AN
Andren, PJ	Beazley, KC
Bevis, AR	Bird, S
Bowen, C	Burke, AE
Burke, AS	Byrne, AM
Corcoran, AK	Crean, SF
Danby, M *	Edwards, GJ
Elliot, J	Ellis, AL
Ellis, K	Emerson, CA
Ferguson, MJ	Fitzgibbon, JA
Garrett, P	Georganas, S
George, J	Gibbons, SW
Gillard, JE	Grierson, SJ
Griffin, AP	Hall, JG *
Hatton, MJ	Hayes, CP
Irwin, J	Jenkins, HA
Kerr, DJC	King, CF
Lawrence, CM	Livermore, KF
Macklin, JL	McClelland, RB
McMullan, RF	Melham, D
Murphy, JP	O'Connor, BP
O'Connor, GM	Owens, J
Plibersek, T	Price, LRS
Quick, HV	Ripoll, BF
Rudd, KM	Sawford, RW
Sercombe, RCG	Smith, SF
Swan, WM	Tanner, L
Thomson, KJ	Vamvakinou, M
Wilkie, K	

NOES

Abbott, AJ	Anderson, JD
Bailey, FE	Baird, BG
Baker, M	Baldwin, RC
Barresi, PA	Bartlett, KJ
Billson, BF	Bishop, BK
Bishop, JI	Broadbent, R
Brough, MT	Cadman, AG
Causley, IR	Ciobo, SM
Costello, PH	Downer, AJG
Dutton, PC	Elson, KS

Entsch, WG

Fawcett, D

Forrest, JA *

Gash, J

Haase, BW

Hartsuyker, L

Hockey, JB

Hunt, GA

Johnson, MA

Kelly, JM

Lindsay, PJ

Macfarlane, IE

May, MA

McGauran, PJ

Nelson, BJ

Panopoulos, S

Prosser, GD

Randall, DJ

Robb, A

Schultz, A

Secker, PD

Smith, ADH

Stone, SN

Ticehurst, KV

Truss, WE

Turnbull, M

Vale, DS

Wakelin, BH

Wood, J

Farmer, PF

Ferguson, MD

Gambaro, T

Georgiou, P

Hardgrave, GD

Henry, S

Hull, KE

Jensen, D

Keenan, M

Ley, SP

Lloyd, JE

Markus, L

McArthur, S *

Moylan, JE

Neville, PC

Pearce, CJ

Pyne, C

Richardson, K

Ruddock, PM

Scott, BC

Slipper, PN

Somlyay, AM

Thompson, CP

Tollner, DW

Tuckey, CW

Vaile, MAJ

Vasta, R

Washer, MJ

* denotes teller

Question negatived.

ASBESTOS-RELATED CLAIMS (MANAGEMENT OF COMMONWEALTH LIABILITIES) BILL 2005

First Reading

Bill presented by **Mr Dutton**, for **Mr Andrews**, and read a first time.

Second Reading

Mr DUTTON (Dickson—Minister for Workforce Participation) (9.18 am)—I move:

That the bill be now read a second time.

The Asbestos-related Claims (Management of Commonwealth Liabilities) Bill 2005 will allow Comcare to manage all asbestos related claims brought at common law against the government. It will achieve this by trans-

ferring the liability for such claims from the Commonwealth and Commonwealth authorities to Comcare.

Currently, the majority of common law asbestos claims against the Commonwealth are managed by the particular agencies against which the claims are made. This has resulted in some inefficiencies and inconsistencies in case management across portfolios.

Comcare's current legislative authority allows it to manage asbestos related disease claims from only current and former employees of the government, and their dependants.

The bill will give Comcare the legislative authority to manage common law claims against the Commonwealth by contractors, tenants, bystanders et cetera. Comcare will also have the authority to manage claims from former waterside workers whose asbestos claims are currently managed by the Stevedoring Industry Finance Committee.

It is proposed that defence related common law asbestos claims will continue to be managed by the Department of Defence, at the delegation of Comcare, pending a review of these arrangements by July 2006.

Statutory claims made under the Safety, Rehabilitation and Compensation Act 1988, the Veterans' Entitlements Act 1986 and the Military Rehabilitation and Compensation Act 2004 are not included in the application of this bill, and claims made under these acts will continue to be managed by Comcare and the Department of Veterans' Affairs.

Integrating the management of asbestos claims against the government will lead to more consistent decision making and more equitable and efficient outcomes. It will result in a standardised approach to management of asbestos claims. Furthermore, it will facilitate a better understanding of the nature of asbestos claims through improved knowl-

edge and experience. The long latency period for asbestos related diseases warrants special consideration for managing resulting personal injury claims.

The government's asbestos liabilities over the next 50 years have been estimated to be \$0.9 billion, the majority of which will be common law claims. Comcare will be fully funded for the cost of managing the claims. While the government's 2005-06 budget proposals provided \$86 million to the Employment and Workplace Relations portfolio over a five-year period for the costs of asbestos claims, this bill is not expected to have a significant effect on the level of asbestos liabilities. I present the explanatory memorandum to the bill.

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

**ASBESTOS-RELATED CLAIMS
(MANAGEMENT OF
COMMONWEALTH LIABILITIES)
(CONSEQUENTIAL AND
TRANSITIONAL PROVISIONS) BILL
2005**

First Reading

Bill presented by **Mr Dutton**, for **Mr Andrews**, and read a first time.

Second Reading

Mr DUTTON (Dickson—Minister for Workforce Participation) (9.23 am)—I move:

That the bill be now read a second time.

I also introduce the Asbestos-related Claims (Management of Commonwealth Liabilities) (Consequential and Transitional Provisions) Bill 2005.

The Asbestos-related Claims (Management of Commonwealth Liabilities) (Consequential and Transitional Provisions) Bill 2005 provides for the repeal of the Stevedoring Industry Finance Committee legislation. The main bill will transfer liabilities relating to current claims to Comcare. Following this,

the consequential and transitional provisions bill will transfer any remaining liabilities of SIFC to the Commonwealth.

Once the liabilities have been transferred, schedule 2 of the consequential and transitional provisions bill will repeal the following acts: the Stevedoring Industry Finance Committee Act 1977, the Stevedoring Industry Levy Act 1977, and the Stevedoring Industry Levy Collection Act 1977.

Asbestos related liabilities which were transferred from SIFC to the Commonwealth will then be capable of being automatically transferred to Comcare under the transfer provisions of the main bill.

As the committee will no longer perform any other functions after the transferral of liabilities for asbestos related claims to Comcare, it is appropriate to repeal the relevant legislation. The stevedoring industry levy collection acts have been redundant for several years.

There will also be consequential amendments to the Safety, Rehabilitation and Compensation Act 1988 to take account of Comcare's new function in managing asbestos related common law claims.

I present the explanatory memorandum to the bill.

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

**INDIGENOUS EDUCATION
(TARGETED ASSISTANCE)
AMENDMENT BILL 2005**

First Reading

Bill presented by **Mr Hardgrave**, and read a first time.

Second Reading

Mr HARDGRAVE (Moreton—Minister for Vocational and Technical Education and Minister Assisting the Prime Minister) (9.25 am)—I move:

That the bill be now read a second time.

The primary purpose of the Indigenous Education (Targeted Assistance) Amendment Bill 2005 is to amend the Indigenous Education (Targeted Assistance) Act 2000. This will appropriate additional funding to support the provision of high-quality tutorial assistance to Indigenous students who move away from their remote community to attend school.

The Prime Minister, the Minister for Education, Science and Training, Dr Nelson, and I place great importance on achieving better educational outcomes for Indigenous students. The Australian government, therefore, is strategically targeting funding to maximise school performance and to more heavily support Indigenous students of greatest disadvantage—those from remote areas.

For many Indigenous children in remote areas, their best chance for educational success is in fact to leave their community and to attend a school in a non-remote location. For some Indigenous children, it is the only option they have. This transition can however be difficult. Failure to keep pace with peers academically can be a key reason for Indigenous students not settling into a new school or dropping out of school early and then returning to their community. Students from remote communities require significant levels of support to make an effective transition.

The new funding appropriated by this bill will provide Indigenous students from remote communities with tutorial support in their first year of schooling when they move to a non-remote location to continue their education. These students will receive up to four hours tuition per week for up to 32 weeks in their first year away from home.

Between 2006 and 2008, this extra tutorial assistance will help an estimated 2,040 students undertake and complete their schooling.

A further purpose of this bill is to facilitate improved vocational and technical education arrangements for our First Australians. The move to a new national training system from 1 July 2005 and the negotiation of a new Commonwealth-state vocational and technical education funding agreement with states and territories present us with a valuable opportunity to make significant improvements to the economic, social and personal lives of Indigenous Australians.

The bill will transfer \$3.7 million per year from appropriations under the act to the Commonwealth-State Agreement for Skilling Australia's Workforce to establish a joint funding pool to improve outcomes for First Australians.

This funding is currently provided to four independent Indigenous vocational and technical education providers as transitional assistance under the Indigenous Education Strategic Initiatives Program. By transferring this funding to the new Commonwealth-state funding agreement, states and territories will be required to match the funding.

This initiative will provide funding certainty for the life of the agreement to providers who are achieving good outcomes for Indigenous clients, allowing them to establish sustainable services. It will also link ongoing funding to improved performance and outcomes for Indigenous clients.

I commend the bill to the House and present the explanatory memorandum.

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

MARITIME TRANSPORT SECURITY AMENDMENT BILL 2005

First Reading

Bill presented by **Mr Lloyd**, and read a first time.

Second Reading

Mr LLOYD (Robertson—Minister for Local Government, Territories and Roads) (9.29 am)—I move:

That the bill be now read a second time.

It is a reality that national security remains a high priority for this government. It is essential that we continue to protect the maritime industry from very real threats. It is in this context that I present the Maritime Transport Security Amendment Bill 2005 for the parliament's consideration.

Maritime security is under constant review to ensure that measures remain appropriate given current intelligence threats to the Australian maritime industry. During 2004 a review of maritime security was undertaken and a range of measures to further strengthen Australia's preventative maritime security arrangements were recommended.

This included the establishment of a special task force to undertake a comprehensive review of the security arrangements for offshore oil and gas facilities and the introduction of the Maritime Security Identification Card. The MSIC will be issued to persons requiring unmonitored access to maritime security zones on completion of satisfactory background checks.

The Maritime Transport Security Amendment Bill 2005 has two parts. The first part will security regulate Australia's offshore oil and gas industry and is necessary for the protection of offshore oil and gas industry personnel, to safeguard oil and gas supplies, and for the protection of offshore oil and gas infrastructure. The second part of the bill introduces a range of minor amendments to support the introduction of the MSIC scheme.

There is evidence to suggest that Australia's offshore oil and gas industry is a potential terrorist target. Indeed, in newspaper re-

ports this year the following statement appeared:

In 2002, Ubeid al-Qurashi, a pseudonym of an Osama Bin Laden lieutenant, wrote an article saying that Western economies cannot stand high oil prices. One way to strike fear into the West, he wrote is by repeated attacks on oil installations or on tankers. After the attack on the French tanker Limburg, in October 2002, the al-Qa'eda political bureau described the attack as not merely an attack on a tanker. Rather, al-Qaeda said, it was an attack against international transport lines and an attack on the West's commercial lifeline, petroleum.

In addition, in April 2004 terrorists attacked two offshore oil facilities south of the Iraqi city of Basra, using multiple boat-borne explosives. Three coalition sailors died intercepting this attack. Al-Qaeda has recently threatened to target Western economies, including the oil and gas industry. There is therefore a need for the implementation of effective security measures to limit the capacity of terrorists to adversely affect the Australian offshore oil and gas industry.

The potential impacts of a terrorist attack on an Australian offshore oil and gas facility include economic loss, loss of life and the disruption of Australia's domestic and international oil and gas supplies. The annual contribution of the oil and gas sector to the Australian economy exceeds \$18 billion. Victorian industrial and residential gas supplies were interrupted for two weeks following the 1998 Longford gas explosion. The impact of this disaster and the substantial contribution of the oil and gas sector to the Australian economy emphasise the need for the implementation of appropriate offshore oil and gas preventive security measures.

Given the intent and potential capability terrorist groups have to target offshore oil and gas facilities, the Australian government decided to establish the Taskforce on Offshore Maritime Security. This task force re-

viewed the security arrangements of offshore oil and gas facilities. In December 2004, following the recommendations of that task force, the Australian government announced it would be extending the Maritime Transport Security Act 2003 to security regulate Australia's offshore oil and gas industry.

The Maritime Transport Security Amendment Bill 2005 security regulates offshore oil and gas facilities located within the boundaries of Australia's territorial sea, the exclusive economic zone and the continental shelf. The bill applies to offshore oil and gas facilities used in the extraction of oil and gas, including fixed production platforms and floating production and storage facilities. The bill also security regulates offshore oil and gas service providers, such as helicopter and supply vessel operators servicing offshore oil and gas facilities. The security regulation of offshore oil and gas facilities will contribute to the secure transit of security regulated ships currently interacting with offshore oil and gas facilities.

The Maritime Transport Security Amendment Bill 2005 establishes an outcomes based security framework for Australia's offshore oil and gas industry. Offshore oil and gas industry participants will be required to submit security plans that consider the practical needs of the operators, as well as the special nature and location of individual facilities. These security plans will need to be based on the findings of offshore facility site-specific security risk assessments and should complement, rather than duplicate, existing management and safety plans.

The Department of Transport and Regional Services will be responsible for regulating the offshore oil and gas industry's security arrangements. Offshore oil and gas industry participants will be required to submit security plans to the Department of Transport and Regional Services for ap-

proval. This department will also be responsible for auditing offshore oil and gas facilities to ensure these facilities are compliant with the regulations set out in their approved security plans.

Like maritime industry participants, offshore oil and gas industry participants will be responsible for funding the security measures specified in their security plans. The Australian government recognises that this may impose costs on offshore oil and gas facility operators. However, given the global security environment, these costs are now part of the cost of doing business.

Now moving on to the Maritime Security Identification Card, currently there are no legislative requirements to check the backgrounds of people working in Australian ports, ships and offshore oil and gas facilities, as is the case in the aviation industry. The MSIC scheme will provide the maritime and offshore sectors with assurance that personnel requiring unmonitored access to sensitive areas have met background checking requirements.

Whilst the current provisions in the Maritime Transport Security Act 2003 provide the power to make most of the regulations required to introduce and implement the MSIC scheme, the amendment bill clarifies and makes explicit two aspects of the scheme. The bill ensures that any reasonable costs incurred by MSIC issuing bodies in the issue and production of an MSIC can be recovered.

The second amendment enables regulation-making powers in the disclosure of information between entities involved in coordinating and conducting background checks of applicants for the purpose of determining if a person is eligible to hold an MSIC. The Maritime Transport Security Amendment Bill 2005 is vital for the protection of Australia's offshore oil and gas infrastructure, for

the protection of offshore oil and gas industry personnel and for ensuring the uninterrupted supply of Australian oil and gas to both the domestic and international energy markets. The bill also includes amendments to support the introduction of the MSIC scheme. The MSIC scheme will require maritime and offshore oil and gas personnel to undergo background checking before they can be granted unmonitored access to the maritime security zones. I commend the Maritime Transport Security Amendment Bill 2005 to the House and I present the explanatory memorandum to this bill.

Debate (on motion by **Mr Stephen Smith**) adjourned.

TAX LAWS AMENDMENT (PERSONAL INCOME TAX REDUCTION) BILL 2005

Second Reading

Debate resumed from 24 May, on motion by **Mr Costello**:

That this bill be now read a second time.

upon which **Mr Swan** 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, the House condemns the Government's unfair 2005 Budget tax proposals that provide inadequate incentives and rewards for low and middle income taxpayers and considers that the bill should be amended to:

- (a) from 1 January 2006:
 - (i) cut the tax of people moving from welfare to work by introducing a Welfare-to-Work Tax Bonus, to replace the existing Low income Tax Offset, and when fully implemented fully offset any tax on the first \$10,000 taxable income for people earning up to \$20,000 a year; and
 - (ii) extend the income range where the 17c marginal tax rate applies by raising the threshold where the 30c rate applies from \$21,600 to \$26,400, to deliver a

tax cut of \$12 per week for low and middle income earners; and

(b) from 1 July 2006

(iii) extend the income range where the 30 cent marginal tax rate applies by raising the threshold where the 42c rate applies from \$63,000 to \$67,000, to ensure that at least 80 percent of taxpayers pay a marginal tax rate of 30c in the dollar or less; and

(iv) extend the income range where the 42 cent marginal tax rate applies by lifting the threshold where the 47c rate begins from \$80,000 to \$100,000, to improve the international competitiveness of our tax system”.

Mr STEPHEN SMITH (Perth) (9.39 am)—As we resume debate today on the Tax Laws Amendment (Personal Income Tax Reduction) Bill 2005 it is worth reminding the House of the second reading amendment moved by the shadow Treasurer, the member for Lilley:

“while not declining to give the bill a second reading, the House condemns the Government’s unfair 2005 Budget tax proposals that provide inadequate incentives and rewards for low and middle income taxpayers and considers that the bill should be amended to:

(a) from 1 January 2006:

(i) cut the tax of people moving from welfare to work by introducing a Welfare-to-Work Tax Bonus, to replace the existing Low income Tax Offset, and when fully implemented fully offset any tax on the first \$10,000 taxable income for people earning up to \$20,000 a year; and

(ii) extend the income range where the 17c marginal tax rate applies by raising the threshold where the 30c rate applies from \$21,600 to \$26,400, to deliver a tax cut of \$12 per week for low and middle income earners; and

(b) from 1 July 2006

(iii) extend the income range where the 30 cent marginal tax rate applies by raising

the threshold where the 42c rate applies from \$63,000 to \$67,000, to ensure that at least 80 percent of taxpayers pay a marginal tax rate of 30c in the dollar or less; and

(iv) extend the income range where the 42 cent marginal tax rate applies by lifting the threshold where the 47c rate begins from \$80,000 to \$100,000, to improve the international competitiveness of our tax system”.

The second reading amendment makes the first point that the government’s proposed tax cuts in the budget are unfair. While I propose to concentrate in my speech on the unfairness of the government’s proposals, it is also worth reminding the House that the presentation of this budget was a substantial missed opportunity. It was a substantial missed opportunity because the budget does not provide any long-term productive investment in the Australian economy. None of the things that the government had been criticised for by the OECD, the IMF and the Reserve Bank of Australia, particularly when the Reserve Bank raised interest rates in March by 0.25 basis points—investment in the skills and education of our work force, investment in infrastructure to remove capacity constraints and infrastructure bottlenecks, and investment in innovation and research and development—are attended to in the budget. There is no long-term investment in the productive nature of our economy. There is no long-term investment in the international competitiveness of our nation and our economy.

Those points are echoed writ large by the OECD’s latest economic outlook, released overnight. There are a number of points which are worth reinforcing as a result of the OECD’s economic outlook and which are relevant to this debate. In its 77th economic outlook, the OECD expressed deep concern about Australia’s surge in imports, contrac-

tion in exports and crippling external imbalances—and that is despite once in a lifetime favourable terms of trade, either 30 years historic record terms of trade or 50 years historic record terms of trade if the budget forecasts are met. That is found at page 110 of the outlook.

At page 26 of the outlook, you find the OECD expressing concern about soaring household debt and the vulnerability of Australia's economic prosperity to a housing sector downturn. Again at page 110, you find another reference by the OECD to Australia's infrastructure bottlenecks and supply constraints. Because of those capacity constraints, you see the OECD referring to our 2006 inflation rate forecast at 2.7 per cent and our 2010 inflation rate forecast at 2.2 per cent, above the OECD averages of 1.8 per cent and 1.7 per cent respectively. So far as the current account is concerned, we are already running a record current account deficit. The OECD records that our current account deficit for 2004 was worse than that of every single OECD country other than Hungary and Iceland, and Australia's current account deficit forecasts for 2006 and 2010, at 4.9 per cent and 3.0 per cent, are well above the OECD averages, forecast at 1.7 per cent and 1.8 per cent. On our export performance last year, 2004, out of the 30-odd member OECD countries, only Iceland, New Zealand and Turkey had a lower contribution of net exports to GDP growth. Next year, it is forecast that only Iceland, Spain and Portugal will have a lower contribution of net exports to GDP growth than Australia.

When it comes to those capacity constraints—and there is nothing in the budget about infrastructure and nothing about skills—the OECD outlook refers to the forecast for our long-term interest rates for 2006 and 2010 as being at 6.6 per cent and 6.3 per cent respectively, above the OECD averages of 4.5 per cent and 5.6 per cent. So, in 2006,

only those families paying mortgages in Mexico, Turkey and Iceland will face higher interest rates than in Australia. On the forecast for 2010, only Turkey, Mexico and Hungary will have higher longer term interest rates. When it comes to investment in consumption—again, a worrying aspect of the budget—and the risk that that puts further pressure on the interest of the Reserve Bank in increasing interest rates again, the outlook report records that Australia's real private consumption expenditure has run well ahead of the OECD average every year since the year 2000. In 2004, our consumption growth at 5.4 per cent was almost double the OECD average, at 2.8 per cent, and our real total domestic demand has run ahead of the OECD average every year since 2000.

So, while it is the case that the attention of this budget has been on the bill in relation to tax cuts that the House is considering again today, there is a raft of missed opportunities in the budget. There is no effort on the part of the government to overcome its economic complacency or to go to the next level of productivity improvements to ensure that we remain internationally competitive and that we can be a society which creates wealth and is prosperous.

Of course, if you are a society or an economy that wants to create wealth and be prosperous then what goes with that, from Labor's perspective, is that we want the members of the Australian community to share fairly in those proceeds. That is the fundamental difficulty of the government's tax relief measures: they do not enable or allow the Australian community to share fairly in the proceeds of that economic prosperity. As the second reading amendment makes clear, a fundamental deficiency of the government's proposed tax cuts and this legislation is the unfairness of the proposed tax cuts, and besides that, as the second reading amendment also makes clear, the govern-

ment's approach is not tax reform; it is simply tax relief. It makes no effort to make any longer term structural changes to benefit our taxation arrangements.

If we are going to have tax relief, it needs to be fair, not unfair, and the statistics, as far as this is concerned, are palpable and obvious. We have about seven million Australian employees who get a \$6 a week tax cut. So, for low- and middle-income earners, it is a \$6 a week tax cut and, for a small number of high-income earners, it is a \$65 a week tax cut. That goes to the central unfairness of the government's measures. For a low- and middle-income working family, it is a \$24 a month tax relief and, for high-income earners on \$105,000, it is \$240 a month. That is a tenfold increase as far as that disparity is concerned. The very strong conviction that we have is that, if you are going to propose tax relief rather than tax reform, that tax relief needs to be fair.

Under Labor's proposal, reflected by the second reading amendment and detailed amendments which we will pursue, those seven million Australian workers—those low- and middle-income working families—will get double the tax cut. They will get \$12 a week, or \$48 a month. That is where, in our view, the great inequity of the government's proposals rests. Fewer than 300,000 taxpayers earn over \$125,000 a year, yet the government's proposal would see the vast bulk of benefit going to those higher income earners. Under Labor's proposal, if you are on \$75,000 a year, \$80,000 a year, \$90,000 a year or \$95,000, the tax relief which is provided is essentially the same as the government's. So, when you go to the statistics, something like 45 per cent of the tax cut in the government's \$21 billion program goes to the top 10 per cent of earners, and nearly 55 per cent of the tax cut is shared by the other 90 per cent of taxpayers. So there is a

massive disparity there in terms of fairness and equity.

As the second reading amendment makes clear, in addition to the fundamental unfairness and the fundamental inequity of the government's measure, you do not actually find any long-term taxation reform measures. If you look at Labor's detailed proposal, the first fundamental taxation reform measure is the introduction of the welfare to work tax bonus to replace the low-income tax offset. It is a structural change which will be of enormous benefit to employees at the bottom end of the scale. It is a structural reform that provides a real incentive to move people from welfare to work, unlike the government's so-called welfare to work measures which we find in other parts of the budget, which in reality are not welfare to work measures; they are welfare to welfare measures but welfare to welfare on a lower payment. For example, when you look at the detail of the government's disability support pension changes, the parenting payments and sole parent payments, it is not welfare to work; it is welfare to welfare—remain on welfare but at a lower payment. So you have a real structural change here with the welfare to work tax bonus for those at the lower end of the scale.

The second fundamental and important change is increasing the threshold where the 30 per cent rate applies from \$21,600 to \$26,400. The effect of that is to bring the 30 per cent rate above those Australian employees who are effectively on the minimum wage, at \$24,000 to \$25,000. There is a relationship between the unfairness and inequity of these taxation measures—the \$6 a week tax cut for low- and middle-income earners and a \$65 a week tax cut for those on more than \$100,000—and the government's approach to the minimum wage. That structural change in Labor's approach sees the 30 per

cent rate going above the minimum wage level.

Finally, when it comes to the upper end of the scales, there are changes to the 42c and 47c thresholds to reflect the fact that, yes, at the upper end of the scales, to provide incentives there and to remain internationally competitive in that area, we need to make some adjustments. But Labor's adjustments are real reform and also fair reform. If Labor's proposal is adopted, the threshold for the 30 per cent rate would cut in at \$26,400, above the minimum wage level.

Let me make some remarks about the government's proposed tax cut measures in the context of the minimum wage. On 12 May, in question time, I asked the Prime Minister why he thought it was reasonable to give high-income earners a tax break of \$65 a week when he opposed the rise in the minimum wage. He was asked two questions that day. The first was:

Why does the government oppose an increase in the minimum wage from \$12 to \$13 an hour for an employee on \$24,000 a year while at the same time supporting a tax cut of \$65 a week for an employee on \$120,000 a year?

And the second was:

Why since 1996 has the government opposed, in total, minimum wage increases of \$44 a week or \$2,300 a year for an employee on \$24,000 when it now proposes a tax cut of \$65 a week, over \$4,000 a year, for an employee on \$120,000 a year?

On that day, the Prime Minister did not address the glaring disparity between someone on over \$100,000 a year having a \$65 tax break a week and someone on \$24,000 to \$25,000 a year, on the minimum wage, having the government out there opposing every national minimum wage increase since it came to office. The adverse consequence for low-income Australian working families, if the government's view had been adopted,

would have seen them \$2,300 a year worse off.

Rather than addressing that disparity, the Prime Minister resorted to the fallacious argument that, under the Howard government, real wages had increased more than they had under Labor when Labor was last in office. Of course, he did not remind the House on that occasion that, when Labor came to office in 1993, under John Howard, the then Treasurer, the rate of inflation was 10 per cent. Of course, he did not mention that, under Labor, in addition to wages, there was the social wage, which was investment in superannuation and investment in a universal health care scheme. And he did not mention the fact that, having to break the back of an inflation rate of 10 per cent, created under John Howard as Treasurer, there was a historic shift in the share in the economy between wages and profits, which was effected by, firstly, the accord and, secondly, enterprise bargaining, with wage increases being linked to productivity, thereby increasing productivity and seeing a shift from wages to profit. This was one of the reasons why we have had 14 years of continuous economic growth—and with 14 years of continuous economic growth, you would expect there to be growth in employment and real wages.

This week I asked the Prime Minister in question time whether he had seen suggestions that the government's proposed changes to industrial relations could include introducing one minimum wage scale per award through the collapsing of classification levels. Just as the Prime Minister, the Treasurer and the Minister for Employment and Workplace Relations, Mr Andrews, have previously refused to give any guarantee that, as a result of their proposed changes to the minimum wage, no individual Australian employee would be worse off, again on that occasion in the House the Prime Minister refused to give such a guarantee.

So we have this massive disparity. Within the budget itself, there is no investment in the long-term productive nature of the Australian economy, nothing for skills, nothing for infrastructure and nothing for innovation or research and development. There is a proposed tax relief regime, which includes no real structural reform as far as tax is concerned. In addition, that tax relief has been massively weighted to the top end of the scale so that someone on \$105,000 and above a year, even before getting to the government's proposed abolition of the superannuation surcharge, gets \$65 a week, and yet, if you are one of the seven million Australian employees on a low- or middle-income wage, you get \$6 a week. So there is a massive disparity there.

Meanwhile, back at the ranch, the government has opposed every single national wage increase since it came to office. If the government's view had been adopted, people on the minimum wage in Australia today—those who are on \$24,000 to \$25,000 a year—would be \$2,300 a year worse off.

To add insult to injury, not only is the government at the Industrial Relations Commission saying, 'You shouldn't increase the minimum wage from \$12 an hour to \$13 an hour,' but after the handing down of the budget, the government, together with the Australian Chamber of Commerce and Industry and the Australian Industry Group, put in a supplementary submission saying, 'The terrific benefit of \$6 a week that low-income earners get out of the tax cuts should doubly ensure that you do not increase the minimum wage.'

I was interested to see the Australian Catholic Commission for Employment Relations, in its own submission to the commission, refute that view of the Commonwealth and of the employer groups. The Catholic Commission for Employment Relations ar-

gued that the needs of low-paid workers and their families are and must continue to be addressed through both the wage packet and the public purse and that the obligation to pay a just wage, with appropriate recognition of tax and transfer payments, remains with the employer. This runs up precisely against the view expressed by the Business Council of Australia and endorsed by workplace relations minister Kevin Andrews that in the area of industrial relations, in the area of the wage relationship between the employer and the employee, fairness is not a public policy criterion. That is an outrageous analysis and an outrageous expression by the BCA and endorsed by Minister Andrews.

So there are the deficiencies that we find in the bill itself of massive unfairness as far as tax relief is concerned. But, in the context of the budget, it makes no long-term investment in the productive nature of the Australian economy and no long-term investment in our international competitiveness. In the context of what the government is doing in its industrial relations changes and in front of the Industrial Relations Commission as far as the minimum wage case is concerned now and historically during its time in office, there is a glaring inequity, a glaring unfairness, reinforced by the proposed tax cuts measures. On the other hand, there is Labor's detailed proposal: fair tax relief but also substantial tax reform. I commend the amendment to the House.

Mr TURNBULL (Wentworth) (9.59 am)—The tax and welfare systems constitute the mechanism for the redistribution of wealth throughout the Australian community. Far from the Howard government ruling for the rich, as the member for Perth and his colleagues assert regularly, the simple economic facts are that Australians on low incomes are better off today not only in absolute terms but also in relative terms to Australians on higher incomes. Average weekly earnings

were \$328 in March 1983, \$664 in March 1996 and \$976 in December 2004. If you convert all of these into 1990 prices, the 13 years of Labor saw average weekly earnings increase from \$532 in 1983 to \$558 in 1996. At December 2004, average weekly earnings in 1990 prices were \$666. As a consequence we can see that, in the nine years of the Howard government, real incomes of Australian workers on average weekly earnings have increased by 19.35 per cent. In the 13 years of Labor, they increased by 4.76 per cent—in other words, nine years of coalition government have delivered more than five times the growth in real income for people on average weekly earnings than did 13 years of Labor.

When the Prime Minister says that the coalition government has served ordinary Australian workers better than Labor, he is absolutely right. The numbers are utterly irrefutable. This growth in earnings and these 13 years of sustained economic growth have not been driven by substantially greater participation or population; they have been driven by productivity growth. That productivity growth has in turn been driven by economic reform, and that economic reform has been the focus of the Howard years in government. Almost every step in that process of economic reform has been resisted and continues to be resisted by the members of the Australian Labor Party.

But what about the relationship between those on higher incomes and those on lower incomes? According to the Australian Taxation Office's taxation statistics, in 1995-96 the top 20 per cent of income earners included those with a taxable annual income of \$40,475 and over. This group paid \$30 billion in net tax, which is equal to 53 per cent of total net tax paid by all taxable income earners. In 2002-03, the top 20 per cent of income earners included those with an annual taxable income of \$52,000 and over.

This group paid \$50 billion in net tax, which was equal to 57.6 per cent of total net tax paid by all taxable income earners. I should add that in 2002-03 the top five per cent of income earners paid more than 30 per cent of all tax paid. To narrow it down even further, the top 3½ per cent of taxpayers in that year paid 25½ per cent of net income tax paid. So not only have average weekly earnings increased substantially, and at more than five times the rate they increased under Labor, but the higher income earners—the citizens that the member for Perth has just told the House the Howard government is endeavouring to protect and benefit—are now paying a greater percentage of total net tax paid than they were in the last year of the Labor government. In other words, Australian workers on average weekly earnings are better off in absolute terms and in relative terms.

Of course, this is only talking about one part of the income story. The redistributive effect of the tax system is enhanced massively for people on lower incomes, and particularly for those who have families, through welfare benefits. Professor Anne Harding has demonstrated in her paper for NATSEM that the net impact of taxes and benefits is to redistribute income from the most affluent 40 per cent of Australians to the less affluent 60 per cent. In particular, Professor Harding said that there is substantial redistribution, via the income tax system, from the top 20 per cent to the bottom 60 per cent.

Whichever way you cut it—whichever way you look at the numbers—Australians are better off as a result of the sustained prosperity of an economy managed by the Howard government. The member for Perth complained that 45 per cent—this is his figure; I cannot confirm or contradict it—of the tax cuts will go to the top 10 per cent of income earners. He said that this is a disgraceful state of affairs and it is unfair. As it hap-

pens, that is approximately equal to the percentage of tax paid by the top 10 per cent of taxpayers by income. One would have thought that if, in the nine years of the Howard government, there had been in effect a redistribution of the tax burden to those on higher earnings in the sense that they are bearing a larger part of that burden, if there were a surplus that could be returned to taxpayers—and as a Liberal I believe, as I know all of my colleagues do, that dollars are better off in the pockets of citizens than in the coffers of government—and if there were a just program of tax relief, it would not be unfair to return tax in the same proportion that it is being contributed by taxpayers.

I will not delay the House or divert it with a further criticism of Mr Beazley's interesting tactics on this bill but the substance of his criticism, as the member for Perth outlined, is one of fairness, yet in the past Mr Beazley, like many other members of the Labor Party, has joined in the widespread complaint that our tax system has a top marginal rate that is too high and which cuts in at a threshold which is too low. Mr Bill Shorten, the National Secretary of the Australian Workers Union, memorably observed that some of his steelworkers were reluctant to work overtime because they would pay nearly half of their additional income in tax. Mr Shorten's observation, one with which my colleagues have had great fun, discloses an important reality about how the tax system works. The Commonwealth government, as a proxy for the Australian community, has a carried interest in the income of those Australians who enjoy a taxable income. The Commonwealth is, in effect, a shareholder in every business, every enterprise, every profession and every income in Australia. When the economy is strong, incomes rise and so do taxes. The Commonwealth, therefore, and the community it represents have a vested interest in Australians earning more income,

and the more income they earn the larger that vested interest.

That is the dynamic nature of the economy, which Labor so often forgets. The wealth of this nation is not a fixed amount of land or gold; it is represented in large measure by the enterprise, the imagination and the energy of Australians. We must have a tax system that encourages enterprising Australians to work hard and create wealth. Such a tax system must be competitive. The member for Perth talked about the OECD and sought support from the OECD's recent paper. What did the OECD actually say? They wrote:

To create room for continued strong growth, the government should accelerate structural reforms to reduce the risks of capacity constraints proliferating.

The OECD also called on the government to strengthen the competitive pressures in the economy.

One of the important competitive factors in our economy is the tax system. Australians have choices. They can choose not to work overtime, as Mr Shorten has reminded us, and they can choose to move overseas—there are over one million Australians living overseas today. We live in a borderless world. Our most talented are more mobile than those of any previous generation. There is a global contest for talent and, with an ageing population in all of the developed countries, it will become more intense over time. A key factor—a critical factor—is tax. The Labor Party, sadly, has not come to grips with the realities of the modern world. An economy like Australia's will simply not remain competitive if it is a high-taxing economy.

There is an interesting paradox about tax. If you take the view that Labor does that the wealth in the economy—the income in the economy—is a fixed amount to be divvied up by government as though that wealth and

that income belonged to government and not to the people who created it, then shifting rates will always have predictable results. But in the history and the experience of taxation reform we find that very often reductions in tax result not only in greater receipts of tax to government but also in the tax system becoming, in effect, more progressive because those on higher incomes pay a larger percentage of tax.

In the late 1970s and early 1980s Ronald Reagan and Margaret Thatcher made very substantial tax cuts in their respective countries. In the United States, the bottom 50 per cent of taxpayers' share of tax collection was 80 per cent less in 1984 than it had been in 1981 before the tax cuts. Similarly, the top five per cent of taxpayers in the United States paid 35.3 per cent of tax in 1981 but in 1984 they paid nearly 39 per cent. A similar outcome was found in the UK when Mrs Thatcher cut the top rate of tax from 83 per cent to 40 per cent, where it remains today. In 1979, the top 10 per cent of earners paid 35 per cent of total revenues; in 1990, they were paying 42 per cent. So tax reform through lower tax rates can be a win-win situation. Indeed, we have seen that in Australia. We have seen a situation—not as dramatic as the changes in the United Kingdom and the United States, obviously—where reductions in rates through tax reform have not only resulted in higher receipts but in those on higher incomes paying a larger percentage of the total tax take.

The tax reductions in this bill are an important exercise in tax reform. They are important because they recognise that taxes represent the income of other people, which we in this parliament appropriate. This parliament should not appropriate any more income or wealth from Australians than it absolutely needs to. When it is able to restore that income to Australians, it should do so in a manner that is equitable and calculated to

promote productivity, competitiveness and the continuation of the strong economy we have enjoyed during the years of the Howard government. I commend the bill to the House.

Mr PRICE (Chifley) (10.12 am)—Firstly I want to thank the member for Wentworth for his contribution to the House in this debate on the Tax Laws Amendment (Personal Income Tax Reduction) Bill 2005. I need to point out, however, that there has been no member on the Liberal side from Western Sydney—no member for Macquarie, no member for Macarthur, no member for Lindsay and no member for Greenway—entering this debate. They have wheeled out the honourable member for Wentworth, and I thank him for participating on their behalf in this debate.

The honourable member for Wentworth quoted an extensive number of figures. I would like to make the point that, rather than quoting average weekly earnings, the real test of how well families are going—and after all that is what we all should be interested in—is how average household income is going. For this I thank the honourable member for Lowe, who takes a keen interest in these matters. It is interesting to look at those figures. I bring them to the attention of the honourable member for Wentworth and I would bring them to the attention of my Western Sydney coalition colleagues if they were in this debate. The top 20 per cent in Australia have an average household income of \$175,000. The bottom 20 per cent have an average household income of \$12,000. The trend is that the gap is widening. But the honourable member for Wentworth asserts that this is a good thing.

This is a debate about tax cuts. Both sides of the House agree that there should be tax cuts. Tax cuts are not being opposed. What is being opposed is the fact that seven million

Australians will get \$6 a week in tax cuts while those on incomes higher than \$100,000 a year will get \$65 a week in tax cuts. On this side of the House I am shocked—and I admit that the honourable member for Wentworth did not use this terminology—that Labor members are being accused of class warfare, on the basis of our wanting to stand up for seven million Australians and their families. If that is class warfare, I am guilty.

I notice that the honourable member for Moncrieff says to Queenslanders: 'The reason you're not getting more than \$6 a week in tax cuts is that you're not paying that much in tax. Those high-wealth individuals, those earning more than \$100,000, are paying more in tax, so they need \$65 a week, while struggling families should be content with \$6 a week.' Mr Deputy Speaker Jenkins, what we have done on the Labor Party side, as you would well know, is stand up and say that we think ordinary families are worth more than \$6 a week. They actually need more and they actually deserve more.

I know that the government members, if I could paraphrase their lines, say to people: 'You've never had it so good.' The honourable member for Wentworth represents his electorate, and I accept that he does it well. It is one of the four wealthiest electorates in Australia—one of the electorates that will benefit most from the government's tax cuts—and the essence of what the honourable member contributed was to say to those who do not benefit from this bill: 'You don't deserve a tax cut.' That is what the government are really saying: 'You don't deserve it.' Anyone who earns less than \$21,000 a year will get a zero tax cut.

On behalf of some of those absent members from Western Sydney who are not entering this debate, I want to tell the House what the average income is in some Western Sydney seats. It is not \$100,000—far from it. In

Chifley the average wage and salary income is \$33,891. I am not going to say to my constituents who are earning that money and work really hard and are very anxious about how they are faring economically: 'All you are worth is \$6 a week. You don't pay enough tax to get any more.' I think they work damn hard. On this side of the House, we think they deserve more.

In Greenway the average income is \$36,595. I am not going to stand up in front of families in Rouse Hill, Stanhope Gardens or Quakers Hill and say, 'You've never had it so good; be satisfied with \$6 a week. Don't grumble just because others, doing a lot better than you and struggling a lot less, are going to get \$65 a week.' I would not stand up in front of those families and say that. I would not do it to families in Glenwood, Acacia Gardens, Marayong, Lalor Park, Seven Hills or Toongabbie. I know that these people work very hard. They would like more than \$6 a week in tax cuts. Under our proposals, they would get it. I invite the honourable member for Greenway to support amendments by the Leader of the Opposition and the shadow Treasurer that would result in those families actually getting \$12 a week.

What is the situation in Lindsay? The members for Lindsay and Greenway were happy to talk about land tax and vendor sales tax by the New South Wales government, but they are not in here talking about the \$6 a week that their constituents will get, as opposed to the \$65 a week that they will get themselves—and that I will get too, for that matter. In Lindsay the average income is \$35,624. Those families with workers bringing that sort of money into the home while paying off significant mortgages, battling against the last increase in interest rates and worrying about whether there will be another increase, think that they deserve more than \$6—and I have to say that I agree with them. Families in Cranebrook, in Castlereagh and

in Werrington County are decent people and good families. They do not think that they are well off. They do not think that they have never had it so good. In fact, they are very anxious. They are anxious about changes in IR and about job security. They worry about their mortgages. They want to get on with life and make a better life for their children.

Families in Glenmore Park, Regentville, Mulgoa, Luddenham, Londonderry, Agnes Park and Castlereagh do not believe that they have never had it so good, as coalition members would tell us. They would like to see the government give them a tax cut, and we support them. But we do not want to see the government giving them just a measly \$6—a milkshake and a hamburger, a trip for one or two children to McDonalds a week. We say they deserve more. We say that families in the suburbs out there in Western Sydney, decent Australians, work very hard. They pay their taxes—unlike, as the honourable member for Lowe has exposed, QCs, barristers and solicitors. I salute the honourable member for Lowe. He has pointed out that, for high-wealth individuals who often earn well in excess of \$100,000, paying tax is optional—unlike the situation for hardworking men and women in Lindsay, Chifley and Greenway who religiously put in their tax returns and if they do not are hunted down by the Taxation Office. For too many solicitors, barristers and judges, paying tax is optional.

Families do not think that is fair. They do not think that people earning over \$100,000 need a \$65 a week income tax cut. They do not think that they have never had it so good. They are struggling. They are proud families, wanting to raise good young Australians and have their own homes, and they are struggling. They struggled after the last interest rate rise. It was only a small one, only 0.25 per cent, but look at the prices of some of their homes. In my own electorate of Chifley

you would be hard-pressed to find a home for less than a quarter of million dollars and it is not uncommon for them to go for \$600,000 or \$700,000. And I am not in one of the flashiest electorates in Sydney; in Lindsay and Greenway you can pay even more for homes, so you would have even more of a mortgage. I was interested to read that the average mortgage is around \$200,000. In Western Sydney there would not be too many mortgages that are \$200,000 or less. In fact, I think most of them would be dramatically more. People struggle to pay those mortgages off, so giving them a \$12 a week tax cut would be a huge benefit.

I say to the honourable members for Lindsay, Greenway, Macarthur and Macquarie: come into the chamber and support us in giving families in Western Sydney a \$12 a week tax cut. I think it would go down a treat with families in their electorates. If they do not do that, they should explain why so few Australians are getting \$65 a week tax cuts. Please explain that. Is giving those who are earning well in excess of \$100,000 a year a \$65 a week tax cut actually going to fire up the economy, or would we be better off giving families in Western Sydney—and this is not limited to Western Sydney; you could say all families—\$12 a week? I think that would be better for the economy and that we would get more bang for our dollar out of \$12 a week.

The absence of those members from this debate is damning. I am really surprised that the member for Macquarie initiated a private member's motion, eagerly joined by the member for Lindsay and the member for Greenway, on state taxation and what ought to be done there but he will not come in here and defend the \$65 a week that most of the honourable member for Wentworth's constituents will receive. Wentworth is one of the four highest earning electorates, and of course the honourable Treasurer's electorate of Higgins is also one where there are very

significant numbers of people who will benefit from the \$65 tax cut. My electorate of Chifley is not one of those electorates. There will be some people, like me, who will benefit by \$65, but frankly I think the other families are the ones that really should benefit.

Mr Baldwin—Well, give it to them.

Mr PRICE—What, the \$12? Yes, I agree. The honourable member for Paterson says we should give them \$12. I absolutely agree with him. One of the other things they keep on saying is, ‘You know, the coalition have the poorest electorates,’ as though that is some justification for giving \$65 a week tax cuts to themselves and also to the constituents of the honourable member for Wentworth and the constituents of the honourable Treasurer. I would have thought that, if these are the poorest electorates, those members would be standing up and saying, ‘Look, we represent the poorest electorates. Anyone who does not earn \$21,000 does not get a tax cut, and there are a lot of our constituents in that situation. They do not have the opportunities to go to the big cities. They do not have the jobs that they would aspire to and they are taking wages of less than \$21,000. It is not a lot but it is the only thing that they can get.’ Those people get no tax cuts, and the overwhelming majority of people in their electorates get \$6. Yet this is somehow a good deal.

The coalition members do not have to justify why the wealthiest in the community are getting \$65 a week and average families are getting a mere \$6 a week. I would welcome it if the honourable member for Paterson would stand up in the House and tell us how many families in his electorate will be getting \$65 dollars a week in tax cuts and why those families should get \$65 a week, as opposed to the hardworking families in Paterson who are only going to get \$6 a week. Perhaps the honourable member for Paterson

will come over to this side of the House and support our plan, which would mean that the majority of his electorate—in fact, 95 per cent of his electorate—would get \$12 dollars a week.

Mr Baldwin—In what year, though?

Mr PRICE—Come over and we will get the amendments through and get them through the Senate, and we can get the tax cuts through this year.

Mr Baldwin interjecting—

Mr PRICE—I invite the honourable member for Paterson to come over and raise that point. We will pin the Treasurer down and we will either do it in the second reading stage or in the consideration in detail stage. Perhaps, with his support and that of my absent Liberal friends from Western Sydney, we could get \$12 a week through. I am sure the decent, hardworking families in Paterson who will get nothing—

Mr Baldwin interjecting—

The DEPUTY SPEAKER (Mr Jenkins)—Order! The honourable member for Paterson will have an opportunity soon to make a contribution.

Mr PRICE—or who will only get \$6 would welcome the courage shown by the honourable member. Please do not just stand up for the \$65 a week that you and I will get from these tax cuts. Stand up for those good families who do not believe that they have never had it so good. They are anxious and concerned. They are worried about their mortgage payments and about interest rates going up, and all you can be concerned about is getting \$65 yourself. Why don’t you stand up for decent families in Paterson?

The DEPUTY SPEAKER—Order! The honourable member will refer his remarks through the chair.

Mr PRICE—I am being subjected to quite a bit of interjection, Mr Deputy

Speaker. Has the member for Patterson escaped your attention?

The DEPUTY SPEAKER—The honourable member for Chifley will ignore the interjections.

Mr PRICE—It is very hard to but I will do my best, Mr Deputy Speaker. I want to reiterate that this is a debate about tax cuts not about whether there should or should not be tax cuts. The difference between the two sides is whether or not ordinary families should get more than \$6 a week. I am on the side of them getting more than \$6 a week. I will repeat for the benefit of the honourable member for Paterson, who was not in the chamber earlier, the average income figures. The top 20 per cent of Australian households have an average household income of \$175,000 a year. The bottom 20 per cent have an average household income of \$12,000 a year. These are the latest figures, Mr Deputy Speaker—I am sorry you missed the earlier debate—and the gap is widening not narrowing. These figures say that you do not have to give a tax cut of \$65 a week to the top but that you have to do something for the bottom and for the middle—and that is what we are doing. That is what this debate is all about. We want to narrow the gap.

Coalition members wander in here and say, ‘When you stand up for ordinary families that is class warfare.’ I plead guilty. If standing up for ordinary families is class warfare, I am guilty. That is what the honourable member for Moncrieff said. The honourable member for Wentworth said, ‘Families have never had it so good.’ He produced all sorts of average weekly incomes to prove that they have never had it so good. But the real test—as you know, Mr Deputy Speaker Jenkins, and I would always defer to your wisdom and knowledge in matters financial—is the money coming into the household. It is household income that

counts. That is how families judge whether they are doing well or poorly. They think they need a break. They would like the \$6, but they know they need the \$12 and they would be a lot better off. They do not understand why \$65 a week is going to the wealthiest income earners, the highest minority of workers. (*Time expired*)

Mr BALDWIN (Paterson) (10.33 am)—It is with pleasure today that I rise to speak on the Tax Laws Amendment (Personal Income Tax Reduction) Bill 2005, particularly in relation to personal income tax. These tax reductions, amounting to some \$21.7 billion over the next four years, are in addition to the \$14.7 billion worth of tax cuts passed in last year’s budget. I am impressed that from 1 July 2005 low-income earners will pay a marginal tax rate of 15 per cent, down from 17 per cent—if the Labor Party are sensible. The 42 per cent threshold will increase to \$63,000 and from 1 July will increase again to \$70,000. The 47 per cent threshold will increase to \$95,000 on 1 July 2005 and to \$125,000 on 1 July 2006.

How is it that we can do that? We do that because we run a sensible, responsible and balanced budget. In fact, this is the eighth surplus that we have posted since 1996. This year we will have an underlying cash surplus of some \$8.9 billion. We will reduce the \$96 billion debt left to us by Labor to \$6 billion at the end of this term. Let us compare that to Labor, because we hear a lot of rhetoric from Labor about financial management and tax. The reality is that in the 13 years they were in power they posted nine deficits. They went \$74 billion in the red, including \$69 billion worth of deficits in the last five years alone. The important thing is that instead of putting forward constructive tax argument, the member for Hunter spent most of his time in the debate yesterday arguing who was going to come in from the opposition to debate this bill.

Mr Fitzgibbon—You weren't on the list.

Mr BALDWIN—I was on the list but you did not get the updated list before your speech. It is important to understand the tax break. Of all the people who put in tax returns, 19 per cent pay no tax. It is very hard to give them a tax break when they pay no tax. Eighteen per cent of the population pay the 17 per cent rate, 44 per cent pay the 30 per cent rate, eight per cent pay the 42 per cent rate and 12 per cent pay the 47 per cent rate.

The problem is that the Labor Party seem to focus on \$6, but you need to look at that in relative terms. The tax break for those on an income of \$10,000 per annum—the Labor Party will scream, 'Who are they?' but there are a lot of kids in my electorate who work at McDonald's and other fast food outlets and who earn less than \$200 a week—is 18 per cent. Now \$6 may not sound much to members of the opposition but 18 per cent is a very real number of the amount of tax they pay.

Labor talk about people on low incomes. There are a lot of people in my electorate on an annual income of \$25,000 and they get a 7.9 per cent break in their income tax. There are also a lot of people in my electorate on \$65,000 and they get a 5.2 per cent break. We have heard members opposite refer to those on \$125,000 getting a 4.7 per cent break. What we need to understand is that it is not just the dollars that are important; it is the percentage of the income tax break.

I would like to quote an email sent to me by Jo Maslen, a person from my electorate. I think it sums it up, because it is fairly simple. Perhaps even the member for Hunter, the member for Shortland and the member for Newcastle might be able to understand it. Jo writes:

Suppose that everyday 10 men go to PJ's for lunch.

The bill for all ten comes to \$100.

If it were paid the way we pay our taxes,

- the first four men would pay nothing;
- the fifth would pay \$1;
- the sixth would pay \$3;
- the seventh \$7;
- the eighth \$12;
- the ninth \$18.

The tenth man (the richest) would pay \$59.

The 10 men ate lunch in the restaurant every day and seemed quite happy with the arrangement until the owner threw them a curve.

"Since you are all such good customers," he said, "I'm going to reduce the cost of your daily meal by \$20." Now lunch for the 10 would cost only \$80. The first four are unaffected. They still eat for free. Can you figure out how to divvy up the \$20 savings between the remaining six so that everyone gets his fair share?

The men realize that \$20 divided by 6 is \$3.33, but if they subtract that from everybody's share, then the fifth and the sixth man would end up being paid to eat their meal. The restaurant owner suggested that it would be only fair to reduce each man's bill by roughly the same amount that each paid and he started to work out the amounts each should pay.

And so the fifth man paid nothing, the sixth pitched in \$2, the seventh paid \$5, the eighth paid \$9, the ninth paid \$12, leaving the tenth man with a bill of \$52 instead of \$59. Outside the restaurant, the men began to compare their savings.

"I only got a dollar out of the \$20," declared the sixth man pointing to the tenth, "and he got \$7!"

"Yeah, that's right," exclaimed the fifth man. "I only saved a dollar, too. It's unfair that he got seven times more than me!"

"That's true," shouted the seventh man. "Why should he get \$7 back when I got only \$2? The wealthy get all the breaks."

"Wait a minute," yelled the first four men in unison. "We didn't get anything at all. The system exploits the poor."

The nine men surrounded the tenth man and beat him up. The next day he didn't show up for lunch,

so the nine sat down and ate without him. But when it came time to pay the bill, they discovered something important:

They were \$52 short!

And that is how our tax system works. The people who pay the highest taxes get the most benefit from a tax reduction. Tax them too much, attack them for being wealthy, and they just may not show up at the table anymore.

If I look at tax as a percentage of the bottom rate—

Mr Fitzgibbon—Mr Deputy Speaker, I rise on a point of order. The member for Paterson indicated that that real-life parable came from a constituent. He should be required to authenticate that fact by tabling the document from which he was reading. I can certainly indicate that the opposition would be happy to grant leave for him to do so.

The DEPUTY SPEAKER (Mr McMullan)—You are entitled to indicate that, but there is no point of order. The member for Paterson has the call.

Mr BALDWIN—Thank you, Mr Deputy Speaker.

Mr Fitzgibbon—Why don't you table it?

Mr BALDWIN—I have already read it into *Hansard*, so you can read it, unless you are blind. In 1984 the effective tax on the bottom rate was 15.8 per cent. In 1986, it went to 14.28 per cent; in 1987 it was 14.28 per cent; in 1989 it was 14.93 per cent; in 1990 it was 14.93 per cent; in 1991 it was 14.78 per cent; in 1993 it was 14.78 per cent—and this is where it gets interesting—in 2000, when the government decided to introduce the first round of tax breaks, which the opposition opposed, the effective base rate came down to 11.9 per cent; in 2003 it went up to 12.28 per cent; in 2004 it was 12.28 per cent; and with these tax cuts that figure will come down to 10.83 per cent.

We have reduced tax effectively each and every step of the way, where possible, by

posting budget surpluses and by managing our economy responsibly. As I have said, on 1 July 2000 the Labor Party opposed the tax cuts to those that were on \$50,000 a year. Remember that their rhetoric and actions on tax are fairly simple to understand, as it particularly was in 1993 when they promised l-a-w tax cuts with no tax increases and yet straight after the election we saw a second tranche of taxes introduced.

The other people to benefit in our community are those with families. I have already pointed out the percentages of income tax paid and the break they will earn. Family tax benefit A, while not strictly a tax cut, does contribute to improving the position of families under the government's tax and welfare policies. This change allows families to earn \$37,500, up from \$33,361, before the FTBA begins to be withdrawn. The bottom line is: how much cash is in families' pockets at the end of each week? I would say to people that over 400,000 families in Australian will benefit by \$12.55 a week. Members opposite pick things out to try to prove their own point, but you need to look at things in a holistic matter. It is the same as the member for Lilley determining that there is no such thing as \$600. But when you go to the families in my community and ask them, and they are holding that \$600 in their hand, they understand how real it is.

Let us look at a few members opposite and think about what they say and do about tax. The Leader of the Opposition is on the public record, when asked by Neil Mitchell on Melbourne radio did he think that Australians paid too much tax, as saying: 'No, I don't believe so, and I will say that with some vigour.' He has not changed too much on that position. And in fact, I will read into *Hansard* some further discussions he had with Alan Jones after the budget, because it is interesting.

Mr Fitzgibbon—What was the date?

Mr BALDWIN—It was on 13 May, you boofhead. Appearing on 2GB with Alan Jones, Jones said to the Leader of the Opposition:

I thought you did very, very well. What about, though, this tax cut thing? That certainly puts you offside with some of your own people and with the electorate

Mr Fitzgibbon—Mr Deputy Speaker, I rise on a point of order. I am sure you did not miss that fairly unparliamentary remark against the member for Batman, and I ask that you request the member for Paterson withdraw it.

An honourable member—It was against you!

Mr Fitzgibbon—If it was against me it is even worse.

The DEPUTY SPEAKER—I did not actually discern what it was that was said but if the member for Paterson, as he is appearing to confirm, made an unparliamentary remark I ask him to withdraw it.

Mr BALDWIN—I withdraw it, Mr Deputy Speaker, because they can give it but they cannot take it.

The DEPUTY SPEAKER—No. I ask you to withdraw—

Mr BALDWIN—I have already said that I would withdraw it, Mr Deputy Speaker.

The DEPUTY SPEAKER—I do not want a qualified withdrawal. I ask you to withdraw it.

Mr BALDWIN—I withdraw it. I will get back to the important thing. As I was saying, on 13 May Alan Jones on 2GB said to the Leader of the Opposition:

What about, though, this tax cut thing? That certainly puts you offside with some of your own people and with the electorate

The opposition leader replied:

I'm not sure about the electorate—

that is obvious, because he is now living in Sydney instead of Western Australia—

Look, I'm fighting for them. We have an opportunity here to put some pressure on the Government to do the right thing by them on tax.

Jones responded:

But you're trying to win government and the working class that you're pitching to, and which is your constituency, are often miners and labourers and factory workers, those sorts of people, they are on \$60,000, \$70,000, they write to me and say they're delighted about those tax cuts.

Alan Jones then went on to say:

Because tax cuts though are set on a percentage basis it's inevitable that those who pay the vast bulk of personal tax will always benefit most from across the board cuts. So for example the bloke on \$25 000 did only get \$6 but he got a 10 per cent tax cut didn't he?

He further said:

But I see the top 25 per cent of taxpayers are paying 64 per cent of all the personal tax and they've been stuck on that top tax bracket for a long time. Now many argue that that should be cut back from 48 and a half, but what the Government did was to say well it'll take you a little longer to enter that bracket. Isn't that fair?

Alan Jones then put to the Leader of the Opposition:

But would you consider extending the GST to 15 per cent and scrap everything else, or would you say let's eliminate all taxes and put a flat rate of 20 per cent? I mean how do you make it simpler and more easily understood by everybody?

The Leader of the Opposition then said that he would consider it. So it is obvious that the Labor Party have got a very keen eye to increasing the GST as a way of funding what they intend to do. As proved in New South Wales last night, they cannot manage a budget. But some of the Leader of the Opposition's former colleagues have set about bagging him on his position on this issue. I

quote former ALP Senator John Black in the *Courier-Mail* on 13 May:

Watching recycled Labor leader Kim Beazley and Shadow Treasurer Wayne Swan humiliate themselves *so* enthusiastically over their promise to block Budget tax cuts this week, reminds us of the popular Jim Carrey comedy *Dumb and Dumber*. But which is which? Who would you trust on the front seat of the scooter?

When your own people are saying these sorts of things about you, you have to wonder. That includes Harry Quick, who, on 13 May, said on ABC Radio Tasmania:

Why should we delay them [taxpayers] getting the six bucks?

Mr Beazley, why is that so? The list goes on, particularly from people who represent business groups, which employ a lot of people in Australia. On 24 May in the *Australian*, Mr Mark Bethwaite, CEO of Australian Business Ltd, said:

The Opposition has made its political point. Now business wants it to do the right thing by Australia and end the confusion. Retrospective laws, multiple pieces of advice from the taxation office and uncertainty add absolutely nothing to the economy or business.

If members opposite, particularly the member for Hunter, want to put at jeopardy the jobs of people in the region, they will delay these tax cuts. The people will get these tax cuts; they will get the tax cuts when we take control of the Senate. So to block them on the way through is nothing more than a spoiling game, which will not benefit anyone. It will actually increase the business costs for the many people in small business and large corporations that employ people.

Last night I heard the funniest thing I have ever heard when the member for Shortland said that she disagreed with the tax cuts so much she would actually hand her tax cuts back to the community. This is exactly what she said:

What I intend to do with my tax cut is give it to the community in one way or another. I am not going to be putting it in my pocket. I am truly embarrassed by it.

I would say to the members for Hunter, Shortland, Newcastle and Charlton that, if they are so embarrassed by it, let us see them put it back into the community. I am sure that charities like the St Vincent de Paul Society or The Samaritans or Lifeline would appreciate their personal donation of their tax cut each week. What we see here is rhetoric. Like many other things, they are rubbing their hands, they cannot wait, but they are taking a little stand which will amount to nothing. All it does is spoil the process for those in this country who work very hard and pay the taxes that actually pay their wages.

As I said at the beginning, it is important to understand that what matters is the percentage of cut relative to the amount that people pay in taxes, not just the \$6. I remind all the members from the Hunter that the member for Shortland said last night in this House that she would be donating that money to her community. I look forward to that being done without any personal benefit to her. If she is true to her word then that is what she will do.

Mr BEAZLEY (Brand—Leader of the Opposition) (10.49 am)—The honourable member who has just spoken, the member for Paterson, has never denied himself anything in his life and now he is going to be given the opportunity to do so with the amendments that I am about to circulate.

Mr Baldwin—Mr Deputy Speaker, I raise a point of order. I take great offence at that. I ask the member at the lectern to withdraw those comments.

Mr BEAZLEY—I withdraw.

**The DEPUTY SPEAKER (Mr McMul-
lan)**—There was nothing unparliamentary,
but it has been withdrawn.

Mr BEAZLEY—Today I am circulating
amendments to the Tax Laws Amendment
(Personal Income Tax Reduction) Bill 2005
that deliver Australian taxpayers fairer tax
cuts. With these amendments, this govern-
ment faces a choice: look after yourselves or
look after the people who put you there—it
is as simple as that. These amendments give
seven million Australians double the tax cut
of the Liberal Party's unfair proposal. That is
why we are fighting so hard in this place. For
around the same cost to the budget as the
Liberal Party's proposed changes to the tax
scales and super surcharge, you can deliver
an extra \$12 every week for every hardwork-
ing Australian earning \$40,000, \$50,000,
\$60,000 a year, instead of the derisory \$6
from the Liberal Party. We can reform the tax
system, improve its competitiveness and give
twice the reward to seven million Austra-
lians.

Tax legislation can be eye-glazing stuff,
but the debate on this bill is important. The
bill the government has put before the House
is a bad proposal. It is un-Australian because
it is unfair. It will give a walloping big tax
break to be enjoyed by the few, just one in 35
Australians. And that change will be en-
trenched. This tax cut will not just be en-
joyed by that small group of Australians this
year; they will enjoy it next year and the next
year and the year after that. This is a lasting
change that makes our taxation system far
more regressive.

This tax package, so heavily skewed to-
wards the highest income earners, is just one
more way that this government are changing
Australia and making it a less fair place.
Meanwhile, they are dismantling century-old
protection for workers, undermining the uni-
versality of Medicare, turning away hun-

dreds of thousands of kids from TAFE and
university, cutting income support to people
with disabilities and women who are strug-
gling to raise kids on their own, and fostering
a widening gulf between the well-to-do cities
and Australia's regional towns and forgotten
bush.

The Liberal Party's unfair tax proposals
tell us about the wrong priorities of this
Prime Minister and this Treasurer. Faced
with a tax windfall from a once-in-a-century,
worldwide resources boom, what is their
priority? Poised to get control of the Senate
and enjoy unchecked power, what do they
do? The Prime Minister and Treasurer say
that the nation's top priority is to deliver a
whopping big tax cut to a small group of just
one in 35 Australians. We have seen how
anxious the Treasurer is to get his hands on
his tax cuts. We hear him harping on about it
every day, haranguing me to let him get his
hands on his tax cuts. Why is he so agitated?
Why does he jump up and down like a pop-
up toy? It is because we are standing in the
way of his political ambition. He wants these
tax cuts to line the pockets of Liberal Party
backbenchers and build support in the party
room, and we are standing with seven mil-
lion Australian taxpayers saying, 'Take less
for yourselves and give them \$12 a week.' It
can be done. It is affordable and it is much
fairer.

In saying it is affordable, I note that in all
the rubbish that the Treasurer has sought to
dump on us in question time after question
time, day after day, as he smirks his way
through his answers in his arrogant way—the
more he smirks the more you know that or-
dinary Australians are being duded, and the
truth is that they know it as well—he has
never attempted to lay a glove on the hit, the
bottom line of the budget that our tax cuts
would be, for the simple reason that he
knows it is a no greater hit than the one he is
imposing. You would think he would have a

go at that, but he has not—not in the entire time that he has had a go at us.

Our distribution of that money is much fairer. We have the amendments here today that will do the job. The opportunity is now here for government members to stand up for their constituents. The government has two options on tax: the Liberal Party's unfair proposal or the Labor Party's fair proposal. It should consider them both and choose the better option. That is what the Treasurer should do today. Take the better option, adopt these amendments and implement a fair tax-cut package. With these amendments, I say to the Treasurer, 'Get out of the way and let Australians have the fair tax cuts that they deserve.' The Treasurer still cannot be bothered to come to the table and explain why his proposal is better than Labor's fairer plan. He will not talk straight to the Australian people. He will talk around it and introduce tricky little propositions for parliamentary manoeuvres, but he will not say why he thinks that his tax cut for ordinary Australians is fairer than this. He will rant about how outrageous it is that members of the Australian Labor Party are willing to use their votes in this parliament to say no to his unfair, un-Australian plan.

The reason he will not talk straight is that he cannot defend his position. When you set side by side the unfair Liberal Party proposal and the fair Labor tax cut proposal, only one stands up. It stands up on reform, fairness, responsibility and competitiveness. All the experts' analysis of the unfair Liberal Party plan concludes that the Liberal Party plan disproportionately favours the highest income earners at the expense of upper-middle, lower-middle and lower income earners. How do you defend giving a member of parliament a \$65 a week tax cut when you give just \$6 to the hardworking electrician? How do you defend giving an extra tax break of thousands of dollars for the wealthiest people

in the community while you throw \$6 to a panel beater? Doesn't the Treasurer owe the Australian people an explanation when there is an alternative plan in black and white that delivers a better deal?

The only way that Mr Costello can get away with it is to throw up a smokescreen. He claims that Labor's fairer tax cuts are imaginary. Labor's tax package is not imaginary, the tax cuts are real, right here and will be moved in this place. The Treasurer says that they can only be delivered after the next election in 2007, but, no, they are ready to go now in black and white. They just require the votes of the majority of members in this House, and Australians will get a fair set of tax cuts. We are told that Labor is delaying tax cuts, cuts that will be implemented once the government seizes control of the Senate on 1 July. But the only thing standing between Australia and Labor's fair tax cuts is the Treasurer and his refusal to listen to the better alternative. I note he has not been around in any of this debate to this point. He is so proud of what he is doing here that he feels he ought not to be in the place to defend it, running the debate for the government. He has delivered the only message that he wants to deliver and it is not a message to the Australian people; it is a message to the Liberal Party backbench.

There is no copyright on these amendments that we have circulated today. They can bear the Treasurer's name and signature and he can take all the credit for this better, fairer plan. We will not complain when Australians pat him on the back and say: 'You're a hero, Mr Costello. You had the guts to admit you were wrong and did the right thing by hardworking Australians.' The Treasurer says that Labor's defence of seven million Australians is just old-fashioned, populist and opportunistic envy politics and class warfare. Do not get blown away by the bluster; just look at the facts. The budget shows

just how phoney is the Treasurer's claim to be the champion of Australians who want to work hard, do a bit of overtime and get ahead.

The Labor Party celebrates the success of all those Australians who have worked hard, studied hard, got a promotion or built up their own business and are earning a bit more. For a century Labor governments have worked hard to create opportunities for Australians, no matter what their background, to get ahead. So our tax package delivers tax cuts of up to \$40 per week to people on upper-middle incomes. We do not quarrel with the Liberals' proposed tax cuts for people on \$80,000 or \$90,000. But those people are not the only Australians with aspirations. The Treasurer says that to reward aspirations you have got to give people on \$125,000 a year a tax cut that is 10 times the size of the tax cut for average income earners.

The Treasurer should explain this to the nurse working in the Fairways Retirement Community in Bundaberg. No matter how carefully she looks after the elderly patients, how is that nurse ever going to earn a \$125,000 salary? Doesn't she deserve better than \$6? Of course she does. What about the school bus driver in the outback, battling through the searing sun every day to get the farming kids into town for school and home again? No matter how many kids he collects or how many trips he does, he can never aspire to a \$125,000 salary. But he works his guts out. He has got aspirations for himself and his family. Why doesn't he deserve better than \$6 in tax cuts when you are spending \$24 billion off the bottom line of the budget?

Pretending to be concerned about Australians who want to get ahead is no substitute for rewarding their extra effort. The Treasurer's comments are an insult to millions of hardworking Australians who do a good job and work hard but just do not happen to be a

stockbroker, a lawyer or a member of parliament. Fewer than one in 35 Australians earn the sort of money that allows them to get the \$65 tax cut. Just because they will never earn \$125,000 does not mean that the people I have been talking about do not have aspirations for themselves and their families, and it does not mean that when you are taking \$24 billion off the bottom line of the budget they do not deserve a respectable tax cut, a reward for their hard work.

That is why I will be tabling these amendments to the bill. These amendments are real. They can be passed today. They are fair and they support the aspirations of all Australians. The amendments raise the threshold where the 30c rate cuts in from \$21,600 to \$26,400. They implement a welfare-to-work bonus that would provide an effective \$10,000 tax-free threshold for people earning up to \$20,000 per year. These changes would take effect from 1 January 2006. Because they come into effect at the midpoint of the financial year, the amendments provide for a composite tax table for the 2005-06 financial year. This will operate similarly to composite tax tables that have been used six times in the past three decades. Where there are any consequential amendments to related tax laws, we will work with the government in the Senate to give effect to them.

The amendments provide further tax cuts from 1 July 2006, raising the threshold where the 42c rate cuts in from \$63,000 to \$67,000 and raising the threshold where the 47c rate cuts in from \$80,000 to \$100,000. They would deliver a \$12 tax cut for those earning from \$25,000 to \$70,000—double what the Liberal Party is proposing. They would give tax cuts for people earning from \$70,000 up to \$105,000—equal to the proposed tax cuts in the Liberal Party's plan. These amendments would deliver \$40 to people who earn \$105,000 and above—one-

third less than what the Liberal Party is offering, and a much fair outcome.

I lay down the challenge to the members of the Liberal Party and National Party to determine where they stand. Will they enrich themselves or will they look after the people who sent them here? To help them make the right decisions I will explain the benefit of Labor's tax plan. For a dual-income family on a combined income of \$85,000, Labor's fairer tax cuts would deliver this much extra to the Liberals' unfair proposal: it will fill the family car petrol tank 45 times over the next four years; it will pay the family's membership to their favourite footy club for four years; it will pay for one dental check-up a year for the kids for four years; it will pay for a week's holiday for the family; it will buy a home computer and printer for their kids to use at school.

So I say to the members opposite: this is a challenge for the member for Kingston to stand up for the people of Morphet Vale who will only receive a \$6 a week tax cut under his party's plan. It is a challenge to the member for Bonner to stand up for the people of Gumdale to vote for the package that doubles their tax cut. This is a challenge to the member for Greenway to stand up for the families in Blacktown who will only receive a \$6 a week tax cut—vote for a package that doubles their tax cut. This is a challenge to the member for Wakefield. He should be in this chamber now standing up for the people of Gawler, ensuring that they double their tax cut. And this is a challenge to the member for Makin to stand up for the people of Modbury and vote for their \$12 tax cut. I put this challenge to every backbencher and every minister in the government. Will you stand up for the vast majority of people who will only receive a \$6 a week tax cut? Will you vote for a package that will give you a little less but double their tax cut? Or will the record show that you voted to halve the tax

cuts for the people who put you here so you could double your own tax cut? This is a choice, a test for this government. It is a test for its members who claim to represent hardworking Australians.

For my part, I am quite prepared to cop some criticism for taking this stand. I will cop a few rocks thrown by the special interest groups who trouser the lion's share of the Liberal Party's largesse. I will cop a bit of flak from the conservative commentators who reckon it is really the rich who are doing it tough and need a break. But I am not going to cop a sermon from a smug, self-righteous Treasurer who wants to berate me for standing up for the aspirations of seven million hardworking Australians. Frankly, from him it is a bit rich. It is easy enough for members of the cabinet to vote themselves whopping big tax cuts as they run their fingers through the rich, thick wool pile of their new \$4,464 sheepskin covered chairs in the cabinet room—what a joke. It is much tougher for a hardworking Australian on an average income of \$51,000 to stomach it.

Does anyone seriously believe that if this were May 2007 and we were just a few months short of an election that this government would dare to go before the public and be judged on this tax package? Does anyone seriously believe that it would risk this act of rewarding itself with huge tax cuts whilst tossing scraps to the rest of us in an election year? It is little wonder that there is so much cynicism about this place, Canberra, and politics and politicians. Day after day the insiders in this place just want to talk about tactics and power games and how you can move clever disallowable instruments in the Senate. They love to think about the political contest of this. The people out there live real lives, and they say that since Labor cannot be sure of winning this fight with our opponents that we should not take it up. But sometimes it does not really matter who are the political

winners or losers. What matters is who in the Australian community are the winners from the policies that we vote for in this parliament. And seven million Australian taxpayers lost out when the government was cutting up this huge tax reduction pie of \$24 billion. Yet that pie is big enough for all Australians to get a fair slice. If the Treasurer is willing to cut himself a smaller slice of the tax cuts, maybe eat a bit of humble pie for the first time in his life, then he might leave a decent slice for the rest of this country, and that is what the amendments will do.

PERSONAL EXPLANATIONS

Mr FITZGIBBON (Hunter) (11.09 am)—Mr Speaker, I wish to make a personal explanation.

The DEPUTY SPEAKER (Mr McMullan)—Does the honourable member claim to have been misrepresented?

Mr FITZGIBBON—Yes.

The DEPUTY SPEAKER—Please proceed.

Mr FITZGIBBON—During his contribution to this bill, the member for Paterson charged me with misleading this House. It is a very serious accusation, and I wish to respond. He claims that last night, by claiming that he did not appear on the original speakers list to this bill, I had misled the House. That is not true, and I am very confident—indeed, most confident—that both the Chief Government Whip and the Chief Opposition Whip will confirm that the members for Paterson, Page and Wentworth did not appear on the original speakers list on this bill.

TAX LAWS AMENDMENT (PERSONAL INCOME TAX REDUCTION) BILL 2005

Second Reading

Debate resumed.

The DEPUTY SPEAKER (Mr McMullan)—The original question was that this bill be now read a second time. To this the hon-

ourable member for Lilley has moved as an amendment that all words after ‘That’ be omitted with a view to substituting other words. The question now is that the words proposed to be omitted stand part of the question.

Mr CAUSLEY (Page) (11.09 am)—Mr Deputy Speaker, I would not even respond to such childish comments. The member for Hunter comes into this House like a lot of Labor members I have known over the 20 years I have been in politics. He says something in the House but he speaks different words when he gets into his own electorate. I would challenge him to go to his own electorate and tell the coalminers of that area who earn \$80,000 to \$100,000 a year that they are well off, because in fact they are not. That is the type of rhetoric we hear here, the socialist rhetoric we hear from the Labor Party, who come into this House and cry all the time about how they look after the so-called poor in the community but speak different words when they go back to their electorates. That applies to the member for Hunter, and to the member for Reid who I notice is not here, and I will come back to that in a minute.

That is chapter 3 in the opposition to the tax bills that we have seen in this House. The first reaction from the member for Brand, the Leader of the Opposition, was when he was trapped by the member for Perth and the member for Lilley into opposing these tax cuts. By the time it came around to the end of the week and he had to reply, they were going to have tax cuts of their own. But since it has been revealed by the Treasurer that these tax cuts were not going to come in until 1 July 2006 and some of the benefits were not going to come in until 2008, we now have the member for Brand, who has been exposed, come back into the chamber and try to cover that up with an amendment which he says will guarantee tax cuts immediately.

I will go through some of the facts here, instead of some of the bluster that we have heard from the opposition about some of these details. In fact there was rhetoric again in the speech from the member for Brand. I want to make this statement as I feel very strongly about this: how do we expect the public to have some view of politicians in this place when politicians come in here and attack one another? With the idea that the member for Brand could stoop so low as to come in here and say that politicians were going to pocket some big gain, is it any wonder that there is no respect for politicians out in the community? That is the lowest form of attack. Quite frankly, the member for Brand should be ashamed that that is the only argument that he can progress in this particular chamber.

The opposition seem to have a problem here: they will not look at the wide picture. They will not accept the fact that families get more than tax cuts. Under this government, families have benefited extremely. If you go back to the beginnings of the Howard-Fischer government and you look at the family benefits at the present time, I am sure you will see that there has been an increase in the take-home pay of the average family of something like 30 per cent, with the benefits that have accrued over the series of budgets from the Howard-Fischer to the Howard-Anderson government. They are the types of things that you need to take into account.

I represent one of the poorest electorates in the nation—I think only the member for Cowper has a poorer electorate—and the average income there on the wages side would be somewhere around \$35,000 to \$37,000 a year. Of course we have a lot of retired people who are on much less than that on the pension. We heard yesterday from the Treasurer that the opposition have forgotten the pensioners. This government has lifted the threshold for pensioners. A single income

pensioner can now earn \$21,000 and a couple can earn up to \$36,000 without tax. That has all been forgotten, and they are prepared to oppose that. That is a very big part of the electorate in our areas—the retired pensioners on the north coast of New South Wales. Of course there are other benefits that I will not go into today that have been given to pensioners by this government.

The real issue here is to have a close look at who pays tax and who does not pay tax. In my electorate, an average family with two children, one of whom is under five, can earn up to \$47,000 before they pay any net tax. I think that is fairly reasonable. There was a problem with the taper on people coming back from the dole to work—which we see quite a lot of in my electorate—and this government has moved to try to alleviate that problem so that if someone is coming back into the work force they can earn up to \$21,000 before their benefit is affected. I think it is highly reasonable that people can get that amount of money—and they still get their benefits at \$21,000—until they are affected.

The real issue here is: how much do people benefit in the long term? The Leader of the Opposition has been going on with a lot of smoke and mirrors here and a lot of bluster—in fact, he has been trapped into this and now he has to bluster his way out of it. I have been listening to some of the speeches opposite and they have been very short on detail, so let me start to give you some detail. I happen to have a list here of the tax cuts from both sides—the government's proposed tax cuts and the opposition's proposed tax cuts. Let me show you just how ridiculous this argument really is. Let us have a look at someone on \$10,000—that is obviously a part-time job. If you have a look at what the Treasurer proposed, you will see that the tax cut in 2005-06 is \$8.60 a week. That particular taxpayer is paying \$450 a year tax; they

get a tax break of \$8.60 a week. Let us have a look at the Labor Party proposal. A person on \$10,000 would get \$8.56.

Let us look towards the top end of the scale: \$100,000—and, might I say, that is not an unreasonable salary. When the member for Brand comes in here and talks about politicians, I invite him to have a look at high school headmasters and see what their salary is, because he is bracketing them in the same area. I wonder what the member for Newcastle would say about that if they were trying to denigrate high school headmasters. But if we look at \$100,000 a year, the tax cut in 2005-06, as proposed by the Treasurer, is \$41.57—and that particular taxpayer on \$100,000 has been paying \$34,000 a year. If we have a look at the tax break under the Labor Party, we will find that, for \$100,000, the tax cut is \$40.46. So it is \$41.57 from this government and \$40.46 from the Labor Party. Is this opposition for opposition's sake? You have to ask the question. This is a ridiculous argument.

The Leader of the Opposition has trapped himself by going out there with the politics of envy and saying, 'The government are hitting all the low-income people here. We've got to do something about this; our socialistic instincts tell us we must do something.' When you look at the reality of it, he has come back with nothing different, just a manipulation of figures, because they do not take into account family tax benefit A or family tax benefit B.

Of course, we have heard the member for Lilley on the \$600. I might remind the member for Lilley that a lot of my taxpayers are presently putting in their tax returns, and I can assure him that they are about to get \$600 per child. I have a number of people who have thanked me for that cash injection, which helps them considerably. I think that we have to look closely at some of this de-

bate and try to flesh out exactly what it is about.

I think it is quite interesting to have a look at some real-life examples. I have checked a couple in my electorate and I will go through two of them. One particular person is on an income of around \$64,000. He is a butcher with two young children and his wife does not work. They are paying off a mortgage of \$250,000—and I do not think that is high; I would expect that the member for Reid and the member for Fraser, for that matter, would have constituents paying off bigger mortgages than that. Their loan repayments are \$390 a week for a modest home. The butcher works 40 hours during the week, for which he gets a normal rate of pay of \$22 an hour, and eight hours overtime on the weekend, for which he gets double time. Of course, he is dissatisfied with the tax he is paying. His gross weekly income is \$1,232. At the moment, he pays \$310 tax, and he ends up with \$922 a week. He gets two lots of minimum payments under family tax benefit A, and his wife gets family tax benefit B; they get about \$100 a week out of family tax benefit. All up, they have \$1,022 per week. Out of this they have to pay their mortgage, which I said was \$390, and they have \$632 in hand for their cost of living and their young family. The changes announced in the budget will see this income rise by about \$20 per week, to \$942, with family tax benefit of another \$11 a week. That is just an ordinary working-class butcher.

I will just go through one other example. It was mentioned by the Leader of the Opposition in a derisory way when he said, 'Giving an electrician \$6.' Let me go through the circumstances of an electrician. I have many in my electorate. This electrician has a wife and four children. He works for the local council and gets \$23 an hour. He does about 10 hours overtime a week. From July next year they will have an extra \$40 a week in

their pocket on an income of about \$50,000 all up. I think those are real returns for people who are not in the high tax brackets. They are what I would say are ordinary working-class people. In fact, I think that people in the western suburbs of Sydney and obviously in some areas of Melbourne would have higher incomes than that. That would be an average working-class family in the country, and they are going to get those benefits.

This whole argument is completely ridiculous. As I said, I have been in politics for 21 years, and I watch with interest body language. I can tell you that there are a lot of members opposite who do not have their hearts in it. This is something they are obviously doing to support their leader, but they do not have their hearts in it.

Mr Danby—Psychologist!

Mr CAUSLEY—I doubt whether the member for Melbourne Ports has his heart in it, either, because I suspect a lot of his constituents earn a lot more than \$50,000. They would earn closer to \$100,000 and more. They are the people who have some aspirations. They are the people you want to encourage to work—to go out there and do the overtime, to better the conditions in Australia, to improve Australia.

I spoke once in this House about when I began my working career. I had gained a scholarship to go to university and I disgusted my father because I decided I would go cane cutting. I joined the AWU, which I think the member opposite, as a member of that union himself, would be very interested to learn. But let me say this: around about 1958, working extremely hard for eight hours a day cutting sugarcane, we earned £100 a fortnight, which was good money. But in those days, the tax rates were not as onerous as they are today. As a single person, I was taxed £20, which left me with £80 in

my hand. That was a lot of money. Doing that very hard work was worth while because you knew that at the end of the day you would get something in return. You were not taxed out of existence by the types of tax rates in Australia today.

How will we find incentives in this place if we have this tall poppy syndrome always telling people, 'You've got to knock them down. Don't let them improve themselves'? That is what we hear from the member for Brand: 'Don't let people improve themselves; knock them down. Don't give them any incentive to do overtime.' How many times do we hear someone say, 'I'm not going to do any more hours this week because that will put me up into the higher tax bracket'? That is ridiculous. These tax breaks will mean that 80 per cent of Australians will pay tax of no more than 30c in the dollar.

With the politics of envy that we have coming from the other side, there is another figure I think this parliament needs to take note of: the top 25 per cent of taxpayers in this country pay 64 per cent of the tax. I have not done the figures but I would imagine that, after these tax breaks, that will not change; it will still be very similar. I think it is only reasonable and fair to point out that someone on \$100,000 a year—and do not kid yourself that that is a big income; many people work very hard and earn that sort of money—has to pay \$34,000 in tax. Quite frankly, I think that is outrageous.

The people of Australia deserve a break and this Treasurer has offered them a break. But all we are hearing from the opposition—and we heard it again in part 3 of the Leader of the Opposition's opposition to these tax cuts—is: 'Oh, this is unfair because those on lower incomes are being hit.' As I finalise my remarks, let me go through the scales again. On an income of \$10,000 a year, the Labor Party gives a tax break of \$8.56 and

the coalition offers \$8.60. That is a difference of 4c. On \$100,000, the coalition gives \$41.57 and the Labor Party offers \$40.46. That is a difference of \$1.11.

What is this argument about? What is this debate about? It is the most ridiculous debate I have ever heard in this place. It is opposition just for opposition's sake and is, as I have said, dragging everyone down to the lowest common denominator, trying to smear people by saying, 'In this country, if you earn some income, you are filthy rich.' In this country, very few people are rich and most of those who are have worked damn hard to get there; they have worked very, very hard to get there. I think we should get this debate back in perspective and see it for what it is. It is smoke and mirrors, it is bluster and it is opposition for opposition's sake.

Mr MARTIN FERGUSON (Batman) (11.26 am)—In many ways the Tax Laws Amendment (Personal Income Tax Reduction) Bill 2005 is a piece of legislation that enables people on either side of the House to define what they stand for. This debate is about one's values and, I suppose, about why we choose to join different political parties. As I see the member for Page escape the House, I must comment on what a short memory he has. Labor have never been driven by the politics of envy. The member for Page might recall the first income tax scale that we inherited. In March 1983 the then Treasurer, John Howard, left the incoming Hawke Labor government with a top marginal income tax rate in Australia of 60c in the dollar. That is what it was: 60c in the dollar. It is also interesting to note that, in terms of economic management, they were very tough days for Australia. Perhaps it is about time that we remind this House a little about what we inherited in March 1983, because we were about tackling the economic and social challenges that confronted Australia. That is what tax policy has to be about; it

is about how we drive change across a variety of challenges in terms of the role of government.

I think back to March 1983. In essence, Australia was economically stagnant. We were an economy on our knees. That is what the now Prime Minister left Australia with, after decades of conservative government. We had an unemployment rate rising above 10 per cent accompanied by inflation of 11.5 per cent. The Australian manufacturing sector was in decline. Wages were increasing, through a lack of understanding about wages and taxation policy, by 14 per cent. And how had the government responded? It had responded with industrial disputation and by endeavouring to impose a wage freeze. Over 6.4 million working days were lost in the two years 1981 and 1982.

I raise those issues because I think the government has lost sight of what it should be using the tax system for. No-one denies that higher income earners in Australia are entitled to some consideration when it comes to tax cuts. But today we are not debating where the community is going on the tax front; we are debating a desire by the Howard government, a government led by a Prime Minister who is a former failed Treasurer, to introduce a piece of draconian legislation with one objective. In the context of the Australian community, that objective is to make the poor poorer, in relative terms, and the rich far richer.

In essence, this bill pursues what the coalition stands for—and that is looking after some in the Australian community and, on the way through, breaking down the egalitarian nature of Australian society. It is about driving a wedge between wealthy Australians and those equally hardworking Australians in low-paying jobs who struggle to make ends meet. That is the truth of the matter. There are many Australians who are low paid who

work equally as hard as those who earn \$1 million or \$2 million a year—low-paid Australians who struggle from week to week, bringing up children and trying to make ends meet.

I really do not accept that the Treasurer understands how difficult it is, because, since he became Treasurer in March 1996, he has hardly strayed outside the major capital cities of Sydney, Melbourne and Canberra. He has hardly ever visited the suburbs to meet with the ordinary people, who are finding it exceptionally difficult to meet their weekly commitments. This tax proposal is truly about driving a wedge between wealthy people and other equally hardworking Australians. The Treasurer claims he is the sole architect of this bill, with minimal influence from the Prime Minister. The Treasurer's real 'sell' in the media at the moment is that he should be elected as Prime Minister because he is responsible for these major reforms on the tax front.

Let us think about the Treasurer's major reforms. This bill gives 45 per cent of the value of tax cuts to 10 per cent of taxpayers at the top end of the income scale. Is that how the Prime Minister defines equity? In essence the bill reflects the Treasurer's and the Howard government's complete disdain for the principles of fairness and equity—a fair day's pay for a fair day's work. Accordingly, the government has suggested that the other 90 per cent of taxpayers, not many of whom live in the Treasurer's seat of Higgins, can share the remaining 55 per cent of the value of the tax cuts. A lot of those people who are represented in that group of 90 per cent and who are expected to share just 55 per cent of the tax cuts live in my electorate.

As we have heard a number of times in this place, under the Howard government's proposal the maximum tax cut available to those earning up to \$63,000 per week is just

\$6. Stop and think about it. Who are these taxpayers that the Howard government expects to be grateful for a miserable tax cut of \$6 per week? They live in our streets and suburbs. They carry out a range of very important jobs, both in the private sector and the government sector. They are involved in the education of our children and the care of our elderly parents. They work tirelessly to provide decent services to give Australians a sense of community and the desire to lend a helping hand. These people are nurses, schoolteachers, construction workers, cleaners—the same cleaners who clean our offices—factory labourers, road and rail transport drivers, general clerks, hospitality workers and child-care workers. The list goes on. It is all those ordinary hardworking Australians who earn less than \$63,000 per year that the Prime Minister says should bow and scrape. He says, 'I am going to give you an extra \$6 per week.' However, he does not tell them in the same breath, 'But don't forget I have just taken an extra \$8 a week off you through an increase in interest rates,' which at the last election he said would never occur.

The average annual earnings of all these people are less than \$63,000. This is the case for 7.4 million taxpayers, for whom \$6 a week will not even offset the \$8 per week increase on average home mortgage repayments as a result of the latest interest rate rise. That was the interest rate rise that would not occur, according to the television and radio advertisements and all those smart letters signed by the Prime Minister and the Treasurer that were distributed in a range of electorates in the couple of days leading up to the last election.

Let us go to the real beneficiaries. By contrast just 280,000 taxpayers, with a taxable income of over \$125,000, will have access to a maximum tax cut of \$65 per week. I must say I was offended by the suggestion from the member for Page that members of par-

liament are just ordinary, average income earners these days. I do not regard an income of \$106,000 per year as a miserable income; I regard it as an absolute fortune. The suggestion by the member for Page was that we are ordinary punters on average incomes. That is why Labor have an alternative plan. We are about a fairer and more equitable distribution of the value of tax cuts. That is why I said at the outset that this debate is about defining our political position. It is about Labor values. It is about what we stand for. It is about fairness and equity.

Australian Taxation Office statistics show that in almost every electorate in this country the average taxpayer would be better off under Labor's plan by \$12 a week, compared with just \$6 under this bill. I know that to be the case in my electorate of Batman, in the northern suburbs of Melbourne. The only electorates that the government will provide with bigger tax cuts are the plush blue-ribbon Liberal seats—not yours, Mr Deputy Speaker Somlyay, but Liberal Party seats such as the Treasurer's seat of Higgins, the seats of North Sydney, Bradfield and Warringah and, of course, our 'multimillionaire' Mr Turnbull's seat of Wentworth. These are the people who really need a tax cut! When you drive through those leafy suburbs, you can see them struggling from week to week, thinking about whether to go to this restaurant or that restaurant, where to go on their overseas trip or whether to buy a Porsche or a BMW. They really deserve the biggest tax cuts! I can understand the Treasurer's thinking on the needs of the Australian community at the moment!

It is not just about fairness and equity; it is also about incentives to work. If you tour Australia at the moment—and I currently have responsibility for resources and tourism—you have to front up to the fact that we have major problems with the size of our work force and, more importantly, the lack of

a decent skills base. We are riding on a resources boom at the moment. It is not driven by our own work; we have stumbled onto the huge growth of the Chinese economy. Our problem is that we could actually sell more resources at the moment had we picked this and made sure that we invested in the training and skilling of Australia. You go to all those resource towns and there are vacancies. In Gove there are 46 vacancies and in Groote Eylandt there are 43 vacancies. Go up to Paraburdoo or Karratha. They are all talking about the fact that they cannot get tradespeople. You go to these towns and you can see that, because of this failure to invest, wage pressures are emerging that are going to pose huge challenges to economic management and where we go on the wages front.

The truth in terms of tax policy is that we should be thinking about not just tax scales but how we use those tax scales at the bottom end to create decent incentives aimed at skilling people and getting them back to work. This is where this budget and its proposals on personal income tax reductions fall down. Yet again the government has failed to address the high effective marginal tax rates for low-income earners moving from welfare to work. You cannot cobble this together on the run, as the government did over a couple of days or a couple of weeks in the lead-up to budget day. This is something that Labor was confronted with from 1983 to 1996. We established a formal process, through a social security review, so that we tackled each of these issues year by year to make sure that we got the interface between the social security system—be it the long-term unemployed, the single women who we had to get back to work or the pensioners—and the tax system and the interface of those systems with the industrial relations system in Australia. It was complex. It actually required leadership and hard decisions. I simply say that, with the personal income tax scales cur-

rently before the House, we have failed in that interface between welfare to work, the social security system and the training system.

Alternatively, Labor therefore proposes a welfare-to-work tax bonus which would fully offset any tax on the first \$10,000 of taxable income for people earning up to \$20,000 a year. That is a huge incentive. It is not about penalties; it is actually about saying: 'You do the right thing and we will create the incentives and rewards. If you're prepared to put time in for training and if you're prepared to actually commit yourself to get ready to go to work, we're prepared to create incentives through the tax system to open the door for you and give you that helping hand.'

We would also improve incentives for low-income earners to work. I will tell you why. We would deliver a tax cut of \$12 per week for low- and middle-income earners by extending the income range where the 17 per cent marginal tax rate applies—by raising the threshold where the 30 per cent rate applies from \$21,600 to \$26,400. I hope the member for Page is listening, because he was saying a lot of the opposition contributions to this debate were lacking in detail. He ought to sit down and, rather than studying the stock results in the share pages of the *Financial Review*, actually think about the tax scales and do a bit of hard study.

Our proposal would also compensate middle and higher income earners for the effects of bracket creep. We are about trying to ensure that at least 80 per cent of taxpayers pay a marginal tax rate of 30c in the dollar or less. To achieve this, we would extend the income range where the 30c marginal tax rate applies by raising the threshold where the 42c applies from \$63,000 to \$67,000. We would also raise the threshold where the 47c rate begins from \$80,000 to \$100,000, effec-

tively extending the income range where the 42c marginal rate tax applies.

When you stand back and think about these changes, you can see this is about a decent tax system. It is also about tackling a range of problems. In terms of government policy, you cannot just focus on a single portfolio—a silo standing alone; in dealing with tax, you have to examine the interface of a range of portfolios, as Labor did from 1983 to 1996, to actually effect change across the community at large. We are trying to ensure equity and also a sense of fairness. That is important because, when you are trying to drive the economy, you have to maintain a sense of community and fairness in it.

We are going to confront some huge challenges. The one issue you never hear the Prime Minister and the Treasurer talking about is how we are going to do something on the productivity front. Attacking the low paid—the child-care workers, the cleaners in local hotels or the school teachers—through changes in industrial relations is not going to improve productivity. It is not the solution to the pressures that are going to emerge in the wages system in the future. It is not the solution to how we attract people who actually want to work in these careers, so that we have the skills which in turn not only mean we can educate and look after people through our health system but also make us attractive for private sector investment in the resources and manufacturing sectors.

We are about making sure that we give something back to the people who get \$6 per week—the school teachers, the nurses, the tradespeople, the cleaners and the truck drivers. When you go through them you see that they are the backbone of the nation. Not everyone can be elected to parliament and receive the huge salaries that we get. We need to create a system which encourages people who actually want to work in these careers.

They do not earn \$106,000 per year; a lot of them earn less than \$63,000 per year. Let us give them some incentive and look after them, rather than looking after ourselves.

I also remind this House that members of this parliament will be huge beneficiaries through another aspect of the Howard government's budget proposals—that is, the ripping away of the superannuation tax surcharge for high-income earners in the Australian community. Let us not kid ourselves. We, with people like judges, are the huge winners as a result of that proposal. Many, many thousands of dollars are going to line our pockets in retirement because of changes initiated by the Howard government in this budget on superannuation. Once again, the Treasurer is trying to look after the backbench, because he has another objective at the moment—depending on whether or not he will ever have the courage to challenge the Prime Minister in a ballot for the leadership.

I really think that this is why the Prime Minister has serious question marks in his mind about whether he should stand aside for the Treasurer to succeed him. I think this personal income tax proposal reflects the Treasurer's lack of understanding of Australian society. He actually thinks that poor people do not pay tax. According to him, the reason he cannot provide tax relief for lower income earners is that they pay little or no tax. We think they pay proportionately more tax than someone such as myself. Not only do we think that low-income earners pay tax; we also think they pay high effective rates as they suffer from the withdrawal of government assistance. Labor are going to stand up for them.

Our proposal is about tax relief for lower income earners through the welfare-to-work bonus. It is about making sure we achieve a proper interface between welfare reform and

tax reform. It is about trying to front up to the issues of work force participation, skills and training. Those are the big issues facing Australia. It is about incentives and what we stand for. It is not about looking after the rich in the Australian community; it is about accepting that we have huge skills shortages in many occupations, which are constraining our economic growth; it is about how we use the tax system to look after hardworking Australians while also creating the incentives that encourage people to pursue skilling and encourage others to get back to work. I stand in support of the amendments to be moved by the shadow Treasurer, Wayne Swan. They are very important amendments. They are a reminder that there is a requirement to start grappling with huge economic challenges again, rather than trying to hoodwink Australians into believing that all is right with the economy by giving them huge tax cuts: all is not right in Australia. (*Time expired*)

Mr ANDREN (Calare) (11.46 am)—Mr Deputy Speaker, on indulgence, I begin this speech in a fairly emotional state. I want to pay tribute to a 14-year-old girl by the name of Tamara Jacobs Wood who, about an hour ago in this place, made perhaps the bravest speech that has ever been made. She was speaking to the National Day of Healing. Her mother, Christine Jacobs, was run over and killed last night in Canberra, having come here to deliver a paper, which Tamara, aged 14, delivered on her behalf. She said that her mother said that she had been at peace with herself and forgave those who maltreated her as a stolen child. May Christine's death and Tamara's bravery inspire all of us to attend to the unfinished business of our Indigenous shame.

The Tax Laws Amendment (Personal Income Tax Reduction) Bill 2005 is before us. The Treasurer said on budget night in relation to health:

Our population is entitled to first-class health services. But we will only be able to afford them if we get health costs on a sustainable financial basis.

That sentiment should be applied to all public services in this country. The Treasurer did not distinguish between high-, middle- and low-income earners. All Australians are entitled to first-class health, education, road and rail services. The list goes on. As for a 'sustainable financial basis', an extra \$21.7 billion in tax cuts over four years could provide an ample sustainable financial basis for first-class health services, including the criminal neglect of dental services for lower income earners.

The Tax Laws Amendment (Personal Income Tax Reduction) Bill 2005 amends the Income Tax Rates Act 1986 to provide for the government's changes to our tax regime. The lowest marginal tax rate will be reduced from 17 per cent to 15 per cent for those with incomes up to \$21,600, taking into account the tax-free threshold of \$6,000. Remembering that low-income earners are by far the worst affected by the regressive GST, this is one of the two redeeming aspects of the package. However, in my humble estimation people in this tax bracket would benefit more from greater spending on services—especially health and education services—than from a tax break that translates into \$5 to \$6 a week at the most. The value of \$6 in the pocket compared with the millions that that represents in health service delivery is obvious. The interests of all Australians would be much better served if this money—with the \$20 to \$30 a week for middle income earners and the more than \$80 a week for those on the highest incomes from July 2006—was invested in the provision of first-class public services across the board.

We have heard of the Minister for Health and Ageing's interest in having the hospital system perhaps become a federal responsibility.

That was jumped on from a great height within cabinet, I gather, but at least it showed an appreciation of the extent of the responsibility that we as a federal parliament should have for proper health delivery in this country. What are we doing having this crazy, counterproductive debate between the major parties on who can deliver the biggest tax cuts?

The reduction in the tax rate for the lowest rate also determines that seniors who are eligible for the senior Australian tax offset will not pay tax on any income up to \$21,968 for a single person and \$36,494 for a couple. I have no doubt this will be very welcome by the recipients at first blush but, again, would not that money be better utilised in services, especially dental services for low-income earners and pensioners—a part of our health system that is a shameful disgrace?

The Commonwealth has a clear responsibility, due to a 1946 referendum and the resultant subsection 23(A) in section 51 of the Constitution. But no, this government believes the money-in-the-pocket tax argument will buy votes, while our hospitals and schools decay at the same rate as the teeth of poorer people, who will derive no benefit from the trickle-down effect of tax cuts for high-income earners. What might trickle down is an interest rate rise that will impact on their credit card debt. In the meantime I, and others earning above \$100,000, get our private health care paid for courtesy of these cuts, with a 30 per cent tax rebate to top it off.

I note the Medicare levy will not become payable until the \$21,968 threshold for income tax is reached. As senior couples' income is treated on an individual basis for the Medicare threshold, the current senior family threshold is still adequate to ensure senior couples do not incur the Medicare levy until they have to pay tax. It is all very attractive

at first blush but, again, surveys have consistently shown that the public—the pensioner, too—is prepared to pay a higher Medicare levy to improve health services, of which older Australians are by far the greater users. They are very mindful of the disproportionate number of retirees vis-a-vis taxpayers down the track. They are not selfish about this. More often than not, any older person I engage with on this topic is using the argument: why don't we seriously engage in paying more through a properly hypothecated levy, like the Medicare levy, to ensure that our services are, to coin an original phrase, up to scratch?

Most concerning in this package are the new tax brackets for high- to very high-income earners. The government proposes to increase the threshold at which the 42 per cent bracket kicks in to \$63,001 from 1 July this year—as was announced in last year's budget—and then to \$70,001 next July. In the highest tax bracket, the 47 per cent rate will start at \$95,001 from 1 July 2005 and will increase to \$125,000 from 1 July 2006. This ensures that those on the highest incomes continue to benefit from tax relief into the 2006-07 financial year, while those on low- to middle-incomes do not. High-income earners also benefit from the abolition of the now 13 per cent superannuation surcharge, no doubt a tax on savings from a government committed to encouraging as many people as possible to provide for their own retirement. But, given the salary sacrifice options available to high-income earners so enhanced by the generous tax break, this sends a poor message to those who are struggling to save their rent, let alone pay into super.

No doubt these changes should be a cause for celebration for all of us here. We receive a pay increase from July and the added bonus of no superannuation surcharge. Any spare cash we have can be invested in stock or property and we will only pay around 25c

in the dollar on the capital gain. Contrast this with the budget's impact on disability pensioners and single mums from next year. I do not accept that most of these people do not want to work again. I have a litany of emails and letters with examples of the sort of work that is involved in raising children and of the voluntary work, tuckshop work and all the other things that are done by single mums to contribute to the community. But I do accept that it is very hard to find work in a competitive job market, particularly in rural and regional areas where more and more jobs are casual or part time and only available for the highly skilled. Where are the nine to three o'clock jobs for single mums, and will there be enough child-care vacancies available, particularly in rural areas? There is already a significant unmet demand for child care in Calare, and I doubt that 100,000 new places across the country will make much of a dent in that demand. Meanwhile, disability pensioners deemed able to work 15 hours will be moved onto the Newstart program, which means a cut of \$40 a week in benefits.

In his reply to the budget and through the Labor Party amendments, the Leader of the Opposition has proposed his own tax cuts. Again, the larger cuts go to those at the higher end of the income scale. Tinkering with the figures and rebadging the whole thing under the ALP logo does not make for an alternative policy that makes much sense. The policy seems to be a headlong rush to provide the greatest tax relief at a time when I say we need to meet an infrastructure crisis in this country. Notwithstanding future fund plans, with the throwing open of any future fund to the forces of the market you could see billions of dollars wiped off such a fund in one stroke if, by virtue of a downturn in the American economy, there was a major downturn in the world economy. We have the capacity to set aside surpluses and to use our tax in a constructive way in this country, and

as I understand it that is what people expect. Those people are prepared to make sacrifices, while we are standing here debating who should get the greater cut.

The Leader of the Opposition gave us the impression his tax cuts were delivered with greater fiscal responsibility because he is putting them off until next year because we are 'in the red zone of a potential interest rate rise in the second half of 2005'. If we are really going to talk about fiscal responsibility, I cannot see that a six-month delay in letting loose a multibillion dollar windfall will dissuade the Reserve Bank from raising interest rates if it perceives, as it may well do once these tax cuts kick in, that there is a risk of overheating the economy.

A truly alternative policy for these many billions of dollars would be to use the money for long-term investment not only in infrastructure but in services that all Australians need. As the representative of a rural electorate, I believe a tax reform worthy of consideration—and, indeed, the most logical and proactive reform in the current economic climate—is the introduction of regional enterprise zones, with distinct tax advantages to attract new business and facilitate private employment and infrastructure investment. This is a proposal that has been largely ignored by the coalition parties since the Local Government and Shires Associations of New South Wales and the Institute of Chartered Accountants released their report into the enterprise zone concept here in this place in 2001. Central to the concept is the idea of zonal taxation—that is, tax concessions for businesses to establish themselves in regional and rural areas, creating jobs and attracting investment.

Yesterday, zonal taxation was on the front page of the *Australian*, championed by Queensland Nationals Senator elect Barnaby Joyce. Essentially, it involves favourable tax

concessions and other incentives to attract businesses to a designated area deemed to be experiencing economic downturn, generating private employment and stimulating the local economy. Enterprise zones were the subject of a country summit in Coonamble in April 2003. Getting the concept beyond the theoretical stage has proved difficult, with a lack of will on the part of the relevant government ministers, so it is refreshing to see the Queensland Nationals taking up the key concept of zonal taxation. Mr Joyce has raised the idea of a concessional tax rate in vulnerable rural areas to 'breathe new economic life into the bush'. It might be not only the bush; it might be vulnerable areas anywhere within regional, coastal or country Australia. Mr Joyce spoke about broadening regional economies to, in his words, 'make them less reliant on the vagaries of seasonal change' and to 'get around this cycle of drought-funding regional areas'.

It is wrong to describe the concept, which I have had a long association with through the work of the Central Regional Organisations of Councils in my own electorate, as a flat tax option. Its main focus is to link tax incentives and other business incentives, state and federal, with the generation of employment opportunities. Private employment generation is the key to this. This is not just an idea designed to combat drought; it is an idea that is designed to facilitate economic growth and infrastructure investment in areas that need those things most, based on good business practice. The US, Britain and Ireland have variations of the scheme in place. You may or may not have heard reports from the Barwon-Darling zone, where they are trialling a pilot of this program. This follows the work that their chief executive did in a recent visit to England and the positive outcomes of the concept as it applies in several formerly depressed areas there.

Apart from Senator Joyce, it seems most coalition members agree with the unconsidered claim that such a tax based scheme is either constitutionally flawed or is picking losers. Constitutional lawyer George Williams says we have already had tax favoured areas in our policies for many decades without challenge, while the Institute of Chartered Accountants have advice that the enterprise zone model is constitutional.

Zonal taxation or enterprise zones represent a much more proactive and far-sighted tax reform than tax cuts with a view firmly on the short electoral cycle. It is not a recommendation for a roort, as the *Australian* editorial suggested yesterday; it is creative tax policy to stimulate regional Australia in a far more sustainable way than current regional policy or, indeed, drought policy.

Last year's polls conducted by Fairfax papers showed over 70 per cent of voters preferred more spending on public services over a tax cut. These results were echoed in research conducted at ANU's Centre for Social Research by Shaun Wilson and Trevor Breusch. Their report found more than half the middle class, the traditional voter base for the Liberal Party, favoured increased social spending over tax cuts. Heaven forbid: there are still Liberals who believe in a social dividend when it comes to tax priorities. Having noted that, I must also note the courage of the members for Kooyong, Pearce and Cook for their guts in rediscovering the social and moral fibre of their party by tackling our shameful immigration detention policies.

On tax, an *Age* poll last month again showed 68 per cent of voters choosing to spend any surplus on services over tax cuts. This view is also prevalent in my electorate, with the post-budget editorial of Bathurst's *Western Advocate* stating:

Asked whether they would prefer a tax cut or improved services most will opt for services ...

But time and time again it seems we are paying for surplus budgets through diminished public services. On Tuesday night Mr Costello had the chance to throw huge dollars at drought relief—

which has now come courtesy of a farmers' rally—

infrastructure programs and public utilities. Instead he threw money to those who least need it.

I do not support this bill and its short-sighted populist agenda, nor do I support the opposition's amendment, which simply engages in a tax cut war and ignores the real social spending needs of our community.

Mr BRENDAN O'CONNOR (Gorton) (12.03 pm)—I am happy to rise today and follow the Leader of the Opposition's contribution to this debate. I think he clearly enunciated the differences between the Labor Party and this government in relation to the way in which wealth should be distributed in this nation. It is fair to say that the constituents of my electorate of Gorton are unfairly treated by this government. I have a number of things to say, in particular about the way in which the budget has allocated services to particular electorates. By way of comparison I will compare, for example, what is allocated to my electorate with what is allocated to the electorates of marginal government members.

If you look at a number of indicators in relation to poverty in this nation, you will find that my electorate of Gorton is, unfortunately, in the bottom 30 per cent of electorates. But if you compare the way in which this government allocates largesse to that electorate as opposed to some of the marginal seats that the government sought to hang on to or win from the Labor Party in the last election, you will find enormous disparity. Clearly this government has reached new heights in looking after the marginal seats rather than the marginalised ones. That is the reality in relation to this government. I

will have more to say about that later this week when I reply to the budget that was handed down by the Treasurer.

Today I want to focus on the tax cuts that the Treasurer was happy to boast about only a few weeks ago. That fact is that, as has been said earlier in this debate, 45 per cent of those tax cuts will go to 10 per cent of the population. It is certainly a coalition budget. I am outraged but not surprised because this is a true reflection of the ideology of this government. One would say, perhaps, that they are being true to themselves in looking after their mates.

Given the boastful way in which the Treasurer announced these measures last Tuesday week, you would have thought that government members would be queuing up to speak on the Tax Laws Amendment (Personal Income Tax Reduction) Bill 2005. I find it rather extraordinary that, of all the new members who have entered this place, only the member for Stirling has had the guts to say anything. The members for Bonner, Bass, Kingston, Wakefield, Braddon and Greenway have not appeared, either today or yesterday, to talk about the tax cuts. They should know that the reason they call the first speech you make your first speech is because, at some time, you have to give a second speech. It would be a good opportunity for those new members to come into this place after me and get up and talk proudly about the cuts that will deliver 45 per cent of this largesse to 10 per cent of the wage-earning population of this nation.

If they are going to vote for this bill, which I assume they will be, they should have the decency to get in here and give reasons to their electorates in Tasmania, the western suburbs of Sydney, Western Australia and Adelaide as to why they are supporting a bill that will provide sufficient amounts of relief only for the wealthier people in our

community. It is interesting, is it not? Every time Labor raises an issue of equity or an issue relating to fairness we are told we are playing the politics of envy. But my view is quite simple: I represent the western suburbs in Melbourne. I would suggest that fewer than 10 per cent of people will be in receipt of more than \$6 a week in my electorate. It would be unconscionable for any member of any political party representing a seat such as Gorton to come into this House and try to explain away voting for this bill. Perhaps that is the reason why we have not seen any marginal seat members, other than one, come and explain to their communities via this chamber why they would be supporting such an inequitable and unfair bill in relation to the tax cuts.

I know that there has been enough commentary by the media about whether Labor should stall or not stall or oppose or not oppose this bill. But I do not think, upon reflection, Labor had any choice in the matter. It seems to me that this is a line in the sand; this is a moment where we divide. We divide on this issue because this is where we separate clearly and fundamentally from the government and the coalition parties. I can understand those that represent certain parts of Sydney—the North Shore and the wealthier, leafier suburbs—perhaps thinking that they might well be representing at least a critical mass of their constituency, if not a majority. But I cannot understand how government members that represent seats with very low average incomes can support this bill. In particular, I am very surprised with The Nationals members who have decided to get up and speak on this bill. I listened to the member for Page articulate his views about why he would like to support this bill. I would tell the member for Page to look more closely at his electorate. Indeed, I would tell all The Nationals to look at the income capacities of their constituents. They will find, as in my

seat of Gorton, that the people in those electorates are not going to be in receipt of enough money or relief to make their lives a little easier. I suggest to those Nationals that they stand up for the people who will be affected.

Quite often in this place we talk about numbers and statistics, but let us think about the people who will not be receiving any more than \$6. Let us think about the types of people who are in need of relief and who will not be in any way relieved by the passing of this bill. In my electorate I look towards teachers, cleaners, home care workers, gardeners and tradespeople, many of whom do not work seven days a week and who are not in a position to work overtime in many instances. Those people will not be in receipt of a significant proportion of this tax cut. By comparison, let us look at the professions that do well under these tax cuts. Let us be honest and start with those in this place. Politicians will be in receipt of the largest tax cuts, as will lawyers, doctors and people in the noble professions, many of whom do a very good job. But the point is this: are they the ones in need of relief? Are they the professions that are under a tax burden? They need some relief, but why could it not be shared across the majority of workers of this nation? Why could we not, as the Leader of the Opposition said, allow seven million workers in this nation to be in receipt of more than \$6 a week? Why can't we find a way? Why can't this government accept the wise reasoning of the Leader of the Opposition in proposing a fairer system to provide relief for this nation?

I am also somewhat bemused at some of the interpretations of the budget in the media. As I said earlier, there are occasions when the media get obsessed with the tactics and strategies of government and opposition rather than with considering their effect. It is important, I know, for the media to get be-

hind the headline and to analyse the reasoning and politics that is played out in this place in relation to matters. But I would wish also that the media consider the consequences of bills when passed, and not just the machinations that surround them. I ask those commentators—who are in a privileged position to write or to comment, or indeed to speak on television, to a large audience—to consider the consequences of this bill, and not just the politics that is played out. In relation to some of the media's interpretations I am left a little puzzled. I am glad to say that a number of my own local papers commented on the budget. There was some commentary in relation to how people with disabilities will be affected. There was also a reference to the opportunity of out-of-hours child-care places that is proposed—an increase I think of some 84,000 places—which was reported in the local paper. I accept that on face value that is not entirely untrue.

I would ask the media to consider more detail when they report a number of these matters. For example, I would ask them to consider when the out-of-hours child-care places will be coming on stream. If you look closely at the budget, you will find that the majority of places will not be available until 2008. But that is not mentioned. I think that is very critical in relation to what services will be provided when the government pushes single parents into work.

Welfare to work is another issue that was not properly examined. I ask all media—daily media and weekly local papers—to consider this. In principle, Labor is a strong supporter of finding ways in which to allow welfare recipients to find truly decent work. When we talk about welfare to work, let us consider what options there are. Let us look at what is available for welfare recipients.

Unfortunately, my electorate has a relatively high rate of unemployment. I ask the

government: where do they think welfare recipients in my electorate will find jobs, almost overnight—rather than effectively get a cut to their welfare payment? I have been doing a search. I have been talking to local employment agencies and other bodies. They are a little puzzled: there is a policy that would shift people—at least notionally—from welfare to work, but we are not really sure where the work is. We do not see where the employment opportunities are for these recipients. This policy is more like welfare to welfare. It is a way to cut payments to welfare recipients, to shift them from a disability pension onto the dole. In the majority of circumstances, constituents in my electorate of Gorton who are currently receiving welfare payments will not have the opportunity to find employment.

There are a number of important things to note in relation to child-care places. What is required is not just out-of-hours care places but also long day care places. If we are asking people to consider placing their children in care so that they can take up a job, there is a need to increase long day care centre places. There was no proposal in the budget to do so. The media have to consider a number of things when they look at this budget. To be honest, when you look at the detail in the budget, the devil is definitely there. I will later say more about matters to do with the provision of services.

This budget is one for the wealthy. It is a Liberal budget. We should not be surprised by the Treasurer's efforts. But when it is debated and when it is voted on, those people who are willing to vote for it should come into this place and explain to their electorates their reasons for doing so. That is all I ask; it is not much to ask. On an issue this serious, this significant, it is incumbent upon members of the government to come in here and explain why they would support a bill that provides the largest tax cuts to the fewest

people in their electorates. As the Leader of the Opposition said, cut your own tax by half and double the tax cut for seven million workers. I ask government members to reconsider what they are doing; if they will not, I ask them to explain themselves to the Australian people.

Mr HATTON (Blaxland) (12.19 pm)—I am happy to follow the member for Gorton and other members on the Labor side in condemning the government's proposals and in supporting the Labor alternatives that have been put forward by the shadow Treasurer and the Leader of the Opposition, which provide a much fairer, more reasonable, more responsible, more effective, more restrained set of tax measures than those in this government's budget proposals. As a number of people have commented, what has been proposed by Labor is very unusual. It is very unusual for an alternative government to be in a position in the very first year after an election to indicate that they will vote against the government's measures, that they will put their alternative to the test here on the floor of the House of Representatives.

As the Leader of the Opposition said earlier this morning in this debate, this will be a test for the government, both their frontbenchers and their backbenchers, to see whether or not they are willing to rethink their budgetary position. This will give every member of the government an opportunity to vote for or against a doubling of the tax cuts for 7.4 million Australians. If Labor's plan were accepted, the great bulk of Australia's working community, the taxpaying community, would be twice as well-off. Indeed, people at the lower end of the tax scale get virtually nothing from this government. Labor would give those people \$8.56 against the government's \$1.34.

You know the nature, style, temperament and attitude of the government not just by

what they say but by what they do practically. We also know that what the Treasurer did with the tax scales in the budget was an exceptionally unusual approach to take. As always, we need a bit of context when looking at this situation. Part of the context is the last election and the preparation for it and another part is the next election and the preparation for it. We know that the federal government tripled their 2001 pre-election spending from \$20 billion to just on \$60 billion of taxpayers' funds to try to ensure that they were re-elected in October 2004.

As far as I know, for the first time ever a governor of the Reserve Bank warned that the government was utterly prejudicing the stability of the Australian economy and creating a situation in which it was possible that the Reserve Bank would have to lift interest rates, with deleterious effects on the community at large. The Reserve Bank would be forced into doing that because the government had spent so heavily prior to the last election. The 'get out of jail' clause on this is that there has been unexpected growth in certain areas of the economy. The key one is that we have seen unparalleled growth in the resources sector and therefore in returns to the government and in the buoyancy of the economy.

We also know that these things do not last forever. We know that there is an underlying fragility to budget processes and that, once things turn around, they turn around with great rapidity and it is much more difficult to control Commonwealth spending and budget processes. The pre-budget spending meant that there should have been restraint in this budget. You would expect that the government, having so overdone it prior to the election, would come back to its three-year term with a budget that showed some responsibility, restraint and possibly some penance on the part of the Treasurer and the Prime Minister. Instead of that, we have effectively had

a grab for power from a Treasurer who thinks that his time may be up and he may not get his foot in the door of the Lodge. He has attempted, quite clearly and categorically, to repay sections of the community—the 17½ per cent or so in my electorate of Blaxland—and they will benefit from these tax cuts.

The corollary is that 82½ per cent of the people in the electorate of Blaxland will get only \$6 a week in tax cuts. In Labor electorates such as mine, and indeed in all of the National Party and Liberal Party electorates that have a poor socio-economic profile, those people will be duded yet again because they have voted for the coalition. Since 1996, people in those electorates have voted in governments—not once, twice or three times, but four times—that have done them down and duded them in the returns to poorer people in those electorates. It has happened in my electorate to the tune of 82½ per cent of people getting a tax cut of \$4 a week last time and \$6 a week this time.

We argue that this is grossly unfair. There has been a grab not just at the people who are most well-off in the community, by doling out taxpayers' funds to them in an almost indiscriminate manner, but also at those on the backbench calling for the tax changes. The 'ginger group', who have been operating for six to nine months, have been arguing not only for this but also for much tougher measures for people on disability pensions and welfare. For all of those people, this is a grab from the Treasurer to seek their support. He has got a very narrow base. You could put his support on one of those minibuses that run around most communities. This is an attempt to put him back in the game.

It is not good enough for a federal Treasurer, charged with the responsibility to ensure the steady government of this country through the operations of the Treasury and

finance portfolios, to put at hazard the very safety and stability of the economy by (1) buying the government's way back into the election and (2) rolling over the top of that excess with an even greater excess that we see in these tax tables before us today. What this tells you is that the richer you are, the more you get; the poorer you are, the less you are going to get shovelled out to you.

Labor has taken an unprecedented step in determining to vote against the government's legislation and to put forward positively an entirely deliberate, reasonable, restrained, sensible, fair, efficient and effective set of tax measures. We have said that we believe the poorest people in the community need a much better deal—not just in straight dollar terms but in how that tax treatment is effective. With previous tax bills, I have outlined that there are a number of different approaches that can be taken to tax reform. Some of those tax approaches that could be taken would be much more radical as to how one would deal with the tax-free threshold. Indeed, some of the proposals that have been put forward and considered for some years now would look at a very strong rejigging of the tax-free thresholds.

None of that is in contention here between the government and the opposition. The position taken by the opposition has been to improve the situation of ordinary wage earners and ordinary people in Australia, who are dependent upon their income from the government, by changing these tax scales and the level at which people are forced to pay a higher rate of tax. Those people, who really are the fundamental engine of the Australian economy—the vast bulk of consumers within the Australian economy—can then have the confidence that what goes into their pocket and therefore will be spent within the community is greater than it otherwise might be thereby increasing their capacity to consume. It is also about their capacity to survive in

more difficult times—not only now but through the out years when they will be affected by these budget changes. When more difficult times come, when there are greater constraints than there are now on an individual or a household budget, that is when you need the capacity to be able to support the majority of Australian people so that they can continue to be the source of the drive in the economy and make sure that it continues ticking over.

Never has this been more important, probably, than now. We have already seen a dip in the economy's capacity to grow. We had four per cent growth before; it is down to three per cent and declining. The very engine room of the economy, the large industrial movements in manufacturing, has decreased. Worldwide demand has, after a bit of an uplift, decreased again. That has been partially offset by what has happened in the resources area, in particular with the enormous demand coming out of China. But it is fundamental for Australia's internal economy to deal with a contraction. It is not smart to deal with the majority of Australian consumers by not ensuring that they are in a position not only to cover their debts but also to properly participate in the community as consumers.

The government is extremely unwise, and its members are unwise, to knock back this offer from the opposition to rethink what it put. It can attempt to pillory us and laugh the proposition down, but every Australian out there knows unfairness when they see it. The \$4 tax cut for ordinary Australians last time may have been laughable, but now you have got 10 times the amount going to people on higher incomes—\$65 a week versus \$6 a week for the majority of Australians. They know this is heavily directed. If you go back and do a comparison over time from 1996 onwards, you get the same kind of disparity. This is a government that talks about being fairer. This is a government that speaks about

the battlers and how they will do well by them. This is a government that has the absolute temerity to turn not only history on its head but also actuality on its head and to argue that it is really the representative of the Australian working class. As my predecessor was wont to say, it is enough to make a cat laugh.

For John Howard, the member for Bennelong, as Prime Minister—previously a failed Treasurer—to argue with a straight face that in escaping from the lower-middle class to something else he can now stand here as a representative of the Australian working people is a completely laughable proposition. But this mob have got nerve. They will put this proposition over and over again in a propagandistic way. As we know from the period in Nazi Germany after the Weimar Republic and from Orwell's book *Nineteen Eighty-Four*—the fundamental practice manual for this government—if you tell a lie you need to make sure that you tell a big one and tell it often enough with enough verve so that eventually, if you belt it out long enough, people will end up believing you. It is an absolute travesty for this government to portray itself verbally as being the great friend of the Australian worker. The proof is in these tax scales. The ratio is 10 to one—the comparison between someone earning \$125,000 or more and someone on \$20,000 is \$65 to \$6. We are saying that is not only wrong but unconscionable. Now we have provided double the rate for those people. Over time we would also provide much increased tax cuts.

We would also address one of the fundamental problems within Australia's tax system: bracket creep. The government is in a position to hand back taxes formerly paid only because of the effect of inflation. Because of the effect of the growth of the economy, things get out of kilter. What Labor have proposed here is not just an adjustment

in the 17c rate but also an adjustment where the 30 per cent rate will apply. In terms of specifics, from 1 January 2006 we would cut the tax of people moving from welfare to work by introducing a welfare-to-work tax bonus to replace the existing low-income tax offset. When fully implemented, it will fully offset any tax on the first \$10,000 of taxable income for people earning up to \$20,000 a year. The second measure is to extend the income range where the 17c marginal tax rate applies by raising the threshold where the 30c rate applies from \$21,600 to \$26,400, to improve incentives for low-income earners to work and to deliver a tax cut of \$12 per week for low- and middle-income earners. That is very important. The key design element of this proposal does two things. One, it doubles the amount that would be available to people and gives them a little bit of assurance that they will be an essential part of the economy and recognised as important within that. They will be given a chance to survive. Two, it says to them that the game of playing with bracket creep is up, because prospectively we are lifting the rate at which it would apply.

The Treasurer says that 80 per cent of people will be under the 30c bracket. For how long? How many times have we heard that? How many times has bracket creep taken people into the higher brackets? This reform is meant to go forward and provide for the fact that there will be bracket creep and provide for a fairer, more balanced, more reasonable set of tax scales that will assure people, particularly those people doing overtime, that they will not have a lot of that gouged away and gouged back. They can work more productively, they can provide for their family in a more sustained way, through these Labor proposals.

Further, from 1 July 2006 we are going to do another two things if our proposals are agreed to. We will extend the income range

where the 30c marginal tax rate applies by raising the threshold where the 42c rate applies from \$63,000 to \$67,000, to compensate middle-income and higher income earners for the effects of bracket creep and to ensure that at least 80 per cent of taxpayers pay a marginal tax rate of 30c or less in the dollar. Lastly, we will extend the income range where the 42c marginal tax rate applies by lifting that threshold where the 47c rate begins from \$80,000 to \$100,000, to improve the competitiveness of our tax system.

We know in particular that we will have a much smaller number of younger people in the work force. The economy has dynamically changed since the fundamental structural changes of the 1980s and 1990s under Labor. The economy has provided for higher paid and more skilled jobs for a lot of young people through the reforms that Labor pushed through, but we need to provide incentives and competitiveness. In particular, we need to ensure that we retain for this country the skills of those who are being trained in Australia. One of the key things we need to do—in a series of other measures that this government has failed to do—is to not just retain people but train more people to cover our deficit in the trades area. Part of what is being done here, particularly for people starting off in the trades area, is that these better Labor tax scales will ensure that if young people take up Labor's incentive to finish their trade training at technical college, they can then go into the work force before earning those much higher amounts and get a much better deal out of the tax rates through Labor than they would through the government.

In conclusion, we condemn what this federal Treasurer has done in the budget papers and in the legislation before us now, because the rate of return of \$6 a week for 7.4 million Australians versus \$65 a week for the very few is a pretty rough deal on ordinary Aus-

tralian. Instead, we would double that rate. We would still have incentives for those on higher incomes, but we would reduce the \$65 to \$40. We would still have competitiveness in the upper areas, but it is a fairer, more reasonable and balanced plan which would ensure the re-steadying of the economy and continued sustainable growth. Labor's plan is real and it is affordable. The government should have the courage to take it up and do something right for the country.

Mr WILKIE (Swan) (12.39 pm)—Before I begin to discuss the member for Lilley's amendment, I would like to pass on my shock and condolences at the sudden and tragic death of Ms Christine Jacobs in Deakin last night. Ms Jacobs was in Canberra as opening speaker for today's launch of the National Day of Healing in the Great Hall, and her daughter Tamara bravely spoke in her place. Ms Jacobs was an Aboriginal Education Officer at Sevenoaks College in my electorate. She was highly regarded and respected by all who knew her. Ms Jacobs was a member of the stolen generation and taken from her family under a former government program and placed in foster homes, some of which were abusive. I understand she was expected to talk today about her battle with depression and her commitment to reconciliation. Ms Jacob's ability to rise above this adversity is nothing short of inspirational. I would like to pass on my sympathy to Christine's family—particularly her daughter Tamara—her work colleagues, who I know are devastated by this news, and the students that she worked with.

Today's debate on the Tax Laws Amendment (Personal Income Tax Reduction) Bill 2005 highlights starkly the crucial and fundamental difference between Labor and the coalition. It can be summed up in one word: fairness. The Treasurer's tax cuts, announced only two weeks ago, give significantly greater benefits to those on high incomes

rather than to Australian families on low to middle incomes. In contrast, the Labor Party has developed an alternative tax cut proposal that achieves the vital goals of distributing tax cuts fairly and improving the incentive to work. As members of this House well know, high effective marginal rates of taxation are the result of the interaction between the tax scale and support payments. The punitive and negative impacts of high effective marginal tax rates on employment incentives and productivity are well documented. The coalition's tax legislation does not address the problems created by high effective marginal tax rates. Labor's alternative does.

Under Labor's alternative proposal, the effective tax free threshold would be lifted to \$10,000 through the provision of a welfare to work tax bonus. This means that, for two-thirds of the income range over which a welfare payment or allowance is withdrawn, the requirement to pay tax is eliminated, reducing effective marginal tax rates by 17 per cent. This move is a vital ingredient in reforming the tax system and ensuring that low paid workers and those on welfare payments do not face punitive disincentives as they seek work or seek to work longer hours.

The other key element in Labor's proposal is an increase to \$26,400 in the income tax threshold at which the 30 per cent marginal tax rate applies. This important aspect of Labor's proposal directly addresses the massive disincentive faced by those on the minimum wage who are trying to get ahead. At present, families dependent on the minimum wage face effective marginal tax rates of up to 104 per cent. Under Labor, a family in these circumstances would see their effective marginal tax rate fall by 34 percentage points. This is still too high, but it would be significantly lower than that which applies now. Our tax proposal is fair and practical and directly addresses the disincentive problem that currently exists.

There have been attempts before to focus on the need to improve incentives for Australian families. Who can forget the policy developed by the then Leader of the Opposition, the member for Bennelong, in 1987 called 'incentivation'? That was the Liberal Party's attempt to focus on the need for greater incentives for working Australians. But the then Leader of the Opposition's campaign on this issue was a total flop. The failure of that campaign contributed to his political demise in the 1987 election, when he was soundly beaten by the Australian Labor Party and his own National Party colleagues in the ill-fated, but noisy, 'Joh for Canberra' campaign. Unfortunately since then, and most particularly in his time as Prime Minister, the member for Bennelong has forgotten those Australian families. Instead, his policies have rewarded those on high incomes at the expense of low- to middle-income earners.

Given the enormous budget surpluses which have been amassed, thanks to stronger than expected economic growth and therefore larger than expected tax revenues, all Australians deserve a fiscal dividend in the form of tax cuts. And those at the lower end of the income scale deserve a fair go out of tax relief, not a token gesture while the wealthiest get the bulk of the benefit. That is why Labor is opposed to this legislation and seeks to pass the amendment put forward by the member for Lilley.

The coalition's tax policy, as put forward in this legislation, is fundamentally flawed and unfair. In stark contrast, Labor's approach is a genuine effort to ensure a fairer and more equitable system. Take my electorate of Swan. According to the latest tax statistics, average annual taxable income in Swan is \$36,471. Many of my constituents will therefore benefit to the tune of \$6 a week under the coalition's policy. Under Labor's proposal, the tax benefit for these peo-

ple would be double that. Let us look at a family on national average weekly earnings, which equate to around \$50,000 per annum. Under the legislation currently being debated, this family would receive a tax benefit of \$1,248 over the next four years. Under Labor's proposal, the same family would receive a tax benefit of \$2,184 over four years. It is little wonder that, the day after the budget, the front page of the *West Australian* was headlined 'The forgotten people' and stated:

Low and middle-income earners get enough for a Big Mac while it's Moët for those on \$125,000.

It was a fantastic headline. What an indictment of this budget.

The coalition has thumbed its nose at average Australians. Its mantra is: let the rich get richer and let's throw a few breadcrumbs at everyone else in a tokenistic gesture. Western Australians can see right through this cynical ploy. Perth's local community newspaper, the *Southern Gazette*, undertook a community poll on the budget to gauge local reaction. The survey of shoppers and commuters was undertaken in Booragoon, Cannington, Bassendean and Whitfords. Not surprisingly, only a minority of respondents—38 per cent—felt that the budget was good for them personally. According to the *Southern Gazette*, there was considerable disquiet about the fairness of the proposed tax cuts, with most regarding the tax cuts enshrined in this legislation being debated today as being inequitable.

Western Australians know that these tax cuts are unfair in the same way they know that, overall, Western Australia gets a raw deal from Canberra. For example, Western Australia delivers \$10 billion to the federal government's coffers in GST revenues and receives only \$9 billion back—that is \$1 billion that is skimmed off the top of Western

Australian families and businesses. In recent weeks there has been considerable attention focused on the obligations of Western Australians under the 1999 GST intergovernmental agreement—IGA—between the Commonwealth and the states.

The federal Treasurer has been like a 'dog' with a bone in his incessant carping and misleading comments about the Western Australian government's position with regard to the intergovernmental agreement. I use the term 'dog' unreservedly. As students of Australian politics well know, the Treasurer has been known—not too fondly, by all accounts—among many in the Liberal Party as 'Dog'. It may surprise some to know that the origins of this term do not lie with the Labor Party. Given that the Treasurer would like the position of top dog, I think it is timely that we revisit how the name actually came about. This term apparently stems from a stoush over control of the Victorian Liberal Party some years ago which prompted former opposition leader Andrew Peacock to observe that the current Treasurer 'had all the attributes of a dog except loyalty'. The moniker has stuck over the years and was particularly well used in the first premiers conference which the current Prime Minister chaired in 1996. Following a typically clumsy attempt by the new Treasurer to unilaterally impose wholesale sales tax on state governments, which would have meant significant cost increases in terms of hospitals and schools, for example, the premiers decided that enough was enough. According to contemporary reports, the premiers, led by the Treasurer's 'No. 1 fan', Jeff Kennett, all agreed that, if the Commonwealth were to pursue this course of action, they would all be forced to introduce a new state tax to pay for the additional costs of the wholesale sales tax.

An insider at the meeting recorded that the New South Wales Premier, Bob Carr, turned

to Jeff Kennett and asked him what Mr Kennett planned to call his new tax. In characteristic fashion, Premier Kennett apparently replied:

I'm going to name it after my dog ...

According to an eye witness, the Treasurer was forced to sit glowering while all the premiers and chief ministers participated in a lengthy and colourful discussion which featured numerous canine comparisons and doggy anecdotes about the Treasurer. Not surprisingly, before the day was out the Commonwealth abandoned its plans to impose a wholesale sales tax on state governments. It was not one of the Treasurer's more successful political or economic strategies. In fact, it was a total disaster, with the added embarrassment for the Treasurer of being totally and utterly humiliated in public by his nemesis, Jeffrey Gibb Kennett. But enough of history and more on recent tax developments.

I would like to take this opportunity to set the record straight about Western Australia's position on the GST agreement once and for all and, in doing so, expose the Treasurer's cant and hypocrisy. As this House is aware, under the IGA the states undertook to abolish certain taxes in return for GST revenue, with other state taxes to be reviewed. As the Western Australian Treasurer, Eric Ripper, has pointed out, the Western Australian government has abolished eight taxes. Three of these were eliminated as part of the agreement, three were only required to be reviewed but were subsequently abolished and a further two taxes, entirely outside the GST agreement, were also abolished.

Let us be clear about this. Western Australia has more than honoured its commitments under the GST agreement and no amount of rhetoric or hyperbole from the Treasurer will alter these facts. The Western Australian parliament's all-party Public Accounts Commit-

tee has held an inquiry into the state's commitments under the IGA. Having heard evidence from Professor Greg Craven of the John Curtin Institute of Public Policy and a legal opinion from Malcolm McCusker QC, the committee unanimously concluded:

The Committee finds that Western Australia is not in breach of the Inter-Governmental Agreement on the Reform of Commonwealth-State Financial Relations, signed in June 1999.

It is time the Treasurer came clean and acknowledged that the Western Australian government is not in breach of this IGA.

In considering tax revenue issues, it must also be borne in mind that Western Australia does not share the dependence which other states have demonstrated on poker machines in pubs and clubs and on toll road revenues. In short, thanks to the excellent economic management of Premier Geoff Gallop and Treasurer Eric Ripper, whose state electorates of Victoria Park and Belmont just happen to be contained in the federal seat of Swan, Western Australia has acquitted its obligations under the intergovernmental agreement without resorting to the magnification of the social ills created by pokies in clubs and pubs and without recourse to the toll charges imposed on some roads in the eastern states.

While I am on the subject of road funding, let me remind the House of the inequities that Western Australia continues to endure at the hands of the federal government. A few salient facts will illustrate the point. Western Australia produces 30 per cent of national exports by value, generates \$23 billion of the total tax revenue of the Commonwealth, contains 25 per cent of the national highway, covers one-third of the nation's landmass and contains 10 per cent of the total population. Given Western Australia's significant contribution to the national economy, as evidenced by these figures, I ask honourable members

how much of the coalition's total spend on AusLink they think is directed to Western Australia: 30 per cent, 25 per cent or 15 per cent? No, a measly 6.9 per cent. That is a national disgrace, yet the coalition has deliberately pursued a policy of discriminating against Western Australia.

Under the coalition's AusLink program, of the \$6.23 billion allocated to transport infrastructure across the nation over five years, Western Australia receives just \$423 million. It is little wonder that Western Australians refer to the AusLink program as 'EastLink'. The disproportionate focus on the eastern states is inequitable and inefficient, and it must be addressed. I call on all Western Australian members of this House to join with me in pressing the government for a fairer deal for Western Australia in terms of infrastructure spending, Commonwealth programs that we deserve and tax policy.

I urge all members of the House to vote for the amendment put forward by the member for Lilley and, therefore, to reject the coalition's proposed tax schedule because of its innate unfairness and inequity. Australians deserve better than this. They deserve Labor's tax policy, which rewards incentive and encourages participation and which, above all else, is fair to all Australians.

Mrs IRWIN (Fowler) (12.53 pm)—The Treasurer must take the great majority of Australians for fools. Why else would the people of Australia believe him when he says that the bulk of Australia's taxpayers are so grateful for their \$6 a week tax cut they think it only fair that people on \$100,000 a year should get a tax cut of \$86 a week?

There is a famous experiment in human behaviour in which one of a pair of participants is given \$10 on condition that they offer part of that \$10 to their partner. If they agree on the split, they both get to keep the money. If they do not agree, then neither gets

to keep the money. Mr Deputy Speaker, as you might expect, if the offer is for \$5 each, the split is accepted. But, if one is offered less than \$5, the most common outcome is that the one who is offered less refuses so that neither gets to keep the money. That is the way we are. If we do not get a fair cut, we would rather that no-one get anything than take less than our share. However, as I say, the Treasurer takes us for fools. He thinks that the 97 per cent of taxpayers in my electorate of Fowler who will get \$6 a week are so happy with the budget that they do not mind one little bit if the other three per cent get much more.

I might be tempted to think that the Treasurer knows very little about human nature, but there is one thing he obviously does know. The Treasurer tells us that he wants to increase participation in the work force. We all know that he wants us to work until we drop—but he also wants to get as many Australians as he can to work until they drop. This budget shows that he knows exactly what to do to get most of us to work until we drop.

The Treasurer tells us that blue-collar workers in the mining industry are in the top tax bracket—and that cannot be right. They will not work overtime because they have to pay nearly half their extra earnings in tax, so we should give them a big tax cut to give them the incentive to work overtime. Looking at the Treasurer's pin-up, the miner in the blue collar, let us say he earns \$90,000 a year. If he works an hour of overtime at time and a half, his hourly rate is about \$60 an hour. Therefore, after being taxed at the higher rate of 47c in the dollar, his take-home pay will be around \$30.90 for that extra hour of work. With the Treasurer's tax cut, he would get \$33.90 an hour for that extra hour. That is an extra \$3 an hour. However, at the middle of the scale are workers on the median income of \$45,000 a year. For

an hour of overtime at time and a half, the worker on the median wage will take home an extra \$25.90. After the Treasurer's tax cut, it will still be \$25.90 for that extra hour of overtime.

The Treasurer tells us that this is all about providing incentives. He suggests that the worker on \$90,000 a year will not work an extra hour if he only gets paid \$30.90. But, if he can get an extra \$3 an hour to take him to \$33.90 an hour, he will willingly give up his game of golf or time with the family. On the other hand, the worker on the median wage of \$45,000 a year is quite happy to work an extra hour for only \$25.90 and they do not need any incentive to work longer hours.

But a worker on the median wage of \$45,000 a year is not your average worker. These days an average worker can find themselves in casual part-time employment where time and a half for extra hours worked would be a luxury. They are more likely to find themselves working for the equivalent of \$14 an hour and lucky to be getting 35 hours a week over the whole year. Therefore, for the growing part of our work force, working an extra hour cuts their take-home pay to \$9.80 an hour. This is the type of employment most likely to be found by sole parents and disabled people—those that the Treasurer is determined to force to work until they drop. While they do get the \$6 a week tax cut, they get no tax cut benefit from working extra hours. This is the perfect example of the John Button theory that, as an incentive, the rich need more money and the poor need less. It shows that the Treasurer does know something about human nature.

There is one other thing that the Treasurer forgot. To explain this I should tell the House of a recent experience I had at the Interparliamentary Union conference in Manila. As members would know, the Philippines is a poor, developing country and economic sur-

vival is a daily struggle for most of the population. A recent UNICEF report stated that a larger proportion of children are malnourished in the Philippines than in North Korea. It was interesting to talk with an ordinary Filipino, a taxi driver, to find out about life in Manila. I asked him if having a conference with over 800 delegates was good for his business, and he replied that it was very good. He had been telling me that sometimes he worked 24 hours a day to earn enough money to keep his family, so I was very surprised when he told me he did not have to work long hours when the conference was on because he could earn more than enough in a 10-hour shift. Surely, this is not what the proverb about making hay while the sun shines tells us, but it does explain why many times I have not been able to get a taxi in Sydney on a rainy day.

I am told that economists call this 'income effect' and that it is well proven that workers will work to an income goal rather than maximise their income. So I am left wondering how the income tax cuts for high-income earners will increase work force participation. Would it not be better to increase taxes so that high-income earners have to work longer to get their desired level of income? That is the strategy the Treasurer is using by forcing sole parents and disabled people back into the work force. The Treasurer wants to cut their benefits but he is definitely not content just to get them into a job; he wants them to work until they drop. To achieve this he is going to increase the taper from 40c in the dollar to 60c in the dollar, so sole parents and disabled people will have to work around the clock just to put food on the family's table. In some cases, that represents a marginal tax rate of more than 80c in the dollar. I think you would agree with me that that is strange.

The Treasurer says that high-income earners will not get out of bed if their marginal

tax rates are more than 42c in the dollar. The Treasurer says that middle-income earners are content to pay the same marginal rates of tax when they work overtime. But casual part-time workers, whose very survival is dependent on working those extra hours, face the biggest rise in marginal tax. Their tax rate doubles from 15c in the dollar to 30c in the dollar just as they are approaching the minimum wage level. The poorest paid workers are hit by the biggest jump in tax rates. If they happen to be sole parents or disabled people returning to the work force, they face a double whammy. They face not only a doubling in their marginal tax rate but also a harsh taper in their benefits with effective marginal rates of over 80 per cent. A forgotten effect of casual employment is that the weekly tax the employer takes from a casual worker's pay depends on their weekly income. They might not be paid that income for 52 weeks of the year. So casual workers are taxed highly when they work longer hours and are just scraping by in the weeks when they work fewer hours or not at all. They will get that tax back at the end of the year, but that will definitely not put food on the table each night. These tax cuts have nothing to do with fairness and they have little to do with real incentives. They are the crudest and most unfair way of increasing work force participation. As John Button said, the rich need more money as an incentive and the poor need less.

Coming back to my earlier point about sharing the \$10, the results of the experiment suggest that those getting the least were far from happy with their share. They would even give up their small share rather than see their partner get more. While I doubt that the 97 per cent of taxpayers in Fowler who will get only a \$6 tax cut will give it up, that does not mean they are happy to see where the bulk of the money is going. This is not envy. It is not that people on an average wage think

that some people deserve to be better paid. It is all about being fair to all. If we have a surplus of funds, above what is needed for the good government of this country, then it definitely should be passed on to taxpayers. But let us be fair about it. Instead of giving the lion's share of the tax cuts to high-income earners, let us give a reasonable cut to those in the middle and at the lower end of the income scale. Instead of a tax cut of \$6 a week, we should at least double that to Labor's proposal of \$12. I have worked in the electorates of the members for Greenway and Lindsay for many years. I understand the concerns of the people they represent. On behalf of their constituents who are going to receive only \$6 a week, I urge them to cross the floor and vote with Labor on these amendments. If they are doing their job and representing their people, they should vote with us on these most important amendments.

Ms KING (Ballarat) (1.07 pm)—I rise to support the second reading amendments moved by the member for Lilley to the Tax Laws Amendment (Personal Income Tax Reduction) Bill 2005 and add my voice to the fight for a fairer tax package. I fully support the need for tax reform, but tax reform that is fair. We need a bit of tax justice in this country, not just the Liberal Party's unfair proposals. How can I, as a Labor member of parliament representing the fourth poorest electorate in Victoria, come in here and argue for a \$65 a week tax cut for myself while the majority of the people who put me here are going to get only a \$6 a week cut? How can members of the government who are in exactly the same position have the gall to stand in this place and say that we deserve more money than the seven million Australians who benefit the least from this package? The truth is they cannot. Where is the member for Mallee or the member for Gippsland in this debate? Those great National Party champi-

ons of rural Victoria, whose electorates are poorer than my own, are not even on the speaking list for this debate. Yesterday—unbelievably—there the Nationals were on the front page of the *Australian* talking about tax relief for rural workers. The workers can have it if the Nationals vote for the Labor amendments that will give substantial relief to rural workers. Labor's package delivers greater fairness to 99 per cent of people living in low-income electorates. In the House today and in the Senate, National Party members—including Senator Julian McGauran, who has finally descended from his office block in the centre of Melbourne, because he faced a threat at last year's preselection—could force the government to accept Labor's amendments and deliver a fairer package to rural communities. Of course they will not do that, and I hope that they will be embarrassed when they have to go back to their electorates. And when Senator McGauran decides to grace us with his presence in my electorate to officiate at yet another flag pole ceremony, I will be asking him why he sold out so many low- and middle-income earners in my electorate in the interests of his Melbourne Club mates.

The government try to defend themselves by saying that their tax cuts deliver to aspirational voters. The only aspirations that this budget caters for are the leadership aspirations of Peter Costello. On budget night Costello, in his personal bid to the Liberal party room, delivered \$22 billion worth of personal tax cuts without delivering any real plan to increase participation and productivity in this country. The budget lacked vision and was devoid of fairness. The tax cuts give nothing but crumbs to the seven million working Australians who will receive only \$6 from the tax cuts proposed in this bill, unless the government see sense and support Labor's amendments.

The Howard government's budget has failed on many counts. Firstly, it fails on the count of basic fairness. Secondly, it fails because it continues to put pressure on interest rates. Finally, the budget and the tax cuts fail because they do not provide real incentives to move people from welfare to work. The Howard government has taken the Leona Helmsley approach to taxation. Leona, who owned several exclusive hotels and prime real estate in New York and consistently made the annual *Forbes* list of the richest Americans, once said, 'We don't pay taxes. Only the little people pay taxes.' The Howard government obviously likes that idea. After becoming Australia's highest taxing government, it has decided to provide \$22 billion worth of tax relief, but that is unfairly skewed to the top end of town and it is the 'little people' who are carrying the burden. This is a budget for the Liberal Party heartland, not a budget for the ordinary men and women of Australia.

After this year's federal budget, the local newspaper in my electorate, the *Ballarat Courier*, asked residents what they thought of the government's tax cuts. Overwhelmingly, the consensus was: what tax cuts? Ballarat is not like the Liberal held seats of Higgins, Warringah, North Sydney and Bradfield, where the majority of residents on average incomes will receive a \$22 tax cut a week. Ballarat constituents have an average income of just over \$33,000 and most of its people will receive only a paltry \$6 a week. Given that 85 per cent of Ballarat residents will receive only \$6 a week, is there any surprise that the reaction on the streets in Ballarat was so overwhelmingly: what tax cuts? I want to share some of that reaction. In a vox pop in the *Ballarat Courier* we had Tony Collett from Snake Valley saying:

I really agree with the Leader of the Opposition. I can't see how they can justify that they are going to cut \$6 for you or me and—

give—

someone else \$85.

Brendan O'Brien from Ballarat said:

I think it's pretty poor for the people who probably work the hardest to get the least amount of cuts. It sends a signal that the Government looks after the important people.

Paige Emery from Ballarat said:

Not happy at all. I am so angry. Once again the Liberal Government is making the rich get richer and the poor get poorer.

Richard Emery from Ballarat said:

Ha! What tax cuts? Only one for the big boys, for the rich end of town.

Dayle Smithwick from Greendale said:

I think to make a difference to middle income earners it needed to be at least double—it needed to be at least \$12 to have any effect.

Twelve dollars is exactly Labor's proposal. The reality is that, because of the Howard government's interest rate rise, the \$6 per week tax cut has already been wiped out for most Ballarat residents paying off mortgages. The median house price in Ballarat is just over \$234,000, meaning the average mortgage for homebuyers entering the market is approximately \$210,000. Based on these figures, the average Ballarat family will be paying an extra \$32 a month, or \$8 a week, because of the government's interest rate rises.

This is a tax cut for the top end of town, not for the nurses, policemen, teachers and tradespeople of Australia. This budget exposes the masquerade that the Howard government is friendly to ordinary Australians. The Howard government celebrates quite openly the growing divide in household incomes in our communities. When this is placed in the context of mounting health costs, rising petrol costs and interest rate rises, a more complete picture of how much families are struggling to make ends meet is emerging. It is a life on the margins. The last

budget was a missed opportunity—an opportunity to build for the future, an opportunity to train young people and an opportunity to offer genuine tax reform to give low- and middle-income families a break. By failing to invest in Australia's infrastructure and skills, the government has put wealth redistribution before wealth creation—not only that but it is wealth redistribution upwards.

The unfairness of the bill does not stop there. The government's welfare measures do little for participation at lower incomes. It is more a welfare to welfare program that introduces more cuts than carrots. All research indicates that, along with a good education, finding work is the most effective way of escaping poverty. That is why it is extremely disappointing to see that very little is done to add genuine incentive to the welfare system. The government often boasts of record employment rates and 14 years of unbroken economic growth—although I have to say the bulk of that occurred because of Labor's reforms—yet nearly one in 10 Australians lives below the poverty line, which is set at half average disposable income. In the electorate of Ballarat over 14,000 people, including over 4,000 children, live in poverty, according to Commonwealth figures that show huge wealth disparities across Australia. That research also shows that rural Australia has much higher rates of poverty than those in the cities, with almost 12 per cent of rural people living in poverty compared with 7.6 per cent in the inner suburbs of our major cities.

The most poverty stricken Victorian seat is Mallee, in the state's north west, in which 13.9 per cent of people live in poverty; next is Bendigo with 13.3 per cent, then Gippsland with 12.5 per cent and Ballarat with 12.3 per cent. These latest figures underline how unfair the structure of the Howard government's tax package and welfare cuts is. And in the *Ballarat Courier* today it states

that many Ballarat leaders are not surprised by high poverty figures in areas like my electorate. What do they blame? They blame high unemployment, poor skills training and unfair taxation.

Under the government's system, low- and middle-income earners receive only \$6 a week while those who earn over \$120,000 will get an additional \$60 per week. That means 85 per cent of Ballarat residents will receive only an extra \$6 per week. Where are the government big hitters in this debate and why have they not come out and defended their tax reforms, if they think they are so good? They know that they cannot.

These tax cuts are skewed towards the high-income earners. Government members know that they cannot justify what they have done in relation to tax reform. We are not simply opposing what the government has put forward; we have offered a fairer alternative. We are offering an alternative that will give real relief to the seven million Australians who have missed out under this government's package. Labor's proposed amendments would see, from 1 January 2006, the government lifting the effective tax free threshold for those moving from welfare to work and other low-income earners by introducing a welfare-to-work tax bonus that replaces the existing low-income tax offset. It is a real incentive for people to get off welfare and to move into work.

Also, our amendments extend the income range where the lowest 17c marginal tax rate applies, by raising the threshold where the 30c rate cuts in, from \$21,600 to \$26,400, to improve incentives for low-income earners to work and to deliver a tax cut of \$12 per week for low- and middle-income earners. From 1 July 2006, we say that the government should extend the income range where the 30c marginal tax rate applies, by raising the threshold where the 42c rate cuts in from

\$63,000 to \$67,000 to compensate middle- and high-income earners for the effects of bracket creep and to ensure that at least 80 per cent of taxpayers pay a marginal tax rate of 30c in the dollar or less over the forward estimates. We have also said that the government should extend the income range where the 42c marginal tax rate applies, by lifting the threshold where the 47c rate cuts in from \$80,000 to \$100,000 to improve the international competitiveness of our tax system.

Our approach is much fairer. It takes the more careful approach of waiting until the country is out of the interest rate red zone before the bulk of the tax cuts flow through. It delivers larger tax cuts to low- and middle-income earners at the same time as it recognises that workers earning \$80,000 are not rich and deserve tax relief as well. The reality is that our tax cuts would deliver a \$12 tax cut for those earning from \$25,000 to \$70,000—double what the Liberal Party is proposing. Our proposals would give tax cuts for people earning from \$70,000 up to \$105,000—equal to the proposed cuts in the Liberal Party's plan. These amendments would deliver \$40 to people who earn \$105,000 and above—one third less than what the Liberal Party is offering: a much fairer outcome.

The Treasurer's response to Labor's proposal shows that he really does not understand ordinary workers. He claims that he does. He said on radio last week that he reckons that you would be struggling on an income of \$40,000 to \$50,000 if you were paying a mortgage and raising some kids. If he really believes that, he would come in here and revise his package in line with Labor's fairer tax package. If he were honest he would admit that Labor's package offers larger tax cuts to low- and middle-income earners—those people on \$40,000 to \$50,000 who he reckons are struggling to pay a mort-

gage and raise kids. He would offer better incentives to move off benefits and into work and larger tax cuts on retirees' investment returns.

The final failure by this government is that the budget and tax cuts continue to put upward pressure on interest rates. The government does not like to talk about interest rates now. It was out there during the election campaign running a scare campaign and saying that interest rates would not rise under this government, but immediately after the election we saw interest rates rise. The government has put in place policies that put upward pressure on interest rates yet again.

There is \$38 billion of new spending in this budget. It exceeds spending in previous budgets, even those in the election years of 1996, 1998 and 2001. The spending is only surpassed by the unprecedented \$66 billion spent in 2004-05. What is concerning about the levels of spending, much of which was signed off at the 11th hour so the Treasurer could shore up support on the Liberal backbench, is that it is based on shaky foundations. The first sign of alarm has come from the government's optimistic GDP growth forecasts, which do not correspond with the RBA and other commentators. Over the past 12 months, the export growth forecast has been cut from eight per cent to four per cent and now, in 2004-05, to two per cent. According to the budget it is expected to shoot up to seven per cent next year. Nor does the budget take into account the ongoing effects of the drought. I do not know about anybody else but I have not seen any drastic change in the rainfall since the budget was brought down, and all of a sudden it seems that the government discovered that there is a drought. This happened after it had put its forecast together without taking the drought into account.

The economy is being exhausted by the spending spree of this government. Spending is outstripping the economy's capacity to supply. Many commentators have forecast that this will cause inflationary pressures towards the end of this year. If this happens towards the end of this year or next year the RBA, whose primary function is to stabilise the economy and to keep inflation down—the inflation figures are now outside of the Reserve Bank's target range—will have to act and may have to increase interest rates.

The Howard government's budget has poured fuel on the fire. Once again, if interest rates are to increase it is low- to middle-income earners who will bear the brunt. People who are paying high mortgages are paying a substantial proportion of their income on their mortgage payments. That means when you have even small increases in interest rates the potential for them to find the capacity within their budgets to pay those interest rate rises is diminished. That is why these tax cuts are so shameful.

The low- and middle-income families will be the worst hurt. It will be the teachers, tradespeople, nurses and single mums struggling to balance work and family commitments who will suffer. The reason for this is that this budget has much to do with the politics of the Liberal Party backroom and delivering more for Peter Costello's leadership ambitions. It is not a budget for the ordinary hardworking people of this country—the type of people we on this side of politics are proud to represent. That is why I would be embarrassed to return to my electorate having voted for a huge tax cut for my self while the nurses, teachers, small business owners and tradespeople in my electorate receive only \$6.

The government, its members in marginal seats and National Party members who represent some of the poorest electorates in this

country have a choice: come into this place and vote for a higher tax cut for yourselves or support a tax cut for the people who put you here in the first place—the seven million Australians who deserve a fairer deal from this government than they are currently getting. I call on members opposite to come into this place and support Labor's amendments. Do not come into this place and support an increase in pay for yourselves. Do not come into this place and support an increase in tax cuts for yourselves. Come in here and, by supporting Labor's amendments, have the courage to actually represent the people who put you here in the first place.

Mr McMULLAN (Fraser) (1.23 pm)—I rise to support the amendment moved by the member for Lilley and the amendments as foreshadowed and proposed by the Leader of the Opposition in his address earlier today on the Tax Laws Amendment (Personal Income Tax Reduction) Bill 2005. We are dealing with an effective response by the opposition to tax cuts which it sees and which most of the considered observers regard—as I will indicate in the course of these remarks—as unfair and, in some ways more importantly, as running the risk of being irresponsible.

I do not want to spend as much time as some of my colleagues on the unfairness of the tax cuts. That was done very adequately and most particularly by the Leader of the Opposition this morning and just now by the member for Ballarat. I want to address those issues, but I also want to spend some time on the economic risks; the irresponsibility associated with the structure, timing and scale of the tax cuts; and the priorities that the package of tax cuts in this budget reflect.

The government have been coming into question time and most notoriously claiming in their arrogant and triumphalist way the somewhat counterintuitive proposition that they are the representative of lower income

Australians and can therefore allege that somehow or other the Labor Party have in their tax proposals lost touch with ordinary Australian working men and women. I have to say that a pretty simple analysis of the arithmetic blows that proposition apart as it relates to the beneficiaries of this tax-cut package. The beneficiaries are not the ordinary men and women battling to raise a family on wages or, more particularly in the current circumstance, battling to raise a family on a string of part-time wages—that is, a family putting together a succession of part-time jobs.

But I readily acknowledge that I represent an electorate with very high incomes—one of the highest income Labor voting electorates in the country. When I first came to the House of Representatives, my electorate was the highest income Labor voting electorate in the country. Subsequent redistributions have meant that it is now said to be one of the highest, but usually there is a slight difference in the measurement. It is always in the top 20, often in the top 10, of high-income electorates in the country. I am not ashamed of that. I am very proud of that. I do not see why I would wish people in my electorate to be poorer. I wish them to be richer. I come in here elected by the overwhelming majority of those people and I am proud to represent them.

Although assessments of this are, again, less than perfect, I think it is probably true that my electorate is one of the big winners from these tax cuts. It has a high proportion of people in upper income tax brackets—not very many extremely rich people, as you might find in the electorate of the member for Wentworth, but a large number of people in the 42c and 47c bracket. But it is clear to me that not everybody in my electorate wins. The averages disguise the fact that, when I take Canberra as a whole rather than simply the half of it that I represent, the people in

Forrest and Deakin do very well but the people in Charnwood and Narrabundah do nowhere near as well. When I consider the Indigenous constituents that I represent at Wreck Bay, there is nothing in this budget for them.

Nevertheless, I accept that amongst electorates in Australia, and certainly electorates represented by people on this side of the House, my electorate is probably a winner. But I am very happy to come in here to argue that the high-income people I represent, including me, should get less so that others, including the low-income people in my electorate and in the rest of Australia, can get more. I do that with no embarrassment. I will stand in any forum in my electorate and make that point, and what is more I am extremely confident that the good citizens of my electorate will support that view. It is not that any of us are so magnanimous that if someone were to offer us money we would shy away from taking it—even if we choose, as some of my colleagues have indicated they will, to make it available to others for charitable purposes. But I think they, like me, would have the view that they and their country and the country that they will leave to their children and grandchildren will be the stronger for reinforcing the egalitarian tradition that has been a great strength and great unifying feature over the century of the Australian nation. The cumulative effect of the tax cuts that have disproportionately gone to high-income people is undermining that great egalitarian tradition, and I am happy to be arguing for it to be re-established.

I noticed in some of the commentary that people were puzzled. They said, 'This budget bears the hallmarks of a pre-election budget with all the giveaways but it's just after the election.' I think those commentators have missed the point. This is a pre-election budget. It is a budget about the election in-

side the Liberal Party. It is that which is driving the politics of this outcome and possibly the judgment that this is a set of tax cuts that a government could not get away with closer to the election because the wrath of the electors would have been too great.

The decision to express vehement criticism of the unfairness of these tax cuts is an easy one. The decision to vote against them is a harder political decision and it had to be made under pressure and at short notice by my colleagues in the lockup. That is a process I have been through for years and, happily, was not required to undergo on this occasion—I was released—but it is impossible to know what decision you would make in those circumstances if you have not been through it. I have done it 10 times and it is very difficult, but I know this: if my colleagues had come out and said, 'These tax cuts are unfair and irresponsible but we are going to vote for them,' they would have been pilloried and attacked by the Treasurer with equal vehemence.

That really shows the great weakness in the political make-up of the Treasurer. Many on his side see it; it is why they are so apprehensive about the consequences of his campaign for the leadership. He is a person who can argue opposing sides of the case with equal passion. He argues one position and, if that does not suit him, he switches and can argue the opposite way with equal passion. Had the member for Lilley and the Leader of the Opposition decided they were going to support these propositions, they would have been attacked with equal vehemence by the Treasurer arguing exactly the opposite position to that which he is now putting, because he is an actor who delivers lines, not a person with one skerrick of depth or substance—as people have said in the past about other Australians: he is a mile wide and an inch deep.

I want to make it very clear that I am pleased to be here supporting the decision that my colleagues made in that room. It is a hard decision, but they are acting to reinforce a longstanding and strong Labor Party tradition of commitment to fair tax cuts and responsible economic management.

There has been some confusion around what should be done about the disallowance of schedules. I will not go to the merits of that debate; I want to go to the question of the Treasurer's allegation that the uncertainty about what might occur is causing confusion. Everybody who knows anything about this—and that certainly should include the Treasurer, but even if it does not—knows that it is within his power to remove all the confusion. If the Treasurer issues the regulations on 24 June, they will have immediate effect and not even be subject to a debate on disallowance before August. That is what the law says: when a regulation is brought down outside the parliamentary sitting period those regulations have effect. In fact, they would not have to be tabled in the parliament until September—there are 15 sitting days in which to table them—and then the debate about disallowance could be held back until November, given the government's majority in the parliament.

So the only cause of confusion is the deliberate campaign by the Treasurer to generate confusion in the hope that he might gain some political benefit from it. There is no need for it at all; it is simply a political tactic designed to create confusion in the hope that he can reap some political benefit. How we will deal with that is a matter my colleagues and I will discuss later, but let us not put up with this cant and hypocrisy about potential confusion. It is confusion consciously, deliberately and maliciously generated by the Treasurer himself.

The bill before the House is very revealing because, when you as a government make a decision to spend \$22 billion, you are clearly saying that the things you decide not to do with that money are unimportant. If you have a bank of \$22 billion and you say, 'How are we going to spend it? You are going to get none of it,' then you know you are pretty low on the totem pole. On the broader question of the budget as a whole, which we will deal with during the debate on the appropriation bills, one thinks of the AMA's very worthwhile campaign on Indigenous health. They have been campaigning for a long time. I do not agree with everything they say, but they are doing a very substantial, important job and the government has said, 'No, that's not important to us; none of the \$22 billion is going to go there.' The tax cuts reflect a similar priority. When this government spent \$20 billion plus on tax cuts, if you got a tiny cut this year and nothing in the out years you know you are pretty low on the totem pole in the eyes of the government. Ordinary working Australians have an insight into the priorities of the government by what it has chosen not to do as well as by what it has chosen to do.

The package of tax and family payments reflects the idea first articulated by John Kenneth Galbraith when he said that conservatives always argue that the rich need more money as an incentive and the poor need less money as an incentive. He is right—it is a penetrating and enduring insight—but I always notice that it is a very convenient argument for rich people. They always use it to say, 'People on incomes like mine need more money as an incentive to work harder, but the people who work for me need less.' It is a very convenient argument and I reject and repudiate it.

In the time available I want to turn to the question of the irresponsibility and missed opportunities in this tax package. First of all,

let us look at what was said by Deutsche Bank in their budget reflections this month. They put the point I was just making about priorities. The key question we should be asking is: if in May 2004 you had known that the underlying cash surplus for 2005-06 would be \$17 billion rising to \$22 billion, what fiscal decisions would you have taken over the past year? They talk about a missed opportunity for significant tax reform and the accelerated funding of future commitments. There were missed opportunities for other things too, which I will deal with in the debate on the appropriation bills.

That is the other aspect of this: money has been thrown around but without even an attempt at real reform. Deutsche Bank said—and this is not some left-wing publication but the Deutsche Bank budget reflections issued to their corporate customers:

... this is a tax cut which appears to be designed to keep the Government's outer suburban electoral base intact ...

I am leaving out a little which is not relevant to today's discussion. It is not inconsistent with this, but I do not want to pretend that these are sequential sentences; they are about a paragraph apart:

In our view, the changes announced in the budget are likely to inspire greater political debate than economic since the welfare to work package is not a policy solution to the current issue of skill shortages ...

Hear, hear! A missed opportunity. Well said by Deutsche Bank. On the issue of risk, particularly the interest rate risk to which the member for Ballarat referred in her recent remarks, let me quote Stephen Koukoulas from TD Securities. On 18 May he said 'Interest rate pressures merge from left field.' And what is one of the three factors he thinks have caused interest rate pressures? Consumer sentiment jumping on the back of sizeable tax cuts. The consumer sentiment survey had just come out and he said:

The odds of an interest rate rise all of a sudden shortened.

Later in that same analysis he went on to say:

For future monetary policy pressures, all of the news today works towards one more interest rate rise in the months ahead. With the stimulatory Budget a few weeks ago ...

That was Stephen Koukoulas, TD Securities, quite rightly pinning this government and saying that this budget has elements of irresponsibility.

I now want to take a slightly longer term look at where these sets of tax cuts fit in the broader economic debate about the long-term future of this country. I will quote some material produced by Saul Eslake, the Chief Economist of the ANZ Bank. He forecast post budget—he was not in this instance relating his remarks particularly to the budget—that over the next decade Australia's economic ranking would slip from 16th in 2005 to the low 20s. In other words, he said that the rest of the world is going to do better than Australia. He said that Australia is 'vulnerable to disruptive adjustments to external imbalances among major economies', particularly because of the extent of our external deficit—and there is nothing in this budget to address that. Parenthetically, I might suggest he also makes clear that we missed the emergence of the Indian economy as a great opportunity. Australia's market share in that growing market, soon to be the third biggest economy in the world, is actually falling. Countries like Canada are doing better than us. The Canadians have to fly over Australia to get to India, but they are doing better in that market than we are.

Saul Eslake also said the growth consensus assessments about Australia assume 'continued strong growth in productivity, despite the stalled reform agenda'. There is nothing in this budget to overcome that stalled reform agenda. He also comments on

the risk that there is little attention being paid to water and soil degradation, greenhouse gas emissions et cetera and that we are therefore currently enjoying an optimism that may not be justified. But the most important point I want to come to which relates to this tax bill is that Saul Eslake from the ANZ Bank said:

After 14 years of continuous growth Australia's economy may be approaching a cyclical peak ...

He goes through a whole lot of indications why he thinks we are now quite possibly at the peak of the cycle, and I think he is arguably correct. But the point is this:

This is the point in the business cycle where mistakes are common, and costly.

And what is one of those three big mistakes that he thinks might emerge and which he says is still a significant risk? He says:

- 'Giving away too much' of the revenue dividend in spending increases and tax cuts ...

... (as demonstrated in the past two budgets)

The headline of the next point that he makes is:

The past two years have seen the biggest budget 'give-aways' in history

The combined effect of that assessment—not a Labor Party assessment, not one from some left-wing think tank but one from three of our major financial institutions, and they are not advising the Labor Party or the ACTU but corporate customers and the boards of their institutions—is that these tax cuts are a missed opportunity for real reform that Australia needs if we are going to generate more growth and that they are seriously irresponsible and run the risk of increasing interest rates and cutting out for low-income earners any small benefit they might get from the tax cut. That is why I am happy to support the second reading amendment. I look forward to participating in the consideration in detail stage of the debate on the amendments outlined by the Leader of the Opposition.

Mr RIPOLL (Oxley) (1.42 pm)—I rise to speak on the Tax Laws Amendment (Personal Income Tax Reduction) Bill 2005. It is a real pleasure to speak on this bill. I am not frightened to talk about the budget, the tax cuts and the measures that are contained within it, though the government would say that the Labor Party have somehow got something to be frightened of or that we are doing something wrong. But let me assure you, Mr Deputy Speaker and everybody listening, that we are not. We are not actually trying to block, frustrate or delay tax cuts; we are trying to improve tax cuts. We are trying to give people a fairer slice of the tax cuts pie. In fact, we are not diminishing the overall package at all. We are keeping the overall package intact. We think if there is going to be \$22 billion worth of tax cuts then let it be. Let those tax cuts go through. We are challenging the government. We are saying to the government: 'Why don't you pass the tax cuts of \$22 billion, but let's do it just a little bit more fairly.' So the debate is not about whether we are opposed to tax cuts, because we are not. It is not about whether or not the government is going to get its tax cuts through. It is about who gets to share in those tax cuts and at what rate.

I think budgets are an important indicator of what governments are about. In each budget, a government sets out its financial plans, its money plans and what it wants to do with its surpluses, debts and a range of things. This budget is a telling one and, as we have just heard from the member for Fraser, a budget of lost opportunities. The last two budgets had incredible giveaways that are putting financial pressure back on our economy.

People out in the street are sophisticated enough to understand this, and I think that this is the point that the government have missed. They think that just by going out there with a very simplistic, almost arrogant,

view to the community and just by dangling a very small carrot in front of people's faces they will get people to fawn on them and fall at their feet. This is the expectation of this government. This is how arrogant they have become. People are a lot smarter than that. They have worked out that this is not a fair budget for them, that there could be a fairer budget out there.

There are a number of polls around the place, and I will talk about those in a moment. Budgets do tell us a lot about governments and people and they tell us in particular a lot about this Treasurer. This budget is a reflection on who Peter Costello, the Treasurer of Australia, really is. It is amazing that for the first budget after an election we actually get an election budget. It sounds unusual. We do not expect a budget of this kind and magnitude or with this large a tax cut—and we are talking about a substantial amount of money. If you take it all into account it is about \$24 billion of taxpayers' money.

It is an election budget all right, partly for 2007, but it is an internal election budget. This is a budget about the internal election within the Liberal Party for its own leadership. It is a budget for Peter Costello to win over the hearts and hip pockets of his own backbench. This budget is not so much about giving ordinary Australians, the vast majority of Australians, a decent tax cut for their hard-earned dollars. This is not for the ones that are driving the economy—the small business people, the contractors, the labourers, the transport industry workers, the drivers, the ones that are actually delivering the rivers of revenue to this mob, to Peter Costello. What do they get back in return? Just a miniscule carrot.

But at the other end are the three per cent of Australians who will really benefit. I have checked this figure and had it confirmed:

only three per cent of Australians will get some sort of real tax relief. I use the term 'tax relief' carefully in this debate because we get a tiny bit of tax relief at the top end but we certainly get no tax reform. There is no institutional tax reform, which is what this country needs. We need a budget that will reflect a changing economy, that will actually reflect the aspirations of working Australians.

We did not get that. This budget reflected the personal ambition of the Treasurer and the Treasurer alone. This is his budget for his future. It is about his ambition, his leadership ambition, and it is about satisfying the needs of a backbench on the Liberal-National side that are upset about a number of things. But they just do not have enough money in their back pockets. This budget delivers to the top three per cent—all these empty seats that you see here. That side there will get the three per cent.

I am not going to hide from it: we will benefit from this too. But we are doing something about it. We are coming into this place and saying that there is a better way. Let us take the \$24 billion and slice it up more fairly. We understand that people on high incomes deserve a tax cut because they have been taxed to the hilt by this mob for too many years. We do not want to take money from them but there is a better way to redistribute those funds. You take a little bit less from the top and you redistribute down to people on middle and lower incomes. The net effect is that you maintain the budget as it stands but you give people a fairer go. You actually deliver not small tax relief but substantial tax reform. This is what this government should be about. It should be focused on the main game, on delivering some economic reform that will continue the growth that we have experienced in this country for the past 15 years—not that this government did anything to deliver that.

Everybody understands that it was the hard, tough reforms and decisions made under the Hawke and Keating governments that delivered the growth. The growth was in place before this mob got elected and its continued growth is based on what we did—the hard financial system reforms, all the skills reforms, all the reforms that we put into place to ensure that the economy would continue to grow. Guess what. Those reforms are ending. While the Howard-Costello government have basked in the glory of the reforms that were put in place by Labor they have done nothing during that good economic time to ensure that the next 15 years—whether they are in government or not—will see continued growth.

Let us be real about this: you do not put in place reforms to suit yourself; you put in place reforms to suit the national economy and every worker in this country. That is what it should be about. They are not doing that. They have wasted the nine years they have had in this place. They are coming up to a decade, and people need to start taking this in context. Every time you hear a government member or minister stand up they are always harking back to the past and to what Labor did. But they have had 10 years now—how many more years do they want before they can get it right? They have had a decade now to come up with the reforms.

For example, we have got a crisis with health professionals. Everyone tells me that it is not easy to fix. That is true, because it takes up to seven years to train a doctor and it can take up to 10 years to train a specialist. But they have had 10 years, so we should have an abundance of health professionals. We should not need to import doctors from overseas; we should have them trained. We should be training Australians today for the future. But that is not what we are getting from this government. We are getting missed opportunity after missed opportunity. It is all

about ensuring their own ambitions and futures. This budget tells a lot about the government and it certainly tells us a lot about certain people. It has told us a lot about the man Peter Costello, the Treasurer, and what his priorities are. You can pick up any paper anywhere and you will soon find plenty of articles that talk about the missed opportunities and things that they could have done with this huge amount of money.

There are a lot of surveys out there at the moment. Plenty of newspapers and credible polling agencies have gone out and asked people what they would rather have: six bucks in their back pockets or better roads and better infrastructure. It is about fifty-fifty out there. It is pretty incredible that people are opting not to get a \$6 tax cut but would prefer to have some better infrastructure. They are actually thinking along that line, and that bodes well for the whole range of people.

I want to comment on a couple of things that are local for me and for Queensland as well. The government have a view that somehow they are right on this, that just by saying that they are going to give a tax cut of \$6 means that people ought to be happy. But they do not tell you the full story of who gets it and who misses out. If the government were to adopt our tax package and our tax amendments the average Australian would get \$12—double—and that is maintaining the cost to the budget of \$24 billion.

So who actually misses out on getting that extra money that would make it a lot fairer? In my electorate of Oxley it is about 92 per cent of taxpayers. Ninety-two per cent of taxpayers in Oxley will actually miss out through this government's budget. They are not going to get the extra \$6 a week; they are just going to get the paltry \$6 to start with. The message is clear from the government side. That mob want to give themselves a tax

cut of \$65 a week—they want an extra \$65 in their back pockets—but they are only prepared to give the other 90 per cent of Australians \$6 a week. They think they are worth 10 times more than the rest of you—the rest of everybody out there. It is okay for them. They want to give themselves a full banquet and a bottle of expensive wine and they expect the rest of Australia just to get by on a schooner of beer or a couple of stubbies, because that is what this budget does. It says they value their own side 10 times more than they value every other Australian.

Let me go through a few other electorates. I want to know how government members are going to deal with a couple of issues, because this is not so much about what we are going to do to put pressure on the government about this budget but about what the members on the other side of the chamber are going to do. Let us look at Ipswich and what the member for Blair is going to do when he goes back to his electorate and has to face his electors, look them in the eye and tell them that 90 per cent of them are going to miss out on the extra tax cuts that they would get if the government passed Labor's amendments. Ninety per cent of his electors are going to miss out. I do not know how he is going to have the gall or the guts to come into this place, vote our package down and say to those 90 per cent of his electors that they are not worth those tax cuts because, simply, he wants to put the money in his own back pocket. That is the message he is giving everybody out there. In order for the member for Blair to keep his \$65 a week, he has to deny it from your pocket. But if he took a little bit out of his \$65 and redistributed it down you would get \$12. He would get a little bit more, but you would get more too—you would get double; he would just get a little bit more. I want to know how he is going to come into this place, vote against Labor's package, vote against a fairer tax pack-

age for the same cost to the budget, and then walk into his electorate and tell them that they are not worth getting anything.

I want to know how the member for Moreton is going to go into his electorate and tell about 90 per cent of his constituents that they are not worth as much as he is worth—that he is worth 10 times what they are worth. He could give them \$12 right now. The member for Moreton could walk into this place and support Labor's package. He could take a little bit out of his \$65 a week tax cut—it is not going to hurt him, it is not going to kill him, but it will make a huge difference to everybody else. I want to know how he is going to explain that to his electorate, how he is going to walk in here and vote against tax cuts, because that is what he is doing here: he is going to vote against tax cuts.

It is not just the member for Moreton and the member for Blair. The member for Ryan has a slightly wealthier electorate, but about 80 to 85 per cent of constituents in his electorate are going to miss out on the tax cuts because he is going to vote against them. This mob are actually going to vote against tax cuts. They do not want to give you an extra \$6 in your pocket to make it \$12 a week; they want to keep their \$65. That is what this whole debate is about: whether this mob wants \$65 a week in their back pockets or whether the rest of Australia gets \$12. I know what decision I would be making. I would be saying, 'I can sacrifice a little bit out of my \$65 and I'll give it to the people in my electorate.' That is what they should be doing.

Government members interjecting—

Mr RIPOLL—You are going to hear this from this mob. As soon as they get a bit uncomfortable and the seat gets a little bit hot they start getting a little bit loud. They have worked out that they now have to go and

explain to their constituents how they are actually going to prevent them from getting more in tax cuts for the same dollar amount.

The same goes for the member for Longman. How is he going to explain to his constituents, more than 90 per cent of whom he is going to deny a tax cut to? He is happy to keep his \$65 a week but not to give it to the rest of his constituents. It is absolutely appalling; it is something that should not happen. It is something that we can fix and we will fix. Let us not worry about constitutional problems; let us not worry about the process. It is really easy from here on. We are going to move the amendments; you guys can support them. You get to keep your tax cuts; you get to keep the budget as it stands, dollar for dollar. It is exactly your package, exactly what you have proposed, except for one critical part—and this is the important part. It is the part where we all dig into our pockets, take a little bit of our \$65 a week and give it to the rest of Australia. That is a much better idea.

The people of Australia are not going to be fooled in this debate. I have no problem with walking into my electorate and explaining to them how you guys voted against them getting a higher tax cut, some genuine tax reform and some genuine tax relief for the people who actually deserve it. You do not deserve \$65 a week. I want to see one of you guys on the government side say you deserve your \$65 more than somebody out there in one of your constituencies deserves \$12. Can you explain it? Are you going to go out there and tell your constituents that they do not deserve their \$12 because you want to keep your \$65? That is all it comes down to and that is what it comes down to every time.

Peter Costello has delivered a budget to keep you mob quiet. He is making sure he shores up some support for when the leadership challenge comes on. It is a budget all

about his ambitions. It has got nothing to do with the rest of Australia. It has got nothing to do with trying to grow the economy. We are trying to do something real. It has got nothing to do with infrastructure, because you have not dealt with infrastructure properly. You have not looked at all the big-ticket items. You have not looked at the things that are necessary to make this economy continue to grow. You inherited growth and you do not know how to keep it going.

More importantly than anything, this budget set three crucial tests. It set three tests that you can absolutely bank on. The first one is: will more Australians actually get a better benefit and a better deal in terms of tax reform from this government? The government failed miserably on the first test and they will not do anything about it in this place. The second test is: are they doing anything about genuine reform in infrastructure and about Australia's future? The answer is nothing. They have failed the second test. The third test is: will they provide some real incentive for hard-working Australians? They failed No. 3. Three strikes and you are out, because you have done nothing for ordinary people.

The SPEAKER—Order! I remind the member for Oxley that the use of the word 'you' is to be discouraged.

Mr RIPOLL—Thank you, Mr Speaker. Government members have done nothing about providing incentive for ordinary working Australians. What they have done is that they have said, 'If you're wealthy, you need incentive and you need more money so that you can continue to work.' But if you are a middle-income earner or a low-income earner, what they have said is: 'To give you incentive, we're going to take money off you.' That is their ideology—it is about giving more to people at the top end as incentive, but at the bottom end they give you less.

Just remember this: you can get \$12 as a tax cut and not \$6 if only the Liberal Party and the National Party would dig into their own pockets, cut down their \$65 tax cut and give you a little bit of theirs. But they are not going to do it because they want to keep their tax cut. They think they are worth more than you are. In fact, they think that so much that they think they are worth 10 times more than you are.

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

QUESTIONS WITHOUT NOTICE

Flagpoles for Schools

Mr EDWARDS (2.00 pm)—My question is to the Minister for Education, Science and Training. Isn't it a fact that, whilst voting to gag the Deputy Leader of the Opposition and me this morning, the minister told me that it was the member for Macarthur and Parliamentary Secretary to the Minister for Education Science and Training, and not the minister, who had politicised the Australian flag in our schools? Will the minister now show real leadership and apologise to the Australian people, including school principals, staff, students and their families for the Howard government politically misusing the Australian flag?

Dr NELSON—I thank the member for Cowan for his question, but I must say he demeans himself by putting a false assertion in the question. Firstly, the parliamentary secretary for education is doing an outstanding job in that role. One of his responsibilities is to oversee the national flagpoles program. I advise the House, as I did yesterday, that two years ago the Australian government recognised that not all Australian schools had a functioning flagpole. The gov-

ernment requires as a condition of funding that all Australian schools will fly the Australian flag. Quite reasonably, the Australian government said it would make funding available for the replacement of a non-functioning flagpole or to have one placed where one did not exist.

Since then, the Australian government has invested \$803,000 in 1,670 flagpoles in Australian schools. The guidelines for capital works from which this is now being funded require, quite reasonably, that an Australian government representative be formally invited to officiate at the commissioning of a flagpole in an Australian school. Under no circumstances do those guidelines state that it precludes an invitation to any other member of the parliament or any representative of any community organisation.

The member for Cowan alleges that he was refused an invitation to the commissioning of a flagpole at a school in his electorate. I can find no evidence at all to support that, but, if that were the case, I would join him in being outraged because under no circumstances does the Australian government believe that the commissioning of flagpoles in Australian schools should preclude an invitation being offered by the school to any other member of parliament. If the school believes that a member of parliament should be invited to speak then the member should be invited to do so, but an Australian government representative will officiate at the commissioning of such a flagpole.

Pacific Nations: Security

Mr TURNBULL (2.03 pm)—My question is addressed to the Minister for Foreign Affairs. What is the government doing to assist security and stability in the Pacific? Are there any alternative views?

Mr DOWNER—I thank the honourable member for Wentworth for his question. I know he has a great interest in the Pacific

and I appreciate his concern. This government has shown a real passion for addressing the problems of the Pacific. Bougainville is going through a period of elections for a provincial government. This comes out of a peace agreement that the Australian government played a key part in making possible. We have helped to rebuild Fiji politically after the coup of 2000 and, without any doubt, we made a very valuable contribution there. We have been working to assist the Papua New Guinean government with its reform programs and, although suffering a setback as a result of the Supreme Court decision on the Enhanced Cooperation Program, I look forward to welcoming Sir Rabbie Namaliu, the foreign minister, and Bire Kimisopa, the police minister, here in Canberra tomorrow to talk through how we will solve this problem. Let me also mention that in 2003 we deployed the Regional Assistance Mission to Solomon Islands. This mission has done a great job in helping to reform and rebuild the Solomon Islands and, amongst other things, to bring to justice many criminals, including Harold Keke. This is an example of the excellent work that the government has been doing in the Pacific.

Are there any alternative views? We do not believe on our side of the House that the aid program to Pacific countries should be cut in support of some position they may take in an international meeting. The Labor Party has made it clear that it believes that aid to the Solomon Islands should be threatened on the basis of how the Solomon Islands would vote in the International Whaling Commission. The member for Griffith, for example, is reported in the *Sun-Herald* of 22 May as saying that we should use our aid to lean on countries such as the Solomon Islands to influence their voting in the International Whaling Commission. The member for Grayndler—who calls out, ‘Where?’—said on 2UE yesterday, in answer to a ques-

tion about this, ‘We’re prepared to link a whole range of issues.’ This policy, by the way, has received the endorsement of the Greens, of Senator Brown, who said:

I think we need a much tougher line to take there. Kevin Rudd is right.

We do not believe that the Regional Assistance Mission in the Solomon Islands should in any way be threatened over this issue. We believe the right way to approach it is through decisive and strong diplomacy and endeavouring to persuade the Japanese government to protect whales and to not proceed with their so-called scientific whaling. But as for our threatening the aid programs of countries in the Pacific, no, we will not do that.

Children in Detention

Mr BEAZLEY (2.06 pm)—My question is to the Prime Minister. I refer to the Prime Minister’s statement in response to a human rights report that was critical of Australia for keeping children in detention:

We don’t like detaining children, we really don’t ...

Is the Prime Minister aware that a baby boy, Michael, was born into detention on Monday night? How long will baby Michael live behind razor wire fencing and barbed wire? How long will 67 other children in detention live behind razor wire fencing and barbed wire? In the name of fairness and decency, will the Prime Minister now act to let these children out of detention?

Mr HOWARD—I thank the Leader of the Opposition for the question. I have been informed that the young child born in Perth last night will not in fact go back with its parents to detention—I think it was in an offshore centre—but rather will live in community accommodation in Australia.

Economy

Mr SOMLYAY (2.08 pm)—My question is to the Treasurer. Will the Treasurer inform

the House of the latest assessment of the Australian economy contained in the *OECD Economic Outlook*?

Mr COSTELLO—I thank the honourable member for Fairfax for his question. I can inform the House that the OECD released its Economic Outlook overnight, in which it provided assessments of developed economies around the world and of the global economic situation. The OECD report about Australia was extremely positive. The OECD expects economic growth to strengthen, with low unemployment and inflation contained within our two per cent to three per cent target band. The OECD notes that high company profitability, low corporate debt and buoyant business confidence are expected to support further improvement in business investment. The OECD expects that strengthening exports will narrow the current account deficit and the OECD believes that the unemployment rate, which is now at 28-year lows, will continue well below the average unemployment rate of the developed world, which is 6.7 per cent. The OECD also notes that Australia projects a surplus in its Commonwealth budget over the next two years, in contrast to the rest of the developed world, which is projecting deficits of the order of three per cent over those two years.

This assessment is particularly striking when it is compared to that of other countries in the OECD. In fact, a chief economist of the OECD, Vincent Koen, was interviewed on ABC Radio National today. He was asked by the interviewer to name some areas where Australia should be improving, and he said this:

I am a bit ill at ease here because Australia in many ways has outperformed all of Europe, where I am speaking from right now. So this is listing recommendations to an economy that has already done much better in recent years.

If you heard that interview this morning you would have heard that he sounded ill at ease too, giving advice on the Australian economy.

But, having said that, economic performances can always be improved and the OECD has recommended that Australia focus on the following: ‘making wage bargaining more flexible’—this side of the House would agree with that; ‘creating stronger incentives to labour market participation’—that is what our welfare-to-work reforms are all about; ‘removing disincentives to hiring’—these are the unfair dismissal laws which the Australian Labor Party has now blocked 42 times in the Australian Senate; ‘improving training and education’—what this government is all about; and ‘promoting competitive pressures in the economy’.

It is true that Australia’s economic performance has outperformed the developed world over recent years, but that does not mean we can stop. What we have to do is improve our performance in all of those areas. The most important thing that the Australian Labor Party can do to help Australia’s economic performance is to get out of the way and let the government get on with promoting a competitive economy and reforming the labour market, unfair dismissal laws, welfare-to-work laws, education and training. The biggest obstacle to economic reform in Australia is the Australian Labor Party and its leader. I call on the Australian Labor Party to support this government’s changes to industrial relations—momentous changes which will be released later this week.

Immigration

Mr LAURIE FERGUSON (2.12 pm)—My question is directed to the Prime Minister. I refer the Prime Minister to the reported intention of the member for Kooyong to move a private member’s bill to change the

government's detention system and the statement yesterday by the member for Pearce that:

We're not trying to overturn the government's policy of mandatory detention. We're just asking for a more compassionate approach, a more independent approach, greater transparency, and greater accountability.

Does the Prime Minister agree with the members for Kooyong and Pearce or does he retain confidence in his minister for immigration and her view that:

The Department of Immigration and Multicultural and Indigenous Affairs does an excellent job.

Mr HOWARD—Can I say in reply to the member for Reid that I have a great deal of respect for both the member for Kooyong and the member for Pearce. Each of them has made a very impressive contribution to the deliberations of this party. They have expressed views on a particular policy issue, as they are entitled to do inside a democratic party. The government's policy on mandatory detention, its policy of returning boats, its policy of cooperation with neighbouring countries such as Indonesia and also its use of offshore processing facilities have all combined together to end Australia as a destination for illegal immigration and for people-smuggling. It remains the policy of this government to keep a policy of mandatory detention. That policy, as has been demonstrated by the announcements made some two months ago by the minister for immigration, will continue to be one where opportunities to administer it in a flexible and more compassionate way will be taken advantage of. That is an ongoing process. It is not something that is regarded as having been completed.

I remind the House, as I have been asked a question on this issue, that it is my understanding that at present some 1,004 people are in detention. Something in the order of 300 of those people have been in detention

for more than 12 months. Quite a number of those people still have certain legal processes to be exhausted. Some of them are people whose applications for refugee status have not been successful but, for a combination of reasons, it is not practicable to return them to the countries from whence they came. It is at that group that the measures announced by the minister for immigration some two months ago were directed. Cases and people falling within that group continue to receive the attention of the department of immigration.

I was asked about my view of the minister for immigration. She continues to enjoy my strong support. There are a number of issues that are now being investigated concerning the department of immigration. When Mr Palmer's report is to hand, the government will give further attention to those matters, but I can assure the House that opportunities on an ongoing basis will be taken to administer the policy of mandatory detention—which has been the policy of this government since it came to power and which will remain our policy and which was a policy introduced by the Keating government in 1992—in the most flexible and compassionate way consistent with its maintenance.

Budget 2005-06

Mr BAKER (2.16 pm)—My question is addressed to the Treasurer. Would the Treasurer advise the House how business can be given the certainty that it desperately needs on tax? What is the roadblock preventing that certainty?

Mr COSTELLO—I thank the honourable member for Braddon for his question. I acknowledge the interest that he and his constituents have in a more productive income tax system here in Australia. There is one side of this House that supports income tax cuts on 1 July: the Liberal and National parties, who want every Australian to have an

income tax cut on 1 July. Unfortunately, there is another side of this House that wants nobody to have an income tax cut on 1 July and is opposing proposals to bring down the lowest rate of tax from 17c to 15c in the dollar and to increase the thresholds at which the higher marginal tax rates cut in.

Let me make this point: the bill that will enact these tax cuts will be passed by the parliament. It may not be passed before 30 June, but it will be passed by the parliament, at the latest in August when the new Senate sits. However, for people to receive the tax cut that that bill provides, withholding schedules to be applied by employers must remain in place and not be disallowed before 30 June. I can inform the House that those withholding schedules will be introduced into the Senate on 14 June. If the Australian Labor Party, which knows that the tax cuts bill will go through, will give an assurance that it will not disallow those schedules, then every employee can have their tax cut on 1 July, whether the bill has gone through by 1 July or not. There is no reason to await the passage of the bill. The critical thing here is the withholding schedules. For every Australian to get their tax cut, the Australian Labor Party has to indicate that it will not move to disallow those withholding schedules when they are introduced on 14 June.

Yesterday, the caucus spokeswoman said that the Labor Party had determined not to determine a position. They were being resolutely irresolute in relation to this matter. But not all of the members of the Labor Party feel that way. I can reveal, as reported in the *Herald Sun* today, that not all the members of the caucus feel that they should follow the Leader of the Opposition and the member for Lilley with the charge of the Light Brigade—‘Half a league, half a league, half a league onward,’ goes the Leader of the Opposition. The article said:

A senior caucus member last night estimated up to a quarter of Labor MPs were unhappy about Mr Beazley’s tax tactics.

“And it’s not just junior MPs, a lot of senior people have reservations about what’s gone on,” the MP said.

Some were unhappy about the lack of consultation—the tactic was decided upon during the Budget lock-up and it was never put to Caucus.

Others were concerned that the public wanted the tax cuts and would see the ALP as spoilers.

Why wouldn’t the public see the ALP as spoilers? The ALP will not be able to defeat this tax cut. The only thing they can do is cause confusion for 850,000 Australian employers. This is no simple matter for 850,000 Australian employers. They have to load these schedules into their payroll systems. They have to be able, from 1 July, to know what the tax rates are going to be. Every business organisation in Australia is now condemning the ALP over this tactic, and they are right to do so.

Mr Albanese—I draw the Treasurer’s attention to the fact that there is a ballot going on at the back of the chamber.

The SPEAKER—Is this a point of order?

Mr Albanese—Yes, it is a point of order. Is it in order for there to be ballot papers during question time? I know the Treasurer will be interested in ballot papers inside the Liberal Party.

The SPEAKER—There is no point of order.

Mr COSTELLO—Mr Speaker, if you wanted to know who was amongst the quarter of the ALP caucus opposed to the tactic, one of them just came to the dispatch box.

Mr Albanese—Mr Speaker, I am very concerned about the Treasurer’s future. I asked you to rule on my point of order.

The SPEAKER—I have ruled on the point of order. There is no point of order.

Mr COSTELLO—Here we have a political party which has no credibility with Australian business. Here we have a political party which is now engaged in confusing 850,000 employers about tax schedules which are to apply on 1 July, and here we have a frivolous interjection in the House of Representatives, to try to disguise from the people of Australia the fact that the Australian Labor Party stands in between them and their tax cut on 1 July. Let the Labor Party get out of the way; let the tax cuts come in; let Australians have what the budget promised them on 10 May.

Immigration Detention

Mr BEAZLEY (2.24 pm)—My question is to the Prime Minister. I refer to his comments on 3 October 2002 to the Kooyong 200 Club with regard to the member for Kooyong. I quote:

You bring with your particular gifts and understanding of certain issues a point of view and a background to the party, which a broad church Liberal Party of Australia needs. Our ... success is that we have been able to accommodate within our party and our Government a range of views ...

Given this enthusiastic endorsement of conscience, will the Prime Minister allow a conscience vote on the proposed private member's bill by the member for Kooyong relating to immigration detention?

Mr HOWARD—I do remember that speech. It was a very good one. It was accurate then, and it remains accurate.

Vocational Education and Training

Mr VASTA (2.25 pm)—My question is addressed to the Prime Minister. Is the Prime Minister aware of reports about different training arrangements for apprentices in different states? What is the government doing to address these issues?

Mr HOWARD—I thank the member for Bonner for a question that goes in a very practical way to the heart of one of the diffi-

culties facing this country in the area of training, and that is the inability of people who earn trade qualifications in some parts of the country to have full faith and credit given to those qualifications in other parts of the country. It is, for example—so I am advised—the case that a young person who has a hairdressing qualification from a private training organisation in Victoria cannot carry on his or her trade in New South Wales without completing a full apprenticeship. They can, by contrast, get employment and recognition in London as a hairdresser. A person can be working as a qualified carpenter in Canberra but if they want to work five kilometres away in Queanbeyan they have to get a licence from the New South Wales Department of Fair Trading, which may mean that they have to do another formal assessment and incur additional costs. In New South Wales a person can do a hospitality qualification which covers nationally agreed competencies for serving alcohol. They can use this qualification to work in Victoria but not in New South Wales, where they actually did the course. In New South Wales, they must undertake and pay for another course through the New South Wales Department of Gaming and Racing.

Let me say immediately that these problems and anomalies have been in existence for a long time. I am not for a moment alleging that they are the exclusive creation of current Labor governments which are in power in all the states and territories; they are not. It does strike me as very strange in 2005 that we have for all practical purposes created a situation where if you qualify as a lawyer in Western Australia you can practise law in any other state but if you qualify as an electrician, a bartender or something else in one part of the country you cannot have full faith and credit given to those qualifications in other parts of the country. I have been in touch with the premiers and chief ministers

and this is an issue that has been placed on the agenda for the COAG meeting to be held on 3 June. I seek a partnership with the states to tackle this problem. It is not something the Commonwealth will take over. It is something the Commonwealth will work with the states to solve. I think it is outrageous when we are so short of skilled tradesmen in this country.

Opposition members interjecting—

Mr HOWARD—It is very interesting that they are all interjecting. Don't they want these anomalies removed?

Opposition members interjecting—

Mr HOWARD—They are all interjecting. Do you know who may be responsible for some of these anomalies? They may in fact be people who think that the trade union movement should have a greater say in the training of young Australians. I want these anomalies eliminated. They can be eliminated in cooperation between the Commonwealth and states, and I am sure that the premiers of the various states who profess concern about these problems will willingly cooperate with me to bring about an end to this ridiculous situation.

Mr Beazley interjecting—

The SPEAKER—Before I call the Leader of the Opposition, I remind him that when he gets the call for a question he should come straight to his question.

Immigration

Mr BEAZLEY (2.29 pm)—My question is to the Prime Minister. I refer the Prime Minister to today's disclosure that more than 200 cases have been referred to the Palmer inquiry. I refer the Prime Minister to his remarks of Sunday, 15 May:

Well of course I retain full confidence in the minister and until I have evidence of bad administration or systemic failure I am not going to do other than support the department.

Prime Minister, if 200 cases do not constitute evidence of systemic failure then what does? Will the Prime Minister now face the truth, sack his minister and set up a royal commission into this department of immigration scandal?

Mr HOWARD—No.

Workplace Relations

Mr BARRESI (2.30 pm)—My question is addressed to the Minister for Employment and Workplace Relations. Is the minister aware of recent comments on the social consequences of workplace relations reform? What is the minister's response to these comments?

Mr ANDREWS—I thank the member for Deakin for his question and his ongoing interest in this subject. I am aware of some recent comments because the Australian Labor Party is once again running a hysterical scare campaign about workplace relations reform, which sounds more and more desperate as each day goes by. Yesterday the Leader of the Opposition was predicting that some sort of iron curtain would fall on workplaces in Australia. According to an AAP report, the Leader of the Opposition told the Labor caucus yesterday about workplace relations reform:

This is about the fundamental underpinnings of our democracy.

... ..

It's important to remember that when the eastern European system cracked, that wasn't a product of newspaper editorials, it wasn't a product of student action, it was a product of trade union action through Solidarity.

How desperate. According to the Leader of the Opposition, workplace relations reform now equals the death of democracy. He has form on this. In 1996, when we were considering the Workplace Relations Act, the Leader of the Opposition predicted that it would lead Australia:

... straight down the American road on industrial relations legislation, straight down the American road on wages justice, and that produces social dislocation more than anything else.

It was equivalent to what Bill Kelty, the then Secretary of the ACTU, was saying at the time. He said:

If they want a fight, if they want a war, then we'll have the full symphony, the full symphony, all the pieces, all the clashes and all the music.

They were wrong then. There was no war. Democracy continued to flourish. The iron curtain did not come down on workplaces in Australia. It just shows what a hysterical campaign the Leader of the Opposition is running. The reality is that the opposite happened. They do not like to hear that real wages went up by 14 per cent and industrial disputation has declined in this country. The *Financial Review* got it right today in an editorial entitled 'Beazley's pointless huffing and puffing', which stated:

... it would be far better for the party's leaders to haul themselves out of the foetal position on reform - which they have also adopted on workplace relations ...

We have heard that the Leader of the Opposition is determined not to determine a position on taxation. We just wish that he would determine to make a determination about workplace relations reform rather than continuing the scaremongering that he has been involved in for the last 10 years.

Inspector of Transport Security

Mr BEAZLEY (2.34 pm)—I really have nothing to say to that, Mr Speaker, you will be pleased to know.

The SPEAKER—The leader will come to his question.

Mr BEAZLEY—My question is to the Deputy Prime Minister and Minister for Transport and Regional Services. With recent allegations of drug smuggling, baggage mis-handling and heightened concerns regarding

terrorism, does the Deputy Prime Minister stand by his comment that the Inspector of Transport Security is a part-time job and that it is acceptable to have it unfilled as, indeed, it was for some 15 months? Given the 200 department of immigration cases now referred to the Palmer inquiry, does the Deputy Prime Minister stand by his claim that as Inspector of Transport Security 'Mr Palmer has stepped aside for a short term only'? Will the Deputy Prime Minister tell the Prime Minister to return Mr Palmer as Inspector of Transport Security full time, given the manifold problems that have emerged in that area, and to support a royal commission into the department of immigration?

Mr ANDERSON—I thank the honourable member for his question. Plainly, security at airports is a real issue. There are just a couple of points that I would like to make here. I think it is very important that a couple of these misconceptions be cleaned up. The Inspector of Transport Security is a part-time position, as you have just acknowledged. What needs to be understood about this is that the idea, which initially was my department's, was that we would have, rather like we have in the Australian Transport Safety Bureau, someone who could on a no-blame basis investigate a security aspect or a security failure after such a failure happened. That has not happened. There has been no ground for referring or needing to refer a terrorism incident. We have not had a terrorist incident. If the Labor Party do not understand the difference between smuggling and criminal activity and terrorism then pity help us. But I say that they might get on top of it so that they can stop scaremongering. We have not had a terrorism incident. This position was created so that we would have someone—

Ms King interjecting—

The SPEAKER—The member for Ballarat is warned!

Mr ANDERSON—This is a serious issue that they raise. I am seeking to give the House a proper, quality explanation. The idea of having someone in this office was to ensure, just as we have no-blame accident investigations, that we had someone to look at an incident if one happened in the area of terrorism security, whilst everyone else in every other authority is engaged in dealing with an emergency and to ensure that we can learn from those events.

The normal, ongoing business of looking after aviation security belongs to the Office of Transport Security. In fact, since the introduction of the new Aviation Transport Security Act on 10 March this year, the Office of Transport Security has undertaken—I think this is worth noting—47 security audits, 70 aviation security inspections and 50 systems tests, conducted 345 visits to aviation industry participants and involved itself in 136 meetings with aviation industry participants about aviation security matters.

The ongoing task of taking forward our aviation security policy belongs to the Office of Transport Security. I have always said that, as situations evolve—as they have in relation to airport security and smuggling matters—we will look at those, seek to learn from them and put in place appropriate responses. The Office of Transport Security will be bringing forward to me some recommendations as a result of recent incidents, and I will seek to act on those.

In relation to the very important task that Mick Palmer is undertaking at the moment, should a need for a post terrorist incident investigation tragically emerge—and I hope and pray that it does not—we will address that situation when and if it arises.

Economy

Dr JENSEN (2.38 pm)—My question is addressed to the Minister for Trade. How is the government working to improve the international competitiveness of the Australian economy? Are there any alternative policies?

Mr VAILE—I thank the member for Tangney for his question. Of course, it goes without saying that Australian exporters need a strong domestic economy from which to launch their operations into the global economy. Since elected, we have been working hard as a government to achieve and deliver that base for Australian business and particularly for Australian exporters. Low unemployment, low inflation, low interest rates and budget surpluses are all delivering a very, very strong Australian economy. We are also absolutely determined to continue to see the Australian economy grow in a sustainable fashion. That has been underpinned by the report from the OECD that came out today with economic forecasts for the Australian economy, particularly with regard to growth.

Interestingly, the OECD also calls for continuing reforms. We cannot take the pressure off the reform process in making sure that we remain productive, competitive and efficient in the global marketplace. We as a government are determined to make our exporters more competitive. In our tax reform package in 1998 we removed \$3.5 billion worth of taxes from the back of exports going out of Australia. In this year's budget, just released, we delivered \$1.8 billion in tax relief to further enhance the competitiveness of Australian industry and exporters. That has certainly been welcomed by Australian business, as represented by the Australian Business Council for Sustainable Energy, the Federal Chamber of Automotive Industries and the Australian Electrical and Electronic Manufacturers Association. Those industry

groups and their constituent members are determined to improve the competitiveness of our economy through their efforts.

This year's budget also delivers \$21.7 billion in personal income tax cuts, continuing our commitment to structural taxation reform, increasing incentives for workers and increasing the efficiency of the Australian economy. As a government we remain determined to deliver these tax cuts and also the certainty that 850,000 Australian businesses need over the next couple of months. We have a business community that is determined to improve productivity and competitiveness in what they are doing in the workplace in the interests of the Australian economy, yet we have the Australian Labor Party standing in the way of these tax cuts. The Australian Labor Party wants to create all sorts of mayhem with the Australian business community not being able to determine anything other than to determine not to determine something. The reality is that, whilst the government and business community of Australia want to get on with improving productivity, efficiency and competitiveness in the Australian economy, the Australian Labor Party is determined to stop tax cuts for Australian workers and create mayhem for the Australian business community.

Inspector of Transport Security

Mr BEAZLEY (2.42 pm)—My question is to the Deputy Prime Minister and follows the answer that he gave to my previous question, and I refer to that earlier answer. Is the minister telling the House that Mr Palmer will not undertake any investigation or inspection unless there is an act of terrorism? Minister, won't that investigation be a bit late?

Mr ANDERSON—I plainly said that the taking forward of the government's aviation and transport security matters is the responsibility of the Office of Transport Security.

They give me regular reports on what is happening; they make regular recommendations. And I confirm that, as I said, the part-time office of Inspector of Transport Security was set up by the government at my request so that we would have someone to review—

Mr Albanese—Nobody actually investigates!

The SPEAKER—The member for Grayndler!

Mr ANDERSON—an incident in relation to terrorism if one should happen. If you cannot see that the robust arrangements that the government has put in place to prevent a terrorist attack are enormous, world-class, monitored, regularly audited and taken forward then you are not listening.

Mr Albanese—We just cannot believe what we are hearing!

The SPEAKER—The member for Grayndler is warned!

Mr ANDERSON—I will make the point again that we felt that a 'belts and braces' application of this office might be wise so that, should a terrorism incident happen in Australia, we would have an appropriate person who could investigate, pick up any lessons that needed to be learnt and ensure that they could be readily applied in the circumstances, while all the other authorities would be very likely dealing with an emergency.

Medicare

Mr RICHARDSON (2.44 pm)—My question is addressed to the Minister for Health and Ageing. Would the minister explain how strengthening Medicare—100 per cent Medicare and Round the Clock Medicare—have improved health services? Are there any alternative policies?

Mr ABBOTT—I can certainly understand why the member for Kingston might ask that question, because the bulk-billing rate in the electorate of Kingston is up by 10 per cent

since December 2003 thanks to the policies of the Howard government. This government does not just talk about Medicare. We spend the real money which is necessary to further improve Australia's health services.

Since 1 January, the government has spent an additional \$175 million on health through the 100 per cent Medicare policy. Under 100 per cent Medicare and the bulk-billing incentives that this government has put in place, GPs now receive \$10 more than they received in January last year for bulk-billed consultations with children and pensioners. That is why more than eight out of 10 consultations with children and people over 65 are now bulk-billed. Since 1 January, the government has spent an additional \$14 million on health through the Round the Clock Medicare policy, and I am pleased to say that more than 50 per cent of GPs have claimed the \$10 after-hours loading for delivering after-hours services.

If this government sees a problem we tackle it. This is not a government which cannot make up its mind. This is not a government which confuses bluster with strength. It will never be said of this government that we are determined not to determine a position—the disgraceful phrase that will always haunt this Leader of the Opposition. That is why the Australian people trust the Howard government with their health care and that is why the Howard government is the best friend that Medicare has ever had.

Inspector of Transport Security

Mr BEAZLEY (2.46 pm)—My question is again to the Deputy Prime Minister and follows the two previous questions that I have asked him and that he has attempted to answer. Does the Deputy Prime Minister recollect that when he announced the establishment of this position it did not refer to simply investigating the odd incidents as

they occurred? The Deputy Prime Minister said that the role of the individual—this is well before Mr Palmer was appointed; but he ultimately was appointed—was to 'ensure security vulnerabilities are identified and addressed'. How is he ensuring that security vulnerabilities are identified and addressed, in the light of a multiplicity of incidents now with substantial security ramifications, when he is bogged down in an inquiry into some 200 issues in the department of immigration?

Mr ANDERSON—I will spell it out in the simplest language I can. The role of this particular office is not preventative. That is the role of the Office of Transport Security. They are, and have been for some time, directly engaged in negotiating with the airports and the airlines in relation to some of the incidents that have happened recently. As I have always indicated, they report to me regularly. When there are lessons to be learnt, we learn them; when there are changes that need to be made, we make them. We take security seriously—I reassure the House of that. They have indicated to me that they will be bringing forward a number of recommendations arising out of recent incidents. That is their role. But we have not had a terrorism incident in this country, and I hope it remains that way.

Domestic Violence

Mr BRUCE SCOTT (2.48 pm)—My question is addressed to the Attorney-General. Could the Attorney-General advise the House how the government is increasing support for the victims of family violence in Indigenous communities and their access to legal services?

Mr RUDDOCK—I thank the honourable member for Maranoa for his question and for asking it on this National Day of Healing. Only last week I announced the 12th new Indigenous family violence prevention legal service unit to provide support and legal ser-

vices in Roma and other districts such as Cunnamulla, Quilpie and Charleville. I am pleased to note that they are sites in the member's electorate. I hope to be able to announce the 13th and final new unit in the near future. This means that the government will have delivered on its election commitment to double the total number of units helping Indigenous communities in rural and remote regions around Australia.

The units provide legal and support services to help victims of family violence, mostly women and children, and those who are at immediate risk of such violence. I am advised that most of these new units, if not all, will be ready to open their doors from 1 July this year. This is an indication of not only the government's resolve to have these services up and running but also the willingness of organisations to be involved in providing suitable staff and working at a grass-roots level. We are not only helping victims of violence; we are also helping to prevent violence. That is why, in relation to our other announcements involving the new family relationship centres, those centres will have associated with them for the first time an outreach program so that Indigenous Australians will be able to get help through obtaining face-to-face advice on resolving relationship difficulties. I think these initiatives demonstrate the government's real and ongoing commitment to practical reconciliation and to obtaining better outcomes for Australia's Indigenous people.

HIH Insurance

Mr ANDREN (2.51 pm)—My question is addressed to the Assistant Treasurer. With the government's HIH rescue package sunset period due to expire on 30 June next, is the Assistant Treasurer aware of concerns from councils, including Bathurst and Oberon in my electorate, that there are claims yet to be settled including interest payments on loans

to the former Evans Shire Council necessitated by the protracted state-federal negotiations on the rescue package? Will the government consider a further extension until all claims are settled?

Mr BROUGH—I thank the honourable member for his question. The House will be aware of the issue of HIH and the great damage that was done to the insurance industry and obviously to a lot of innocent bystanders as a result of that and the action that was taken by both this government and the state governments in order to try to rectify that. The issue you raise has been brought to my attention and I am aware that a five-year sunset clause was agreed because it allows both the state and local governments sufficient time to put contingency arrangements into place to make possible HIH related liabilities incurred before 30 June 2005.

Under the agreement, the HIH policy liability is deemed to have been incurred at the point in time at which the liability comes into existence—for example, at the date of the settlement of a judicial determination. This is important in relation to the councils and the situation that the honourable member has raised. This means that the funding is available to local councils if the HIH liability has been incurred on or before 30 June this year, regardless of when the application for assistance is actually received.

Superannuation

Mr BROADBENT (2.52 pm)—My question is also to the Minister for Revenue and Assistant Treasurer. Would the minister explain how the government is improving the attractiveness of superannuation? How has the community responded to these measures?

Mr BROUGH—I thank the member for McMillan for his question and his interest in this very important issue to all Australians, namely retirement incomes and, in particular, superannuation. The member for McMillan

asked about community interest in the government's policies to do with superannuation. I can inform the member for McMillan that of the more than half a million Australians who have taken up the Howard government's co-contribution—under which, in the previous year, if they put a dollar in the government contributed a dollar towards their retirement incomes through superannuation—some 3,098 are constituents of the member for McMillan. They have made that contribution. They are looking after themselves and getting support from the coalition government to do so. It has been very much welcomed.

This government has done an enormous amount to promote superannuation, while the opposition continues to erode superannuation. Nothing shows this more clearly than comparing the position of the Leader of the Opposition and the Labor Party with that of the coalition on the last budget. The coalition moved to remove the surcharge which would inject another \$2.5 billion into the savings and retirement incomes of Australians and what did the Labor Party say? It wants to reject it. It was the Leader of the Opposition who did not want to support the surcharge and opposed its introduction. It was the Labor Party that opposed the reduction in the surcharge rate and it is the Labor Party that is also opposing the removal of the surcharge. They are very consistent on this issue.

What has the public had to say about it? The Investment and Financial Services Association, IFSA, has described this as a great budget for retirement savings, and so it is. We have had the financial adviser and respected financial writer Noel Whittaker write:

The removal of the superannuation surcharge is a major step in helping Australians save for their future more effectively.

We have also had Mr Kevin Bardsley, a Qantas ground crew employee, say that he is thinking of voting Liberal for the first time in his life because of the government's decision to abolish the surcharge. And as a bloke who knows a good government when he sees one, he knows that one side of the parliament is helping him to retire and have the sort of retirement that he deserves. Given the 3,098 members of the member for McMillan's electorate who have taken up the co-contribution and the removal of the \$2 ½ billion of taxation that has been put into Australia's retirement incomes, and the fact that the Labor Party, which used to think it was the party of the worker and of superannuation, is no longer that party, you need to recant the last policy you had of removing \$3.8 billion, ripping it out of the retirement savings of Australians, and applaud this government for the decisions we have taken in retirement incomes.

Defence Equipment

Mr McCLELLAND (2.56 pm)—My question is to the Minister for Foreign Affairs representing the Minister for Defence. Is the minister aware of the following statement given late last night at Senate estimates hearings by a senior Australian audit official in respect to military equipment:

Pieces of equipment couldn't be found during the stocktake. Whether they are there somewhere or Defence has lost them, or misplaced them or sent them off with the unit without accounting for them we don't know—and neither does Defence.

Does the specialist military equipment referred to include guns, grenades, trucks and even tanks? Can the minister inform us exactly where this equipment is?

Mr DOWNER—I am aware of this—

Opposition members interjecting—

Mr DOWNER—I love the Labor Party at play and I enjoy taunting them. What would we do without our political foes for enter-

tainment every day? I am aware that this question was raised in Senate estimates last night. I heard a robust discussion on the ABC's *AM* program this morning. I thought that Senator Hill answered the question pretty clearly and did an excellent job.

Aged Care

Mrs MARKUS (2.58 pm)—My question is addressed to the Minister for Ageing. How is the government helping older Australians receive the care they need in the right place? Are there any alternative policies?

Ms JULIE BISHOP—I thank the member for Greenway for her question. I know the member for Greenway will be interested to learn that as a result of the 2005 aged care allocation round, the Australian government will have allocated over 95,200 extra aged care places for the period 1996 to 2007-08 in community care, residential care and transition care. Just picture 95,200 places. That would more than fill the Olympic Stadium in Sydney. It is a significant increase in places. We have for the first time met the benchmark of 100 operational places per 1,000 of the population over the age of 70. Not only have we met that benchmark; we have exceeded it. We have now increased that benchmark to 108 places. Funding in aged care under this government has increased by over 135 per cent—\$7 billion this year in aged care funding—over a period when the population aged over 70 has increased by something like 20 or 25 per cent.

I am asked about alternative policies. As a matter of fact, there are no alternative policies from federal Labor on aged care. They left office with a 10,000-place deficit, according to the Auditor-General. Not once did they ever meet their own benchmark of 100 operational places. Today you just have to look at their web site. Apparently they had a policy review. The review has been completed and there is no policy listed for aged

care. Last year the Treasurer announced a \$2.2 billion package in aged care funding—and there was not one word from the then Leader of the Opposition in the budget-in-reply speech. This year the Treasurer announced an extra half a billion dollars on top of that for aged care funding. Again the Leader of the Opposition made not one mention of aged care in the budget-in-reply speech.

It seems that members opposite are not even aware of state Labor policies in aged care. There is a program called Home and Community Care, funded about 60 per cent by the Australian government but managed by, and the services delivered by, the state governments. The federal government this year has allocated over \$800 million to HACC with over \$248 million in New South Wales. So when the member for Blaxland wrote to me asking why home care services in Bankstown were unable to expand their services because of lack of funding I was able to enlighten him. The older people in New South Wales are being denied access to over \$65 million in home care funding that is sitting in the coffers of the New South Wales state government—\$65 million that could be used for aged care services for people living at home requiring home services. That essentially indicates Labor's attitude to older Australians who need care. This government cares about older Australians.

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

MS CHRISTINE JACOBS

Mr BEAZLEY (Brand—Leader of the Opposition) (3.02 pm)—I seek your indulgence to raise a matter very briefly, Mr Speaker. I would like to convey my condolences to the family and friends of Christine Jacobs, who suddenly and tragically died last night in Deakin. Ms Jacobs was in Canberra to open today's National Day of Healing in

the Great Hall. Her daughter Tamara very courageously spoke on her behalf this morning. Ms Jacobs was an Aboriginal education officer in WA and a member of the stolen generation. I understand that today she was expected to speak about her battle with depression and her commitment to reconciliation. On behalf of the House I would like to pass on my sympathy to all who knew Christine.

Mr HOWARD (Bennelong—Prime Minister) (3.03 pm)—I would like to associate myself with what the Leader of the Opposition has said about this particularly sad event. It was apparently the lady in question's first visit to Canberra and her first flight from Perth. The money to pay for her visit had been raised by the local school. It is a heartbreaking event. I think the House would feel as the Leader of the Opposition and I do.

PERSONAL EXPLANATIONS

Mr RUDD (Griffith) (3.03 pm)—Mr Speaker, I wish to make a personal explanation.

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

Mr RUDD—Yes.

The SPEAKER—Please proceed.

Mr RUDD—In question time today the Minister for Foreign Affairs said:

The member for Griffith, for example, is reported in the *Sun-Herald* of 22 May as saying that we should use our aid to lean on countries such as the Solomon Islands to influence their voting in the International Whaling Commission.

There are two paragraphs quoting me in the *Sun-Herald*, and I quote them:

Stopping short of calling for a halt in aid, Mr Rudd said: "Australia has given the Solomons hundreds of millions in aid over the last year or so.

"The Government has been asleep at the wheel as, one by one—

The SPEAKER—Order! The member will show where he has been misrepresented. He will not debate the point.

Mr RUDD—I am. I am quoting directly from the article in question.

The SPEAKER—The member will show where he has been misrepresented.

Mr RUDD—The article says:

"The Government has been asleep at the wheel as, one by one pro-whaling countries have been added to the International Whaling Commission with Japan's active foreign aid help. They should be using Australia's relationship with small countries like the Solomons to explain the depth of concern about Japan's plans".

Once again the foreign minister has been loose with the truth.

Mr ALBANESE (Grayndler) (3.04 pm)—Mr Speaker, I wish to make a personal explanation.

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

Mr ALBANESE—I do.

The SPEAKER—Please proceed.

Mr ALBANESE—In the same answer to a question today during question time the Minister for Foreign Affairs said that I also, along with the member for Griffith, suggested directly a withdrawal of aid should be used over the whaling issue. I did no such thing. He produced no evidence from the 2UE transcript to suggest that I did.

QUESTIONS TO THE SPEAKER

Questions in Writing

Mr DANBY (3.05 pm)—Mr Speaker, under section 150 of the standing orders will you ask the Minister for Transport and Regional Services and Deputy Prime Minister to answer my question about dangerous shipments of ammonium nitrate to Australian

ports that has not been answered for more than six months. It is question No. 377 on the *Notice Paper* of 9 December 2004.

The SPEAKER—I thank the member for Melbourne Ports, and I will follow up his request.

CHAMBER MICROPHONES

The SPEAKER (3.06 pm)—In yesterday's question time the member for Chifley asked me to investigate whether or not the microphone for the member for Richmond was on during her question to the Leader of the Opposition and whether the audio level was adequate. The director of broadcasting has checked the video recording of yesterday's question time. This has confirmed that although there was a considerable amount of noise in the chamber the member for Richmond and the Leader of the Opposition were clearly audible on the live broadcast and the Hansard recording. However, the audio levels from the loudspeakers in the chamber will be closely monitored today and tomorrow to ensure that they are adequate. Additional checking of the system has been performed this morning but found no fault.

Mr Price—Mr Speaker, I thank you for your advice.

AUDITOR-GENERAL'S REPORTS

Report No. 44 of 2004-05

The SPEAKER—I present the Auditor-General's performance audit report No. 44 of 2004-05 entitled *Defence's management of long-term property leases*.

Ordered that the report be made a parliamentary paper.

DOCUMENTS

Mr McGAURAN (Gippsland—Deputy Leader of the House) (3.07 pm)—A document is presented as listed in the schedule circulated to honourable members. Details of the document will be recorded in the *Votes and Proceedings*.

MATTERS OF PUBLIC IMPORTANCE

Choice of Superannuation Laws

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

The unreasonable compliance burden imposed on small business by the choice of superannuation laws.

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—

Mr BURKE (Watson) (3.08 pm)—It is amazing how quickly promises on red tape do a complete about face. The Prime Minister, when he was contesting the 1996 election, said in the great debate on 11 February 1996:

We are committed to reducing the red tape that small business has to grapple with by 50 per cent in our first term.

Now, in their fourth term, the Minister for Small Business and Tourism was quoted in the *Australian Financial Review* on 18 April of this year as saying:

... the new federal review stemmed from the Howard Government's fourth term agenda goal of reducing red tape.

Admittedly, the government have got themselves to the stage now where, if they were to reduce the compliance burden on small business by 50 per cent, it would still amount to more red tape than there was in 1996 when they first came to office.

You have to look at the level of confusion for small business in the way this scheme has been put together. The minister for small business—who, interestingly, has not turned up to the chamber for this debate—says: 'It's

only a two-page form. There's nothing to worry about.' Yes, that is true: the form is a two-page form. The guide for employers to understand the form goes to 16 pages. The guide for employees to understand the form goes to 55 pages. What is the simple thing that is going to happen in a small business environment when an employee is given the 55-page form? They are going to go to their boss and ask: 'What do you reckon I ought to do?' At that exact point what is the boss going to answer? I will get to that in a moment.

The compliance burden that is put on small business is extraordinary. We go from a three-step system which has existed since the introduction of superannuation. You make contributions in accordance with the relevant state or federal award or you make your contributions in accordance with workplace agreements or certified agreements. If neither of those applies, you make contributions as determined by the employer and the employees. We go from three easy steps to a 34-step process, a bizarre game board that has been presented to small business—

The DEPUTY SPEAKER (Hon. IR Causley)—The member for Watson!

Mr BURKE—These are my speaking notes; I am referring to them.

The DEPUTY SPEAKER—They are not speaking notes. The member for Watson knows the rules.

Opposition members—They are speaking notes, Mr Deputy Speaker.

The DEPUTY SPEAKER—I will not have any debate from members about the Speaker's ruling.

Mr BURKE—Mr Deputy Speaker, as I refer to the game board, the reality is that this government has to acknowledge that, for small business, it is not a game. What are the penalties if you get any of those things wrong? What are the penalties on a small

business owner when the employee asks, as employees will ask in a small business environment: 'What do you reckon I ought to do?' The government does not seem to understand that in small business the boss is the normal person you go to for advice. There is a relationship between staff and employer in small business quite different from that in major firms. Frequently, you get this relationship that is almost an extension of someone's own family. What happens if an employer goes so far as to answer the simple question: 'What do you reckon I ought to do?' On the game board, it becomes: 'Go to jail. Go directly to jail, do not pass go, and not only do not collect \$200 but potentially pay \$22,000 in fines.'

I accept absolutely that it is a fair call to say that, if a business owner is giving advice to their own financial advantage, if they are giving advice that involves some sort of kickback, then serious penalties should apply. But why on earth would this government ever allow a jail term to be the penalty on a small business owner when their crime is trying to be helpful, when their crime is simply answering a question which employees will no doubt ask? The question then is whether an exemption is possible. Why is it not possible for this government to simply exempt small business from the new choice regime? The arguments that are put by the government are really interesting. The first thing they say is: 'Isn't that unfair to employees? Isn't it unfair to employees that, if you work for a small business, you miss out?'

Exemptions already exist under this scheme. There is already an exemption if you are covered by a state award, there is already an exemption if you are covered by a collective agreement and there is already an exemption if you are covered by an AWA. They have already put together a scheme which does not apply to every employee, so why

can't the government have the common decency to say to small business owners, 'We'll give you the exemption too?' Why does a big business covered by a collective agreement get an exemption and a small business look down the barrel of a jail term? A small business looks down the barrel of a complex 34-step process. In each of those steps, the level of confusion is extraordinary. This is not something that they have to issue at the start and then that is the end of it.

Not only do they have to go through the compliance burden again on every occasion on which an employee in the 12-month period might want to change their choice of superannuation but, if two superannuation funds merge so that the choice the employee originally took is no longer a valid fund, the employer has to know that that has happened. The employer has a legal obligation to know that the super funds have merged. The employer then has 28 days to re-issue the super choice form, otherwise they are in breach and the fines apply to them. It is an appalling situation, and the government just has to face up to the fact that it did not think it through. I do not understand, for the life of me, why this is possible. With something that amounts to more than 90 per cent of somebody's remuneration, if you want it to go to a different bank account then you sit down with the boss and you give them the bank account details—you do not have to register a whole series of paperwork and you do not have a whole heap of inspectors looking down your back—and you can change the bank account from time to time, and the compliance burden on small business is very simple. Yet with something that amounts to nine per cent of remuneration they have gone on a complete paper war on small business.

So the exemption already exists and it can be done. But why does the government say that it is not going to offer the exemption to small business? This was not said by the As-

sistant Treasurer; it was said by a spokeswoman for the Minister for Revenue and Assistant Treasurer. This appeared in the *Financial Review* on 19 April:

Exempting small business from offering choice would just create a competitive disadvantage for small business in a tight labour market.

Mind you, being able to hire and fire at will, exempting them from unfair dismissal laws, apparently does not provide a competitive disadvantage for small business in a tight labour market. That is no problem at all. Every employee flocks to small business when they know they are going to be exempt from unfair dismissal laws, but to tell them that they have to function under the superannuation laws that apply to anyone under a collective agreement—anyone covered with the relevant clause of an AWA or anyone under a state award—will somehow provide a huge competitive disadvantage for small business. We really should acknowledge that the government have provided a way for small business to find an exemption from a choice in superannuation laws. Once they get their program through in August next year and their next lot of industrial relations forms, they will not officially exempt small business from choice in superannuation but, if an employee seeks choice, it will be legal to sack them. There will be a way around it for small business. You will not be able to say, 'Oh, no, we are not offering choice,' but, if they bring the form back to you, it will be completely legal for the small business employer to fire them. They can even be upfront that that was the reason for which they fired them, and it clearly will not establish a case under unfair dismissal because they will have the exemption, and that one will not satisfy an unlawful dismissal case, either.

The government has decided to put together a bizarre way of giving small business an exemption—which, mind you, will not work for the real rogue employees, because

unlawful dismissal will still be available—but has failed to give them what applies to every single small business operator, not the handful who end up with rogue claims against them. They are all going to be subjected to super choice, they are all going to be subjected to the paperwork nightmare and they are all going to be subjected to a government that, every time it talks about reducing red tape, adds yet another layer to it.

The arrogance of the way this has been implemented is extraordinary. Everybody is used to the fact that, when you employ somebody or when you go for a job yourself, you are given a form from the tax office and you put your tax file declaration on the form. Those forms are produced and made available by the tax office. For super choice, for the first time, the government in an extraordinary level of arrogance have decided they will not even supply the forms. They send a starter kit to each employer which contains six forms only, and small business can print off the remaining forms themselves. The government will not even bother to meet the stationery costs. The government have printed 1.2 million forms, yet they say there will be five million employees under the scheme.

But the other level of shocking arrogance is that the government has not even finished the legislation. Right now, small business have been sent the information and told to get their systems in place and to get a move on; yet the Minister for Revenue and Assistant Treasurer released a media statement way back on 14 March this year which said:

Legislative amendments will be introduced to clarify the operation of the choice legislation.

Since the date of that media release, no legislation has been introduced to the House. We have a media release on 14 March saying that there is more legislation to come, small business are being told, 'You can't have an

exemption; you've got to get your act together by 1 July,' and yet the government still cannot be bothered even introducing the final legislation, the final set of rules. The government still cannot be bothered actually completing the system and taking an opportunity to clean up some of the mess in the way they put this together.

The Minister for Small Business and Tourism, I have to say in fairness to her—and it does not surprise me at all that she has chosen to be outside the chamber during this—would understand exactly how hated these new rules are by small business. She would know that absolutely. You would have realised how well she knew it if you listened to the debate that took place at the National Small Business Summit organised by the Council of Small Business Organisations of Australia, COSBOA, last week. When asked about super choice, this is how the minister for small business took responsibility and helped claim ownership for the government of the policy she was so proud of. She said:

You appreciate that this whole issue of superannuation choice has been around, I think, since 1998 when Senator Rod Kemp was the Assistant Treasurer, so it has been out there for a very long time, but this is something that I have inherited.

The minister for small business was faced with question after question from small business operators and peak bodies of small business all saying one thing—that they support Labor's call for an exemption from the super choice laws and that, if it is good enough for people on state awards, for businesses covering AWAs and for businesses with super clauses in their collective agreements, it should be good enough for small business. Hearing that time and time again from every small business organisation there at the summit, the minister decided to claim ownership of the policy of the Assistant Treasurer opposite with 'but this is something I've inherited'.

It is time for the government to acknowledge one thing: you have messed it up; you have really made a mess of this one. It should have been simple. You still have not finished it. There is time to fix it. All that this side of the House is saying is: give small businesses the break they are asking for, the break they are demanding and the break that would go some way towards the red tape promises. I say that the first step in doing something about red tape is to stop making it worse.

Mr BROUGH (Longman—Minister for Revenue and Assistant Treasurer) (3.23 pm)—Here we have the Labor Party this afternoon presenting just another piece of hypocrisy. Here we have the Labor Party, which has stood in this place since the Treasurer delivered his budget night speech delivering tax cuts to every Australian, saying that it will do its absolute level best to confuse the situation for small businesses—to have them out there looking at two different sets of withholding schedules trying to work out what they have to do on 1 July to meet the law of giving tax cuts to their workers. The Labor Party caucus has decided, in its wisdom, to make a decision not to make a decision. That is ticker with a capital T from the member for Brand.

Here we have the shadow minister for small business, who sits opposite, ranting and raving in this place today as he presents a whole heap of misinformation—which we will make very clear to him shortly. If he took the time to go out and speak to the superannuation companies that have just completed their around-the-country consultations with small businesses on the ground, including in my own electorate—conducted not by the government but by industry funds and master trusts—he would find that small business is not running scared, nor is it concerned about these issues in the way he has described.

However, small businesses are concerned about two things. One is the ridiculous policy of the Labor Party to oppose tax cuts for Australians—to oppose every tax cut for every Australian. Small businesses are opposed to the confusion that the Labor Party is putting upon their payroll systems so that they do not know what to do today and tomorrow in regard to their obligations in that area. They are also concerned about the Labor Party's scaremongering about what will be required and whether they will be sent to jail. They are worried that somehow, embedded in the Tax Laws Amendment (Personal Income Tax Reduction) Bill 2005, there is some sort of draconian penalty for small business in the superannuation choice legislation that says that small businesses that do not comply will be sent to jail.

I make it clear to the shadow minister and to the small business community of Australia that there is no such provision in the choice legislation. I invite the shadow minister to take a look. The comments of the shadow minister, and of his leader in his speech in reply, alluded to the point that somehow we, the government, had introduced in this legislation a policy and a position that would require, in the event of a broken commitment by small businesses, their ending up in jail—and that is untrue.

Let us go to the heart of what they are talking about. I understand that the shadow minister has only been in this place since the last parliament. But one would expect that, if he wanted to take on the role of a shadow minister, he would go back and have a look at the origins of the legislation he is referring to. It is legislation that came into this place in 2001. It is about the provision of financial advice and it is there to protect Australian workers from unscrupulous behaviour, not just from employers but from everybody. In addition, it was strongly supported by the Labor Party at the time. Today they are try-

ing to use this as a scaremongering tactic in saying to the small business community, 'You'll be sent to jail if you don't meet the rules of the super choice legislation.' That is untrue.

There are no jail terms prescribed in the superannuation choice legislation. The Leader of the Opposition was simply wrong in his budget reply and, in this way, the shadow minister is again trying to confuse the issue and to confuse small business for no other purpose than to fight a pathetic rearguard action on their objection to super choice. Perhaps I can tell you how confused that position is, Mr Deputy Speaker. I encourage the second speaker from the Labor Party today, in this place, to confirm once and for all whether the Labor Party is for or against choice. It is pretty simple: is the Labor Party for choice or is the Labor Party against choice?

Mr Burke—For choice.

Mr BROUGH—It is now for choice. Every comment made in every speech by Senator Sherry always lambastes choice, saying that it is wrong and not supported. I challenged him at a conference in Tasmania, his home state, this year, to stand up on the platform and talk to the super industry and confirm what he had said on the Gold Coast last year before the election: he said to the ISFA conference that the Labor Party federally, if elected in the coming federal election, would make mandatory choice for all of the states.

Is that Labor Party policy in May 2005? I have not heard it recanted. It was not in your policy documentation, as I recall, during the election. Perhaps the honourable member who will address us in a few minutes might like to enlighten and inform the parliament and the small business community about that particular issue. I am sure that the superan-

nuation industry would be only too delighted to understand your position.

Let us go to the heart of this. This is a three-step process that small business has to undertake. We have heard from the shadow minister that lots of people have been excluded. This is about maximising the retirement incomes of Australians. It is about empowering Australians with their superannuation, the second-largest financial investment they will make beyond their mortgage, so that they have some ownership of and involvement in decisions about the fees they will pay, the returns they will get and the risks they will undertake. In doing so they could utilise the super co-contribution, which we heard about in question time today and which, I remind the House, the Howard government has generously put up to \$1.50 for each dollar that eligible recipients invest. They have until 30 June, so I would encourage all members of this House to go back to their electorates and tell people who are earning under \$58,000 that, for every dollar they put into their superannuation, the federal government will give them \$1.50.

How much was the Labor Party going to give them? The Labor Party wanted to get rid of the super co-contribution. It was going to rip \$3.8 billion not only out of the super co-contribution but out of the retirement incomes—out of the hip pockets—of Australians. The opposition has no credibility whatsoever when it speaks in this place about superannuation and the retirement incomes of Australians.

What do employers have to do? On 1 July all eligible employees will receive a two-page form. That is it. The form says: 'If you don't wish to do anything, you don't have to. If you wish to involve yourself in the decision making and where your superannuation is invested, then, for the first time, it is now your right to invest in your second-

largest investment. In doing so, Employee, it is now up to you to take some responsibility. Go out and get the documentation from the superannuation company, investigate it and use the ASIC web site, which will show every superannuation company and over time will put up the single fee disclosure of the costs to you for investing your money with them. Compare them and make a choice about your future, because the government believe that Australian workers have the capacity to make that decision.' We believe that Australian workers are intelligent enough and have the interest and the capacity to involve themselves in these issues. When they have done that, they should give the form to their employer and their employer will make a payment to their super fund.

The opposition is running around all over the place saying that small business will have to write out 35 cheques, for example, and send them off to 35 different companies. There are things called clearing-houses. They can write out one cheque, send it to one super fund and the money can be distributed. It will not be up to the small business. The opposition seems to misunderstand: this is not about government and this is not about the business per se; it is about the super funds that the owner of that money, the employee, should have some control over, some connection with and some say in how they are invested.

This rearguard action that has been dressed up today as huffing and puffing on behalf of small business is a fundamental objection that the Labor Party has across the country to super choice. It was demonstrated by none other than Peter Beattie, the Queensland Premier, whose minister went into the assembly this year and inserted a very small amendment into the legislation, not to increase the choice options for Queensland workers but to restrict them even further. For eight long years the Labor Party denied the

passage of super choice legislation, which the coalition had taken to the Australian public in 1995 as an election commitment for the 1996 election, which the Labor Party has rejected every time since. I was asked by one of my colleagues just a little while ago, 'Why did the Labor Party roll over and finally agree to choice?' They did not. It was the Senate, made up of the coalition members and Independents, that joined together to pass choice and to empower Australian workers.

Is this an onerous thing for small business? No. Is small business up in arms about this? No. Will this empower Australian workers to have a connection with their second-biggest financial investment in their lifetime and the sort of life that they want to have in retirement by making use of things like the super co-contribution? Is that something we should all be embracing? Everyone on this side of the House knows that is what we should be embracing. Members on this side of the House will be going out in the coming days and weeks to say to the small business community: 'Support your workers because the way to maintain lower taxes is to get people involved in things like super. It takes the weight off the back of the welfare system when people make an investment.' The government will reward them today for doing so and they will see their funds grow at a much faster rate than they otherwise would have.

The Labor Party policy is a failed one. They have failed the Australian worker on all fronts. They are failing to deliver tax cuts, some of which could be put into superannuation, and they are confusing the business community by not sending a clear message about what they intend to do with the disallowable instrument. They could do that today. The best thing that the small business shadow minister could do today in this

House is to stand up here and clarify that position on behalf of small business.

Mr Fitzgibbon—Mr Deputy Speaker, I rise on a point of order. I draw your attention to standing order 77 on page 563 of *House of Representatives Practice*, which refers to the anticipation rule. The minister is now debating a tax bill that is currently before the House and which appears on the front page of today's *Notice Paper*. I ask you to ask him to desist from doing so.

The DEPUTY SPEAKER (Hon. IR Causley)—The minister will come back to the MPI.

Mr BROUGH—This is about red tape. The Labor Party can make big inroads into the confusion that they have inflicted upon the 860,000-odd Australian small businesses by making a decision in this place today. I say to the shadow assistant treasurer and the shadow small business representative that that is a duty you should fulfil, because red tape is something you are hollering on about here.

Mr Fitzgibbon—Mr Deputy Speaker, I rise on a point of order. The minister is defying your instruction. He came back to the dispatch box and he immediately started talking about tax cuts again.

The DEPUTY SPEAKER—I do not think he is defying it. The member for Hunter will resume his seat or I will apply 94(a).

Mr BROUGH—The way is clear for the Labor Party. The removal of the super surcharge is being blocked by the Labor Party, and there will be \$2.5 billion less in tax cuts going into Australian workers' pockets. They could make a decision on that. A decision would be good; a positive decision would be better. Pass the legislation through both houses of the parliament before 1 July. The Labor Party could reduce red tape for the Australian business community and lessen

the confusion about matters we have already covered in the budget measures.

Mr Fitzgibbon—I rise on a point of order.

Mr BROUGH—What is going on, Mr Deputy Speaker, with these insistent points of order?

The DEPUTY SPEAKER—The minister will resume his seat. I remind the member for Hunter that I have a very strong intolerance to points of order that are frivolous.

Mr Fitzgibbon—This is not a frivolous point of order. I simply refer you to standing order 77.

The DEPUTY SPEAKER—The member for Hunter does not have a point of order.

Mr BROUGH—This is just the most desperate rearguard action I have ever seen by the Labor Party.

Mr Fitzgibbon—You have nothing else to say.

Mr BROUGH—If I had nothing else to say, you wouldn't be trying to sit us down. The bottom line is that you are embarrassed about the Labor Party's position, you are embarrassed about the fact that you do not know where you stand on superannuation, you are embarrassed about the fact that the Labor Party does not support super co-contributions and the removal of the surcharge and you are embarrassed about the fact that Australian workers for the first time are going to be given the right to determine where their money goes—and that the small business community and the superannuation industry and, most importantly, Australian workers stand with the coalition on these issues. (*Time expired*)

The DEPUTY SPEAKER—I remind the member for Hunter that the anticipation rule has been modified under the new standing orders. He might care to look at that.

Mr Fitzgibbon—Not that much.

The DEPUTY SPEAKER—The member for Hunter will not debate with the chair.

Ms OWENS (Parramatta) (3.38 pm)—Every time the Howard government moves, there is more paperwork—more paperwork for business, for charities, for community groups and even for families. The flow of paperwork between the Australian community and this government and its departments gets greater day by day. Every time they look sideways, somebody somewhere gets whacked with another form to fill out or another hoop to jump through. There is an unprecedented level of interference about this government. They are reaching into our homes, our communities and our businesses. There is an unprecedented level of direct control and a particularly self-serving largesse—flagpoles come to mind. It is a level of interference that we really have not seen in this country.

Now, when it comes to the paperwork burden, with their super choice measures they have super-sized it. This is overkill for the outcome they are seeking. This legislation takes something as simple as having an employee choose a super fund and turns it into the most extraordinary paperwork extravaganza—not once for business, but over and over again.

Consider the compliance burden under super choice. All existing employees under a federal award and those who are award free—some five million workers—must be given a standard ‘choice of super fund’ form by the employer by 29 July. This is just to indicate to the employer which fund they must contribute the nine per cent to. Employees can switch funds once a year. The forms must be kept by the employer for inspection by the tax office or there is a penalty of 25 per cent of the super contributions per employee, capped at \$500 per employee. There are some exceptions, Commonwealth

public servants et cetera, but for 400,000 employers super choice means significant additional paperwork—a nightmare of forms and process. Over time they will need to make payments to more than one fund—perhaps 20 funds for 20 employees. This will require many employers to contract and pay for new payment systems by 1 July. Then, in the event of a fund becoming non-complying—for example, if funds merge and if the employer knows about it—the employer must contribute the employees’ super to their default fund and issue yet another new choice of fund form for new payment.

I used to believe the rhetoric from the conservatives about being about small government and about being for small business. I was very young and very naive, but I used to believe it. I can understand people who had heard that rhetoric year after year believing the 1996 election campaign promise to cut red tape for small business. I can understand them believing that promise again in 1998—and again in 2001. I am not quite sure I understand why they believed it in 2004—because they said it again then—but the one thing that you can believe about this government is that they are very good at promises. They have some really good ones—cutting red tape is a really good one. And they stick to what they are good at—if it is a good promise, they just make it over and over again. Why waste a good promise by implementing it? Just keep it for the next election.

Now we see an extension of that strategy: make the problem worse, so that next time you announce a solution small business will swoon with relief. That is what super choice does: it makes a bad problem worse. Four times in a row I have heard them make the election promise that they will reduce the burden for small business. Now we have the reality. Super choice, super burden. Enough is enough. We are calling for an exemption

for small business from this waste of paper and resources—for one simple reason: the government has gone overboard on the paperwork. Small business has had enough and they need a break.

This government is talking about imposing this astonishing paper burden on the husband and wife who own the drycleaners down at the local shopping centre, who probably employ 1.5 staff and a bookkeeper once every two or three weeks to run through the books. It is likely that some of those staff have already chosen their own super funds. If they came in tomorrow and said, 'I'm consolidating my super. Can I change my fund?' the boss would probably say, 'Yes,' because in small business most bosses and their staff have very good relationships. When you are talking about small businesses, you are talking about family businesses—small operations that make moderate livings for their owners. The one thing they need to do above all else is concentrate on their business—their business, not the government's.

Back in my theatre days we had a really simple saying that kept our focus: 'If it doesn't show on the stage, don't do it.' Of course there were other issues; it was never that simple—there were safety issues and we concentrated on other things. But that simple statement kept our eye on the ball. We had another phrase—a 'dark night'. Any night that a theatre was not operating was called a dark night. It was a non-revenue night. I keep those ideas with me when I stand here representing small business. I know that every hour that business spends working for the government instead of for their customers is a dead hour. We in this House need to have regulation. We know that and small business knows that, but we need to consider carefully every time we ask small business to work for us—to go dark, to stop working for customers. We need to know that we have considered the value of that hour to the com-

munity as well as the cost to small business. With compliance costs rising year after year in the nine years of this government—and now rising more through super choice—I cannot believe for a moment that this government gives small business a thought.

I expect that in the next few days we will have to listen to the other side jumping up and down and blaming everybody else for the increase in compliance costs. It is certain to be the states' fault. We have already heard that it is actually our fault, even though we have not been in government for nine years. It is certainly not the government's fault. We will hear that it was not them; they were probably not even there.

In recent months we have seen the federal Minister for Small Business and Tourism, Fran Bailey, quoted in the *Financial Review*. On 18 April, in an article referred to already by the shadow minister for small business, she stated:

The Government is examining ways to improve the procedures used by its agencies and departments to assess the compliance impact of regulations on business.

That sounds like another promise to me. She states further:

The bottom line is that we simply have got to reduce the amount of red tape that business has to deal with ... This is a critical issue.

It is a critical issue, and it has become more and more critical over the Howard government's nine years in office. Just how critical was summarised in the *Financial Review* on Monday—I am quite enjoying the *Financial Review* at the moment. The op-ed piece in the *Financial Review* on Monday said:

Seven years ago—before tax reform, financial services reform and corporate law reform—the Organisation for Economic Co-Operation and Development estimated the cost of regulation for small and medium-sized Australian firms at \$17 billion. It has swelled from there to as much as 8 per cent of gross domestic product (\$64 billion)—

That is, it has gone from \$17 billion to \$64 billion a year on Howard's watch.

Mr Kelvin Thomson—With friends like these, who needs enemies?

Ms OWENS—They are certainly not the best friend that small business ever had. That growth was before super choice, before this extraordinary burden that will turn small businesses once again into workers for the government. Members on the other side: please do not impose this ridiculous paper-work burden on small business. Let them get on with what they actually do. Let them get on with their businesses; get out of the way of small business and vote against this bill.

Mrs BRONWYN BISHOP (Mackellar) (3.46 pm)—In rising to reject the proposal put forward in the MPI today, at the outset I will say that this motion actually depicts very clearly the philosophical difference between the government and the opposition. Very simply, the government's proposed legislation and the implementation of that legislation, which has been in a very long gestation period—since 1995—means that the government is concerned that each and every worker is able to have a say in getting the maximum outcome for their invested superannuation dollar.

Superannuation was introduced—and has been continued as policy by this government—in order that people might provide by way of a superannuation component in retirement a better standard of living for themselves through the longer than previous span of years that they would live. It may not represent their entire retirement income—they may still be dependent on a part pension and the entitlements that go with that—but it is designed to enable them to have an enhanced standard of living through retirement.

In order to do that, they need to have the best return on the investment of the superannuation dollar that they are putting away to

save for that retirement period. Consequently, the idea of giving employees choice in where that superannuation dollar is invested is a matter of great philosophical importance to this government. Obviously, the Labor Party have no such concerns. Ever since the proposal that we should have choice in superannuation was put forward prior to the 1996 election, they have opposed it. They continued to oppose the legislation once it was introduced into the parliament, and they continued to oppose it right up to the time that it was passed in 2004. The legislation was passed with the votes of the Independents in the Senate, with the Labor Party still opposing it.

The one thing I did find curious was something mentioned by the shadow minister in his speech. The occasion was 5 August 2004, when Senator Sherry told the Investment and Financial Services Association at their conference:

Ironically, one measure that I have not mentioned today so far is that one of Labor's policies is we will be overriding state industrial awards in respect to a choice regime to enable a uniform national regime that is consistent across all workplaces for all employees.

Very simply, he seemed to be saying that he agreed that the policy of the government to allow choice should be extended to those employees covered by state industrial awards, where those states had not legislated to allow for choice—such as in Western Australia, where it works very well. But here today we have the shadow minister for small business putting forward the proposition that what the government is doing is somehow evil and wrong.

I note that he put out a joint press statement with the Leader of the Opposition, trying to drum up what I can only describe as fear and loathing. He said in that press release:

Many of the small business operators I have spoken to are not even aware that they will face a \$22,000 fine and two years' jail if they unintentionally provide advice to their employees about which super fund to join.

Clearly, they are implying that the superannuation legislation imposes that fine: it does not. The maximum fine that can be imposed for not complying with the superannuation choice legislation is \$500. It has been stated that during the transitional period there will be great leeway given by the Australian Taxation Office in imposing even that fine. The truth of the matter is that the legislation relating to people who are licensed to give financial advice—simply because so many Australians had been misled by bogus people giving financial advice—was introduced in 2001 in a totally separate piece of legislation, which I believe had the concurrence of the Labor Party and which has been in operation since that time.

For the Leader of the Opposition and the shadow minister for small business to try to drum up fear and loathing and purport that a \$22,000 fine is contained within this legislation is unworthy of members of this parliament. Indeed, it is the sort of tactic that gives politicians in general a bad name. The truth of the matter is that there will be a two-page form. That two-page form will be fairly simple to fill out. The shadow minister for small business has said that there is a comprehensive set of guidelines. I have read those guidelines, and they are simple and straightforward to understand. They attempt to answer some of the small nuances that perhaps could come to some people's minds when they are simply filling out a form. It is the sort of thing that I think most individuals will find useful. But the form itself is fairly straightforward and simple.

The fundamental underlying principle that we are debating today is not whether the two-page form is a fair or unfair way of al-

lowing choice for individuals. What we are really discussing today is whether or not the Labor Party will finally admit that individuals—who, under trust agreements for superannuation, are the beneficiaries of the money that is invested on their behalf—are entitled to have a say about who they believe are good trustees operating good trusts in their interests. It is only fair and reasonable that individuals have that say.

By having a simple two-page form and a simple cut-off period, we are ensuring that the imposition on employers is not onerous. If the form is not filled out by the employee and the employee wishes to exercise that option, then the employee has the right to use the default fund. That is fairly straightforward and concise. If you have a range of employees and they choose various funds, then you have the right to use a clearing house. If you are a medium sized business and you have a certified agreement, then you are satisfying the choice requirements. If you are an employer of whatever size, you may enter into an AWA, and that will also satisfy other requirements as to choice. So it is a fairly clear, well laid out proposal.

The fundamental principle is that individuals have a right to say what happens to their money, and their money is the superannuation money that is invested on their behalf. They have that right. They can only have that say if legislation is in place to allow them to have choice. This has been a long time coming. The legislation finally got through in 2004, and it will now be implemented and become operational on 1 July 2005. The opposition saying that this has been a matter which has been done in a very short time frame—and trying to argue that this is somehow unreasonable or unfair—is, I think, unreasonable, for the very simple reason that they held up the proposal. They have denied individual Australians the right to have a say about their own superannuation

investment for seven long years. The good news is that that long seven-year period is coming to an end, and on 1 July 2005—at last—individual Australians will have a say in what happens to their invested superannuation dollar, a say which will enable them to choose, if they wish, the best fund and the best trustee, the one that, in their view, will best serve their interests for their retirement and lifestyle, when they complete work for their lifetime. I commend the minister on the introduction of the new provisions. Long may we say that the individual should always be master of his destiny.

The DEPUTY SPEAKER (Hon. IR Causley)—Order! The discussion is now concluded.

PERSONAL EXPLANATIONS

Mr EDWARDS (Cowan) (3.56 pm)—Mr Deputy Speaker, I seek to make a personal explanation.

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

Mr EDWARDS—Yes, I do.

The DEPUTY SPEAKER—Please proceed.

Mr EDWARDS—At question time, in answer to a question that I asked of him, the Minister for Education, Science and Training said:

I thank the member for Cowan for his question, but I must say he demeans himself by putting a false assertion in the question.

The question was this. I will not read it all, only the part where I claim to have been misrepresented:

Isn't it a fact that, whilst voting to gag the Deputy Leader of the Opposition and me this morning, the minister told me that it was the member for Macarthur and parliamentary secretary for education ...

The minister for education did indeed ask me why we were attacking him, as these were not his guidelines but Pat Farmer's. Indeed, in the minister's own question, in referring to the—

The DEPUTY SPEAKER—The member has made his point very clear.

PRIMARY INDUSTRIES (EXCISE) LEVIES AMENDMENT (RICE) BILL 2005

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 IAN MACFARLANE (Groom—Minister for Industry, Tourism and Resources) (3.58 pm)—by leave—I move:

That this bill be now read a third time.

Question agreed to.

Bill read a third time.

HEALTH LEGISLATION AMENDMENT (AUSTRALIAN COMMUNITY PHARMACY AUTHORITY) BILL 2005

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 IAN MACFARLANE (Groom—Minister for Industry, Tourism and Resources) (3.59 pm)—by leave—I move:

That this bill be now read a third time.

Question agreed to.

Bill read a third time.

COMMITTEES

Public Works Committee

Reports

Mrs MOYLAN (Pearce) (3.59 pm)—On behalf of the Parliamentary Standing Committee on Public Works, I present the committee's second and third reports for 2005 relating to the proposed new housing for Defence Housing Authority at McDowall, Brisbane, and to the proposed provision of facilities for Maribyrnong Immigration Detention Centre additional accommodation and related works, Maribyrnong, Victoria.

Ordered that the reports be made Parliamentary Papers.

Mrs MOYLAN—by leave—I will make a short statement. The McDowall project was referred to the committee on 6 December 2004 at an estimated cost of \$17.5 million.

The purpose of the work is to provide 50 houses to meet the operational requirements of Defence, mainly to service the nearby Enoggera Army base. It is intended that the houses will be ready for occupation in November 2006.

The proposal presented to the committee comprises:

- 40 conventional and 10 small housing lots;
- two park areas with a total area of 6,170 square metres;
- internal roads and footpaths;
- access roads; and
- stormwater, drainage, sewerage, communications and electrical services.

The committee inspected the site of the proposed development and conducted a public hearing in Brisbane on 24 February 2005. Issues explored at the hearing included site

inspection, the nature of the development, traffic management, consultation and a range of environmental issues.

Subsequent to the hearing, the committee received a letter from a McDowall resident outlining some concerns in relation to the proposed development. This correspondence was forwarded to Defence Housing Authority and the committee recommends that the authority continue to engage in close consultation with owners of neighbouring properties and the wider McDowall community. Having examined all the evidence presented to it, the committee recommends that the proposed housing development project proceed at an estimated cost of \$17.5 million.

The committee's third report of 2005 addresses a proposal from the Department of Immigration and Multicultural and Indigenous Affairs to provide additional accommodation and to carry out related works at Maribyrnong Immigration Detention Centre at Maribyrnong in Victoria.

This work was referred to the committee for consideration and report on 9 December 2004 at an estimated cost of \$7 million.

The department's proposal is driven chiefly by the need to provide adequate separation for different categories of detainees. In its current form, the centre allows only for the separation of adult males from females and families. The facility needs to be expanded and reconfigured in order to protect the welfare of residents and staff.

The Department intends that the proposed works should deliver:

- the ability to separate different detainee groups;
- an increase in capacity of some 50 places;
- increased amenity for residents, particularly women and children;

- improved resident recreation and access to outdoor facilities;
- improved disabled facilities for residents and visitors;
- increased privacy in the new areas;
- better security;
- improved OH&S conditions for staff; and
- the provision of some self-catering facilities.

In order to achieve these outcomes, the department proposes to construct additional accommodation in the form of demountable buildings and to reconfigure existing facilities to accommodate a further 50 detainees within the existing centre boundaries. The department intends that the proposed works will:

... achieve additional accommodation that provides improved amenity and demonstrates a clear regard for the personal needs and dignity of the residents ...

and will also:

... provide detention infrastructure that is humane, non-punitive and sensitive to the needs of people held under administrative detention.

The committee visited the Maribyrnong Immigration Detention Centre on 23 February 2005 and conducted public hearings in Melbourne on 23 February and in Canberra on 7 March.

During its investigations, the committee considered a range of matters relating to the need, purpose, scope, cost and value for money of the proposed work.

The committee was primarily concerned about the department's proposal to accommodate a further 50 detainees within the boundary of the existing site. The committee wants to acknowledge the considerable challenge faced by the department in providing additional places at the Maribyrnong facility,

and is appreciative of the efforts made to make the best possible use of the limited space available. However, the committee does not believe that a population increase of the magnitude proposed would enhance amenity to residents or satisfy the department's own stated intention to provide 'humane and non-punitive detention infrastructure'.

Following their inspection of the existing facilities, members were in no doubt as to the pressing need for refurbishment, particularly in respect of the existing ablutions and family accommodation area. Members were disappointed to note that the detailed project cost estimate did not include specific amounts for extensive refurbishment of the existing accommodation. The committee was unanimous in its view that the proposal did not appear to be accomplishing the stated purpose of improving the overall amenity of the facility and providing 'humane and non-punitive detention infrastructure', particularly considering the proposed 65 per cent increase in occupancy. The committee therefore recommends that, in order to maintain a reasonable level of amenity, the current maximum occupancy of the Maribyrnong Immigration Detention Centre be increased by no more than 20 places, with a total maximum occupancy in surge periods of not more than 100 detainees.

In respect of the project scope, the committee noted the department's intention to utilise portable accommodation units at the site and recommends that these be of an acceptable standard to ensure a reasonable level of comfort and amenity for detainees.

The committee was concerned to learn that there is no single national or international building code or standard for immigration detention facilities, and believes that this deficiency should be addressed. The committee does not believe that remand centres and

backpacker hostels are entirely appropriate analogies for detention accommodation, as the freedom of movement available to occupants of such facilities is markedly different. In respect of building codes and standards, the committee therefore recommends that the Department of Immigration and Multicultural and Indigenous Affairs consult with appropriate government and professional bodies to establish a national benchmark for the construction and fit-out of immigration detention centres and immigration reception and processing centres.

Similarly, the committee noted that there is no agreed standard for the per capita provision of space and amenities at immigration detention facilities. In respect of the ratio between living and recreation space and amenities and occupancy, the committee recommends that the Department of Immigration and Multicultural and Indigenous Affairs consult with appropriate government and professional bodies with a view to establishing a national benchmark for room occupancy and related indoor and outdoor recreation areas, ablutions, kitchen and laundry facilities at immigration detention centres and immigration reception and processing centres.

Members were also concerned to note that accommodation at the centre is based on quadruple occupancy of double bunk rooms. While the rooms in the proposed new accommodation zone will measure 15 square metres plus ensuite, some rooms in the existing section are only 11 square metres, with access to shared ablutions. Members concluded that, whilst quadruple occupancy of the larger ensuite rooms proposed for the construction under the extension project would be acceptable, quadruple occupancy of the existing non-ensuite rooms did not represent an appropriate level of amenity. In order to fulfil the department's objective of providing 'humane and non-punitive deten-

tion infrastructure', the committee recommends that the department reduce the number of detainees accommodated in the existing double bunk rooms at the Maribyrnong Immigration Detention Centre to two persons per room. Moreover, the committee recommends that, wherever possible, occupancy of new ensuite rooms should be kept below the maximum of four, especially in cases where the detention period is prolonged.

The committee is of the view that the department should act promptly to redress the shortcomings of the existing accommodation at Maribyrnong in order to meet the stated project objective of providing 'humane and non-punitive' detention facilities. The committee recommends that the Department of Immigration and Multicultural and Indigenous Affairs expedite the proposed routine maintenance and upgrade of existing ablutions and accommodation facilities in order to reduce the disparity in quality of accommodation between the old and new wings of the Maribyrnong Immigration Detention Centre.

During their visit to the centre, members observed that the existing bedrooms do not have doors, but were pleased to note that the department includes improved privacy for residents among the anticipated project outcomes. In order to fulfil the department's objective of providing 'humane and non-punitive detention infrastructure which provides a clear regard for the personal needs and dignity of residents', the committee recommends that the department install bedroom doors or bed-curtaining in all rooms at the Maribyrnong Immigration Detention Centre to ensure appropriate levels of privacy for detainees.

In respect of the reconfiguration of the centre, members questioned whether the design represented the best solution in terms of access to recreational space for families and

children, as the selected option will not provide families with immediate and unescorted access to the largest outdoor recreation area. The committee questions whether this solution adequately meets the department's intention to improve 'amenity for residents, particularly women and children'. In view of this, the committee recommends that the department give consideration to using the proposed new zone A of the extended Maribyrnong Immigration Detention Centre for the accommodation of families in order to allow children greater access to the centre's largest outdoor recreation area.

Having reviewed the evidence presented to it, the committee recommends that the works proceed subject to the acceptance of recommendations 1, 2, 4, 5 and 7 of its report. Further, the committee seeks a response from the Department of Immigration and Multicultural and Indigenous Affairs in respect of the department's intention to adopt the recommendations made herewith.

In closing, I wish to thank the Deputy Chair, who is in the House today, committee members and the staff of Hansard and the secretariat for their assistance and cooperation throughout what was quite a challenging inquiry. I commend the report to the House.

Mr BRENDAN O'CONNOR (Gorton) (4.10 pm)—by leave—I think it is important that I comment on the two reports that have been introduced to the House by the Chair of the Joint Standing Committee on Public Works. Clearly, the new housing for the Defence Housing Authority at McDowall in Brisbane in Queensland is a rather non-controversial proposal by what is, I have to say, a very good department generally in the way in which it manages its proposals and the way in which it deals with the Public Works Committee. As you would know, Mr Deputy Speaker, there are particular provisions of the Public Works Committee Act

1969 that must be fulfilled; not to fulfil them would be a breach of law. It is clear from my experience of approximately four years on the committee that there are some departments that handle such matters very well and that there may be some departments that need a little assistance with improving the way in which they manage these matters.

I will turn now to perhaps the more substantive matter that is before us today; that is, the provision of facilities—additional accommodation and related works—for Maribyrnong Immigration Detention Centre in Maribyrnong, Victoria. Firstly, I commend the comments made by the member for Pearce, the Chair of the Public Works Committee. It is fair to say—and members of the committee are very mindful of this—that the committee, certainly in my time and, I am told, in the past, works in a consensual, co-operative and collaborative way to try to get through what is effectively a very heavy workload. There is a lot of travel involved. Some of the constructions and proposals are not always the most exciting things. But what we are doing is an important duty. We are discharging our function as members of this House and indeed as members of the Senate in order to properly ensure that the department's objectives are fulfilled and that money is not wasted by the Commonwealth. That is our role.

This report is somewhat exceptional in that all members of the committee have found themselves in a position to substantially recommend to the department that it reconsider its proposal in relation to a particular refurbishment and construction. I say it is exceptional because it is a rare event when such substantial recommendations are made that they would, if accepted by the department and the government, fundamentally alter the original proposal. I make the point that it is exceptional not to play politics so much but to highlight the fact that the com-

mittee does work on a consensus basis and seeks to properly consider the matters before it. In this instance we have found the need to say to the department, 'You have got it wrong in some areas and we ask you to reconsider those.'

As the member for Pearce mentioned in her address, the objective of the construction as outlined by the department was an intention to provide 'humane and non-punitive detention infrastructure'. I know that all committee members present believe that that was a substantial objective of the department, and it was that and some other considerations that led us to have to ask the department to reconsider its proposal. The proposal, which was originally put before the inquiry that the committee conducted, was not in fact going to fulfil that objective. There were too many places being recommended for a very confined area. There were certain proposals put to us that would not have provided a more 'humane and non-punitive detention infrastructure'.

With all respect to the department and the minister responsible, I think there were recommendations that would fundamentally contradict the contention that we were seeking to ensure humane and non-punitive detention infrastructure. It is clear that there are different views in this House about detention, and I do not want to go to that; it is not for me to reflect upon at this point. But I do not think anyone in this House wants to see people detained in an inhumane or punitive way.

I think members of the committee relied heavily on the provisions of the Public Works Act and the objectives of the department to come to the unanimous view that we need to ensure the department considers the proposal in light of its own objectives. We fundamentally believe that it has failed to do so to date. We do not take this position

lightly, but it is unanimous. All five government members and the four Labor members—nine members in total—have come to this view. We hope that the government, the department and the minister responsible accede to these requests. If they do not, in my view and I think in the view of committee members in general, they would be in breach of that objective to make humane and non-punitive this construction and these refurbishments.

I commend the comprehensive statement that was made by the chair. I particularly thank the members for Scullin, Mallee and Grey and Senator Troeth and Senator Forshaw, who sat through all of the public hearings and were looking at a constructive way to get around what is a significant problem. I thank the chair, the member for Pearce, who in her statement properly reflected the views of committee members. I hope, as I am sure all members hope, that this matter will be taken seriously by the department and by the minister responsible so we can ensure, in doing our job, that the detainees in that centre are looked after in a humane and non-punitive way.

ASIO, ASIS and DSD Committee

Report

Mr McARTHUR (Corangamite) (4.17 pm)—On behalf of the Parliamentary Joint Committee on ASIO, ASIS and DSD I present the committee's report on the review of the listing of Tanzim Qa'idat al-jihad fi Bilad al-Rafidayn, known as the al-Zarqawi network, as a terrorist organisation.

Ordered that the report be made a parliamentary paper.

Mr McARTHUR—by leave—I present the third report of the Parliamentary Joint Committee on ASIO, ASIS and DSD under section 102.1A of the Criminal Code Act 1995. In this report the committee has reviewed the listing of the al-Zarqawi network

as a terrorist organisation for the purposes of section 102.1 of the Criminal Code.

In its first report, *Review of the listing of the Palestinian Islamic Jihad (PIJ)*, the committee decided that it would test the validity of the listing of a terrorist organisation under the Criminal Code on both the procedures and the merits. Overall, the committee is pleased that the government's procedure in listing terrorist organisations is developing into a more focused and thorough process. In particular, on this occasion, the states and territories were provided with more notice than in previous listings and consultation occurred between the Prime Minister and premiers and chief ministers as required under subclause 3.4(6) of the Intergovernmental Agreement on Counter-terrorism Laws.

However, consultation with the Department of Foreign Affairs and Trade still appears to be somewhat inadequate. The committee would encourage DFAT to provide more detailed advice to the Attorney-General's Department in future listings under the Criminal Code. This advice may include an assessment of the foreign policy implications of a listing and any information relating to Australia's obligations to the United Nations on the particular organisation.

In its previous report, *Review of the listing of six terrorist organisations*, the committee recommended that a comprehensive information program that takes account of relevant community groups be conducted in relation to any listing of an organisation as a terrorist organisation. At the hearing on this listing, the Attorney-General's Department advised that they are developing a response to the committee's recommendation on community consultation and the committee looks forward to the implementation of this recommendation.

At the hearing for the committee's earlier report, *Review of the listing of six terrorist organisations*, ASIO advised the committee of their evaluation process in selecting entities for proscription under the Criminal Code. In this review, the committee examined ASIO's criteria in more detail and continues to gain a better understanding of the process of selecting organisations for listing. The proscription of an organisation under the Criminal Code creates serious criminal offences and the committee would like to stress the need for clear reasons explaining why it is necessary to proscribe an organisation.

The committee is pleased that links to Australia is one of the factors considered by ASIO. Although the committee understands that direct links to Australia are not legally necessary in order for an organisation to be listed under the Criminal Code, it is the committee's view that it should be a primary consideration in determining whether to proscribe an organisation.

In this review, the committee measured the al-Zarqawi network against ASIO's stated evaluation process. The al-Zarqawi network has engaged in and continues to engage in violent terrorist acts; in particular, the organisation has claimed responsibility for an attack on an Australian Defence Force convoy in Baghdad last year and a vehicle bombing near the Australian Embassy in Baghdad in January of this year. The committee was also advised that the organisation does have some links to Australia.

It is therefore the committee's view that the proscription of the al-Zarqawi network in Australia is potentially useful insofar as it prevents Australians from assisting the organisation either financially or personally.

In this review, there continued to be much debate between the committee and government officials on the selection processes for proscription under the Criminal Code. It is

hoped that this will be a continuing and constructive dialogue.

The committee does not recommend to the parliament that this regulation be disallowed. I commend the report to the House. I seek leave to move a motion in relation to the report.

Leave granted.

Mr McARTHUR—I move:

That the House take note of the report.

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

TAX LAWS AMENDMENT (PERSONAL INCOME TAX REDUCTION) BILL 2005

Second Reading

Debate resumed.

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

Mr ALBANESE (Grayndler) (4.22 pm)—I am very pleased to be able to make a contribution to the Tax Laws Amendment (Personal Income Tax Reduction) Bill 2005. I do so as someone who is a supporter of tax reform and a supporter of fairness. I commend to the House the amendment moved by the member for Lilley, supported so strongly today by the Leader of the Opposition.

We now have before the House a clear choice. On budget night the Treasurer delivered his budget speech and spoke about tax reform. There was some reform, but, when you look at the detail, you can see that the impact of that reform is such that it does not

merit the support of this House. As a result of the budget, seven million working Australians will receive a tax cut of some \$6 a week, whilst we as members of parliament will receive a tax cut of \$65 a week. That is before you take into account the superannuation surcharge abolition for high-income earners. We in this House have a choice: we can look after ourselves or we can look after our voters. We have an obligation to assist low- and middle-income Australians who are struggling to pay their mortgage and their child’s education and struggling to get by. We have an obligation to them first and foremost.

I have been very proud to be a member of the Australian Labor Party in the last fortnight. We have seen a reiteration of the best of the Australian Labor Party—the party in Australia that stands up for those who most need assistance and is prepared to show courage and conviction in making that stand. In the amendment moved by the member for Lilley, we now have an opportunity for those opposite to acknowledge that they did not go far enough, their tax changes are unfair and it is not reasonable that working Australians on \$40,000, \$50,000 or \$60,000 a year get a \$6 tax cut while they vote themselves a \$65 tax cut. That is why I support the amendment that has been moved today.

I want to go through the details of the amendment and the impact it will have. The first paragraph states that Labor will:

- (i) cut the tax of people moving from welfare to work by introducing a Welfare-to-Work Tax Bonus, to replace the existing Low income Tax Offset, and when fully implemented fully offset any tax on the first \$10,000 taxable income for people earning up to \$20,000 a year;

This is a significant reform that genuinely allows people to move from welfare to work. With this budget, we have changes to disability support pensions and parenting payments

that are unfair. Labor's amendment will put equity into the system and provide a real incentive to move from welfare to work. It is in that context that you have to view this tax cut debate. How can it be fair that people with a disability will be \$77 a fortnight worse off when they move to the disability dole? How can it be fair that the Howard government has replaced one welfare payment with a lower welfare payment for many people with a disability?

In the last parliament, I was shadow minister for employment services and training. During that time I met with employment service providers, particularly disability specialist providers in the field—all courageous people doing their job because of their commitment to social justice. I know that there is a queue of people right around the country wanting that assistance to move from welfare to work. If the government simply removed the cap on the number of disability support pensioners receiving that assistance, you would see a greater transition from welfare to work. But these proposals are unfair on disability support pensioners.

It is not just them. It is also unfair and provides a welfare-to-welfare system when it comes to parenting payments. I grew up in a single-parent household. My mother raised me by herself. It was hard. I will not sit back and listen to people born with a silver spoon in their mouth talk about how we have to get single parents raising kids into work as if they are not working and making a contribution to society already. The vilification of people who are struggling to get by is completely unacceptable. People like my mother made a contribution to society by firstly being on a single-parent pension. Then she had to go on to an invalid pension, later on, because she was unable to work. She made a fine contribution, and I pay tribute to her today in this House.

What we have from the government is not welfare to work but welfare to welfare. We have the personification of the mean spirited nature of the Howard government. It actually believes that you have got to punish people, and somehow that gives them incentive. Why not just give people a hand up, give them proper investment in their capacity to get into work? You will find that the results will flow through. On the lower end of the income scale, this budget is characterised by the meanness, unfairness and sense of punishment that characterises this government. But for working Australians the message does not get any better. Under the government's changes, if you are earning up to \$70,000 a year, you earn just \$6 a week in tax cuts. Labor's amendment moved to this bill would double that to \$12. We would match the government's tax cut for those people earning between \$70,000 and \$105,000, and we would reduce the benefit going to those people who are earning over \$105,000, such as each and every member of the House of Representatives and the Senate.

But we know that the Treasurer is not pitching to ordinary Australians. We have just been through an election. We have seen an acknowledgement by the government, by the Prime Minister, that the reason these tax cuts are coming through immediately after a federal election is that they would not get away with it at any other time. This is the only time you would get away with a tax cut of \$6 a week to seven million Australians whilst giving yourself \$65 a week. That is why it is occurring. The cynical nature of this government has been conceded by the Prime Minister.

But it goes further. We know that the issue dominating the consideration of the budget is not welfare to work or increasing the aspirations of Australians—it is the Prime Minister's job and who sits in the Prime Minister's chair. The Treasurer is seeking to use taxpay-

ers' money to gain the support of his backbench colleagues. We see it in question time every day. We see it from the Treasurer, with his famous smirk, strutting at the dispatch box. We see it with the Minister for Education, Science and Training and the Minister for Foreign Affairs. We used to see it from the Minister for Health and Ageing, before he sank without trace and did not even have the ticker to stand up for his own policy. But we see them. The minister for education probably gets the prize for being the most blatant—'I went to seat A last Wednesday and I went to seat B last Thursday, and they are terrific people'. He is trying to get the support of those people to become deputy leader once the Treasurer retreats to the backbench after his unsuccessful assault on the leadership. What is actually more likely is that he will retreat into never-never land because he has not got the courage to actually challenge the Prime Minister for the leadership.

This is a very unfair package. Labor's tax plan would mean that a worker or single-income family on average weekly earnings will, over the next four years, gain \$936 more than under the Costello plan, and it means a dual-income family on \$85,000 will over the next four years gain \$1,872 more. It is real money. It can be distributed after this amendment is carried, and that amendment can be carried this afternoon. We can get on with the issue of tax reform but tax reform that genuinely looks after the majority of Australians rather than just ourselves. The government is so out of touch. On the one hand you have the Treasurer saying:

I reckon you would be struggling on \$40-50,000 in Australia if you were paying a mortgage and raising some kids.

That certainly is the case. It is even more the case if you live in a city like Sydney, like I do, where the last interest rate increase by this government resulted in an \$8 increase on

average in mortgage payments. So they are giving back \$6, which is even less than what has already been taken away. People are \$2 a week worse off after those changes.

If the Prime Minister and the Treasurer were fair dinkum, if they actually believed that people on those incomes were doing it tough, then they would support Labor's amendment and give that substantial support to people who are most in need. In spite of the fact that just one in 35 Australians would be better off under their tactics, some of the economic commentators are out there saying, 'Labor's made a political mistake.' As a politician who from time to time has looked at names on sheets and tried to work out which way people are voting, I reckon it is pretty smart politics if 34 people represented by those on this side of the House are better off rather than just one represented by those on the other side. It is not just smart to stand up for our convictions and show the Labor Party at our traditional best as the custodians of social justice for this nation but it is smart because the Australian public know what this government is about. They know who their friends are. Look at what has been going on in the country and see whether you think the 34 supported by this side or the one supported by the other side need more tax relief.

The findings of the Hay Group's executive reward survey, published last year, were that CEOs' total remuneration rose by 18.2 per cent in 2004. It rose by almost 20 per cent the year before as well. I am sure there are people in the gallery today who would like a 20 per cent increase every year. I am sure they would vote for that; that would be pretty good. And what does that mean in real terms? Let us put a human face on it. Macquarie Bank do a very good job as one of Australia's leading corporations, particularly in investing overseas. I think they are a good flag bearer for this nation, and I congratulate them on the work that they do. But does

Allan Moss, the chief executive, really deserve \$18.5 million? Does Nicholas Moore really deserve \$18.2 million? Does Bill Moss really deserve \$15.5 million? I have met Bill quite a few times. I think he is a good bloke, but I do not think he works that much harder than average Australians in my electorate who struggle and work overtime to get their salary up to \$50,000 a year. I just do not think that that is the case. But we have seen absolutely nothing from the government benches to do anything about executive remunerations, to do anything about that top end of the scale.

If you think about it, under our tax package you are equal if you are earning \$70,000 to \$105,000, everyone earning under \$70,000 is better off and the only losers are those earning over \$105,000. What I say about people who are earning over \$105,000 is that, if you look at the increases in their salaries over recent years, they are doing okay. They can afford to take just a little less in tax cuts than they are being offered by this government so that we can look after the vulnerable people in our community.

The choice for this government is very simple: they can vote for the seven million Australians or they can vote for the one in 35. That is the context in which this debate occurs. Labor is being fiscally responsible with its amendments. We acknowledge that some people will be worse off, because we understand the impact on interest rates if you are not fiscally responsible. I want to conclude by looking to the future. Ross Gittins said:

This budget will go down well enough—but that's because budgets that put popularity ahead of responsibility always do. Until the wheels fall off. Then it's all tears and recriminations.

Saul Eslake, from the ANZ Bank, said:

There is a real risk now that the RBA will feel the need to lift interest rates again.

If interest rates rise then any tax cut has just gone in a blip. That is why the government should support Labor's amendment. It is real tax reform and it is fair reform as well.

Mr GARRETT (Kingsford Smith) (4.43 pm)—I rise in the second reading debate on the Tax Laws Amendment (Personal Income Tax Reduction) Bill 2005 to support the second reading amendment and the comments made by my colleague the member for Grayndler. Something interesting is happening in this House, something which goes to the very heart of the kind of society that Australians can look forward to having and enjoying over the next five, 10, 15 or 25 years, because that is the sort of time range over which people will experience budgets. That 'something' has to do with the claim made constantly in the House by the Prime Minister and the Treasurer that they are the friend of the worker. Yet when it comes to the one occasion when they could show their friendship to the working people of Australia in terms of tax cuts, they choose to give them the smallest and most miserable tax cut imaginable. Let us think clearly whether the claims made by the Prime Minister and his Treasurer about their party being the friend of the worker bear scrutiny—not only when we examine the scale of the tax cuts but when we consider the capacity that Australians have to access the Prime Minister and his senior ministers. People may or may not be aware that, to get access to senior government ministers in Australia nowadays, you need to have pretty deep pockets.

As reported in the *Age* today and in other publications—and I think debated quite strongly within the Liberal party room yesterday or today, as reported—the issue has been raised about the high entrance fees that organisations pay when they are hosting a minister of the government. I think Australians are entitled to say: why should it be that people who have deep pockets, whether they

are corporates or others, are able to make their case to government ministers, whether formally or informally, represent their views to them and tell them how they feel about issues like tax? Frankly, 99 per cent of the people in the electorate of Kingsford Smith do not get that opportunity.

The government makes its claim to be a friend of the worker, and yet it welcomes those who are anything other than workers but who pay to have access to them. That goes to the heart of this debate. At the end of the day it is about fairness; that is what we have been talking about in the House and that is what we will continue to talk about. Fairness is a word and an ideal that mean something on this side of the House. It certainly means something to me. It is a judgment we make in the House about whether or not Australians—and we mean all Australians—have been treated fairly by the form of the proposed tax cuts that the Treasurer has brought on in the budget of 2005. That is what the debate is about. It is about fairness. When we examine what is contained in the Tax Laws Amendment (Personal Income Tax Reduction) Bill 2005, our judgment is a straightforward and simple one: this is neither fair nor balanced in terms of tax reform.

The question arises: why do we make that judgment? Why does Labor say that the government has not delivered a fair or a balanced tax package? The answer to that is pretty straightforward: by seeking to amend the Income Tax Act 1986 with reductions in the lowest marginal tax rate from 17 per cent to 15 per cent and by increasing the top two personal income tax thresholds, albeit in two steps, the government has minged on most taxpayers. The government has left behind seven million Aussie taxpayers who earn under \$63,000, who end up with a tax cut of only \$6 a week. That is what we see when we subject to scrutiny the proposals that the Treasurer has brought in in this budget. We

oppose these tax cuts for the simple reason that they leave most Australians out of the meaningful tax cut picture. So whatever spin the government wants to put on it, when you look at the figures—the bottom line—as we do when we look at budgets, and when we look at what is being proposed for Australians, we see that most Australians are left out of the meaningful tax cut picture. Other members of the community get a disproportionate share of the proposed tax cut, but there is no fairness in that aspect of the budget which refers to the majority of Australians—some seven million of them.

Mr Deputy Speaker Jenkins, as you know, Labor support tax reform, and, in our proposed amendments, we show the range of reform which we believe to be sound. But when 10 per cent of the taxpayers in the upper category receive around 45 per cent of the value while the remaining 90 per cent share 55 per cent of the cuts available, this presents a highly skewed and inequitable approach to tax cutting, and it is one that is being vigorously resisted in this place by Labor. By all means, let us have genuine tax reform. But when the greater majority of taxpayers are left behind and when what they receive is not genuinely significant, when the greater majority miss out on the Treasurer's largesse—and again that includes many people in the electorate of Kingsford Smith—on that basic and socially necessary component of fairness, the bill needs amendment.

The shadow Treasurer has set out a number of parameters that Labor believe are imperative to achieving budget outcomes that are good for the economy and good for Australians. We are committed to responsible fiscal policy. We are committed to economic growth that does not put upward pressure on interest rates. We are committed to putting incentive back into the tax system and achieving real welfare reform—not 'spun' or clichéd welfare reform but real, supported,

endorsed, stabilised and resourced welfare reform. We are committed to ensuring that effective marginal tax rates do not act as a barrier to labour market participation. We are committed to fixing the skills crisis and making investment in skills a priority.

My first question in this House was to the Prime Minister. On 3 May this year, I referred to the *Skills at work* report, which showed that nearly half of all people who completed a new apprenticeship said that their levels of skill remained the same, and six per cent alarmingly said that they had less skill. This is where the investment is needed. The government has made some provision for skills in the budget, but the fact of the matter is that the problem needs immediate attention. Labor has proposed a trade completion bonus which would give \$1,000 to apprentices halfway through their apprenticeships and another \$1,000 when they completed them. One of the most disturbing trends of the apprenticeships issue, one that many people are not aware of, is that apprenticeships are disappearing altogether. Once common, they are now a rarity. In some industries—and I am thinking of private sector employees—only about one in 10 are able to have access to accredited industry training. Less than one-third of employers provide training through apprenticeships and traineeships. So there is already a difficulty, and it can only be arrested and dealt with by moving significantly and in the way that Labor has proposed.

Another aspect of a responsible approach to the budget is to unblock the infrastructure bottlenecks that are restricting growth and relations with the states. This matter was referred to in the House by the Treasurer today, but I refer the House to page 110 of the OECD report—it is the 77th economic outlook report—which says simply:

... supply constraints and bottlenecks seem to have held back commodity exports ...

That is what we have been saying in this House ever since I was elected to the parliament; it is still happening. Labor proposed establishing a national infrastructure advisory council—this is a sensible proposal—made up of industry, consumers and experts, with funding allocated in a transparent manner.

The government has taken an interesting approach to this issue. The Deputy Prime Minister announced policy by lunchtime address, as I recall—I do not think we even saw a press release to begin with—and said unilaterally that the government was intending to take over the ports from the states. Time does not permit me the opportunity to analyse why the Deputy Prime Minister decided to make policy on the run in that way. But we can make one observation, and that is that the government began its life by wanting to devolve powers and responsibilities to the states but now has reversed its doctrine by wanting to take them back from the states. The Howard doctrine of devolving power and responsibilities to the states has become one of taking power and responsibility from the states—quite often to obscure the problems in policy that, after nearly 10 years of government, it has been responsible for.

One aspect of this budget that has not been commented on significantly up until now is the changing nature of Australian society under the budgetary and fiscal policies that the government has brought us. We really have a user-pays society now. The surplus has been paid off by the efforts of many working Australians. They have worked hard and they continue to work harder than they ever have before, and they find that testing and challenging. Having paid the taxes in order to pay off the surplus, those working Australians, now facing the high private debt they have—now public debt has gone but private debt has arrived—suddenly are given \$6 a week in terms of a tax cut. Whichever

way you look at it, that is not fundamental fairness.

Let us look at Labor's alternative. Families will be better off under Labor's proposals and amendments. When we compare the government's budget to Labor's alternative, I think we can say that Labor's alternative is fairer. Income earners earning between \$25,000 and \$70,000 would receive double the tax cuts that the government is offering. Under Labor's alternative, they would get \$12 a week as opposed to the government's \$6 a week. Labor's amendment preserves the government's tax cuts for people earning between \$70,000 and up to \$105,000. Labor's amendments mean a worker or single income family on average weekly earnings over the next four years would gain \$936 more. Labor's amendments mean a dual income family on \$85,000 over the next four years would gain \$1,872 more.

Labor's tax policy would benefit families in a number of ways. The Leader of the Opposition has enumerated a list of possible uses for that extra money that families would receive with these amendments. It is worth reading them into the record for the people of Kingsford Smith: fill the family car petrol tank 45 times over the next four years; pay for private health cover for a member of the family for four years; pay for a family membership to your footy club—in my case, a couple of memberships for four years; pay for 18 weeks worth of groceries for the family at about \$100 a week; service the family car for four years; pay for a dental check-up for one kid a year for four years; pay for a one-week family holiday, which is something people would very much like the opportunity to take and afford, given the pressures and stresses that they are under nowadays; buy a home computer and printer for your kids to study on; buy a new washing machine and a new drier; and pay for new school uniforms. If you are a dual income

family on \$85,000, under Labor's plan these are the things you would be able to do. The list could be expanded. If you live in Kingsford Smith, you would be able to get yourself and your kids to the Easter Show and back again—which is always a bit of an impost on family budgets at that time of the year.

The budget tells us a lot about where a government's political priorities are. At the bottom end of the scale, the government introduces tax relief to the tune of \$1.54 a week for income earners on \$10,000 a year; Labor, on the other hand, would provide a tax cut of \$8 to the same income earners. These are the people at the very bottom of the wage scale. For middle-income earners, the government is offering \$6 a week, but the Labor alternative would give these same taxpayers double the relief at a minimum of \$12 a week. The government wants to give high-income earners—those who earn over \$125,000, and I think it is a lot of money—a tax cut of \$65.42 a week. But Labor would introduce a fairer system where an income earner on \$125,000 or more would receive a tax cut of \$40.

A more telling aspect of the failure to embed fair tax relief into this budget is its overall failure to address the significant economic management challenges that are rising up on the landscape. The *Australian's* Alan Wood described the government's budget as a 'wasted opportunity'. That is because we are spending today as opposed to investing for tomorrow. The important challenges that the budget did not meet include the need for providing adequate infrastructure to ensure future sustainable economic growth, particularly in the import sector, and the need, as I have mentioned, to improve our level of training.

As Peter Hartcher writing in the *Sydney Morning Herald* on 11 May pointed out, the budget could have improved the outlook for

exports. It could have done this by attacking the supply side constraints that have emerged so starkly in recent months. They are there in our face: the crisis in skills and training and the problem of overburdened infrastructure. The budget failed this challenge. Mr Hartcher correctly summed up the government's position when he said in the same article:

... the budget takes advantage of the great minerals boom but does not make a serious attempt to address a glaring national problem ...

Importantly, the tax package Labor presented at the last election had the virtue of containing serious reform in the welfare-to-work area. The Melbourne Institute noted at the time that it would, in fact, achieve that goal. This budget simply penalises people who are single mums with kids. They face few provisions to enable them to make the huge transition from welfare to work. But, if they are unable to make it, in the future they go to the dole. Will their family costs have been reduced in the ensuing period? No, they will not have been. Will they have incurred any costs in undertaking that job-seeking role? Yes, they will have. Will times be very trying for them as they raise their kids or try to find affordable child care? Yes, they will. Those who are in this situation urgently need life skills and properly targeted and resourced programs which are available to large numbers of Australians—but again, despite a surplus budget for Australians in this situation, the cupboard was virtually bare.

On child care, the government has not provided a link in the budget between funding for additional after school care places and the welfare changes that force parents into the labour force. Existing and extra after school care places are inadequate. The waiting lists are already there and the people on those lists will get the places, but sole parents and two-income families will just join a new waiting list and the problem will continue. The government says it wants to shift

190,000 Australians from welfare to work, but it has only created 87,000 new child-care places, and it has not produced tax relief for those Australians either.

This budget left out some really significant things: for overseas aid there were no significant increases; for Indigenous Australians, no significant increases; for the environment, no significant increases; and for the majority of Australians, who work hard and for whom every dollar in tax cuts counts, no significant increases.

The Treasurer talked up this budget by saying it was going to be about sustainability. It was an interesting choice of words, as you could mark economic and natural resource policy and a range of other policies of this government on a scale of the number of times this criterion had been genuinely applied and it would be found wanting. It is not a concept or an expression that is often heard from this government, but when we look to both the long term and now to the short term as we try to plan and anticipate for the future—whether it is about water and the drought, climate change and global warming, the skills shortage, infrastructure or the Treasurer's acknowledged concern about seriously addressing the problem of our rapidly ageing population—the budget falls short. The opportunity to do something really serious about economic and environmental reform was missed in this budget. For the short term, it fell as short as can possibly be imagined—less than a milkshake and a sandwich—by having unfair, inequitable tax cuts which saw seven million Australians get only \$6 a week.

Labor's amendments provide a tax cut which recognises the contribution that these Australians make—the contribution that the people of Kingsford Smith make—and the costs they face in trying to raise their families and get ahead in a city where housing is

expensive and the cost of living a constant burden. A tax cut of \$12 a week would significantly benefit these Australians. It would make a measurable difference to their quality of life. The amendments need the support of this House, and I commend them. To repeat, the main winners out of this budget are people on high incomes and traditional families. The losers are the low- to middle-income earners who are single and, of course, those people who are on disability support pensions. They deserve better. (*Time expired*)

Ms BIRD (Cunningham) (5.03 pm)—I am very pleased to support the second reading amendment moved by the member for Lilley to the Tax Laws Amendment (Personal Income Tax Reduction) Bill 2005. It is the duty of members of this House to take the opportunity in this debate to place on the public record their individual views on the fairness of a tax cut that delivers to them in a big way personally whilst offering an offensively small tax cut to the vast bulk of the people who elected them to the position that they occupy. I am eager to place on the record of this place my support for Labor's alternative tax plan, which is both fairer and still responsible.

I would say on this issue, which is drawing a great deal of public debate in the national arena, that it is time for people in this House to stand up and be counted on exactly where they stand both on Labor's proposed amendments to the bill and on the government's proposals in the bill. I believe it is important for members opposite to come into this House and to explain, not only to this House but to the people in their own electorates, why they may be making a decision to vote against Labor's amendments and to reject an opportunity to say to the people who wrote their votes on ballot papers to put them into this place that they are more than happy to take a tax cut 10 times bigger than that of the average person in their electorate. It is

important that they come into this House and explain why it is that they will reject amendments which are fiscally responsible, which require them to take a slightly less generous tax cut but which will deliver double the tax cut to those very same people in their electorates. It is time for them to stand up and be counted. It would further be useful if they followed that up with a press release in their electorate explaining why they would be voting against the amendments that Labor propose. I seriously doubt that many of them will be taking the opportunity to do that. I would suggest that on this issue it is completely insufficient for members opposite to sidle into the House at voting time and stick their hands up with the government without having explained to the vast number of people in their electorate why they rejected the opportunity to give them a fairer cut of the tax pie.

I was pleased to be able to sit here and listen to my immediate predecessors in this debate, the member for Grayndler and the member for Kingsford Smith, as so many of my colleagues have come into this place on this debate to explain why we believe Labor's amendments are so important. There are many bills that come before this House every day on many issues. Some of them have greater significance for our electorates than others. Some of them we take the opportunity to speak on because we know the direct implications they may have for our electorate. Others may not be so immediately important to the people whom we are elected to represent. However, when it comes to tax cuts, unless you live in an electorate where nobody works, it will be a bill of significance for everyone in your electorate. It is not surprising to me that the government produced a fairly short speaking list on this matter. The Howard government should consider adopting Labor's amendments to this bill. As the Leader of the Opposition said in his contri-

bution, we will not complain if the Treasurer adopts Labor's fairer tax plan.

When we are elected we come into this place to deliver our first speeches, which some of us have done fairly recently. Most first speeches are very fine and they invariably include commitments by that newly elected member that recognise we are put here to represent the interests of our constituents, to stand up for our electorates and for the people in them. I stand here and I am speaking in this debate because the people of Cunningham have faith in me to serve their interests in this place, not my own. They put me here to argue for their fair share in a host of government programs and funding measures that are announced each year in the budget. My constituents will not get their fair share of this budget, and they will not get their fair share out of the government's tax cuts. A miserable \$6 a week is not a fair share for the people of Cunningham.

Instead, Labor offer as an alternative a tax plan which is much fairer to the people of my electorate. We propose to double the government's tax cut from \$6 a week to \$12 a week. That is a fair share for the majority of working men and women in my electorate. Under Labor's fairer tax plan, income earners earning \$20,000 will receive nearly \$9 a week in tax relief. The government offers just over \$5. For those on \$30,000, Labor offer \$15.46 a week. What does the government offer? Six dollars. Income earners over \$120,000, however, will receive a massive \$60 a week under the government. True, Labor offer less. We offer \$40.46 a week. I can tell the House that there are not many people in my electorate earning over \$120,000 a year, but there are very many earning between \$20,000 and \$80,000, and I stand with them in this place.

Those hardworking men and women in my electorate deserve to share in the nation's

wealth too, and they deserve better than a miserable \$6 a week from the Howard government. The tax statistics indicate that the mean taxable income for my electorate in 2001-02 was \$41,158. Why should the vast bulk of those hardworking men and women not share in the nation's wealth by getting \$12 a week tax relief? They deserve the highest and fairest possible tax relief, especially as they struggle to make ends meet every day, facing increased private health insurance costs, for example.

My office was run off its feet when the government approved the recent average eight per cent increase in private health insurance costs, with people ringing to say to me how ripped off they felt. They had believed the government's massive propaganda and advertising campaign. We well remember the umbrella ads that said if you took out Lifetime Health Cover so many more people in the system would mean a guarantee of a decrease in premium costs. Never has that happened. For four years in a row they have faced increased costs for health insurance. In fact, the government should be starting to worry about this because many of them are saying to me that they are now facing the decision of not continuing with their private health insurance. I am sure those people would much rather see \$12 going into their pockets than \$65 into a member of parliament's.

They also face higher petrol prices. For my electorate this is a particularly significant burden on families as we have the highest volume commuter corridor in Australia—16,000 people a day travelling from Wollongong to Sydney to find work, the vast majority of them in cars. The impact of petrol prices on their family budgets is significant. I know for certain, because many of them have told me, that they would much rather see the slice of the tax pie that delivers \$12 to them than the one that delivers \$65 to me.

They also face increased health costs because the Prime Minister and, indeed, the Minister for Health and Ageing—to be quite honest I cannot understand how he can come to the dispatch box to speak on health—broke their word on the rock solid Medicare safety net thresholds.

Let us not forget the high interest rates that immediately followed the election. The reality in my electorate is that we have seen the flow-on of the increased costs of housing that came out of the great increases in Sydney. Whilst it is true that the average mortgage may be around \$200,000, as always with averages that hides the real effect and the real pain of interest rate increases. It is almost impossible to buy a house in my electorate for under \$400,000. In fact, because we enjoy such a wonderful lifestyle and live in God's own country, as I outlined in my first speech, so many people have cottoned onto the secret and are moving down. They are selling their houses in Sydney and getting good money and then coming into our area and pushing up the prices. In the northern suburbs we have the ridiculous situation where, for example, an old coalminer's cottage—with a very good view, granted, but fairly run down—will sell for \$1 million plus. That is the reality of house prices in an area like mine, and the reality of small movements in the interest rate is a significant impact on the fortnightly or monthly mortgage repayments of families. On top of all this, of course, they are still all paying the 10 per cent GST.

Working men and women in my electorate are filling this government's coffers each and every day through their efforts. Why does the government suggest that they are not deserving of a fair share of the nation's wealth? Why won't this government offer them a fair go and fair tax relief? Indeed, why can't the Prime Minister, the Treasurer and every member of the government tell hardworking

men and women that they too deserve the highest possible tax relief, not \$6 but \$12 per week?

I notice that there is a lot of commentary in the media, particularly in the papers, about Labor's position on this issue. It is pretty disappointing to see that the vast bulk of that commentary revolves around a discussion about the political cleverness or otherwise of this particular decision. I can assure the commentators, as they write their pieces in the isolated ivory towers of the media, that the vast bulk of people speaking to me in my electorate are not in the least bit interested in how politically clever such decisions are. They want to know that we, as the Labor Party, are committed to delivering fairness for them and that, no matter how difficult the message is, we will stand up for what is fair for them. That is what we are doing. The editorial and commentary pages of the nation's newspapers are all suggesting that Labor's tax plan is bluster and we should just cop the tax cuts proposed by the government. I would like to know how many of these well-paid commentators benefit from the government's \$65 a week tax windfall for those earning over \$125,000—a fair number I would suspect. How many, while cheering the unfair tax cuts of the government, have told their readers that they will personally benefit from a \$65 a week tax cut while many of their readers will have to cop just \$6 a week? I would point out to them that that probably barely covers the purchase of their newspaper each day for a week.

So let us have some disclosure from those commentators as well. We already have it in the parliament. Those on the opposite side will vote for their \$65 a week while throwing crumbs to the majority of hardworking men and women in their own electorates. We on this side will pursue a fairer deal, a deal which will provide fair tax relief to these working men and women. I read earlier to-

day that an editorial in the *Australian Financial Review* said that Labor was 'hiding behind the politics of envy'. Rather, I would suggest to the newspaper that Labor is fighting against the politics of unfairness, the politics that says to these men and women, 'You can only share in the nation's wealth on our terms and \$6 a week tax relief is all you deserve while the high-income editorial writers in their airconditioned offices deserve to share far more of the nation's wealth,' and the government rewards them with over \$60 a week.

I notice that not one of the editorial writers or commentators—or even the ever-so-numerate Treasurer—has laid a glove on Labor's costing of our fairer tax plan. We deliver fairer tax relief to working men and women within the bounds of this government's own costings. We propose that hardworking men and women on average earnings be entitled to a share in the nation's wealth. We say these hardworking men and women are entitled to the highest possible tax relief, having contributed so much to the highest taxing government in the history of Federation. Even the Treasurer, in a blazing moment of candour last week, said, 'I reckon you would be struggling on \$40,000 or \$50,000 in Australia if you were paying a mortgage and raising some kids.' I say this was a moment of candour because, if one listened to the answers being given to questions in question time in this House and heard both the Prime Minister and the Treasurer saying over and over again how wonderful their government has been for working people, one would note that clearly the message that they have been giving in this House is that these working people have never had it so good. I would challenge them to take that message out into the electorates and say to the people on \$40,000 or \$50,000 a year: 'What have you got to complain about under this government? You have never had it so

good.' I am certain, as I think most of us who get out and about in our electorates would be, that they would get a fairly unfriendly, if not violent, response to that sort of comment because the reality is that Australian families are struggling.

If you talk to them, they will use expressions such as 'barely keeping our heads above water' or 'just keeping ahead of debt'. That is partly reflected in the huge household income debt that we have in this country and the high rates of credit use. It is an issue that I originally spoke on in my first speech, being at that time particularly concerned after talking to young families who had told me stories of doing things like using one credit card to pay off another form of credit. Whilst in my younger days I scoffed at my parents' suggestions to me that credit was in fact the devil for families, I think the reality of that is coming to be seen, in that many families are struggling to barely service their debt. They are not saving. Those sorts of struggling families would be particularly unreceptive to the message that has been coming out of this government that 'we are so wonderful because we have delivered so much that those average income earners in Australia have never had it so good'. I think that reflects a complete lack of understanding of what is actually happening out there in communities. I would go further and say to members of the government: go and visit your local St Vinnies and your local Smith Family, because in my electorate they are telling me that for the first time they are delivering food hampers and clothing vouchers to working families, a phenomenon that they have never seen before. That does not reflect low- and middle-income earners who have never had it so good.

This government is intent on making daily life even more of a struggle for ordinary working men and women, like the majority in my electorate. Things are simply getting

more unaffordable, their debts are rising and what they are offered is a miserable and mean \$6 a week tax cut. Unfortunately, this is fairness in Australia under the Howard government. I am sure it is not the face of fairness that this government will be presenting to the electorate in 2007. I sincerely doubt that a package as unfairly skewed in favour of high-income earners would ever see the light of day if there were an election on the horizon. There is no surprise in the timing of the government's new tax regime proposal, coming in the first post-election budget, as far away from an election as possible.

The people in my electorate do not buy this kind of fairness. Working men and women in my electorate earning between \$20,000 and \$70,000 want tax relief, but fair tax relief. According to the ABS figures, this is 67 per cent of wage and salary earners in my electorate. Only 5.4 per cent of workers in my electorate earn more than \$78,000. Labor's proposed amendment provides for reasonable and fair tax cuts for people earning up to \$100,000. The ABS does not break down the figures enough to give a definitive number, but I am confident that very few of the 5.4 per cent of my constituents who earn more than \$78,000 would be earning more than \$100,000. This means that only a minuscule number of the local people who have elected me to represent their interests would be able to take advantage of the unnecessary and exorbitantly generous cuts that this government is providing to very high-income earners in its proposed tax cuts. The government has the opportunity to provide fair tax relief to the many hardworking men and women on average incomes. (*Time expired*)

Mr TANNER (Melbourne) (5.23 pm)—The 2005 budget and the legislation before the House mark the end of the Howard batlers and the beginning of the Costello silver-tails, a structural change in Australian poli-

tics where we have seen a major shift away from the political and economic strategy of the Howard government in favour of the Liberal Party's traditional constituency of high-income earners. This is manifested in three key initiatives: the structure of the tax cuts, which have overwhelmingly delivered benefits to people on higher incomes; the abolition of the superannuation surcharge; and the vicious attack on people who are prospectively entitled to the disability support pension and sole parent pension—all traditional Liberal policies. The period in which the Howard government has masqueraded as a friend of low-income earners, the true party of the battler, is now well and truly over. When the history of the emerging Howard-Costello struggle is written, I think this budget will be seen as the distinctive point at which the traditional Melbourne establishment Liberals finally gained the ascendancy.

For various reasons the Howard government finds itself absolutely rolling in money in the current financial circumstances as a result of a conjunction of factors. A number of things have conspired to put the government in perhaps the best fiscal position that any government in this country has ever been fortunate enough to enjoy. We are at an absolute peak of participation in the work force as a percentage of the total population. The demographics do not get any better than this. The ratio of workers to dependants in the Australian population is at an absolute peak. In other words, as a proportion of the total population, the number of people who produce tax revenue is at a peak and the number of people who rely on tax revenue and draw from it as dependants—for example, pensioners—is at a record low point. That is not going to last much longer. Nonetheless, it is one of the key factors in producing the revenue bonanza.

We all know about the record terms of trade and the enormous increase in commodity prices that has occurred in the last couple of years and is going to continue. That has had an astounding impact on revenue over the current financial year and on projected revenue for the next couple of financial years. In the 2003 budget, two years ago, the estimate for company tax revenues for the 2005-06 financial year—the year which is just about to start and for which this budget is, of course, the primary projection—was \$36 billion. So, two years ago, we were estimating that company tax revenue for 2005-06 would be \$36 billion. For the same period, the estimate a couple of weeks ago in the budget has been upgraded to \$47 billion. In other words, the projected revenue from company tax for the coming financial year has increased from \$36 billion to \$47 billion. That is one measure of the extent to which the government is literally rolling in money.

Even when compared with the Mid-Year Economic and Fiscal Outlook papers published in December last year, these parameter changes give an indication of just how big and dramatic this change in the government's revenue fortunes has been. Had there been no policy changes, the surplus for the coming financial year would have been \$15 billion. So, in effect, policy changes have enabled the government to give away roughly \$7 billion—or something in the order of three-quarters of the windfall they are gaining. This is the magnitude of the largesse that the Howard government is fortunate to enjoy not because of anything it has done but because of a conjunction of circumstances that happen to benefit it. This simply emphasises how long overdue serious tax reform in this country is and how, even when the government is wallowing in funds, absolutely awash with money, it is still unable to grasp the nettle on serious reform of the personal income tax system and still unable to address

the major structural problems in Australian taxation.

Instead of doing that, instead of tackling the issues, the government has chosen to use its fortuitous largesse simply to hand out money to its traditional supporters. It has chosen to continue the disgraceful pattern of massive pork-barrelling to support people in National Party electorates through outrageous programs such as Regional Partnerships and a variety of other initiatives that are all politically driven and designed not to produce better economic and social outcomes but to attack state Labor governments and to play politics—for example, the extraordinarily wasteful proposal to create 24 federal technical colleges, which is going to cost hundreds of millions of dollars. An endless list of Howard government initiatives has continued to mount in recent years—money being splashed away on politically driven initiatives. Rather than tackle the critical issue of fundamental tax reform at the most opportune moment, when the Commonwealth Treasury is literally drowning in money, the Howard government has chosen typically to play politics, to reward its closest supporters with big tax cuts for people in upper income levels and continue the pattern of outrageously wasteful spending that is politically driven and grossly inefficient.

The tax system needs major surgery, not the tinkering at the edges that there is in this legislation and in the budget. Perhaps the most important example of this is the mounting problem of effective marginal tax rates, which are clearly a crucial element in participation in the work force. The interaction between the taxation system and the payments system produces a range of major disincentives to economic activity, to work and to participation in the work force, all of which act as a drag on economic activity at a time when perhaps the most fundamentally

important policy challenge for our nation is to increase the participation in economic activity as a proportion of the total population. Demographics are beginning to shrink that level of participation, so we have to fight back with both higher productivity and higher participation. One of the key components of that is to reform the problem of effective marginal tax rates.

The budget has only some very minor changes in this regard and, in some instances, it effectively moves people backwards—for example, shifting people onto Newstart who would otherwise have been on the parenting payment will mean that, for each extra dollar of income earned beyond a certain amount, the withdrawal of the benefit will rise from 40 per cent to 60 per cent of each extra dollar of income earned. Although there are some changes that do improve the situation with respect to effective marginal tax rates, they are fairly minor and they are counteracted to some degree by other changes.

Some Australians face effective marginal tax rates in the vicinity of 80 per cent or more, and these Australians are on very modest incomes. They are not people who are on high incomes who face a 47c marginal tax rate; they are people on modest incomes. Labor proposes a welfare-to-work bonus to effectively eliminate tax below an income of \$10,000, therefore cutting the effective marginal tax rate for many people. Labor also proposes to increase the point where the 30c tax rate cuts in, to \$26,400, as a first instalment of addressing that fundamental problem.

It is amusing that the government proclaims that a virtue of its new tax scales is that they ensure that well over 80 per cent of Australians will pay the 30c rate as their top marginal rate. I have heard this refrain before—it accompanied the introduction of A

New Tax System and the GST. We may well ask why we are still hearing this promise, why it has not been entrenched. The answer is that we have had five years or more of bracket creep. The hidden story behind the tax cuts that the government has put forward—and something which nobody has acknowledged—is the extent to which the tax cuts reflect the giving back of bracket creep and, prospectively, how quickly they will be eaten away by bracket creep. I have not seen any media commentary, tables or analysis of this yet. One would hope that that will occur in due course, but it is one of the key hidden stories of this budget. A lot of the change reflects the giving back of bracket creep. Along with demographics and the commodities boom, bracket creep has simply been a source of fiscal benefit for the Howard government that it has been happy to rely upon.

Bracket creep is not easy to calculate or define and it is less of a problem in periods of lower inflation such as that we have enjoyed in the last 10 or 15 years. Nonetheless, it is still significant. There are some interesting clues on this issue in the budget papers. Page 13-5 of Budget Paper No. 1 shows that, from 2002-03 projecting forward to 2008-09, tax receipts as a percentage of GDP—keeping in mind that this does not include the GST, so it is predominantly income tax—are projected to be either at 21.2 per cent or 21.3 per cent for six of those seven years. On the odd year out, it is 21.6 per cent. In other words, in spite of these tax cuts, the tax-take over that time as a percentage of GDP will be pretty well identical over those seven years—going back a few years and going forward a few years.

Secondly, on page 10-9 of Budget Paper No.1, there is another interesting table which shows projections for future income tax receipts. They will grow from \$111 billion in 2005-06—which is the first year of the two

years in which the tax cuts come into effect—to \$133 billion in 2008-09. Over that period, that is almost a 20 per cent increase—in the vicinity of a five per cent per annum increase. So, in spite of the tax cuts, there will still be a steady ratcheting up of overall revenue for the government. In effect, the tax cuts are a fortuitous trimming of the growth dividend—the adventitious growth dividend that this government is getting as a result of factors like the demographic configuration and the commodities boom.

In Budget Paper No. 1, at page 1-10, there is an interesting table that shows the effective distribution across different income levels for the tax cuts that have been initiated by this government in recent years. It includes the tax cuts associated with the introduction of the GST and then the tax cuts that were introduced in the 2003, 2004 and 2005 budgets. The important point to remember is that the tax cuts in 2000 that were associated with the introduction of the GST were designed to compensate for the impact of the GST and, in particular, to compensate for its impact on lower income earners, because the GST is, by definition, regressive. The amendments in the Senate as a result of the deal with the Democrats had some positive effect in ameliorating the otherwise highly regressive nature of the government's tax cuts—50 per cent of which were going to go to the top 20 per cent of income earners.

The interesting thing about this table, when you take away the component that relates to the GST package tax cuts and look solely at the tax cuts that have been delivered since 2003, is that it shows that taxpayers earning over \$60,000 a year have received roughly a 12 per cent reduction in the tax that they pay across these various tax cuts. If you look across the three sets of tax cuts and look at what has happened to people earning \$60,000 up to \$100,000 to \$120,000 a year, you will see that they have had a 12 percent

cut. If you then look at people on \$50,000 a year, the table shows that they have had a three per cent cut. Similarly, people on \$40,000 a year have enjoyed a four per cent cut in their tax burden. Collectively over the entire period there has been a major restructuring of the Australian income tax schedules to favour higher income earners. This shows, as I said at the outset, that the Howard battler days are well and truly gone and that we are now witnessing the triumph of the Costello silvertails.

This budget is doing what Liberal governments are designed to do and what they are there for, which is to ease the tax burden on the higher income earners and to increase it on lower income earners. Rather than fulfilling the traditional Liberal role of cutting expenditure and reducing the role of government, like their equivalents in the United States this government is taking a different tack, which is to continue to buy political support with massive waste and misuse of taxpayers' money in an extraordinary array of programs, all designed not to improve the nation, better our economic performance or produce better social outcomes but simply to produce better political outcomes for the Liberal Party and The Nationals.

It is worth noting in this debate that, whenever you hear the term 'politics of envy', and mark this well, you know there is a rich person with their hand in a poor person's pocket. That is what the term 'politics of envy' means. It is the ultimate last resort of a scoundrel. Whenever you hear a representative of the better-off talking about the politics of envy, all it tells you is that there is a rich person somewhere in there ripping off a poor person. In this case, that is effectively what is being institutionalised by the Howard government through the 2005 budget.

In conclusion, there are some of us who believe that there is a need for fundamental

restructuring of the Australian taxation system. It is good that the government has got rid of the nuisance tariff on manufacturing that the government itself introduced. I have mixed views, I must confess, about the abolition of the superannuation surcharge. In isolation it is a good thing—it was a stupid tax, a highly inefficient tax and a costly tax. But in the total scheme of things its repeal is a bad thing because it adds to the regressiveness of the total package. It would be much better if the government were able to completely tackle the superannuation and taxation mess and have a much more efficient and equitable approach to superannuation taxation.

Having said those things, in the overall scheme of things this budget fails to address the fundamental need for substantial reform. I will provide just a few examples. Firstly, the most obvious thing that is necessary is to broaden the base, lower the rates and eliminate most of the loopholes and concessions that are littered throughout our tax system. I am broadly a supporter of the idea of eliminating deductions altogether and giving people an automatic deduction of a certain level—for example, \$300 or \$500—in order to be able to lower rates across the board. Secondly, there is the problem of effective marginal tax rates, which I have referred to. Thirdly, there are the superannuation tax arrangements. Finally, there is the broad challenge of cutting the tax burden on middle Australia. Middle Australia is paying too much tax, and more and more people are getting squeezed because they are being exposed more and more to user-pays arrangements—they are having to pay more out of their own pockets for their health services and for education, but they are not actually getting an equivalent return in a reduction in tax.

Once again the Howard government has squibbed the true reform challenge. It is roll-

ing in money. There will never be more fortuitous circumstances for major structural taxation reform in this country than currently prevail, but most of the money that could smooth the way towards that kind of reform is being used to pay off the government's traditional supporters—to deliver a dividend to higher income earners. In order to make it look a little bit better, they hand the measly sum of \$6 per week in a tax cut to people on lower incomes. I accept that there is a need to extend the position where the top marginal tax rate cuts in. There is no question about that. That is something that many people on the Labor side have acknowledged over the years. It has clearly been way too low, way too close to average weekly earnings, and it is a good thing that we are able to push it out. But the problem is that the government has only tackled part of the picture. It has only tackled the one relatively limited part of the total taxation reform agenda that suits its political purposes—that suits its need to pay off its traditional supporters in the higher income brackets. It has not delivered reform for people lower down the scale. It has not delivered serious taxation relief for people who are in the ordinary income tax brackets. It has not tackled the hard issues. I want serious reform. I want to lower the tax burden. I want a more equitable and efficient taxation system. The 2005 budget does not deliver any of those things, and the legislation that we are debating tonight does not deliver them either.

Mr BURKE (Watson) (5.43 pm)—We are faced with many lost opportunities in the Tax Laws Amendment (Personal Income Tax Reduction) Bill 2005. With the OECD and the Reserve Bank making clear the capacity constraints and what is needed to be done with respect to the economy of this nation, to simply throw that away in the rush to provide a benefit way out of proportion to what would be reasonable at the top end of the

income scale is such a lost opportunity. The Reserve Bank and the OECD have made clear the problem of capacity constraints in the Australian economy, with the Reserve Bank also sending out warning signals about anything that could be seen as putting upward pressure on interest rates. Another ¼ per cent rise in interest rates would wipe out any improvement in tax cuts. The last ¼ per cent rise has already wiped out the \$6 increase that the government proposes; any further increase would just cause people to go further backwards. In that whole context we are faced with legislation before us that has 'missed opportunity' written all over it. There are real priorities and real needs, particularly in dealing with those capacity constraints, but the government, sadly, has chosen to squib them.

One of the most disappointing parts of this debate from the government's side of the chamber has been—and I refer to the comments of the previous speaker as well—this concept that, if you ever try to seek fairness, that is instantly the politics of envy. We hear time and again that, when you try to do something decent for people at the lower end of the income scale, that has to amount to nothing more than the politics of envy. On this side of the House we happen to recognise the difference between the politics of envy and the politics of equity. We happen to understand something about the politics of fairness. When you look at what the government is doing with the tax scales, you can understand why the federal opposition is doing absolutely everything within its power to turn the inequities of the government's proposals into a fair deal for Australian families.

There is no doubt that the top marginal rates were cutting in too high, but let us get a sense of the context of how rapidly the government wants to push those out. In the 2003-04 financial year the 42 per cent rate kicked in at \$52,000 and the 47 per cent rate

kicked in at \$62,500. We supported raising those thresholds; we were willing to look at that. But, in the period from the 2003-04 financial year through to July 2006, the government does not just plan on pushing it out; it plans on doubling the point at which that top marginal tax rate cuts in, moving it from \$62,500 to \$125,000. That shows how much the opportunity to do something for people at the other end of the income scale has been squandered.

The opposition understand all too well that families who are bringing in \$80,000 a year and trying to pay off a mortgage are not wealthy, particularly given what has happened to housing affordability—not just in the major cities but in a whole host of regional areas, particularly along the coast, where housing affordability has come to pose real problems. But we also understand that people on salaries such as our own are doing okay. That is not the politics of envy; that is recognising the opportunity—who we have the capacity to deliver for. That is why one of the key focuses of Labor's proposal is not just to move the 42 per cent rate and the 47 per cent rate but also to move up to \$26,400 the threshold that the 30 per cent rate kicks in at. The government's proposal in the budget is to leave that at \$21,600. Surely, it is not the politics of envy to say that the 30 per cent rate should be kicking in later.

I do not understand for a minute how any attempt at equity, at trying to deliver fairness, at reaching out and understanding the financial pressure on so many families and working Australians magically becomes the politics of envy. I have no shame whatsoever about being associated with a fairer set of tax cuts. Every time the government want to say that Labor are voting down tax cuts, they have to understand that we are still supporting pushing the thresholds out at each rate. But to take the top marginal rate all the way out to \$125,000 is clearly unreasonable and

something that has no relationship to equity whatsoever.

Labor's tax cuts make a real difference on the ground. The examples have already been given: they will pay for private health cover for a member of the family for four years; for family membership to your footy club for four years; for 18 weeks worth of groceries, if you use \$100 as a benchmark for the family; and for servicing a family car for four years. These are real, tangible benefits. What the government have to understand is that, every time they have made comments during question time that Labor is going to be voting against the tax cuts, the exact benefits that I just referred to, which should be available to Australian families, are precisely the things that the government intends to deny them—precisely the opportunities and the extra access to money that the government members intend to vote against. Government members in all but a handful of marginal seats represent constituents whose average income is right at the level where the opposition package is pitched—at the precise point.

So what have the commentators said about this? What have they actually referred to? The experts have made it clear that they understand the economic dangers that exist in the way this budget has been put together and the way the tax tables have been structured. Ross Gittins said in the *Sydney Morning Herald*:

This budget will go down well enough—but that's because budgets that put popularity ahead of responsibility always do. Until the wheels fall off. Then it's all tears and recriminations.

Tim Colebatch said in the *Age*:

It is not the budget Australia needs if it is to become a country that earns its way in the world, rather than spending the savings of others.

Alan Wood said in the *Australian*:

It is a budget of wasted opportunities for more fundamental reform.

Peter Hendy, from the Australian Chamber of Commerce and Industry—hardly a branch member of the Labor Party and hardly someone who the government wants to accuse of being guilty of the politics of envy—described it quite rightly as 'a budget of missed opportunities.' Chris Caton from Bankers Trust said:

The fact they have chosen to be relatively expansionary at the margin, increases the probability of more interest rate increases ...

Saul Eslake from the ANZ bank said:

There is a real risk now that the RBA will feel the need to lift interest rates again.

The warnings have been fired across the bow by the Reserve Bank of Australia concerning the sensitivity of any upward pressure on interest rates. We all have to understand that pressure on interest rates is not simply based on the raw interest rates figure but is also directly linked to the indebtedness of the nation and to what has happened to housing affordability and in the growth of personal credit. What might have been seen years ago as a more minor increase of one-quarter of one per cent makes a real impact on the lives of Australian families and workers.

It makes no sense at all to skew tax cuts towards those who have already enjoyed the greatest gains from our recent prosperity. There is simply no benefit in providing the \$6 a week tax cut if it is associated with a total package that pushes income benefits so far to the top of the scale that it then tips the Reserve Bank over the edge into raising interest rates. There is no point in doing that whatsoever. One interest rate increase would raise monthly mortgage repayments for a \$300,000 mortgage by \$48—almost twice the amount of the \$6 weekly tax cut.

I would like to refer to a number of small business issues which have been raised. First of all, I have had some members opposite comment to me that the improvements at the

top end of the scale are clearly good for small business. To those government members—and the conversations have been outside the chamber, so I will not out them—I have to say that, if they think the average small business owner has a personal income right out beyond \$125,000 a year, they really should spend more time with the constituency. If they think that small businesses are doing that well, they really should get out and spend some more time talking to small business owners. We are talking about a very small section of the Australian population that will get those highest increases. We all happen to be part of that small section of the population, but there are not that many out there. For people to claim that this will necessarily apply to small business simply means that the government does not understand how tough so many small businesses are doing it out there. And that is in the face of a budget which did nothing to reduce red tape. The big benefit for small business, particularly those in retail, comes from tax benefits at the lower end of the scale. That is what does something about their demand and their sales. That is what they asked for and that would have a real impact on their bottom line. Providing income tax cuts for people who are bringing home PAYG income that is way in excess of what small business operators are bringing in simply does nothing to advantage those businesses at all.

I am becoming fond of quoting the Minister for Small Business and Tourism. The other line that has been put to me is: how dare we as an opposition oppose? In answer to a question at the small business summit, the minister for small business said:

The difference is, Rob, though, that we are the Government and it's really about time that the opposition stopped just simply opposing for the sake of opposition. When actually we were in opposition, for example, we backed a number of the economic reforms when Paul Keating was

Treasurer and I actually think that it's time that the opposition recognise the fact that they are in opposition, that they can, certainly they can, their responsibility is to develop policy but it is not to oppose these budget measures.

I am sorry, but the government will just have to deal with the fact that sometimes an opposition opposes. Sometimes, outrageous as it might sound, part of what an opposition does is oppose—particularly when the government is doing something that the opposition does not believe is fair. I find it absolutely extraordinary that any member of the parliament would work on the presumption that there is something wrong with members of an opposition standing up for what they believe in and opposing a government measure that they view as being entirely inequitable.

Then you get to the question of who is playing politics with this. Time and again we have been told over the last few days of sittings, both this week and during budget week, about the concept of the disallowance. The shadow Treasurer has made quite clear that our objective is to actually have an impact on the tax scales. We are not going to do that in a half-hearted fashion. We are going to get in there and argue about it in this House and in the Senate. We will do everything we can to try to see the legislation amended. Obviously we have to deal with that. There is no point having any debate at all about a disallowance until we know what the tax scales are going to be. Is the government actually proposing that, if the opposition are successful in the Senate in getting the tax scales changed, somehow the withholding schedules that are released will be inconsistent with what the legislation would become at that point? It would be an absolutely absurd proposition that people would be overtaxed for 12 months only to get a refund at the end because the withholding rates did not match the legislation. So obviously there is no reason for anyone to deal with the

issue of disallowance until we have the debate about the tax scales themselves.

In terms of who is playing politics with the issue, it is worth noting the comments in the *Australian* today from the Clerk of the Senate, Harry Evans. He said:

There's no reason why the withholding schedules couldn't be made on 30 June to come into effect for 1 July. That would mean they couldn't be disallowed.

That means the money taken out of your salary would reflect the new tax rates.

Notwithstanding that comment being on the record today and notwithstanding that being understood, we still had outrageous claims from the government during the course of the day, claims way out of kilter with the practical reality out there. The government still want to claim that in some way, for the first time ever, there should be consideration of disallowance of the withholding schedules prior to dealing with the substantive legislation.

We are serious about trying to argue for equity in this place. The government might want to call equity envy, but I think that just shows a lack of understanding of Australia. Is it somehow the case, as this government wants to argue, that, if you ever believe that people at the top end of the scale should be given more than they are getting at the moment but people down the line should also benefit to a greater extent, you are guilty of the politics of envy? The opposition believe that people at the top end of the scale should be given more than they are getting at the moment, and that is reflected in our policy and in our amendments. They should get more—we are not talking about them taking a loss—but they should not get quite as much as the government is saying they should, so that we can give benefits further down the line: benefits which double, going from \$6 a week to \$12 a week. Is the gov-

ernment seriously proposing, in that sort of framework, that that in some way constitutes envy? We may as well shut the whole parliament down if we are not allowed to argue for fairness without having it called it the politics of envy.

I have no reservation whatsoever and will never have any reservation—and no-one on this side of the House will have any reservation at any point in time—about arguing for greater equity and fairness. The government need to realise and get it into their heads that that is not the politics of envy; that is actually understanding the needs and aspirations of average Australian families. It is about trying to deliver a better outcome across the whole budget. It is about trying to come up with a package that will not end up being inflationary, causing whatever benefits people get at different levels to be written off by mortgage hikes and credit card hikes. Until the government understand that, they will not understand why, whilst they might be able to get the backbench excited during question time, out in the community people are asking government members in marginal seats—and the members acknowledge this privately—‘How come you are getting so much more than we are?’ As a Labor member of parliament, I have no hesitation in saying, ‘That’s unfair,’ and I am proud to vote for amendments intended to fix it.

Mr KERR (Denison) (6.00 pm)—The opposition has proposed a series of amendments focusing on equity. Just the other day, a new Australian citizen came into the world—a young girl named Charlotte Jane, the daughter of my staff member Eloise Haddad and her partner, David Nicholson. I thought to myself, ‘What kind of Australia will she grow up in? Will it be an Australia that resembles in any remote way the kind of community that I was very fortunate to grow up in when I was a young man—a community that had been built around the kinds of

values that Australians, tested in war, had created after that experience?' It troubles me that perhaps young Charlotte Jane will not grow up in such a society, because the kinds of linkages and expectations came together in a common cause when Australians of all social walks of life, from persons of great wealth to people who had grown up rough in working class communities—tradesmen, labourers, farm workers—found that they had set to aside whatever social differences they had to fight a larger enemy. Under that circumstance people recognised that they shared communal values, and that experience coloured the way in which Australia thought about itself after the war.

I am not suggesting that every Australian manifested mateship or that, in crude ways, we all lived in a way where Jack was as good as his master. But somewhere deep in the Australian consciousness there was a strong sense that every Australian truly had something to contribute and that, if you were well off in society, you had a responsibility to make a large contribution to the wellbeing of those who had the misfortune to be less well off than you.

Sadly, I think this budget reflects a growing sense of entitlement amongst those who are well off in our society that they do not owe any significant obligation to fellow members of their own community. Whilst I recognise that this does make this government the highest taxing government ever in Australia's history, in principle many Australians would be prepared to pay higher taxes if they felt that those taxes were going to address the long-term structural problems that this community faces: building the framework for a future Australia where we would have remedies for the ageing crisis that may loom in the future, putting aside resources to deal with the problems of salinity and availability of water in a very dry land, dealing substantially with the issues of

putting proper funding into public health and education and dealing with quality of life issues in such a way that Australians would say, 'Irrespective of where I am born into society, I will have a decent quality of life.' But, in fact, the highest taxing government that we have ever had in Australia has ignored those great challenges.

My friend and colleague the member for Melbourne has addressed some of those structural issues that have not been addressed: transport issues in some of our larger cities and sustainability. This parliament and this House has established a committee on the environment which is looking at sustainable cities. One of the things which comes out of that is a very real sense that we need to make large investments not just in the rhetoric of talking about sustainability but also in managing our power production—the way in which we generate energy, the way in which we service our transport needs, the way in which our road systems operate and the way in which future urban consolidation is constructed—so that we can provide a good quality of life for future Australian citizens. That good future life, to be truly reflective of the kind of Australia I grew up in, has to spread right across the social divide so that if young Charlotte Jane, for example, was unfortunately struck down by illness, she could access high quality services; if, tragically, she had the misfortune to be the subject of some accident which led her to have a disability, she would not be treated as somebody who is expendable in the social order; and, if she did rise to success, she would also be well rewarded but would be born into a community where that reward brought with it a sense of mutual obligation.

We talk of mutual obligation now in the sense that it disempowers people. We are using the phrase 'mutual obligation' in a narrow cast way to describe what those who are

on welfare benefits must do in order to meet the formal requirements of a welfare system where, without them undertaking, for example, Work for the Dole, they are left in a circumstance of abject penury. But mutual obligation actually goes further than that. Mutual obligation goes to the way in which our banks operate with respect to their customers, to the way in which we would expect those who have reached positions of great influence—be it in the legal area, be it in medical practice or be it in accountancy—to put some service in through service clubs like Rotary and Lions and all the other organisations that sprang up after the war when people had this sense of mutuality and made a large contribution back. We have slid away from thinking about what is a good society to live in into a narrow discussion about how we can make it more economically productive.

Economic efficiency is an obvious prerequisite for a strong and healthy society. But it is a means rather than an end. The end that we normally ascribe to the economic objectives that we seek is to ensure that all Australians can enjoy a good life. Currently, so many Australians are deeply, deeply anxious. Who really believes that the overwhelming priority of this community should be to make the working life of Australians even more uncertain? And yet we are progressing down a 'route of reform' in industrial relations that will make the working experience even less certain than it is now. Already we have something in the order of one to two million Australians who are either unemployed or underemployed. Because the ABS treats a person who works for greater than one hour every week as being employed, the official unemployment statistics significantly underestimate the degree to which Australians seeking work have failed to find it.

In my own community in the electorate of Denison, even with those official figures,

there are significant problems because of the failure to direct the very large available resources of the Australian community towards issues of training and skills. Young, unemployed Tasmanians are being cast onto the scrapheap because of this government's failure to invest in skills and training. There has been a sharp spike in teenage unemployment in southern Tasmania over the past year. The latest ABS labour force survey for Tasmania now shows that youth unemployment in the greater Hobart area stands at 28 per cent. That, of course, is about a five per cent rise since the April 2004 figures.

It is a pretty damning indictment of the capacity of this government to claim that their objectives are actually reaching out to the community as a whole when you find that such stark figures exist for an urban area where the economy is doing relatively well. That is a terrific problem for us emerging for the future. The Tasmanian government has responded to this by investing \$40 million over two state budgets into addressing those skills shortages through improved education and training. But there is a significant deficit of investment in these large infrastructure areas. And if you cross each of these areas it is no wonder that Australians feel this great sense of uncertainty—a great sense that their national government is treading water and not addressing those issues which are most important for the long-term interests of those who are born now and who face a very uncertain future. The uncertainty that people have is not surprising when you recognise the amount of job dislocation and change that has emerged as industrial relations reform has occurred, new technologies have been introduced and we have removed the protection around our industries.

All these changes have occurred and many of them have made our society more productive. But the question is: how, in those circumstances, are people better off if we do

not then put around those people who have lost, as a consequence of those necessary changes, an umbrella of protection that enables them to have a safe and secure place in an Australia which is becoming relatively better off overall, but where they are falling behind? You can hardly expect them to feel any sense of engagement with or ownership of their future if they are not dealt with in a way which recognises that, increasingly, the chance of getting back into effective participation in this society is being lost to large sections of the community.

As the gap grows between the household income of those who are the most well-off in a community and those who are the least well-off, as social patterns of mobility change, as families experience stress and the growth of single households increases, and as single parenthood becomes more common there are enormous numbers of people who find themselves for temporary periods of their lives needing support from a community that is immensely wealthier than it was three decades ago, but who find themselves in a society which is meaner and less willing to respond to those particular needs. We have reduced our commitment in areas like social housing and we have accepted a growing inequality in the household share.

I particularly feel this is the case because, in a small compass, my electorate of Denison contains, I suppose, the equivalent of the whole compass of the inner and outer suburbs in the larger cities. There are sections of my electorate which have done relatively well. The affluent have seen rising house prices, and their wealth has increased as a consequence. Their income has increased as the economic circumstances that Australia has enjoyed have meant that there is more opportunity for them to earn higher incomes. But in other parts of my electorate there are two generations of a family who have not been able to find effective participation.

They now find themselves saddled up in circumstances where they will lose financially as the government punishes those people who are, for example, single mothers, saying that after the child reaches the age of six they will lose benefits and be forced to seek work. If they do not effectively do that they will find their real incomes reduced. Even if they do find part-time or casual work they will be significantly less well-off in real terms.

For many of those people the reality is that the best they can hope for is casual or temporary work for perhaps up to 15 hours a week. And if they find that 15 hours of work a week, what do they then experience? They experience a loss of real income, a loss of support and they are worse off than they were previously. So we have constructed a social framework which is actually going to increase social tension, increase the kinds of stresses that are on households where there are high levels of dependency and, at the same time, transfer wealth to those who are most well-off in society at the expense of those who are least well-off.

We have had many hours of debate in this House about the inequity of providing a \$6 tax cut to low- and medium-income earners when persons at the highest level of the income scale receive something in the order of \$65 a week. Of course, added to that are the changes that have been made in superannuation arrangements, which significantly advantage those with high wealth earning capacity. And nothing has been done by this government about means of abusing the tax system. The trust rorts that the government promised to remove—

Mr ABBOTT (Warringah—Leader of the House) (6.15 pm)—As much as I am appreciating the contribution being made by the honourable member for Denison, I think we have heard enough. I move:

That the question be now put.

Question put.

The House divided. [6.20 pm]

(The Deputy Speaker—Mr Baldwin)

Ayes.....	78
Noes.....	<u>57</u>
Majority.....	21

AYES

Abbott, AJ	Anderson, JD
Andrews, KJ	Bailey, FE
Baird, BG	Baker, M
Barresi, PA	Bartlett, KJ
Billson, BF	Bishop, BK
Bishop, JI	Broadbent, R
Cadman, AG	Causley, IR
Ciobo, SM	Cobb, JK
Costello, PH	Dutton, PC
Elson, KS	Entsch, WG
Farmer, PF	Fawcett, D
Ferguson, MD	Forrest, JA *
Gambaro, T	Gash, J
Georgiou, P	Haase, BW
Hardgrave, GD	Hartsuyker, L
Henry, S	Hockey, JB
Hull, KE	Hunt, GA
Jensen, D	Johnson, MA
Keenan, M	Kelly, DM
Kelly, JM	Ley, SP
Lindsay, PJ	Lloyd, JE
Macfarlane, IE	Markus, L
May, MA	McArthur, S *
McGauran, PJ	Moylan, JE
Nelson, BJ	Neville, PC
Panopoulos, S	Pearce, CJ
Prosser, GD	Pyne, C
Randall, DJ	Richardson, K
Robb, A	Ruddock, PM
Schultz, A	Scott, BC
Secker, PD	Slipper, PN
Smith, ADH	Somlyay, AM
Stone, SN	Thompson, CP
Ticehurst, KV	Tollner, DW
Truss, WE	Tuckey, CW
Turnbull, M	Vaile, MAJ
Vale, DS	Vasta, R
Wakelin, BH	Washer, MJ
Windsor, AHC	Wood, J

NOES

Adams, DGH	Andren, PJ
Beazley, KC	Bevis, AR
Bird, S	Bowen, C
Burke, AE	Burke, AS
Byrne, AM	Corcoran, AK
Crean, SF	Danby, M *
Edwards, GJ	Elliot, J
Ellis, AL	Ellis, K
Emerson, CA	Ferguson, LDT
Ferguson, LDT	Fitzgibbon, JA
Garrett, P	Georganas, S
George, J	Gibbons, SW
Gillard, JE	Grierson, SJ
Griffin, AP	Hall, JG *
Hatton, MJ	Hayes, CP
Irwin, J	Jenkins, HA
Katter, RC	Kerr, DJC
King, CF	Lawrence, CM
Livermore, KF	Macklin, JL
McClelland, RB	McMullan, RF
Melham, D	Murphy, JP
O'Connor, BP	O'Connor, GM
Owens, J	Price, LRS
Quick, HV	Ripoll, BF
Rudd, KM	Sawford, RW
Sercombe, RCG	Smith, SF
Swan, WM	Tanner, L
Thomson, KJ	Vamvakinou, M
Wilkie, K	

* denotes teller

Question agreed to.

Question put:

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

The House divided. [6.27 pm]

(The Deputy Speaker—Mr Baldwin)

Ayes.....	78
Noes.....	<u>56</u>
Majority.....	22

AYES

Abbott, AJ	Anderson, JD
Andrews, KJ	Bailey, FE
Baird, BG	Baker, M
Barresi, PA	Bartlett, KJ
Billson, BF	Bishop, BK
Bishop, JI	Broadbent, R

Cadman, AG
 Ciobo, SM
 Costello, PH
 Elson, KS
 Farmer, PF
 Ferguson, MD
 Gambaro, T
 Georgiou, P
 Hardgrave, GD
 Henry, S
 Hull, KE
 Jensen, D
 Keenan, M
 Kelly, JM
 Lindsay, PJ
 Macfarlane, IE
 May, MA
 McGauran, PJ
 Nelson, BJ
 Panopoulos, S
 Prosser, GD
 Randall, DJ
 Robb, A
 Schultz, A
 Secker, PD
 Smith, ADH
 Stone, SN
 Ticehurst, KV
 Truss, WE
 Turnbull, M
 Vale, DS
 Wakelin, BH
 Windsor, AHC

Causley, IR
 Cobb, JK
 Dutton, PC
 Entsch, WG
 Fawcett, D
 Forrest, JA *
 Gash, J
 Haase, BW
 Hartsuyker, L
 Hockey, JB
 Hunt, GA
 Johnson, MA
 Kelly, DM
 Ley, SP
 Lloyd, JE
 Markus, L
 McArthur, S *
 Moylan, JE
 Neville, PC
 Pearce, CJ
 Pyne, C
 Richardson, K
 Ruddock, PM
 Scott, BC
 Slipper, PN
 Somlyay, AM
 Thompson, CP
 Tollner, DW
 Tuckey, CW
 Vaile, MAJ
 Vasta, R
 Washer, MJ
 Wood, J

NOES

Adams, DGH
 Bevis, AR
 Bowen, C
 Burke, AS
 Corcoran, AK
 Danby, M *
 Elliot, J
 Ellis, K
 Ferguson, LDT
 Fitzgibbon, JA
 Georganas, S
 Gibbons, SW
 Grierson, SJ
 Hall, JG *
 Hayes, CP
 Jenkins, HA
 Kerr, DJC

Beazley, KC
 Bird, S
 Burke, AE
 Byrne, AM
 Crean, SF
 Edwards, GJ
 Ellis, AL
 Emerson, CA
 Ferguson, MJ
 Garrett, P
 George, J
 Gillard, JE
 Griffin, AP
 Hatton, MJ
 Irwin, J
 Katter, RC
 King, CF

Lawrence, CM
 Macklin, JL
 McMullan, RF
 Murphy, J.P
 O'Connor, GM
 Price, LRS
 Ripoll, BF
 Sawford, RW
 Smith, SF
 Tanner, L
 Vamvakinou, M
 * denotes teller

Livermore, KF
 McClelland, RB
 Melham, D
 O'Connor, BP
 Owens, J
 Quick, HV
 Rudd, KM
 Sercombe, RCG
 Swan, WM
 Thomson, KJ
 Wilkie, K

Question agreed to.

The DEPUTY SPEAKER—The question is that this bill be now read a second time.

Ms Gillard—It is not the intention of the opposition to oppose the proposition that this bill be read for a second time. The bill could be rendered acceptable by the adoption of Labor's amendments.

Question agreed to.

Bill read a second time.

Consideration in Detail

Bill—by leave—taken as a whole.

Mr SWAN (Lilley) (6.28 pm)—by leave—I move opposition amendments (1) to (5) as circulated in my name together:

(1) Schedule 1, item 1, page 3 (table), omit the table, substitute:

Tax rates for resident taxpayers

Item	For the part of the ordinary taxable income of the taxpayer that:	The rate is:
1	(a) for the 2005-06 year of income—exceeds \$6,000 but does not exceed \$21,600; and	17%
	(b) for later years of income—exceeds \$6,000 but does not exceed \$26,400	

Tax rates for resident taxpayers

Item	For the part of the ordinary taxable income of the taxpayer that:	The rate is:
2	for the 2005-06 year of income—exceeds \$21,600 but does not exceed \$26,400	23.5%
3	(a) for the 2005-06 year of income—exceeds \$26,400 but does not exceed \$63,000; and (b) for later years of income—exceeds \$26,400 but does not exceed \$67,000	30%
4	(a) for the 2005-06 year of income—exceeds \$63,000 but does not exceed \$80,000; and (b) for later years of income—exceeds \$67,000 but does not exceed \$100,000	42%
5	(a) for the 2005-06 year of income—exceeds \$80,000; and (b) for later years of income—exceeds \$100,000	47%

Note: The rate in column 2 of item 2 specifies a composite tax rate as the simple average of the tax rate of 30% to apply from 1 July 2005 to 31 December 2005 and the tax rate of 17% to apply from 1 January 2006 to 30 June 2006.

- (2) Schedule 1, item 2, pages 3 to 4 (table), omit the table, substitute:

Tax rates for non-resident taxpayers

Item	For the part of the ordinary taxable income of the taxpayer that:	The rate is:
1	(a) for the 2005-06 year of income—does not exceed \$21,600; and (b) for later years of income—does not exceed \$26,400	29%
2	for the 2005-06 year of income—exceeds \$21,600 but does not exceed \$26,400	29.5%
3	(a) for the 2005-06 year of income—exceeds \$26,400 but does not exceed \$63,000; and (b) for later years of income—exceeds \$26,400 but does not exceed \$67,000	30%
4	(a) for the 2005-06 year of income—exceeds \$63,000 but does not exceed \$80,000; and (b) for later years of income—exceeds \$67,000 but does not exceed \$100,000	42%
5	(a) for the 2005-06 year of income—exceeds \$80,000; and (b) for later years of income—exceeds \$100,000	47%

Note: The rate in column 2 of item 2 specifies a composite tax rate as the simple average of the tax rate of 30% to apply from 1 July 2005 to 31 December 2005 and the tax rate of 29%

to apply from 1 January 2006 to 30 June 2006.

- (3) Schedule 1, item 3, page 4 (line 4), omit “\$23,749”, substitute:

- (i) for the 2005-2006 year of income—\$22,829;
- (ii) for the 2006-2007 year of income—\$23,589;
- (iii) for the 2007-2008 year of income—\$23,834;
- (iv) for the 2008-2009 year of income and later years of income—\$24,228.

- (4) Schedule 1, item 4, page 4 (line 7), omit “\$21,968”, substitute:

- (i) for the 2005-2006 year of income—\$21,116;
- (ii) for the 2006-2007 year of income—\$21,819;
- (iii) for the 2007-2008 year of income—\$22,046;
- (iv) for the 2008-2009 year of income and later years of income—\$22,410.

- (5) Page 4 (after line 7), at the end of the bill, add:

Income Tax Assessment Act 1936

5 Welfare to work tax offset

Repeal section 159N, substitute:

159N Low income and welfare to work tax offset

- (1) If a taxpayer’s income of a year of income specified in column 1 of the table in subsection (2) is less than the upper threshold specified in column 3 of the table, the taxpayer is entitled to a tax offset in the taxpayer’s assessment for the year of income.
- (2) The amount of the offset is the figure specified in column 4 of the following table, reduced by 5 cents for every \$1 of the amount (if any) by which the taxpayer’s taxable income of the year of income exceeds the lower threshold specified in column 2 of the table:

	Column 1	Column 2	Column 3	Column 4
Item	Year of income	Lower threshold	Upper threshold	Offset
1	1 July 2006 – 30 June 2007	\$20,000	\$31,000	\$550
2	1 July 2007 – 30 June 2008	\$20,000	\$32,000	\$600
3	1 July 2008 – 30 June 2009 and later years of income	\$20,000	\$33,600	\$680

- (3) For the 2005-2006 year of income, if a taxpayer’s income is less than the \$30,000, the taxpayer is entitled to a tax offset in the taxpayer’s assessment for the year of \$367.50, reduced by the transitional withdrawal rate calculated in accordance with the following table:

Transitional withdrawal rate		
Item	The offset is reduced by—	by which the taxpayer’s taxable income—
1	2.5 cents for every \$1	exceeds \$20,000 but does not exceed \$21,600; and
2	4.5 cents for every \$1	exceeds \$21,600 but does not exceed \$27,474; and
3	2.5 cents for every \$1	exceeds \$27,475 but does not exceed \$30,000

Note: These transitional arrangements have the effect of applying a composite tax offset and income test based on the current low income rebate of \$235 applying from 1 July 2005 to 31 December 2005 and the welfare to work tax offset of \$500 applying from 1 January 2006 until 30 June 2006.

- (4) For the avoidance of doubt, any reference in any legislative instrument to the ‘low income rebate’ and ‘low income tax offset’ includes a reference to the ‘low income and welfare to work tax offset’ provided for by this section.

The government is running away from debating Labor's fairer deal for seven million Australians. Its attempts to stifle the debate tonight highlights its arrogance towards hard-working, low- and middle-income earners and the ability of this parliament to stand up and protect their interests. For those seven million Australians, Labor's amendments will deliver double the tax cuts from \$6 a week to \$12 a week—

The DEPUTY SPEAKER (Mr Baldwin)—Order! I ask members to leave the House quickly. If people want to leave the House they should leave now. Discussion will not be entertained in this House while a member is speaking.

Mr SWAN—better incentives to move from welfare to work and tax cuts for senior Australians on their investment returns, and they will ensure that at least 80 per cent of taxpayers pay a marginal tax rate of 30c or less over the forward estimates and that the top marginal rate of tax does not apply until an income of \$100,000 is reached.

Labor's first amendment proposes to replace the government's proposed tax scales for Australian residents in the bill with Labor's fairer tax scales. Labor proposes for the 2005-06 year that from 1 July the threshold for the 42c rate increase from \$58,000 to \$63,000; the threshold for the 47c rate increase from \$70,000 to \$80,000, as already legislated; and, from 1 January, the threshold for the 30c rate increase from \$21,600 to \$26,400. Labor proposes for the 2006-07 and later income years that the threshold for the 42c rate increase from \$63,000 to \$67,000 and the threshold where the 47c rate applies increase from \$80,000 to \$100,000.

As tax liabilities are assessed over the course of the entire year, a composite rate schedule is presented which reflects the average between 1 July 2005 and 1 January 2006 threshold adjustments. There is a clear

precedent for such compositional tables. They have been used on eight occasions since 1997 and three times by John Howard as Treasurer. These compositional tables are necessary to calculate a whole-of-year tax liability, but they in no way determine the way the tax cuts are delivered to PAYG taxpayers. The note to the table makes it clear when the threshold increases occur, enabling the Commissioner of Taxation to issue new withholding rates that pass on the full effect of the tax cut on fortnightly earnings from 1 January 2006. At this time taxpayers on average earnings would receive the full \$12 weekly benefit to their pay packets compared to the government's \$6.

In substance Labor's tax scales differ from the government's in the following way: Labor's proposals for the bulk of the first tranche of tax changes are to occur on 1 January 2006 rather than 1 July 2005 so that the economy can traverse the current interest rate red zone. The government's tax cuts of \$6 a week to most taxpayers will be of little use if they fuel consumption too early, increasing inflation and forcing the RBA to increase interest rates. Labor has decided it is better to broaden the income range where the lowest marginal tax rate applies, right up to \$26,400, rather than reduce the lowest marginal tax rate by 2c in the dollar and retain the threshold where the 30c rate cuts in at just \$21,600. Under Labor, a family on the minimum wage would pay a 17 per cent marginal rate compared to a 30 per cent marginal rate under the government. Labor agrees that the 42c and 47c thresholds need to be lifted significantly, so Labor proposes that the 42c rate increase to \$67,000 and the 47c rate to \$100,000. It is not as high as the government's, but it is enough to ensure that at least 80 per cent of taxpayers pay the 30 per cent rate or less over the forward estimates and that only those on six-figure salaries face the top marginal rate. These scales

offer incentive and a fair tax cut for all Australians, and they should be supported.

Labor's second amendment proposes to replace in the bill the government's proposed tax scales for nonresidents with Labor's fairer tax scales. They are consequential in nature and flow from Labor's proposed tax scales for Australian residents. Again, as tax liabilities are assessed over the course of the entire year, a composite rate schedule is presented which reflects the average between 1 July 2005 and 1 January 2006 threshold adjustments. In subsequent years the full threshold adjustments apply.

Labor's third and fourth amendments are consequential in nature and replace the government's consequential amendments to ensure the senior Australian tax offset recipients pay no Medicare levy until a tax liability is incurred. Under Labor's proposal the income threshold where the Medicare levy phases in increases each year to reflect the enhancements in the low-income and welfare-to-work tax offset in each year to 2008-09. (*Time expired*)

Mr COSTELLO (Higgins—Treasurer) (6.34 pm)—The government will not be agreeing to the opposition's amendments, and the government will be proceeding with the measure as was announced on budget night. The amendments which the member for Lilley has just moved were a very late invention. On budget night he was opposed to income tax cuts. For the whole of budget night, Tuesday night, and Wednesday he was arguing, in fact, that income tax cuts would put pressure on inflation. As his transcripts reveal, he believed that income taxes should not be cut, that that would be inflationary and interest rates would go up. It was only after the leadership of the Australian Labor Party realised what a political disaster the member for Lilley had hooked them into by announcing they would be voting against

these income tax cuts that they decided income tax cuts had better materialise by way of an alternative plan. That materialised on Thursday. If there is any member of the opposition that disputes that fact, I invite them to look at all of the transcripts that the member for Lilley put out on budget night and find where he mentioned a welfare-to-work bonus or a change in the threshold for the 30 per cent rate. There was not a word because this plan was of recent invention, designed to get the member for Lilley off the hook of a grievous political mistake.

As I said in question time today, when informing the House that up to a quarter of Labor MPs were unhappy with these tax tactics and that some members of the Labor Party were concerned that the public wanted the tax cuts and would see the ALP as spoilers, the reality is that the ALP are spoilers. There is no other explanation that you can come to. This is a government that was elected in October of last year. This is a government which has brought down an income tax cut. I have never seen before the proposition from an opposition that a recently re-elected government, having put down its budget, would actually amend its budget on the Thursday after it brought it down to accommodate a tax plan of the opposition's. This is of novel invention.

Ms King interjecting—

The DEPUTY SPEAKER (Hon. IR Causley)—The member for Ballarat was warned earlier in the day.

Mr COSTELLO—Back in the old days when the Australian Labor Party used to argue that the House of Representatives, reflecting the will of the people, ought to control tax policy, such a tactic would not even have been contemplated. But the proposition that the government would bring down its tax policy on the Tuesday and then actually amend it at the request of the opposition on

the Thursday in its first budget after receiving an increased majority in the House of Representatives, I must say is a novel proposition and one that thinking members of the opposition should look at when assessing the economic credibility of the member for Lilley and his performance as shadow Treasurer.

Of course the amendments themselves should be rejected on substantive grounds. The first is that there will be no tax cut on 1 July 2005. The member for Lilley has been contesting this proposition for a couple of days, but the reality is that if these amendments pass there will be no tax cut on 1 July 2005—that is, Australians would be denied a tax cut on 1 July 2005. To this, the Australian Labor Party says, ‘But we have the welfare-to-work bonus cutting in on 1 January 2006.’ As I pointed out, a welfare-to-work bonus was announced by the Australian Labor Party in their release as encouraging people to move from welfare to work. It stated:

From 1 January 2006 the Government should:

Cut the tax of people moving from welfare to work by introducing a *Welfare-to-Work Tax Bonus*.

When I pointed out that the consequence of that was that senior Australians got no tax cut, the member for Lilley now has an asterisk in his amendment which highlights that senior Australians can benefit from the welfare-to-work bonus.

Mr Swan interjecting—

The DEPUTY SPEAKER (Hon. IR Causley)—The member for Lilley will withdraw that statement.

Mr Swan—I withdraw.

Mr COSTELLO—So this is all the thought that has gone into this proposition: senior Australians over 65 are now told that they can claim a welfare-to-work bonus which was announced on Thursday as assisting people to move from welfare to work. So

what are they supposed to do? Are they supposed to say, ‘I’m coming off the aged pension back into the work force to get my welfare-to-work bonus?’ These amendments are ill thought out. (*Time expired*)

Mr SWAN (Lilley) (6.39 pm)—The Treasurer cannot have it both ways: he cannot criticise Labor for not bringing forward policies and then criticise us when we do. We will fight for the seven million Australians who will benefit from this package. Labor’s fifth and final amendment proposes to replace the existing low-income rebate under section 159N of the Income Tax Assessment Act 1936 with a new low-income and welfare-to-work tax offset. The proposed welfare-to-work tax offset will be calculated in a similar way to the existing low-income rebate. The amendment proposes that the value of the new tax offset commence at \$500 from 1 January 2006 and increase in each year to a maximum of \$680 in July 2008. Taxpayers on incomes of less than \$20,000 per annum will be eligible for the full offset to reduce their tax liability, but only to nil. In other words, it is a non-refundable tax offset—if you can understand that, Treasurer.

Once fully implemented, the tax offset will provide for an effective tax-free threshold of \$10,000 per annum by virtue of fully offsetting the tax that would normally apply between the \$6,000 tax-free threshold and the amount of \$10,000. As is the case with Labor’s proposed changes to the tax scales, a start date of 1 January 2006 for the new low-income welfare-to-work tax offset necessitates, for the 2005-06 income year, only a composite tax offset to enable an accurate calculation of eligible persons for the full year tax offset. This, in effect, is a simple average of the low-income rebate and the proposed low-income and welfare-to-work tax bonus.

As with the composite tax scales, a note attached to the composite tax offset table makes it clear that that old \$235 low-income rebate and income test in effect applies from 1 July to 31 December 2005, and the new \$500 welfare-to-work tax offset applies from 1 January to 30 June 2006. And that puts a complete end to all of the lies told by the Treasurer about this proposal.

The DEPUTY SPEAKER—The member for Lilley will withdraw that comment.

Mr SWAN—I withdraw. Again, this will allow the Commissioner of Taxation to adopt administrative arrangements from 1 January 2006 that would allow for the incorporation of the new benefit in the PAYG withholding schedules. While the existing low-income rebate is not incorporated in the PAYG withholding schedules, there is no legal impediment preventing the tax commissioner from incorporating the new welfare-to-work tax bonus in PAYG withholdings to enable the added incentives to be passed on each pay-day period to employees. For those outside the PAYG systems who do not pay tax regularly, they would benefit at the time of their tax assessment, as is the case with the current low-income rebate.

Senior Australians will benefit from the new tax offset in the same way as they do from the existing low-income rebate. They benefit in two ways. First, the increased value of the new tax offset will increase the level of taxable income where senior Australians begin paying tax—from \$20,500, as currently applies, to \$21,116 in 2005-06; from \$21,819 in 2006-07; from \$22,046 in 2007-08; and from \$22,410 in 2008-09. Second, the increased value of the new offset will increase the income threshold where the senior Australians' tax offset begins to be withdrawn at 12.5c in the dollar.

By adopting the existing formula set out in Income Tax Regulation 150AB(3), the

enhanced value of the tax offset available to senior Australians would result in the income threshold for a senior Australian increasing from \$20,500 to \$21,279 in 2005-06, rising to \$23,118 in 2008-09. It is also important to note that senior Australians will particularly benefit from Labor's proposal to broaden the income range where the 17c rate applies by lifting the income threshold where the 30c rate starts to eat away at retirees' investment returns to \$26,400.

In total, these measures represent a greater benefit to senior Australians than anything the government has on offer. We have a proposal that is going to give a fair deal to seven million Australians who have been left behind by this arrogant government that does not have the guts to debate the merits of its proposal but that puts forward a set of distortions and lies about Labor's proposal.

The DEPUTY SPEAKER—The member for Lilley will withdraw the word 'lies'.

Mr SWAN—I withdraw. These proposals are a positive alternative. These proposals will deliver a fairer deal to seven million Australians. This government is so embarrassed by how miserly its offer is. (*Time expired*)

Mr PEARCE (Aston—Parliamentary Secretary to the Treasurer) (6.44 pm)—I noted that in that dissertation the member for Lilley had to withdraw three times: I always thought that it was three strikes and you were out. As the Treasurer has outlined, we find ourselves in the position of not accepting the Australian Labor Party's amendments to our budget. We will not do that, because it is not good policy. In this country, we want good policy that continues to support Australians and their families—policies that support their hard work and reward them. That is what we have been doing in this government since we were elected in 1996.

I want to make a couple of points tonight that seem to have been forgotten. We are here in the House of Representatives tonight talking about offering Australian people tax cuts. We are in that position because of the way in which the government has managed the economy since 1996. The key question that my constituents are asking me is: why won't Labor give the taxpayers of Australia a tax cut on 1 July 2005? Labor will not give those tax cuts, because they are interested in the areas of envy and division. That is what they do.

It is always interesting to look back at the papers. I am going to refer to the editorial that was in the Melbourne *Herald Sun* the day after the budget was delivered. It said:

Mr Beazley's words since the Budget was brought down this week damn him as an old class warrior, undeserving of yet another chance to lead a modern Labor Party.

He said there were seven million good reasons why Labor should oppose the tax cuts, as opposed to the few hundred thousand who actually benefit from the changes at the top of the scale.

In saying this he destroys his own argument, but fails to see it.

He went on to say that people who earn this money 'are not silvertails, but hard workers'. He further stated:

Let us not be blinded by Mr Beazley's superannuation rhetoric of envy and division.

That is what this is all about. This is the Australian Labor Party again trying to use envy and division to divide the Australian people.

The key point about these tax cuts is that they are a continuance of this government's excellent management of the economy since we came to government. Since the new tax system was introduced—in July 2000—this government has restructured, with personal income tax cuts in 2000 plus further tax reform in 2003, 2004 and, now, in 2005. The point is that the combined result of all those

things, ever since we introduced the new tax system in 2000, has been that we have been able to deliver significant reductions in tax for all Australians.

This is not an isolated case. This is a continuance of the excellent work that the Treasurer has done to save Australia from the mess that we inherited from the Australian Labor Party when we came into government in 1996. I do not think anybody will ever forget that it is the current Leader of the Opposition who was the finance minister when we came to government. Of course, you hear all the rhetoric from over on the other side—all the envy and all the division—about how bad we are and how bad these tax cuts are. But we never hear an admission about the state of the economy they left us—which we have now reversed and corrected. Since we have been in government, we have repaid Labor's debt to the order of \$90 billion. We are saving almost \$6 billion a year now on interest payments that the Labor Party was inflicting upon the people of Australia. We can now divert that extra \$6 billion in interest rate savings to services and programs and to personal income tax cuts. That is what we want to do.

That is our policy. We want to continue to reward the Australian people. What we want the Australian Labor Party to do is to stop standing in our way, to get out of the way and stop inhibiting the ability of the Australian people to prosper. Let us introduce these tax cuts which continue the reforms that we started with the new tax system in the year 2000. Just get out of our way, because these tax cuts are going to be passed. They are going to be passed in the House of Representatives and they are going to be passed in the Senate. Why don't you just get out of the way and let the Australian people receive these tax cuts on 1 July this year? (*Time expired*)

Mr FITZGIBBON (Hunter) (6.49 pm)—I am very pleased that the *Hansard* will record that the Parliamentary Secretary to the Treasurer used the very limited time available to him in a debate which will probably be the most important debate in this parliament this year to read from a newspaper article and to wax lyrical about some macroeconomic settings that he could have shared with the House during the budget debate—but, like so many other of his colleagues, he declined to do so. But we would not expect much more from the member for Aston—a junior parliamentary secretary. We understand he might be strumming at this big moment in time. But we are entitled to expect more from the Treasurer, a guy who has been sitting over on the other side in that position now for almost 10 years.

This is an important debate about equity, something we fought for as a nation for more than 100 years. It goes to the very foundation of fairness in this country, and all the Treasurer can do is come in here with all that rhetoric and spin and ridicule the opposition—ridicule the member for Lilley, even though the member for Lilley used all of his time quite well, I thought, going to the fine detail and explaining what Labor's alternative tax package means. That is what this debate is all about. The Treasurer wants us to believe that this is a debate about whether or not Australians get a tax cut. That is the spin. But this debate is not about that.

Mr Pearce interjecting—

Mr FITZGIBBON—Labor is concerned about the timing of the government's tax cuts and the pressure that could put on interest rates in this country at this particular point in our economic cycle. Labor is putting forward a proposal—the package it would have put in place about a fortnight ago if it had been the government. We are conscious of the pressure on interest rates that putting so much

money into consumption can have. But we have had none of this detail from this Treasurer.

Mr Costello interjecting—

Mr FITZGIBBON—I will take that interjection. The Treasurer says, 'Oh, we didn't hear about the low-income welfare-to-work bonus for two days after the budget.' Surprise, surprise! Labor made a commitment on budget night that we would make this tax package fairer. We did not need to outline on budget night how we would achieve that, but Labor's low-income welfare-to-work bonus is an important mechanism in achieving that aim.

I go back to my point. The Treasurer had an opportunity here tonight—he had five minutes, based on the deal done with the opposition—to dissect Labor's alternative tax package. Guess what? He made no such attempt. He talked about timing, about how long the tax bonus might take to be phased in—as though his tax package would not be phased in. He talked about the tax cuts being delayed until January, as if that were some important point—and it is not; it is a pedestrian argument. But he made no real attempt to dissect the fine details of Labor's amendments. The Treasurer has had these amendments in detail now for something like six hours. Behind him, he has all the resources of Tax and Treasury and he has not made one criticism of the detail of this tax package.

Almost two weeks ago I made the very important point that, if the Treasurer's tax cuts are applied to the average taxpayer, the result is that in 144 electorates in this country you get a \$6 tax cut and in five other electorates, including the Treasurer's own, you get a \$64 tax cut. The Treasurer has had two weeks to challenge that proposition and, despite the number of dorotheas he has had in this place, not once have I heard him attempt to do so. Do you know what this

means, Mr Deputy Speaker? It means that the Treasurer is in trouble. He wants to use the distraction of what might occur in the Senate. His proposition is that, because it will not have too much influence in the Senate in a month or so, Labor should not stand by its principles. The Treasurer thinks Labor should just let everything go—and the big disappointment for him is that it will not. He knows that Labor has come up with the alternative of a better and fairer tax plan. He thought there would be an opportunity to tear it apart, Mr Deputy Speaker. But guess what? He has not been able to lay a glove on it. He speaks tonight and reminds us that he is just a lazy Treasurer. (*Time expired*)

Mr COSTELLO (Higgins—Treasurer)
(6.55 pm)—I move:

That the question be now put.

Question put.

The House divided. [6.59 pm]

(The Deputy Speaker—Hon. IR Causley)

Ayes.....	78
Noes.....	<u>55</u>
Majority.....	23

AYES

Abbott, AJ	Anderson, JD
Andrews, KJ	Bailey, FE
Baird, BG	Baker, M
Baldwin, RC	Barresi, PA
Bartlett, KJ	Billson, BF
Bishop, BK	Bishop, JI
Broadbent, R	Cadman, AG
Ciobo, SM	Cobb, JK
Costello, PH	Dutton, PC
Elson, KS	Entsch, WG
Farmer, PF	Fawcett, D
Ferguson, MD	Forrest, JA *
Gambaro, T	Gash, J
Georgiou, P	Haase, BW
Hardgrave, GD	Hartsuyker, L
Henry, S	Hockey, JB
Hull, KE	Hunt, GA
Jensen, D	Johnson, MA
Keenan, M	Kelly, DM

Kelly, JM
Lindsay, PJ
Macfarlane, IE
May, MA
McGauran, PJ
Nelson, BJ
Panopoulos, S
Prosser, GD
Randall, DJ
Robb, A
Schultz, A
Secker, PD
Smith, ADH
Stone, SN
Ticehurst, KV
Truss, WE
Turnbull, M
Vale, DS
Wakelin, BH
Windsor, AHC

Ley, SP
Lloyd, JE
Markus, L
McArthur, S *
Moylan, JE
Neville, PC
Pearce, CJ
Pyne, C
Richardson, K
Ruddock, PM
Scott, BC
Slipper, PN
Somlyay, AM
Thompson, CP
Tollner, DW
Tuckey, CW
Vaile, MAJ
Vasta, R
Washer, MJ
Wood, J

NOES

Adams, DGH	Albanese, AN
Beazley, KC	Bevis, AR
Bird, S	Bowen, C
Burke, AE	Burke, AS
Byrne, AM	Corcoran, AK
Crean, SF	Danby, M *
Edwards, GJ	Elliot, J
Ellis, AL	Ellis, K
Emerson, CA	Ferguson, LDT
Ferguson, MJ	Fitzgibbon, JA
Garrett, P	Georganas, S
George, J	Gibbons, SW
Gillard, JE	Grierson, SJ
Griffin, AP	Hall, JG *
Hatton, MJ	Hayes, CP
Irwin, J	Jenkins, HA
King, CF	Lawrence, CM
Livermore, KF	Macklin, JL
McClelland, RF	McMullan, RF
Melham, D	Murphy, JP
O'Connor, BP	O'Connor, GM
Owens, J	Price, LRS
Quick, HV	Ripoll, BF
Rudd, KM	Sawford, RW
Sercombe, RCG	Smith, SF
Swan, WM	Tanner, L
Thomson, KJ	Vamvakinou, M
Wilkie, K	

* denotes teller

Question agreed to.

Question put:
That the amendments (**Mr Swan's**) be agreed to.

The House divided. [7.05 pm]

(The Deputy Speaker—Hon. IR Causley)

Ayes.....	<u>56</u>
Noes.....	<u>78</u>
Majority.....	22

AYES

Adams, DGH	Albanese, AN
Beazley, KC	Bevis, AR
Bird, S	Bowen, C
Burke, AE	Burke, AS
Byrne, AM	Corcoran, AK
Crean, SF	Danby, M *
Edwards, GJ	Elliot, J
Ellis, AL	Ellis, K
Emerson, CA	Ferguson, LDT
Ferguson, MJ	Fitzgibbon, JA
Garrett, P	Georganas, S
George, J	Gibbons, SW
Gillard, JE	Grierson, SJ
Griffin, AP	Hall, JG *
Hatton, MJ	Hayes, CP
Irwin, J	Jenkins, HA
King, CF	Lawrence, CM
Livermore, KF	Macklin, JL
McClelland, RB	McMullan, RF
Melham, D	Murphy, J.P
O'Connor, BP	O'Connor, GM
Owens, J	Plibersek, T
Price, LRS	Quick, HV
Ripoll, BF	Rudd, KM
Sawford, RW	Sercombe, RCG
Smith, SF	Swan, WM
Tanner, L	Thomson, KJ
Vamvakinou, M	Wilkie, K

NOES

Abbott, AJ	Anderson, JD
Andrews, KJ	Bailey, FE
Baird, BG	Baker, M
Baldwin, RC	Barresi, PA
Bartlett, KJ	Billson, BF
Bishop, BK	Bishop, JI
Broadbent, R	Cadman, AG
Ciobo, SM	Cobb, JK
Costello, PH	Downer, AJG
Elson, KS	Entsch, WG

Farmer, PF	Fawcett, D
Ferguson, MD	Forrest, JA *
Gambara, T	Gash, J
Georgiou, P	Haase, BW
Hardgrave, GD	Hartsuyker, L
Henry, S	Hockey, JB
Hull, KE	Hunt, GA
Jensen, D	Johnson, MA
Keenan, M	Kelly, DM
Kelly, JM	Ley, SP
Lindsay, PJ	Lloyd, JE
Macfarlane, IE	Markus, L
May, MA	McArthur, S *
McGauran, PJ	Moylan, JE
Nairn, G.R	Nelson, BJ
Neville, PC	Panopoulos, S
Pearce, CJ	Prosser, GD
Pyne, C	Randall, DJ
Richardson, K	Robb, A
Ruddock, PM	Schultz, A
Scott, BC	Secker, PD
Slipper, PN	Smith, ADH
Somlyay, AM	Stone, SN
Thompson, CP	Ticehurst, KV
Tollner, DW	Truss, WE
Tuckey, CW	Turnbull, M
Vaile, MAJ	Vale, DS
Wakelin, BH	Washer, MJ
Windsor, AHC	Wood, J

* denotes teller

Question negated.

Question put:

That the bill be agreed to.

The House divided. [7.09 pm]

(The Deputy Speaker—Hon. IR Causley)

Ayes.....	78
Noes.....	<u>58</u>
Majority.....	20

AYES

Abbott, AJ	Anderson, JD
Andrews, KJ	Bailey, FE
Baird, BG	Baker, M
Baldwin, RC	Barresi, PA
Bartlett, KJ	Billson, BF
Bishop, BK	Bishop, JI
Broadbent, R	Cadman, AG
Ciobo, SM	Cobb, JK

Costello, PH
Elson, KS
Farmer, PF
Ferguson, MD
Gambaro, T
Georgiou, P
Hardgrave, GD
Henry, S
Hull, KE
Jensen, D
Keenan, M
Kelly, JM
Lindsay, PJ
Macfarlane, IE
May, MA
McGauran, PJ
Nelson, BJ
Panopoulos, S
Prosser, GD
Randall, DJ
Robb, A
Schultz, A
Secker, PD
Smith, ADH
Stone, SN
Ticehurst, KV
Truss, WE
Turnbull, M
Vale, DS
Wakelin, BH
Windsor, AHC

NOES

Adams, DGH
Beazley, KC
Bird, S
Burke, AE
Byrne, AM
Crean, SF
Edwards, GJ
Ellis, AL
Emerson, CA
Ferguson, MJ
Garrett, P
George, J
Gillard, JE
Griffin, AP
Hatton, MJ
Irwin, J
Kerr, DJC
Lawrence, CM
Macklin, JL

Downer, AJG
Entsch, WG
Fawcett, D
Forrest, JA *
Gash, J
Haase, BW
Hartsuyker, L
Hockey, JB
Hunt, GA
Johnson, MA
Kelly, DM
Ley, SP
Lloyd, JE
Markus, L
McArthur, S *
Moylan, JE
Neville, PC
Pearce, CJ
Pyne, C
Richardson, K
Ruddock, PM
Scott, BC
Slipper, PN
Somlyay, AM
Thompson, CP
Tollner, DW
Tuckey, CW
Vaile, MAJ
Vasta, R
Washer, MJ
Wood, J

Albanese, AN
Bevis, AR
Bowen, C
Burke, AS
Corcoran, AK
Danby, M*
Elliot, J
Ellis, K
Ferguson, LDT
Fitzgibbon, JA
Georganas, S
Gibbons, SW
Grierson, SJ
Hall, JG
Hayes, CP
Jenkins, HA
King, CF
Livermore, KF
McClelland, RB

McMullan, RF
Murphy, J.P
O'Connor, GM
Plibersek, T
Quick, HV
Rudd, KM
Sercombe, RCG
Swan, WM
Thomson, KJ
Wilkie, K

Melham, D
O'Connor, BP
Owens, J
Price, LRS
Ripoll, BF
Sawford, RW
Smith, SF
Tanner, L
Vamvakinou, M

* denotes teller

Question agreed to.

Bill agreed to.

Third Reading

Mr Costello—I seek leave of the House to move the third reading immediately.

Leave not granted.

Mr ABBOTT (Warringah—Leader of the House) (7.11 pm)—I move:

That, pursuant to contingent notice, so much of the standing and sessional orders be suspended as would prevent the motion for the third reading being moved without delay.

Question put.

The House divided. [7.13 pm]

(The Deputy Speaker—Hon. IR Causley)

Ayes..... 78

Noes..... 56

Majority..... 22

AYES

Abbott, AJ	Anderson, JD
Andrews, KJ	Bailey, FE
Baird, BG	Baker, M
Baldwin, RC	Barresi, PA
Bartlett, KJ	Billson, BF
Bishop, BK	Bishop, JI
Broadbent, R	Cadman, AG
Ciobo, SM	Cobb, JK
Costello, PH	Dutton, PC
Elson, KS	Entsch, WG
Farmer, PF	Fawcett, D
Ferguson, MD	Forrest, JA *
Gambaro, T	Gash, J
Georgiou, P	Haase, BW
Hardgrave, GD	Hartsuyker, L

Henry, S
Hull, KE
Jensen, D
Keenan, M
Kelly, JM
Lindsay, PJ
Macfarlane, IE
May, MA
McGauran, PJ
Nelson, BJ
Panopoulos, S
Prosser, GD
Randall, DJ
Robb, A
Schultz, A
Secker, PD
Smith, ADH
Stone, SN
Ticehurst, KV
Truss, WE
Turnbull, M
Vale, DS
Wakelin, BH
Windsor, AHC

NOES

Adams, DGH
Bevis, AR
Bowen, C
Burke, AS
Corcoran, AK
Danby, M
Elliot, J
Ellis, K
Ferguson, LDT
Fitzgibbon, JA
Georganas, S
Gibbons, SW
Grierson, SJ
Hall, JG
Hayes, CP
Jenkins, HA
King, CF
Livermore, KF
McClelland, RB
Melham, D
O'Connor, BP
Owens, J
Price, LRS
Ripoll, BF
Sawford, RW
Smith, SF

Albanese, AN
Bird, S
Burke, AE
Byrne, AM
Crean, SF
Edwards, GJ
Ellis, AL
Emerson, CA
Ferguson, MJ
Garrett, P
George, J
Gillard, JE
Griffin, AP
Hatton, MJ
Irwin, J
Kerr, DJC
Lawrence, CM
Macklin, JL
McMullan, RF
Murphy, JP
O'Connor, GM
Plibersek, T
Quick, HV
Rudd, KM
Sercombe, RCG
Swan, WM

Tanner, L
Vamvakinou, M

Thomson, KJ
Wilkie, K

* denotes teller

Question agreed to.

Mr COSTELLO (Higgins—Treasurer)
(7.15 pm)—I move:

That this bill be now read a third time.

Question put:

That the motion (**Mr Costello's**) be agreed to.

The House divided. [7.16 pm]

(The Deputy Speaker—Hon. IR Causley)

Ayes.....	78
Noes.....	<u>56</u>
Majority.....	22

AYES

Abbott, AJ	Anderson, JD
Andrews, KJ	Bailey, FE
Baird, BG	Baker, M
Baldwin, RC	Barresi, PA
Bartlett, KJ	Billson, BF
Bishop, BK	Bishop, JI
Broadbent, R	Cadman, AG
Ciobo, SM	Cobb, JK
Costello, PH	Dutton, PC
Elson, KS	Entsch, WG
Farmer, PF	Fawcett, D
Ferguson, MD	Forrest, JA *
Gambara, T	Gash, J
Georgiou, P	Haase, BW
Hardgrave, GD	Hartsuyker, L
Henry, S	Hockey, JB
Hull, KE	Hunt, GA
Jensen, D	Johnson, MA
Keenan, M	Kelly, DM
Kelly, JM	Ley, SP
Lindsay, PJ	Lloyd, JE
Macfarlane, IE	Markus, L
May, MA	McArthur, S *
McGauran, PJ	Moylan, JE
Nelson, BJ	Neville, PC
Panopoulos, S	Pearce, CJ
Prosser, GD	Pyne, C
Randall, DJ	Richardson, K
Robb, A	Ruddock, PM
Schultz, A	Scott, BC
Secker, PD	Slipper, PN
Smith, ADH	Somlyay, AM

Stone, SN
Ticehurst, KV
Truss, WE
Turnbull, M
Vale, DS
Wakelin, BH
Windsor, AHC

Thompson, CP
Tollner, DW
Tuckey, CW
Vaile, MAJ
Vasta, R
Washer, MJ
Wood, J

NOES

Adams, DGH
Bevis, AR
Bowen, C
Burke, AS
Corcoran, AK
Danby, M
Elliot, J
Ellis, K
Ferguson, LDT
Fitzgibbon, JA
Georganas, S
Gibbons, SW
Grierson, SJ
Hall, JG
Hayes, CP
Jenkins, HA
King, CF
Livermore, KF
McClelland, RB
Melham, D
O'Connor, BP
Owens, J
Price, LRS
Ripoll, BF
Sawford, RW
Smith, SF
Tanner, L
Vamvakinou, M

Albanese, AN
Bird, S
Burke, AE
Byrne, AM
Crean, SF
Edwards, GJ
Ellis, AL
Emerson, CA
Ferguson, MJ
Garrett, P
George, J
Gillard, JE
Griffin, AP
Hatton, MJ
Irwin, J
Kerr, DJC
Lawrence, CM
Macklin, JL
McMullan, RF
Murphy, JP
O'Connor, GM
Plibersek, T
Quick, HV
Rudd, KM
Sercombe, RCG
Swan, WM
Thomson, KJ
Wilkie, K

* denotes teller

Question agreed to.

Bill read a third time.

SUPERANNUATION BILL 2005

Cognate bill:

SUPERANNUATION (CONSEQUENTIAL AMENDMENTS) BILL 2005

Second Reading

Debate resumed from 12 May, on motion
by **Dr Stone**:

That this bill be now read a second time.

Mr MURPHY (Lowe) (7.21 pm)—The Superannuation (Consequential Amendments) Bill 2005 will amend eight acts and the trust deed under the Superannuation Act as a consequence of the establishment of the Public Sector Superannuation Accumulation Plan, the PSSap, as a separate superannuation scheme. This will allow Australian government employees and office holders to have a choice of fund. The Superannuation Act 1990, which provides for the PSS, will confirm that the PSS will close to new employees from 1 July 2005 with the commencement of the PSSap. The government has already shut the PSS by regulation from 1 July 2005 to new employees who commence employment after that date. New employees will be in an accumulation scheme rather than the old PSS scheme, which was a defined benefit and paid an employer contribution equivalent to the old defined benefit contribution of 14.5 per cent. Therefore, these members will be fully funded. The CPSU has agreed to the change.

The Superannuation Bill 2005, when considered, will establish a separate scheme for new public servants from the PSS, but it will still be a scheme administered by the PSS board, rather than a subplan. This bill, consistent with the already passed choice of superannuation fund bill which applies to employers and employees working under federal awards, will allow choice of fund to federal government employees in the PSSap from 1 July 2006. The bill makes minor consequential cross-amendments to other relevant acts.

The Labor Party argued that the main choice of superannuation fund bill was complex and unsafe and we moved, unsuccessfully, amendments in the Senate. The government has announced further amendments, yet to be considered, to the principle choice

of superannuation fund bill. I will say something about that later. When these amendments are considered by the parliament, a number of amendments consistent with our previous amendments will be moved. These will include an exemption for small business, removal and reduction of the two-year jail term and/or the \$22,000 fine for employer breach of FSR in the context of choice of superannuation fund, and tougher regulation of some fees and charges to provide greater protection for the employee.

An important issue related to the closure of the PSS and full funding of the accumulation PSSap is that it reduces the long-term liabilities to the Commonwealth of unfunded public sector superannuation. It does not eliminate them altogether because some schemes, such as those for judges and the military, remain open. The government has yet to produce the new actuarial projects which illustrate this because it does not want to undermine its argument for its future fund. I will say something more about that later in the debate. I would also like to take the opportunity to caution employees contributing to the new PSSap that, if they were to opt out of the new PSSap, they would no longer be entitled to the higher level of super contribution they currently enjoy but instead would receive only the mandatory contribution of nine per cent per annum. Hence, it will make no sense for employees to exercise the 'choice of super' granted by this legislation.

I want to highlight the concerns many Australians have about choice of superannuation funds. On 1 July the so-called choice of superannuation funds commences. In my view, these changes will impact heavily on fund members—that is, on some 10 million employees and 400,000 employers in the federal industrial jurisdiction, including those currently award free, and on 200,000 in the state jurisdiction from 1 July 2006—and on the superannuation funds themselves.

Whilst the government promotes this as a fundamental freedom, it will have significant effects on all employers and many employees.

The current system of superannuation is underwritten by the nine per cent compulsory superannuation guarantee introduced by Labor at three per cent in 1987. Employees can make additional contributions, and about 40 per cent do so either through a gross pre-tax percentage of wages or after tax through the co-contribution. About 35 per cent of the self-employed currently contribute and receive a tax concession for doing so. Approximately 70 per cent of employees are automatically enrolled within a fund stipulated in a state or federal industrial award. Their fund is chosen for them and delivered at a wholesale price. Some 30 per cent of employees and the self-employed currently actively select a fund which is delivered at a retail price, usually one to two per cent higher, because it is based on advice from either a planner or an accountant. In the former case, enrolment and payment is very simple. The employer forwards the list of names of employees with the nine per cent superannuation guarantee to one fund. Other than this process, there is little or no paperwork for either employer or employee. Funds choice fundamentally changes this, making the system much more complicated for both employers and employees.

All existing employees under federal awards and those who are award free—some five million people—must be given a standard choice of super fund by the employer by 29 July and new employees after 1 July must be given a choice within 28 days. This is to indicate to the employer which fund they must contribute the nine per cent superannuation guarantee to. Employees can switch funds once a year. The forms must be kept by the employer for inspection by the tax office. The penalty is 25 per cent of su-

perannuation guarantee contribution per employee, capped at \$500 per employee. The exceptions include: (1) Commonwealth public servants, except for new employees in the Commonwealth public sector from 1 July 2005 to apply from 1 July next year; (2) those covered by federal AWAs and certified agreements; (3) state award employees; and (4) employer contributions over the nine per cent superannuation guarantee—that is, the defined benefit funds.

For 400,000 employers this means significant additional paperwork. New forms will need to be filled in and, significantly, over time employers will need to make payments to more than one fund. If there are 20 employees, there may be 20 different funds. This will require many employers to contract and pay for new payment systems by 1 July, and this will be a great cost to small business owners. Legally, small business owners cannot give advice about which fund to join. They are not licensed financial planners. In the event of a fund becoming non-complying—for example, if the fund merges, which is quite common—the employer must contribute the employee superannuation guarantee to their default fund and issue a new choice of fund form for new fund payment—if they know!

The government has announced that it intends to spread the system to state award employees from 1 July 2006. The tax office has sent information packs to all employers. For employees, the impact will be gradual. Although they must be given a form, they are not required to complete and return it.

Debate interrupted.

ADJOURNMENT

The SPEAKER—Order! It being 7.30 pm, I propose the question:

That the House do now adjourn.

Disability Support Pension

Ms VAMVAKINOU (Calwell) (7.30 pm)—Many people in my electorate—in fact, over 6,000—are presently on disability support pensions, so the government's proposed changes to the disability support pension and welfare-to-work policy are of great interest and concern to me and to those constituents. Contrary to popular myth, those on disability support are not welfare malingerers. Most of them are decent people, and the vast majority of those who are able bodied enough to do so would actually like to work and to achieve the sense of purpose that comes with earning a living, interacting with people, and learning and acquiring new skills.

The problems are the availability of appropriate jobs and employer attitudes. We in the Labor Party are not opposed to the concept of welfare to work, but any so labelled policy needs to translate as such. We need to know that it is going to work and, in order for us to do so, the government must match its rhetoric with appropriate and adequate support programs that will reskill and retrain those disabled people seeking to return to the work force. But, more importantly, for any approach to succeed it must recognise the significant and considerable barriers that often inhibit a return to the work force by people with disabilities.

The recent report by the Standing Committee on Employment, Workplace Relations and Workforce Participation noted that barriers to employment included negative stereotyping of people with disabilities, discrimination, inappropriate or inadequate assistance and support, lack of information for employers, poor job design and inflexible working arrangements. More broadly, the report noted that disabled people need adequate assistance with personal care, housing, transport and communications technologies

so they can access training and employment opportunities.

These barriers must be acknowledged, and it also needs to be acknowledged that, despite all the huff about people with disabilities going back to work and despite the intention of many to do so, the jobs for many just simply will not be there. I do, however, welcome the government's move in finally convening an employer group to discuss ways of improving employment prospects for people with a disability. But I also have to say that it is about time, especially given that this has been promised since the 2001 budget.

I welcome this move, because it is imperative that we work with employers to facilitate a shift in attitudes. We need to scrutinise employer attitudes and practices towards people with disabilities and to end the current discriminatory practices. This is a point that is raised time and time again with me by groups in my electorate such as Distinctive Options, which does a great job seeking employment placements for people with disabilities. This group knows too well about the difficulties faced by disabled people in securing long-term employment, and it constantly tells me that it is facing an uphill battle to place people in employment.

Last night in this place I spoke about an employer in my electorate who makes a point of employing those most at risk of discrimination and exclusion from the workplace. He is a great example of a socially responsible employer. Another socially responsible and compassionate employer in my electorate is Brite Industries, who over the last 20 years have led the way in giving disabled people opportunities to gain meaningful employment. They are a caring, dedicated employer who understand the needs of their employees. They are another great example for this government to learn from.

It concerns me that this government does not appreciate the difficulties and barriers faced by the disabled, and that it will not be doing enough to provide support to these people, especially given its own track record in this area. The Howard government has really failed to lead by example in this regard, and it is a shame that, since the government coming to office in 1996, the proportion of people with a disability employed by the Commonwealth has fallen dramatically from 5.6 per cent to 3.8 per cent.

For the sake of those people with disabilities who will be assessed under the new policy when it comes into effect, I ask the government to show that it is, in fact, fair dinkum about helping their transition from welfare to work. I certainly hope, for my constituents' sakes, that this is not just some cynical, cost saving measure that will leave them financially worse off and without any real prospects of gaining meaningful employment.

China

Mrs MOYLAN (Pearce) (7.35 pm)—From 7 to 14 April I had the great privilege of leading a parliamentary delegation to China. The invitation was extended by China's Ambassador to Australia, Her Excellency Madam Fu Ying. The ambassador has made a great impression since her appointment to Australia, visiting many states and informing herself on the issues of mutual interest. The ambassador is very keen to facilitate exchanges between our parliaments to ensure a greater understanding of our systems of government and our cultures.

The visit was hosted in China by the International Department of the Central Committee of the Chinese Communist Party, and I would like to publicly thank the ambassador and our hosts for the outstanding arrangements which ensured a very successful visit. The visit gave a group of new members

of parliament from across the parties an insight into the culture and system of government, including the legal system that is now immensely important as our countries continue to strengthen their trade and people-to-people links.

I would like to place on record my appreciation to members of the delegation, most of whom were visiting China for the first time. I have to say that I was very proud of the contribution that each member made. Each member made an invaluable contribution to the success of the visit, and particular thanks must go to the deputy leader of the delegation, Brendan O'Connor, the member for Gorton, for his assistance both prior to and during the course of the delegation.

The roles of our Ambassador His Excellency Dr Alan Thomas in Beijing, and Consul Sam Gerovich in Shanghai and his staff, were very much appreciated. The relevant briefings in both cities provided perspective on a range of issues that were invaluable, and I thank everyone involved for the assistance and the hospitality the delegation received. I have to say, again, that I am very proud of the way Australia is represented overseas.

The delegation visited Shanghai, Yunnan and Beijing, giving us an opportunity to see first hand the great variations of landscapes, of people and of the economy. I think one of the common features of this visit was that wherever we went, whether it was Shanghai, Yunnan or Beijing, we encountered the warmth of the people and the generosity of spirit, both in the big cities and in the rural areas of Yunnan.

Shanghai, it is said, is the 'dragon head' of the Yangtze River delta, having attained its 13th consecutive year of double digit economic growth. Its growth rate was 13.6 per cent in 2004—4.1 per cent above the national growth rate of 9.5 per cent. Shanghai is the country's most powerful region. Now

the second biggest port in the world, Shanghai will double its capacity on completion of the world's largest deepwater port in five years time. Members had a chance to examine the plans for and the model of the port and the airport expansion and the planning that has gone into the new Pudong Development Zone. We were pleased to meet a number of heads of Australian companies who are working in these areas and were very impressed with some of the young executives who are taking the opportunity to learn Mandarin and to understand more about the governance and culture of China.

In Yunnan Province members gained some first-hand knowledge of the diversity of the province's ethnicity. Yunnan has 25 different ethnic groups, representing approximately 14 million people—of the population of 43 million in Yunnan. Yunnan Province provided a rich contrast to the eastern city of Shanghai. Located in the west, it is a mountainous frontier province and one of the underdeveloped regions of China. The central government has recognised the benefits of improving the living standards of the people and has contributed to the economic development of Yunnan. In 2004 there was rapid growth in foreign trade and tourism and average incomes increased by 8.6 per cent, with average farm incomes growing by six per cent. We had an opportunity to visit an agricultural research station which the Chinese government is putting a lot of money into to try to lift the level of productivity on its farms—and, therefore, the income of its farmers. It was a most amazing eye-opener for new members of parliament to learn that China is working closely with New South Wales WorkCover to explore options to improve mine safety, for example.

I will finish by saying that last year some 176,000 Chinese people visited Australia as tourists, and record numbers of visitors are set to continue to come, their numbers in-

creasing apace. Forty-three thousand Chinese students came to Australia to study last year, and again that is set to grow strongly. The Prime Minister was in China at around the time of our visit, and he will be announcing further work that has been done on the free trade agreement. This is the beginning of new and formalised trade ties that bring our countries closer. (*Time expired*)

Disability Support Pension

Ms ANNETTE ELLIS (Canberra) (7.39 pm)—There are 700,000 plus people currently receiving DSP. That is the figure representing the number of Australians currently receiving the disability support pension in this country. This group of Australians has been nothing short of demonised by the government. The government has put these people on the front pages of our newspapers and has referred to them in ways that dismay. For example:

... we need to make sure the disability support pension is preserved for those who most deserve it, and not for people who are going to try and park themselves on to it until they are 65 ...

Another example:

To say a brickie with a bad back can't work in an office is ridiculous ...

There are many examples of derogatory terms being used to explain how this government views people currently receiving DSP, all the while denying many of these Australians the appropriate level of support and encouragement needed to assist them in achieving their potential.

It is no secret that many people receiving DSP would love the chance to more fully participate in their community through the advantages of employment. One example is a constituent of mine who emailed me on 25 April 2005 and said in part:

I am a disabled person in your electorate, and also the holder of three university degrees.

Since my early retirement in 1998, I have tried repeatedly to gain some further employment, prompted by the urging of politicians who advocate working later into one's life.

I have sent around 100 applications to various government agencies, with the result of being summoned to three interviews but no work ...

I am glad to say that that gentleman finally landed a short-term contract with a non-government organisation here in Canberra through the Commonwealth Rehabilitation Service. But, again, it is not permanent work. You cannot say that he has not been trying.

This government conducted the Job Network disability support pension pilot and issued the interim evaluation report in October last year. The minister released that interim report, trumpeting its findings, and declared, according to the *Canberra Times* on 25 November:

For those people that we think aren't there legitimately—

that is, on the DSP—

then we need to try to adopt some coercion ... That's unfortunate in that minority of cases ...

I have outlined in other speeches since October last year the questions raised regarding that interim report and its use as the blueprint for this welfare reform. Those questions remain today. For instance, of those who participated in the pilot, all volunteered to do so; 62 per cent of them had already indicated a willingness to work by being registered with Centrelink; and they did not have any ongoing support requirements. I believe there is now a final report. Where is it? Why has the government failed to release it?

The government's solution to all this is to create a new two-tier system for the disability support pension—the first time we have seen such discrimination. They have excluded the current 700,000 DSP recipients from the policy changes announced in the budget. They boast that the reforms are full

of money, training places, support programs, rehab and rehab services—and by the way, the new system is so good that they do not include any current recipients.

So the 700,000 current DSP recipients can think what? Maybe they can think: ‘Thank goodness I have been spared, but how do I access that training support and rehab that I have been wanting so desperately?’ The new DSP recipients who begin to receive it after 1 July 2006 can say: ‘Thank goodness I will be able to access that training, support and rehab that I will need, but how do I live on an income cut by up to \$77 per fortnight by this government?’—that is, up to \$77 per fortnight less than that received by the current recipients of DSP. When you consider the total number of people involved in this welfare reform package, the reality is this: there are 1,400,000 welfare recipients and the government’s welfare reform package provides 136,000 new training and support places, unless of course the 700,000 current DSP recipients are to be totally excluded, which might make the figures more favourable for the government.

The facts have to be faced: Australia has the seventh lowest employment rate in the OECD for people with a disability. I have not even touched yet on the issue of changing the work test from 30 hours to 15 hours. If ever there was a disincentive to strive for achievement, that is it. If you get over that 15-hour line your income will be less. Even Patrick McClure said in the *Canberra Times* after the budget: ‘Welfare reform will require further fine-tuning.’ Mike Steketee said: ‘More is needed than just a stick.’ I implore this government to look upon their welfare reform package in an honest way—not in some mysterious smoke and mirrors way, deceiving all the people of this country, particularly those who will be going on to DSP in the future, let alone those on it now. (*Time expired*)

Alpine National Park: Cattle Grazing

Ms PANOPOULOS (Indi) (7.44 pm)—The date 24 May 2005 will go down in history as a black day for Victoria’s environment and for our heritage. It was the day on which Premier Steve Bracks and Victorian environment minister John Thwaites banned cattle grazing in Victoria’s Alpine National Park. In doing so, they ripped the heart out of an activity that goes to the very core of our Australian identity. This issue is a very important one for me and for my constituency. The Alpine National Park is predominantly in my electorate of Indi, and cattle grazing and our mountain cattlemen have been a part of life in the region and in Australia for 170 years. Grazing has been carried out with sensitivity and awareness of the local environment. As you could well appreciate, Mr Speaker, coming from a rural electorate yourself, it is country people who work with the environment, with the rural areas of our wonderful nation, and who actually go to the trouble to get their hands dirty to care for it. Whilst the Bracks government sits comfortably in Melbourne theorising on the ills of the world, mountain cattlemen have been working in harmony with the alpine environment for generations.

The organisers of the 2000 Sydney Olympic Games were happy to call on the prowess of our mountain cattlemen for their opening ceremony. How can anyone forget the skilful artwork of our cattlemen on horseback forming the word ‘G’day’ to a worldwide audience of over 2 billion people? Banjo Paterson’s *The Man from Snowy River*, Australian composer Bruce Rowland’s soundtrack of the same name and Tom Burlinson and Jack Thompson’s acting portrayal in the film are not simply mythical blots in Australian history. They go to our very identity, our culture and our historical understanding of rural life and the perseverance of our forebears and those wonderful pioneers. But then again this

should come as no surprise: it seems that for the Labor Party, if an essential part of this country's history is not part of their party's history and if trade unions or the Labor Party were not involved in it, they can simply dispense with it.

We have seen this incredibly important part of our history and our heritage being swept aside by the Bracks government. Why? Because they simply do not care. They can just rewrite the sort of history they want, as is a quite common occurrence with the Labor Party. They rip apart our symbols, bury them in bottom drawers and are influenced by the dark green environmentalists in the inner city suburbs of Melbourne, who feel that our 'heavy-hoofed cattle' are destroying the pristine environment in our national parks. What rot! Cattle actually reduce the fuel build up in our national parks.

This issue hits home particularly for me as my electorate suffered in the 2003 fires, with one million hectares of it being burnt. It is patently obvious that alpine grazing does not damage the alpine environment; in fact, areas grazed by cattle were substantially less affected by fire than those that were not grazed. As car bumper stickers all over the wonderful electorate of Indi proudly say, 'Alpine grazing reduces blazing.'

Let us look at the reaction to yesterday's decision. Unsurprisingly, the powerful Victorian National Parks Association lauded the Bracks government's decision. This might seem surprising to some. It really goes to show how extreme the green movement and some elements of the Labor Party have become in the last three decades. For instance, even a cursory look at the history of the VNPA shows that in the 1970s and 1980s they supported alpine grazing. Yesterday's decision even flies in the face of the position held by Labor Party luminaries such as former Premier John Cain and former Premier

Joan Kirner, who proudly supported alpine grazing in their periods in office.

The Australian Conservation Foundation promptly praised what they termed a 'balanced decision by the state government' whilst, unsurprisingly of course, Bob Brown today jumped on the cattlemen-bashing train to condemn our Minister for the Environment and Heritage, Senator Campbell, for even considering an emergency heritage listing for grazing to continue in the Alpine National Park. So there we have it: Steve Bracks, John Thwaites, the Victorian National Parks Association, the Australian Conservation Foundation and, last but not least, Bob Brown—all of them together, forming a conga line of environmental bandits, wreaking havoc on our history, our heritage and our ecology.

In closing, I can do no better than reiterate the words of the Victorian environment minister John Thwaites. On 6 November 2003, he told the Victorian parliament:

Alpine grazing is a licensed activity and will continue as a licensed activity.

In just 18 months, something has gone seriously wrong.

Jobsupport

Ms PLIBERSEK (Sydney) (7.50 pm)—Recently I was asked to become a parliamentary patron of a marvellous organisation called Jobsupport, replacing my esteemed former colleague Leo McLeay and joining the Minister for Education, Science and Training, who is also an enthusiastic parliamentary patron and supporter. Over the years I have taken an interest in this marvellous organisation—ever since I first did a little bit of work for them when I was still a student, more than 12 years ago now. Many great stories have come out of Jobsupport. Between 1986 and 2005 they have helped almost 700 people with disabilities find work. Currently 440 people are employed with

Jobsupport's help. Two-thirds of the people who Jobsupport helped to find employment between 1986 and 2005 are still in work, which is an enormously high retention rate.

Each position that they find for a person takes a Jobsupport worker probably 100 calls, and that often involves cold calling businesses. It takes up to about 150 hours to organise each position. There is six weeks of training during which Jobsupport workers travel with their clients on public transport to the workplace, work all day with them, make sure that they understand the work that they are being asked to do and catch public transport home with them. They do this so that they are really confident that their client knows exactly what they will be doing once they are on their own.

This organisation has wonderful staff, many of whom I have met over the years. They were recently called the best trained staff that an overseas specialist in this area had ever seen. I have seen Jobsupport clients employed in the parliamentary library in Macquarie Street in Sydney. I have seen a Jobsupport client washing up in the cafe at the Australian Technology Park. Perhaps the story that touched me most was the story of young Nick. Nick had an intellectual disability, was not able to talk and needed to wear a back brace for most of his life. He had always attended special schools and when he left school at 18 he could not talk. His family owned a fast food outlet, a cafe. They really wanted Nick to have some independence and he wanted to work in the hospitality area. He chose a job working at the old Grace Bros at Broadway in my electorate, washing up pots and pans. Within 18 months of starting his job, he was speaking enough to get by in everyday life. Today he is married and has been able to travel to Greece to visit his extended family. He leads a pretty good quality of life. That is more than he or his family ever expected.

What was the key to this enormous revolution in his life? It was the confidence that he got from work, the fact that he was treated just like one of the other staff. That is what Jobsupport is able to do. What is in it for employers? For employers it makes great financial sense because they stop the revolving door. Staff like Nick stay. Once they are employed they stay in a job. Employers love that—it makes a lot of sense to them and makes them feel good about doing their bit for the community, too. They have Jobsupport to rely on. Members of Jobsupport will go there every day for six weeks. If they need to go back two days a week forever, they will do so. If they need to make a phone call once a month, for the clients that need less support, they will do that just to make sure the clients are doing well and that the employers are satisfied with them.

For the participants, the advantages are obvious: the confidence, socialisation and pay packet—70 per cent of Jobsupport clients earn award wages. All of these things are marvellous. For the rest of us, as a community, we can be proud that we do not leave disabled people on the scrapheap. These programs are also much more effective than babysitting programs.

What I want to say about this program is that this is the model we should be following. The government does not need to get the big stick out to get people with disabilities into the work force. It needs to follow these positive models that remove the obstacles to people participating in the workplace. They want to participate in the workplace; they do not need to be punished in order to do it. They need to be supported through projects like Jobsupport that place people with disabilities into open employment and allow them to have the confidence, self-esteem and socialisation that come with being in the work force. (*Time expired*)

Ms Christine Jacobs

Mr HENRY (Hasluck) (7.55 pm)—I address the House this evening to pay tribute to a member of the Hasluck Indigenous community who was involved in a fatal road accident in Canberra on Tuesday evening. Out of respect for the traditions of her culture and for her family, I would not normally name this person. However, her brother Bradley has given his permission for me to do so. Today, she was to be a keynote speaker at the launch of the National Day of Healing here in the Great Hall of Parliament House. I speak of a lady called Christine Jacobs who on Tuesday flew for the first time and visited Canberra for the first time. Today, she was to share her life with those who attended this National Day of Healing. Sadly, it was not to be.

This morning my heart went out to her daughter Tamara, a very brave and courageous young woman. She is a year 9 student who insisted that this morning's program should go ahead, that the organisers should not cancel it and that she would read her mother's speech. She did this with great dignity and poise. This remarkable young lady attends Yule Brook College and is a member of the Follow the Dream program—a program developed for young Indigenous students who aspire to university entry, an aspiration which I am sure she will achieve. I am confident that she will also continue to build on the strengths and qualities of her mother.

Christine Jacobs saw herself as a member of the stolen generation, yet her passion for reconciliation was remarkable. Despite the tragedy of her early upbringing, during which she was removed from her family and placed into foster homes as part of a deeply flawed program, her spirit and resilience shone out as a beacon to others. She was a woman of extraordinary character that allowed her to triumph, despite considerable

adversity that included times of dark depression and childhood substance abuse. Despite this, she grew up to become an articulate voice for the stolen generation and Indigenous people. She provided an inspirational role model for others to follow, both within the Indigenous and wider communities.

Her message to the community was strong and clear: she did not need the pity of others, nor did she need others to say sorry to her. Rather, she encouraged those who had suffered abuse to move on and make the most of their lives, and those who had been the abusers to take responsibility for their actions and recognise the hurt that they had done. In this way, she sought to empower others to take control of their own lives and develop a positive outlook on their futures.

Sevenoaks Senior College's Principal David Wood described her as a deeply respected and valued member of his staff who excelled at motivating students. As the college's Aboriginal Islander Education Officer, her positive influence and the motivation she provided for the students was truly outstanding. Paul Billing, the principal of Yule Brook College, which Tamara attends and where her mother undertook voluntary work, said that she had shared her background with his staff and students. Both Paul and David said she had spoken of the dark times when she had contemplated suicide but had then looked at her children and realised that they needed her, that life was worth living and that with the right outlook she could become a positive force for good within the Indigenous community. She decided that it was up to her to make a difference and help make things better for her, her family and the wider community. This she did.

Her story featured as a 10-minute segment on the ABC's *Message Stick* program about eight weeks ago. It was as a result of the inspirational message that it contained that she

was asked to speak today in the Great Hall. She was, by all accounts, an astonishing woman. I am sure that the members of this House will want to join me in extending our deepest sympathy and condolences to her family, students and work friends during this most difficult of times. If we measure the success of our lives by the good that we have achieved and the mark that we have left on others then her life was one for us to celebrate as one of true accomplishment. She will be missed by everyone who knew her and my electorate of Hasluck is the poorer for her passing.

The SPEAKER—Order! It being 8 pm, the debate is interrupted.

House adjourned at 8.00 pm

NOTICES

The following notices were given:

MR RUDDOCK to present a Bill for an Act to amend the *Crimes Act 1914*, and for related purposes. (*Crimes Amendment Bill 2005*)

MR RUDDOCK to present a Bill for an Act to amend various Acts relating to law and justice, and for related purposes. (*Law and Justice Legislation Amendment (Serious Drug Offences and Other Measures) Bill 2005*)

MR MCGAURAN to present a Bill for an Act to provide for a film licensed investment company scheme, and for related purposes. (*Film Licensed Investment Company Bill 2005*)

MR MCGAURAN to present a Bill for an Act to provide for the regulation of the use for commercial purposes of indicia and images associated with the Melbourne 2006 Commonwealth Games, and for related purposes. (*Melbourne 2006 Commonwealth Games (Indicia and Images) Protection Bill 2005*)

MR BROUGH to present a Bill for an Act to amend the law relating to superannuation, and for related purposes. (*Superannuation Legislation Amendment (Choice of Superannuation Funds) Bill 2005*)

MS J. BISHOP to present a Bill for an Act to amend the *Aged Care Act 1997*, and for related

purposes. (*Aged Care Amendment (Extra Service) Bill 2005*)

MRS LEY to present a Bill for an Act to amend the law relating to family assistance, and for related purposes. (*Family and Community Services Legislation Amendment (Family Assistance and Related Measures) Bill 2005*)

DR STONE to move:

That, in accordance with the provisions of the *Public Works Committee Act 1969*, it is expedient to carry out the following proposed work which was referred to the Parliamentary Standing Committee on Public Works and on which the committee has duly reported to Parliament: Proposed development of land for Defence housing at McDowall in Brisbane, Qld.

DR STONE to move:

That, in accordance with the provisions of the *Public Works Committee Act 1969*, the following proposed work be referred to the Parliamentary Standing Committee on Public Works for consideration and report: Operational upgrade of the Darwin Detention Facility, Northern Territory.

MR M. J. FERGUSON to move:

That this House, in marking the 60th anniversary of the Victory in the Pacific which ended the hostilities of World War II:

- (1) recognises the heroism of Australian seafarers in times of war;
- (2) acknowledges that during World War II, one in nine Australian merchant seafarers perished;
- (3) notes that in her address at the 2005 US National Maritime Day memorial service, the US Secretary of Labour, Elaine L. Chao, called on all Americans to honour the brave men and women who served the country in times of war and said "American merchant mariners have a rich history in this nation. They have served in every American war since the United States was born. With their tradition of courage, patriotism and perseverance, merchant mariners have proven that they stand by this great nation no matter what the challenge. And in so doing, they have served as an inspiration to every generation of Americans."; and

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- (4) calls on the Australian Government to recognise the debt that all Australians owe to Australian merchant seafarers for the contribution they have made to the defence of this nation, particularly their role in the allied victory in World War II. (*Notice given 25 May 2005.*)

Wednesday, 25 May 2005

The DEPUTY SPEAKER (Hon. IR Causley) took the chair at 9.40 am

STATEMENTS BY MEMBERS

Whaling

Dental Health

Mrs ELLIOT (Richmond) (9.40 am)—I am speaking today about two petitions on two issues that are of grave concern to the people in my electorate of Richmond. These are issues that they have brought up with me on many occasions. The first one is relates to the senseless whale slaughter that we are seeing at the moment by the Japanese. So many constituents have contacted me about this issue, and there has been a huge reaction to this petition. It is time the Howard government acted to stop the slaughter of whales in Australian waters. Australia's Environment Protection and Biodiversity Conservation Act is very clear: whaling in the Australian Antarctic Territory is illegal and it is time the government enforced its own legislation on this. These precious and defenceless animals must be protected.

The migration we are now seeing of whales has a huge impact upon ecotourism in my region. So people have environmental and also tourism concerns. As a community, we are going to stand united in telling the Howard government that we want some action on this. In this petition we are demanding that whaling activity stops occurring in Australian waters and that immediate steps are taken to prosecute boats detected slaughtering whales and that the Minister for Foreign Affairs applies diplomatic pressure on Japan to stop this. The Howard government must take immediate action to ensure that Australia's opposition to the proposed expansion of whale culling is clearly conveyed to all members of the International Whaling Commission. This is a major issue within my community, and as a community we will keep telling John Howard to take some action on this. It is just not acceptable to do nothing. The Howard government has been completely negative on this matter, and John Howard cannot simply feign shock and horror, given that his government has looked on while Japan has increased its whaling.

The other petition I wish to speak about today is another huge issue within my community and relates to public dental care. I launched this petition about four weeks ago, and so far about 1,000 signatures are on this petition. People are constantly contacting me about this issue. Dental health is a huge issue, particularly in my electorate. We have 25 per cent of people aged over 65. It affects their general wellbeing. People are waiting two years to get dentures. They are unable to eat. It is just outrageous. This is a federal responsibility. It is in the Constitution. The Howard government must take action on this. It is outrageous that people cannot eat; it is outrageous that elderly people's health is absolutely suffering. It is a federal responsibility; it is in the Constitution. The Howard government cannot ignore the people of Richmond who are so desperate to get their teeth fixed, and that is why thousands of them are going to be signing this petition. We will take the fight to John Howard to restore the federal funding for dental health he took out in 1997. It is outrageous that this keeps happening. I am getting calls every day from elderly people in tears because they cannot eat. They have got to wait over two years for dentures. John Howard must take action on this, because it is just not good enough to leave elderly people in tears and in desperate straits. (*Time expired*)

MAIN COMMITTEE

The DEPUTY SPEAKER (Hon. IR Causley)—I remind the member for Richmond that when she is referring to members she should refer to them by their seat or by their title.

Whaling

Mrs GASH (Gilmore) (9.43 am)—I received a letter the other day from one of the younger members of my electorate. Jasmyn Newton, nine years old, of Tomerong, had something on her mind. Like many of us, the youngster was worried about what she was hearing and seeing in the news. Like so many others on the South Coast, Jasmyn took particular notice of one story: the item about Japanese plans to increase whaling numbers. Instead of interpreting what Jasmyn had to say, I will simply read her short but concise letter:

Dear Mrs Gash,

My name is Jasmyn Newton and I am nine years old.

I saw a news headline on Ten that Japanese people are shooting and killing whales. All the whales around our area are protected for one ... so I think the Japanese should stop.

They should find something else to make soap out of.

I have gone around my local area and gotten some people to sign my petition: "Save the Whales".

I hope that you can take notice to this letter.

Yours sincerely,

Jasmyn Newton

The South Coast of New South Wales can proudly include itself as part of the nation's booming whale-watching industry. It is an industry that has grown through hard work, education and community support. It is also an industry that relies on whale populations being protected, studied and understood. Associate Professor Peter Harrison from Southern Cross University best spells out the potential impact of Japan's proposed actions. He told the ABC recently:

The potential threat is also significant in terms of our humpback whale population ... A resumption of significant amounts of lethal scientific whaling or commercial whaling could seriously threaten its ability to recover to pre-whaling population.

The key issue here is that population has not recovered as such ... it's probably still about one-quarter of its natural size.

It also presents a problem in terms of Australia's \$300 million whale-watching industry.

About one-and-a-half million people are estimated to watch whales ... be that on commercial whale-watching vessels or along the coastline ... and the economic significance of that to some of the coastal communities ... where people migrate to ... is very significant.

So, if you have an increase in numbers of humpback whales being taken ... that could have serious implications for the recovery of the whale population and ... therefore ... the ongoing expansion of the whale-watching industry.

I could not concur more with the words of Professor Harrison. But it is the words of young Jasmyn of Tomerong we must make sure that Japan hears: 'They should find something else to make so soap of.' I urge all local members to place petitions in their offices and to be heard loud and long in the media about these stomach-churning outrageous killings.

Mr Joseph Haj

Mr BOWEN (Prospect) (9.46 am)—I want to once again bring the House's attention to the issue of the outrageous treatment of one of my constituents, Mr Joseph Haj. Mr Haj is the

former proprietor of Challenge Export and Import. In 1998 Mr Haj, promoting Australian exports, sold \$180,000 worth of fruit to a company known as Future Trading in Kuwait. Mr Haj did not receive payment for these exports and consequently he went out of business. You might say that is the risk of business and that there is nothing more that can be done, but there is more to this story.

Future Trading was owned by Sheikh Sabah Mohammed al-Sabah, a member of the Kuwaiti royal family, one of the world's richest and most powerful families. Sheikh al-Sabah continues in business as Chairman of the Sabah International Foodstuff Group. It is of course outrageous that a hardworking small business man from Western Sydney trying to promote exports has gone out of business because a member of a royal family refuses to pay his bills. I have written several times to the Kuwaiti Ambassador to Australia, His Excellency Mr Nasser al-Muzayyan, imploring him to take action to ensure that the Kuwaiti royal family pays its debts.

I have had one phone call in response to all these letters and I have received no formal reply. The phone call simply informed my office that the letters had been forwarded to Kuwait for consideration. Frankly, I regard this lack of response as an insult to the institution of the Australian parliament. I regret to say that it appears that the Kuwaiti government has forgotten that Australian service men and women fought for the liberation of Kuwait just 15 years ago. I again call on the Kuwaiti government and the Kuwaiti ambassador to ensure that action is taken by the royal family and the government of Kuwait so that justice is done for Mr Haj. I also call on the Australian Minister for Trade, the Hon. Mark Vaile, to make representations at the highest level to his counterpart trade minister in Kuwait to ensure Mr Haj is paid for his goods so that he is able to return to business and that justice is done.

Student Union Fees

Mr SLIPPER (Fisher) (9.48 am)—The life of a tertiary student is not always an easy one. Many of them have had to move away from their parents' home for the first time, in many cases to go to the capital city, to live closer to their university. Many are faced with rent bills for the first time. Many find difficulty juggling the ordinary everyday problems of running a household along with their education studies and also the requirement of a part-time job. They do not need the added, unwelcome situation of having to find money to fund a student union. Many student unions—or student guilds, as some are called—are requiring all students to fork out between \$100 and \$600 per year to join their organisation. It is a compulsory fee, and any decision by a student not to pay the fee is met with threats of dire consequences.

In the past, students who have declined to pay student union fees have been threatened with having their enrolments cancelled. Other students have been told that failure to pay student guild fees may lead to their tertiary results being held back. Tertiary students spend countless hours with their books, burning the midnight oil, to give themselves the best chance of good grades. They sacrifice hours of sleep, they often sacrifice good grooming and many sacrifice good eating practices. But the students see those as worthwhile sacrifices that will pay off in the long run. After all, a good education comes first. But this is not the case as far as the student unions are concerned. For the unions, the fees come first. The fees are compulsory and they come with the threat to the student to pay up or else. It is akin to the old days of racketeering: the standover men with their dark suits, dark sunglasses and shaved heads paying an

unwelcome visit—pay up or else. Also, of course, the compulsory funds paid by students are often used for political purposes for which the students have no sympathy.

All this is about to change. Students should no longer be forced to pay good money to become members of student unions, and from 2006 this will be the case. Tertiary students already face enough challenges and worries in meeting the trying demands of the tertiary education. They should not have the added burden of scraping together the money to pay their union fees. Unions claim that they provide important services for the students. In some cases this might be true, but in many other cases this is not the case. In any event, students ought to have freedom of choice. It is important to recognise that in a free and democratic society people should have the right to join a union or not to join a union. I think it is broadly accepted in the community that this ought to be the case with industrial unions and, clearly, I think it ought to be the case with student unions as well.

Mr Danby—So to pay taxes or not to pay taxes?

Mr SLIPPER—My friend, you ought not to be trying to force students to join student unions. If you do that you are being antidemocratic and I think that in 2006 that will be an entirely inappropriate situation. The government intends to use its mandate given at the last election to ensure freedom of choice for students. Voluntary student unionism is a really important issue and I support and commend the minister. *(Time expired)*

Pontian Genocide

Mr GEORGANAS (Hindmarsh) (9.51 am)—I rise today to speak on the commemoration of the 82nd anniversary of the Pontian genocide. May 19 was set aside by Pontians all over the world as a memorial day. I was lucky to be invited to attend the Pontian Brotherhood of South Australia to hear and join the descendants of the proud Pontians who commemorated and remembered their ancestral roots and scars. The commemoration paid tribute to over 350,000 Pontian people who were brutalised, suffered, starved and died of exhaustion by the imposed long marches or through beatings and executions in Asia Minor.

The Pontians are a group who lived in Asia Minor for thousands of years until the tragic Greco-Turkish war in 1922. The Pontian survivors after the war found themselves refugees all over the world. Some found themselves in Greece or in the former Soviet Union, while others were dispersed all over the world. Many have made their homes in Australia, and in South Australia we have over 4,500 Pontian Greeks.

To ignore the brutal events and the atrocities committed against the Pontians is to bury the truth in the past and forget it forever. I believe that the story must be told, the events must be recalled and what happened must be remembered as a lesson for the future so that it is never repeated. We owe it to all the people who died and paid the ultimate price with their lives never to forget their suffering. The commemoration paid tribute to over 350,000 Pontian people who were brutalised, suffered, starved and died of exhaustion through the imposed long marches or through beatings and executions. Their voices and outcry of horror can still be heard today and we should never forget them. I believe that it is now time for governments all around the world to acknowledge and recognise the tragic events suffered by the Pontians and to accept responsibility for what happened. This recognition is needed to put the matter to rest and to enable the healing process to begin.

Despite all the oppression and persecution they have suffered, the Pontian Hellenes have never forgotten their Pontian Hellenic culture. They have learned well that the survival of their culture depends on mutual respect for mankind and human rights among all peoples. The traditions and customary values and their recollection of their history are central to their identity, and in multicultural Australia the Pontian Hellenes found an environment favourable for the maintenance and promotion of their culture. To this end they created the Pontian Association, and in 1958 it was created in South Australia. To make their interest more effective, they formed the Pontian Federation of Australia 20 years ago. The organisation, formed originally in the 1950s following the influx of Greek migrants during that time, was established to celebrate and retain the culture and social traditions of the group and to pass them on to their descendants. The association will celebrate its 50th anniversary in 2008 following its formal incorporation in 1968. I am proud to say that its headquarters are in the western suburbs of Hindmarsh, and many members live in the electorate of Hindmarsh. (*Time expired*)

Fleming's Nurseries

Mr ANTHONY SMITH (Casey) (9.54 am)—I rise today to speak of the wonderful news of a great success story of a family business in my electorate of Casey. I speak of Fleming's Nurseries, who with their Fleming's Nurseries float won gold at the Chelsea Flower Show in London late yesterday our time. Members will know that the Chelsea Flower Show is the most prestigious flower and garden show in the world. Last year Fleming's Nurseries won the silver medal, and this year, after much hard work, they were able to top that and win a gold medal.

Fleming's entered the show this year with two partners, Jack Merlo, an award-winning young garden designer, and Total Landscape and Construction, a professional landscaping firm. The float was an adaptation of the best-in-show garden from the Melbourne International Flower and Garden Show earlier this year. The Flemings funded the cost of travel and the cost of construction of the garden personally out of the business, and for them to win that medal overnight is a great boost not only for Monbulk and the Yarra Valley but also for Victoria and Australia.

Fleming's Nurseries is a family owned business based in Monbulk, in the electorate of Casey. For the directors, Wes and Graham, whom I know well, and Don and Dawn, their parents who started the business many years ago, it is a tribute to their great effort and their dedication to their profession that they have come out with the gold medal. I also want to pay tribute to the staff of Fleming's Nurseries, whom I have come to know reasonably well over recent years, particularly Leanne Gillies, who had a major role in helping to organise the logistics of getting to London and running the show successfully, and all of the staff who went along on the trip.

The commitment of Fleming's Nurseries to the Chelsea Flower Show was very much about putting something back into the business that they have worked in for many years and about developing trades and providing an avenue for young people to have a professional development in the horticultural industry and in nurseries. That Don and Dawn Fleming were prepared to put up their own money to do this to showcase Victoria, to showcase Australia and to show that Australia is very much at the leading edge when it comes to this industry I think is a real tribute to them. So many small businesses are of course battling with the day-to-day issues of survival, but the Flemings have been prepared through their success to put something

back into their industry and to put something back for the apprentices that they employ. I think it is a great tribute, a wonderful success story and something that is very good for Monbulk, Melbourne and Australia.

The DEPUTY SPEAKER (Hon. IR Causley)—Order! In accordance with standing order 193, the time for members' statements has concluded.

PRIMARY INDUSTRIES (EXCISE) LEVIES AMENDMENT (RICE) BILL 2005

Second Reading

Debate resumed from 10 March, on motion by **Mr Truss**:

That this bill be now read a second time.

Mr GAVAN O'CONNOR (Corio) (9.57 am)—The Primary Industries (Excise) Levies Amendment (Rice) Bill 2005 amends the Primary Industries (Excise) Levies Act 1999, and the opposition will be supporting its passage through the parliament. The bill increases the maximum allowable levy at which the operative rate of the rice levy can be set from \$2 per tonne to \$3 per tonne. It requires that the operative levy be set by regulation instead of by ministerial declaration, and it requires that the levy on rice varieties be declared by regulation rather than by ministerial declaration.

This measure has the support of the industry. It was requested by the industry and the government is complying with that request, with the rider that the levy moneys be allocated and used in accordance with the levy guidelines that the Commonwealth imposes on all rural industries that raise research moneys through levies and the Commonwealth makes a contribution. It is very important that these levies are put on production to sustain over time a research effort that in return brings considerable economic benefits to the industry.

This is an industry that has been quite clever in the way that it has raised and used its research funds. Indeed, some of the outputs from that research effort are quite staggering. This is an industry that is somewhat misunderstood by the general community, and I note the presence in the debate today of the honourable member whose electorate covers the Leeton and Griffith area. I was in her electorate quite recently and I do apologise for not popping in for a cuppa, but we had a full program and I am sure that she was as busy as I was. Certainly it is an industry that is somewhat misunderstood generally by the Australian community, and I think it is important that when these larger debates on water and environmental issues occur in the community they are conducted from an informed perspective so that people are in command of the facts of the matter and that the industry's achievements are acknowledged. Nobody doubts that we have significant environmental issues, and water is front and centre, but it is important that when those debates take place they occur in a climate in which people do understand the importance of these particular industries to rural and regional Australia. As I understand it, some 8,000 people are employed in this industry and most of those are employed in rural and regional Australia in electorates such as that of the honourable member for Riverina. The important thing to understand is that this is an industry that has grown to a productive out-turn of about \$800 million. Significantly, about half of that, \$400 million, is from exports. That is a sizeable and significant contribution by one industry to Australia's export efforts. We have heard a lot of debate recently about the state of Australia's level of international debt, and of course the particular industries that are largely export focused play a very important role in the overall export effort.

The interesting statistics on the rice industry give us some insight as to where the research dollars have been spent, being in line with community expectations that industries become more water efficient. Over the last 10 years this particular industry has achieved some 60 per cent savings in water efficiency. That is a quite staggering statistic when you think about it. The industry has been asked by government and the community to walk down a particular path, so it has levied its production, turned its research effort to improving water efficiencies and delivered to government and the community. That fact ought not be lost on those who engage in environmental debates in this country. I note, from the research programs that the industry has put on the table, that over the next 10 years it is hopeful of achieving a further 40 per cent gain in water efficiency. That is to be commended. We are now in the era of smart farming and if you are going to farm smart you need information, you need research and you certainly need support from government. I am pleased that this industry has received support from previous Labor governments and from this one.

I note another important point, particularly when we talk about the clean food debate—that is, that this is a particularly nutritious product. If I can lay my hands on the information, I have a statement that I came across that I think many people in this parliament might care to take on board. From a health point of view, rice is low in sugar, total fat and saturated fat. It is cholesterol free, contains negligible amounts of salt and has no additives or preservatives. It is suitable to include in a diet for those watching their weight or on cholesterol-lowering diets. I am not a walking advertisement for the rice industry, let me tell you.

Mrs Hull—You should be!

Mr GAVAN O'CONNOR—In the position that I hold, I have to be quite impartial in these matters. The honourable member for Riverina, who has rice growers in her electorate, can be a little more partisan! There would be a few people around this place who ought to read that statement and change their diets to rice. We are entering an era where the Australian community is becoming more conscious of its health. It is becoming more demanding and it requires clean food. Of course, this is an industry that is delivering in that way. For example, chemical usage on rice in Australia is the lowest in the developed world, thanks to a 'unique rotation system utilising natural biological controls'. That is a statement from the rice industry itself. It was published in the International Year of Rice 2004.

When we discuss the role of food in nutrition and indeed health, you do not have to be a genius to understand that getting into nutritional foods will, at the end of the day, improve the health status of Australians and lead to a lower burden on the health budget. It seems fairly logical to me. When we start talking about the value of industries to the Australian people then perhaps we ought to start factoring in some of these sorts of issues because the Australian consumer does have a choice in this era, when we trade in rural commodities around the world. It does have a choice between a product that might be grown in another environment overseas where producers are not so stringent about the use of chemicals and an Australian product where chemical usage has been reduced progressively over time to deliver clean food and a better environmental outcome.

Direct investment in research and development by this industry is around \$18 million, and it is largely directed to maintaining the industry's competitive advantage in areas such as irrigation, crop protection, continuing product development and crop breeding. The product development issue is an interesting one because this is an industry that has really taken to inno-

vating and putting innovative products that consumers have obviously taken to into the marketplace. You can go into the supermarket and get a bag of rice—perhaps you might not look at the label to see where it comes from—or you can get a specialised product, value added and packaged in rural and regional Australia, that meets your consumption needs. It is a very innovative industry with regard to its marketing and the strategic use of these research and development funds to get better outcomes for the industry.

There is another statistic that I found very interesting, and that is the return on investment. The net benefit of investment of \$11 million to the triple bottom line was estimated at \$292 million. Of this return, 59 per cent came directly to rice producers and 41 per cent reflected the share of benefits estimated to flow to a range of measurable environmental and social dimensions of rice production. So here we have a triple bottom line assessment that indicates that from an \$11 million input some quite staggering economic benefits flow.

The honourable member for Riverina is here and she will follow me in this debate. In her electorate there are whole rural communities dependent on this industry, and they have been hard hit by the drought. As I understand it, some of those areas are in their third season of drought, and this has impacted quite significantly on production. The normal rice crop has historically been about \$1.3 million tonnes. This year, as a direct result of the drought, that will reduce to 358,000 tonnes. That has already led to a drop in the industry's rural and regional work force of 8,000 people. Some 200 workers have lost their jobs overall. The latest job losses were in February when 75 people lost their jobs. The industry has been able to keep the mills operating in the face of this drought situation but, as in all industries and enterprises, these resources are being stretched to the limit.

Mr Deputy Speaker Causley, being a former minister for agriculture and coming from a rural and regional area, you would appreciate that the drought not only impacts on farmers but extends into the value-adding chain. In that situation, the livelihoods of many rural and regional Australians—not just farmers but people in the towns—are severely affected by the flow-on effects when the mill is not able to put through the volume of production and process the rice, and people lose their jobs.

In making these comments I appeal to the wider community to not engage in hysterical debate when these issues of water are discussed. We do have a very important debate in Australia on water, but let us not lose sight of the fact that that debate has to be honest and has to acknowledge the contribution that industries are making to the conservation of the productive land base and the efficiencies that have been achieved in the usage of water. Any industry in Australia over the last 10 years that has improved its efficiency and achieved a 60 per cent reduction in water usage ought not to be pilloried for that effort. I would like to go into some households in urban Australia and look at their water usage over time. There would be many households that have not achieved 10, 20 or, at the outside, 30 per cent reduction, let alone the 60 per cent achieved in the rice industry, with a goal of a further 40 per cent improvement over the next 10 years. That is a substantial achievement.

The interesting thing about this industry is that we are dealing with very enterprising and innovating farmers. The industry, like other rural industries—I will not mention them—is able to take its research effort and get it onto the ground quickly. That is, farmers are quick on the uptake because they understand that they need to make these efficiencies. Their industry survival in the long term depends upon it. At the heart of their long-term survival is the research

and development effort. There will not be an activation of this maximum research limit that they are lifting from \$2 to \$3—the subject of this bill at this point—but when the industry does recover and the rains come and production does increase it will enable the industry to replenish its research and development resources and stay on the front foot. The opposition will be supporting this legislation through the parliament.

Mrs HULL (Riverina) (10.13 am)—It is a pleasure to follow the member for Corio. Probably the one thing we agree on in this House is that the rice industry is an example of success that other industries should be encouraged to follow. An illustration of its success is that the returns it brings back to the grower, the returns it brings back to the community and the returns it brings back to the nation are absolutely significant. I rise to speak today in support of the Primary Industries (Excise) Levies Amendment (Rice) Bill 2005. The bill amends the Primary Industries Excise Levies Act 1999 to increase the maximum allowable rice research and development levy rate from \$2 to \$3 per tonne.

The rice industry has played an important role in strengthening communities within my electorate. Rice was first grown in Australia in the 1920s in Leeton and Griffith. This industry has grown enormously. It now supports 63 regional towns, mostly located in southern New South Wales. The majority of the approximately 2,500 rice farms in Australia are owned and operated by Australian families. Our research indicates that for every dollar a rice farmer makes, \$5 goes back into our local communities.

Today I have a particularly difficult task, because this morning I woke to the sounds of ABC outlining that rice is the thirstiest crop in Australia. They headlined the fact that it is a very water-thirsty crop. Then I came into the House and I picked up my copy of the *Australian*, and here we have this report entitled ‘Thirstiest crop: 21,000 litres of water to produce one kilogram of rice’. My blood started to boil. Is there only one person in this place who is prepared to tell the truth, to outline the significance of the rice industry and to support it? I would have liked to have seen more people in this House today speaking up on behalf of this great industry. What we have here is a story with headline proportions, but it only tells part of the story—as it always does. It is the most frustrating thing in my life in this House: the partially told story of the rice industry. We do not have the story of one of the greatest vertically integrated industries in Australia providing the best returns to the Australian people; we have this article saying that it takes 21,000 litres of water to produce a kilogram of rice.

I would like to put some facts into the debate in this House. I think that we need to understand clearly what the rice industry is about. The member for Corio quite rightly recognised that the rice industry has reduced its use of water. It has improved its water use efficiency by 60 per cent in the last 10 years. That is a great measure for any industry, but it continues to change its practices and to breed new rice varieties that improve on this. We did breed a new variety of rice and it was launched in early 2003. It is also designed to reduce water usage by a further 10 per cent.

We have information prepared by a water education foundation in California that indicates that rice is one of the smallest users of water when you look at water use per typical home serving of uncooked food. From growing to preparation, rice requires less water than beef. Beef uses approximately 4,663 litres of water for an average typical home serving uncooked. Chicken uses 1,250 litres of water for an average home serving uncooked. Pasta uses 136 litres of water for an average size serving uncooked. Where do we have rice? Rice uses 59 li-

tres of water for your typical home serving uncooked. Is this not a distortion of the facts when we read our own super headline in the *Australian* today, spoken obviously with ignorance rather than information, with only part of the truth?

Let us look at the whole process from start to finish. Water use may be one of those areas of concern in the initial growth of rice, but when you look at all of the manufacturing and value-adding components of rice you see that rice is a dry value-adding component. There is no water used. All of our rice is value added in Australia, in the Leeton mills and Leeton plants. We are the largest shipper in Australia of branded product. We do not ship our rice out in bins and create jobs elsewhere in the world; we are creating jobs and value adding right here in Australia.

It is an important fact to remember that our Australian rice farmers sow another crop of grain directly into the soil after harvesting their rice. That means that the water remaining in the soil is used to grow a second crop, such as wheat, oats or canola. Rice farmers are effectively getting two crops out of the one unit of water. But do we see this written up in headlines? No, not at all. Rice farmers are the most efficient growers. In agricultural and natural resource terms, this is one of the most efficient and productive rotations used in agriculture today. With research, industry regulations, farm management practices and a commitment to environmental initiatives, our Australian rice farmers are clearly dedicated to ensuring our natural resources are utilised in an efficient and an environmentally friendly manner.

Also, I indicate that not just any farmer can convert their farm into a productive rice enterprise. The industry has strict regulations—one of the only industries, and a leading industry that should be followed by other industries—that ensure that the highest growing standards are maintained, with minimal impact on the environment. Rice can only be grown on approved soils. I wish other crops could only be grown on approved soils. No more than one-third of a rice farm can be sown with rice at any one time. We do not have this in the headlines in the *Australian* today; nor do we have the truth of the rice industry. No, we just have speculation and headline grabs. Severe penalties are imposed if water use exceeds the industry target requirement.

It is a very, very regulated industry, an extraordinarily responsible industry and an industry that competes in the most subsidised, supported industry in the world. Rice industries across the world are getting in excess of 80 per cent subsidies, and our growers are competing in those markets. Our growers are competing effectively and efficiently in those markets, and we should be proud of this industry. I am proud of this industry. It is obviously not a popular industry; there are only two speakers on this issue here today. But I am very proud and it is a dashed popular industry for me. I am not even popular in my electorate when I support rice growing. But it is the lack of understanding of the rice industry that creates this perception and the misconceptions. Headlines like the one in the *Australian* newspaper today really do exacerbate the problems for this industry that I so proudly represent.

Mr Danby—Mr Deputy Speaker, I seek to intervene.

The DEPUTY SPEAKER (Hon. IR Causley)—Will the member for Riverina accept the question?

Mrs HULL—Yes.

Mr Danby—I am not, like the minister says, anti-farmer, but I would like to know what the member for Riverina says the consumption of water is to produce a kilo of rice. If it is not 21,000 litres, what is it?

Mrs HULL—I do not have with me the figures to produce a kilogram of rice. I am sorry, but I can certainly take it on notice and provide you with that. But I do have Californian education statistics. For us to have a typical home serving, uncooked, of rice, we use 59 litres of water as against 4,663 litres to produce a typical home serving of uncooked beef. I will take that question on notice and provide that information to the member for Melbourne Ports.

I will continue to talk about this great industry. As I have said, our Australian rice growers have developed an innovative program designed to meet national environmental requirements, and certainly they are adhering to that. Rice growers and various government agencies and organisations have come together and collectively agreed on a pathway to environmental excellence. The program they have designed, Environmental Champions, aims to combine the many and somewhat complex regional environmental requirements into a streamlined, user-friendly process. Farmers will be recognised for their achievements and for these environmental benefits as well.

We are making an enormous effort to return environmental benefits. Environmental Champions offers rice growers the tools to be innovative, and to look for environmentally friendly ways to improve their productivity and profitability while at the same time ensuring a legacy for their farms and their industry. A significant amount of activity is taking place to ensure continual environmental improvements.

There is considerable biodiversity on rice farms. Rice farms have never been recognised in Australia for their biodiversity. When I was in the parliament of the European Union, just some 2½ years ago, its agricultural committees recognised the rich biodiversity of rice farms. Rice is subsidised simply because of the biodiversity value it provides to Europe's wetlands and its contribution to wetland activity.

Rice farms are a haven for all sorts of plants and animals. In fact, the rice regions of Australia have become part of the East Asian Australasian Flyway Zone, an international flyway corridor for the migratory journeys of many bird species, including water birds, that would otherwise not be seen in this part of the world. Rice bays and irrigation channels are an ideal home for insects and animals, including tortoises and frogs. Research has shown that around 40 billion frogs are found on rice farms throughout the Riverina alone. The endangered Southern Bell frog relies on the rice industry for its survival. The farm landscape also includes remnant vegetation that provides homes for many different species of animals and insects. The industry recognises that human activity has an impact on the environment and that agriculture is partly responsible for a decrease in the biodiversity of regional Australia. Thus the industry has developed a strategy aimed at enhancing and improving the biodiversity on rice farms and in surrounding areas.

The rice industry has done more than most industries to ensure the environmental protection of Australia's earth. Certainly we do not get any of the credit that is due to us. All we get are headlines like the one on the front page of the *Australian* today. SunRice is our mother company, the marketing company, of rice. Out of the top 20 food companies in Australia, only six are Australian owned, and SunRice is the largest Australian owned processed food exporter. That is absolutely significant. We hear about 'thirsty' crops. Australia, because of the

heavily subsidised overseas rice market in which my growers and marketers compete, cannot afford to be one of the thirsty crops, not getting sufficient return for the dollar. The Australian rice industry has to produce at the lowest cost purely to survive—and survive it is.

Our industry is recognised worldwide. We feed 40 million people a day. When I was in Papua New Guinea just before Christmas, with the Minister for Foreign Affairs, I visited the Trukai distribution centre that was distributing rice as a staple food to Papua New Guineans. I was proud to see the way my electorate's rice is thought of, and how much we contribute by providing this staple form of food to the many people right across these islands. Rice is an affordable and nutritious food, as the member for Corio pointed out. It benefits not only consumers but also the rice farmers and their communities because the other nutritious foods on their table are there purely as a result of the income that rice provides. Rice provides a very good income for its communities.

I want to talk about the global warming effect. I do not think people understand how much the rice industry is involved in all other very important areas for the Australian environment. We know that the earth is covered by a blanket of gases which allows energy from the sun to reach the earth's surface. Most of the heat is radiated back towards space but some remains trapped by greenhouse gases. I raise this because this is also mentioned in the appalling article on the front page of the *Australian* today. Human activity has meant that the trapped gases are rising in concentration which means that more of the sun's heat is trapped in our atmosphere. This is having an impact on global climatic conditions.

Like any farming enterprise, rice farms contribute carbon dioxide to the atmosphere through fuel and energy consumption—we recognise that. In rice farming, methane is also considered to be a contributor to greenhouse gas emissions and is produced by bacteria in the anaerobic environment. In lesser quantities, nitrous oxide is also produced—we recognise this. Our Australian rice growers recognise their contribution to the global warming effect and have developed a greenhouse strategy.

Tell me all the industries that are lauded throughout the Australian community which have their own greenhouse strategy. In conjunction with the Snowy Mountains Engineering Corporation, the Australian rice industry has developed a comprehensive strategy which identifies the main contributors to greenhouse emissions and develops strategies to reduce these emissions. An innovative electronic scorecard has been designed, allowing farmers to input their production data and calculate their emissions in a typical year. Measures can then be implemented to reduce these emissions.

The processing side of the rice industry has also implemented measures to reduce greenhouse gases produced in the milling and packaging processes. The rice industry again demonstrates its innovative and proactive approach, leading the way in Australian agriculture with the development of the scorecard and the strategy.

This industry levy is required to continue that vital and important work. The ongoing drought continues to impact on the agricultural sector throughout my electorate of Riverina. The rice industry has not been immune to the effects of this drought and is facing its third year of production downturns. The quantity of rice grown has been reduced, thus reducing the levy being collected. I support this industry levy being raised, simply so that this continual work will ensure environment and community stability in my electorate and ensure that people are not being misinformed by articles such as the one on the front page of the *Australian*

newspaper today, to which I totally object. I would be quite happy to have Mr Cullen and the *Australian* newspaper come out and look at my industry and put a value on its actual worth, not to talk out of ignorance with only half the story.

Mr TRUSS (Wide Bay—Minister for Agriculture, Fisheries and Forestry) (10.33 am)—I thank the honourable member for Corio, who has indicated opposition support for this legislation, and particularly the honourable member for Riverina for her contribution to this debate. Indeed, I congratulate the honourable member on her well-argued and passionate defence of the rice industry. I very much share her annoyance at the article on the front page of the *Australian* newspaper today and the distortions that a study of this nature creates for a proper and sensible debate about the usefulness and importance of Australian agricultural industries.

For some time I have been expressing concern about the decline in urban sympathy for rural Australia, a lack of understanding of our rural industries and why they matter so much to our country. It is disappointing that a scientist from the CSIRO is joining this anti-farmer crusade. One would expect that the *Australian* newspaper will now give equal coverage to the defence of the rice industry, and to the speech today by the honourable member for Riverina, at the top of the very front page of the newspaper tomorrow to put some fair and reasonable balance into this debate. I guess it is a forlorn hope that the *Australian* newspaper might actually want to fairly cover an issue of this nature, but it is important that the facts be properly put before the Australian people.

Mr Danby—I seek to ask the Minister for Agriculture, Fisheries and Forestry a question.

The DEPUTY SPEAKER (Mr Wilkie)—Does the minister wish to receive a question?

Mr TRUSS—No, but go on.

The DEPUTY SPEAKER—I think that is a yes, member for Melbourne Ports.

Mr Danby—I thank the minister for his graciousness. I do not wish to appear anti-farmer, but can you tell me how many litres of water it does take to produce a kilogram of rice if the front page of the *Australian* is wrong.

Mr TRUSS—I was impressed by the statistics so instantly quoted by the member for Riverina. Another study has suggested that less than 60 litres of water is required to provide a rice serving for an average Australian meal. There is a vast difference between 60 litres per serving and 21,000 litres per kilogram. I think that demonstrates that the science is anything other than exact and that those sorts of issues need to be appropriately acknowledged when presenting opinions of the nature publicised so extensively in the *Australian* today. The honourable member is rightly picking on the *Australian*, because they put it on the front page but, as usual, the usual suspects, such as the ABC, have been quick to follow up on these sorts of issues and make similar comment.

The rice industry has made a significant contribution to Australia. It is important to note that, unlike the rice industries in most of the other parts of the world, the Australian rice industry pays full price for its water. If in fact rice were not an efficient and effective user of water, rice production would have ceased in Australia years ago; they would have gone onto something that delivered better returns for the purchase price of the water. Unlike other countries that generally give their water to the farmers for nothing, Australia has a cost-recovery system. So the rice industry, whilst it uses significant quantities of water, is able to do that in

an efficient and effective way, and it does so in a way that competes with other industries that may perhaps use less water but are able to produce less as a result.

I think the record of the rice industry in their use of water is worthy of comment in relation to their savings programs. Few industries have done more to reduce the amount of water they are using. The research and development of their undertaking is likely, in due course, to develop varieties that will have a lower call on water. Indeed, the dream in which there will be no need to have paddy fields at all to produce rice may one day come to fruition. That is why legislation of this nature is of particular importance, because it underpins the progressive work that the industry have already done and ensures that they will have adequate resources to continue their research and development program. I think the rice industry are conscious of the fact that they are subject to more scrutiny than any other industry in relation to their water use, and I commend them on the public way in which they have responded. Their environmental credentials stand well in comparison with almost any other industry in Australia, and they deserve credit for their actions in that regard.

Turning back to this bill, which is about research and development, I think the comments made by the honourable member for Riverina certainly reflect the importance of research and development. The Australian government shares that view, and we have a strong record in encouraging sustainable rural industries through research and development investments under the matching funding program, which this government committed to at the last federal election.

The government is also mindful of the need to encourage rural industries to structure their R&D systems in a way that maximises the benefits of R&D investment to the levy-paying producers and the wider community. It is in this context that the government was happy to support the rice industry's request to amend the legislation to allow for more flexible management of its R&D program to ensure the long-term viability and sustainability of both the program and the industry, which has used innovation to remain internationally competitive. The rice industry is currently facing financial pressures as a result of several years of drought having delivered record low water entitlements. Consequently, the resulting sharp reduction in rice production has meant that the flow of levy funds to the rice industry R&D program has decreased far in excess of what normal management strategies could have been designed to cope with.

In seeking to assist the rice industry to manage its R&D activities, the purpose of this bill is twofold. It will increase the maximum allowable rice R&D levy from \$2 to \$3 a tonne and it will replace the way the operative levy rate is enacted and move associated levy administration issues from ministerial declaration to regulations. This change will provide a greater level of accountability back to parliament than the current arrangements and brings the levy arrangements to the rice industry into line with arrangements for other agricultural sectors.

It should be noted that the bill will not actually change the rate applied to the collection of levies from the industry, which the legislation refers to as the 'operative rate'. The industry will need to come back with a proposal to change the current operative rate under the new maximum cap that is consistent with the government's levy principles and guidelines. Key to this is the need to demonstrate industry support for changes in the operative levy rate, and I understand that the rice industry is currently progressing this process. This measure is in addition to the government's decision in April to grant full EC assistance to rice growers in the

Murray Valley who have been impacted by the last three years of record low irrigation entitlements. This EC decision will provide assistance to eligible rice producers for a period of 24 months. To date, 155 rice producers have received prima facie assistance worth close to three-quarters of a million dollars.

This is the first time that an irrigation industry like rice has been successful in obtaining EC assistance and it demonstrates the government's concern that the ongoing drought is impacting on a wide range of rural industries. It is also an illustration of the way in which the government has sought to reform the EC process over the years to make it more responsive to the needs of a wider range of industries. It is not just rice producers who are receiving EC for the first time under this government. We have never really delivered EC before to intensive agricultural industries. I do not think that it has ever gone to irrigators in industries like the dairy industry or horticulture. So we have worked to achieve reform. As I mentioned yesterday in question time, we have not got much cooperation from the states in achieving that reform and so we have acted unilaterally. I noted yesterday that a list of press releases I had put out over the years chronicling those reforms was ridiculed by the opposition, and I think that demonstrates that Labor in Canberra are no different from Labor in the states. They do not really have much concern for drought-stricken farmers and have not shown any willingness to respond to the emerging issues which inevitably occur when you have the worst drought in our nation's history.

I trust that this bill, which enjoys the support of industry, will help industry to continue its record of innovation over the longer term. In conjunction with EC support, which will assist the rice industry through this period of drought, I trust that the industry can plan for the future confident in the knowledge that they have the support of the government in endeavouring to achieve their objectives. I commend the legislation to the committee.

Question agreed to.

Bill read a second time.

Ordered that the bill be reported to the House without amendment.

**HEALTH LEGISLATION AMENDMENT (AUSTRALIAN COMMUNITY
PHARMACY AUTHORITY) BILL 2005**

Second Reading

Debate resumed from 11 May, on motion by **Ms Macklin**:

That the bill be now read a second time.

Ms GILLARD (Lalor) (10.44 am)—I foreshadow that it is my intention to move at the conclusion of my speech on the Health Legislation Amendment (Australian Community Pharmacy Authority) Bill 2005 a second reading amendment which deals with the current negotiations between the government and the Pharmacy Guild about the fourth pharmacy agreement and what appears to be the Howard government shaping up to break yet again an election promise. The Howard government once again is not being transparent about its dealings with others. The Howard government is failing to conduct investigations in a timely manner and walking both sides of the street in the course of these negotiations by saying diametrically opposed things on different days.

I should make it clear that we are supporting the bill before the House. The bill amends the National Health Act 1953 and currently provides for the establishment of the Australian Community Pharmacy Authority, known as the ACPA, whose role is to consider applications by pharmacists to supply PBS medicines and make recommendations as to their approval. In making its recommendations, the Australian Community Pharmacy Authority must comply with the pharmacy location rules, which are determined by the Minister for Health and Ageing in accordance with the act. The provisions for the pharmacy location rules, and indeed for the Australian Community Pharmacy Authority itself, will cease to operate after 30 June this year. Obviously that would be a matter of deep concern when there have been no new pharmacy location rules drafted to take the place of the current rules and where the work of the Australian Community Pharmacy Authority in reviewing those rules and making recommendations about new rules remains undone. Consequently, the government has rushed this bill into the parliament to amend the act so that the Australian Community Pharmacy Authority can continue to operate until 31 December.

A commitment made in the third community pharmacy agreement—that is, the agreement that the government has with pharmacists about the dispensing of PBS medications and the payments that flow in respect of that dispensation—is that the Pharmacy Guild of Australia, together with the government, undertake a joint review of the pharmacy location rules. Given that is an agreement of five years standing and there is a commitment in that agreement to have a review, you might wonder why it is that the government was not able to get the review completed in a timely way. That is just the Howard government when it comes to health. The Howard government will respond to a political crisis in health. For example, before the last election the government was suffering very badly in the eyes of the community because of its complete failure in health, its attempts to destroy Medicare and its pressure to ensure that bulk-billing rates collapsed. When the government needed to respond to those sorts of political pressures, then it did act. But, in all of the day-to-day things that really need to be done to make sure that our health system works and important impending issues are addressed, we know only too well that the minister for health never reacts. The time lines slip; things do not get done.

Like with many other government ministers, press releases might come and go but substantial outcomes are not achieved. This is another example of where that has happened. Despite a five-year agreement and a commitment to have a review flowing from that agreement, you cannot manage to get yourself organised to get that done in a timely way. So here we are before the House dealing with a desperate extension to give them another six months by extending the deadline from 30 June to 31 December 2005. We know that the review will take place during those six months, and the explanatory memorandum to this bill states that the extension will enable the government to consider the findings and recommendations of the joint review of pharmacy location rules.

I note that in fact the work of that group was leaked to newspapers recently, which again just goes to show a competency issue or perhaps something even more machiavellian about what is going on in relation to the review of pharmacy location rules, but as a matter of substance the job has not been done and consequently we have the extension being sought. I also note that the bill makes a technical amendment to the Health Legislation Amendment (Podiatric Surgery and Other Matters) Act 2004 to correct a misdescription. That act was enacted last

year and enables private health insurance funds to cover hospital expenses for people receiving podiatric surgery.

Once again, people might wonder why the minister for health cannot bring a correct bill into the House. Clearly he cannot, so we are once again being forced to tidy up his errors, through this bill which includes that tidying up. Apart from the description of the bill and the work it is going to do in extending the time line for this review by six months, we need to examine the whole course of conduct by the Howard government of the negotiations with the Pharmacy Guild for the fourth pharmacy agreement. It is due to come into operation on 1 July this year, so we are in a phase when the third pharmacy agreement is winding down—it comes to an end on 30 June—and it is the obligation of the government to negotiate a new agreement with pharmacists to start on 1 July. If we look at the process that has gone into the negotiations on the fourth agreement, we see on display two very clear themes when it comes to the Howard government and health. One of these themes is that this government will say anything before an election and give any promise—indeed give any rock solid, ironclad guarantee it thinks will get it a vote—but then, after the election, what do we see? We see those promises smashed. That was true of the Medicare safety net. We had Minister Abbott's famed rock solid, ironclad guarantee that the Medicare safety net would not be changed and we saw that undertaking smashed after the election and the minister's credibility smashed as well. He has been exposed as someone who will say and do anything before an election to try to get a vote but will not honour his word after the election.

If only it was only the Medicare safety net, but it is not: it is a series of other things in health. Even today we are calling on the government to do the right thing and honour the commitment it gave before the election to put \$30 million in new funding into the better outcomes for mental health program, which enables GPs to offer mental health assistance. It particularly provides assistance in rural and regional areas where often the only person who can offer any mental health assistance is the local GP because other health services are not available. We have heard the Minister for Agriculture, Fisheries and Forestry and the member for Riverina wax lyrical about their love of farmers in the context of the last bill. You would think that, if they really wanted to do something about this professed love of farmers at a time when farmers are under acute pressure because of the drought and when we know many are therefore struggling with mental illnesses including depression, this government would manage to honour its word and put an extra \$30 million into the better outcomes for mental health program as promised. But of course it has not done that—the budget papers show that it is \$18 million short of the commitment—and that is another example of Minister Abbott giving his word before an election but after the election his word smashed and his credibility trashed. That has happened in relation to better outcomes for mental health as well.

And it is well on its way to happening in the context of the pharmacy agreement. We know that before the election the Howard government, fearing the campaign power of community pharmacists—their ability to hand out leaflets, brochures and petitions in their locations in suburban shopping strips and regional towns and centres across the nation—was willing to issue any promise the Pharmacy Guild wanted as long as the Pharmacy Guild did not embark on a campaign against the government. So the Prime Minister, Mr Howard, wrote to every community pharmacist a letter full of reassurances, particularly those as to the status of com-

munity pharmacy, stating that it was not the government's intention to have supermarkets compete with community pharmacists in the provision of PBS medication.

The government was prepared to issue a very big, glossy promise before the election in a nice letter on letterhead signed by the Prime Minister, but what has happened since? Interestingly, the government was still in reassure community pharmacists mode when the minister for health opened the Pharmacy Guild conference on 4 March this year. His address is reported in the *Guild Gazette* under the heading 'Fourth Agreement concerns addressed' with a very nice photograph of the minister. There we have the description—and these are the words of the newsletter—that the minister 'gave a reassuring address'.

As late as 4 March this year, the minister was still, when it came to community pharmacists, in reassurance mode, in full bedside Tony mode—he was going to take their pulse, he was going to put a cold compress on their heads and he was going to make sure that they got every reassurance they wanted. Many people would think the minister being in bedside Tony mode might be an extract from a horror movie, but obviously it has reassured some and it was the minister's purpose when he was at this conference to reassure the Pharmacy Guild. So, of course, the minister looking earnest, as he sometimes does, said things like, 'Pharmacy is one of the great caring professions.'

Mr Neville—Well, it is, isn't it?

Ms GILLARD—Exactly, and I hope, when the minister breaks his word to community pharmacists, you are not only saying that in the party room but saying it on the floor of the House of Representatives and surrounded by a battery of TV cameras. But we will wait and see where you are post the negotiation of the new agreement. The minister says, 'Pharmacy is one of the great caring professions.' This is the minister in reassuring mode:

Based on this standing and the profession's commitment to public benefit and recognising the excellent relationship shared by the Guild and the Government, the Minister reiterated his intention to protect traditional community pharmacies.

He said while he had nothing against supermarkets like Woolworths and Coles, he saw an important distinction between general retailing and pharmacy.

Mr Abbott said: Community pharmacy has a well-established culture of professionalism, while the culture of Australia's general retailers did not appear appropriate when dealing with potentially dangerous drugs.

Mr Deputy Speaker, to facilitate the working of the Main Committee I have been advised that it might be desirable to move my second reading amendment at this stage. It encapsulates a number of the things that I have been talking about. I move:

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

"whilst not declining to give the bill a second reading, the House condemns the Government for:

- (1) failure to conduct the negotiations over the Pharmacy Agreement in a timely fashion;
- (2) failure to provide transparency about these negotiations and the savings the Government is seeking to achieve;
- (3) 'walking both sides of the street' by commissioning reports that undermine current pharmacy arrangements and simultaneously rejecting the findings of these reports; and
- (4) getting ready to break the Prime Minister's pre-election commitment to community pharmacy".

The DEPUTY SPEAKER (Mr Wilkie)—It would be usual for this to happen at the end of the debate. Is the motion seconded?

Mr Danby—Most fervently. I second the motion and reserve my right to speak.

Ms GILLARD—Thank you for facilitating that, Mr Deputy Speaker. I do understand it was an unusual way to proceed. If I can continue to address the second reading amendment and of course the bill itself: on 4 March we have the minister in reassurance mode, but something very strange started to happen some time after 4 March. On 16 May the minister was still offering reassurances to people that he is absolutely convinced about community pharmacy. Running in the newspapers there has been a report dealing with the question of profitability of community pharmacy and, obviously, the minister is asked by members of the press to comment on that report. On 16 May under the heading ‘Govt ‘sceptical’ about supermarket pharmacies’ in an AAP report the minister is quoted as saying:

A confidential government analysis of the regulations—

that is, the regulations that prohibit the opening of a new pharmacy within 1.5 kilometres of another pharmacy—

leaked to a Sydney newspaper today, found pharmacies’ profits had doubled in the past 10 years but they had failed to pass on the benefits to customers.

Mr Abbott today stood by the government’s support for community pharmacies, saying he was “sceptical” about an argument to open up pharmacies to greater competition.

“The government’s position is that we support community pharmacy, we are sceptical about some of the claims made for opening up pharmacies in supermarkets, and certainly we changed the location rules last year to specifically prevent new pharmacies co-locating with supermarkets,” he told reporters in Sydney.

“We are sceptical about pharmacies in supermarkets; we think there is a strong argument for having a different culture of retailing for potentially dangerous drugs than for general merchandise.”

So we had the minister in reassurance mode in March and on 16 May. Mr Deputy Speaker, you might be a person who can exercise his mind about this in a very intelligent way and come to a conclusion, but if a government report has contended that the profits of pharmacists have escalated in a major way that causes one to ask: who would have leaked that report to the newspapers? One suspects that, if it had been provided to the Pharmacy Guild, it is very unlikely to be the Pharmacy Guild that leaked it to the newspapers, because clearly they would not think that such a report being in the newspapers would be in their interest. It seems to me that if the government has the report and the pharmacists have the report, and it is adverse to the interests of pharmacists and ends up in the newspapers, then maybe by a set of logical deductions you might think that the government leaked this report. Even if the government did leak this report—and we are very short on alternative suspects—on 16 May the minister was still in reassurance mode and still loved community pharmacists.

The minister must have had a conversion on the road to Damascus between 16 and 17 May. Something clearly happened to him overnight, because on 17 May he was reported in the newspapers as saying a diametrically opposed thing. This time he was asked to comment on a report in the *Daily Telegraph* headed ‘Fatal chemist delay for vital medicines’. There was a suggestion from the Pharmacy Guild that if a new agreement were not properly concluded by 1 July, or if an agreement unfair to pharmacists were concluded by 1 July, it might have major

implications for the timely supply of drugs to patients. The Pharmacy Guild is reported as making statements to that effect. Minister Abbott says:

I think the important thing is for them—
that is, the guild—
to focus on what they think is the most effective way of distributing that—
that is, drugs—
rather than trying to frighten the general public.

If chemists did not want to accept the pay deal, the Government could find others who were prepared to dispense subsidised prescription drugs.

But something a little bit odder happened in relation to all of this. It goes from odd to odder. We know that the supermarket chains are interested in having pharmacies within supermarkets and they are prosecuting their case to government that this would be an effective way of distributing medicines. You would expect that. It is part of our democratic process that businesses, community groups and others who think they have a case to make come to government and make a case.

In the course of prosecuting its case, Woolworths commissioned a report from ACIL Tasman—the consultancy group which models economic questions and which consults on economic questions. Woolworths commissioned this group to produce a report demonstrating the potential savings that could be made if PBS medicines were able to be dispensed from pharmacists within supermarkets. So they prepared a report. The report was then put into the public domain. A series of claims about potential savings were made in the report and, as you would expect, the Pharmacy Guild responded to those claims.

Interestingly, I have a letter from Roger Corbett, the Managing Director and Chief Executive Officer of Woolworths Ltd, in which he refers to the ACIL Tasman report and makes the following statement in relation to it:

The information in this report was prepared earlier this year at the request of the Federal Minister for Health & Ageing, Tony Abbott. It was presented to him one month ago to provide additional background during the Government's negotiations for the Fourth Community Pharmacy Agreement. We subsequently provided copies at their request to certain other ... Government members.

Isn't this all very interesting? It is reminding me a great deal of the Medicare safety net—the minister out there in full reassurance mode before the election and in full reassurance mode after the election. As late as 16 May, he was in full reassurance mode. Despite being in full reassurance mode, under the waterline, under the table, he was saying to the supermarkets: 'Get me a report that shows the savings. If you could get that in, thanks.' And they did. From 16 May to 17 May, it is a Saul on the road to Damascus conversion. He has gone to bed as Saul and woken up as Paul, and there he is in the newspaper with a diametrically opposed view to the one he gave 24 hours before about pharmacists in supermarkets. By 17 May, he was threatening the Pharmacy Guild and community pharmacists that he would find others to dispense PBS medication. And we know who those others are—they are the supermarkets.

So we are in a situation here where you have to ask yourself: 'What is going on?' There are a series of possible explanations. Explanation No. 1 is that the minister is doing what he has done so many times before in health—he is preparing to break a pre-election commitment. It

might not have been described as ‘rock solid, ironclad’, but it was in a letter from the Prime Minister. He is preparing to break a pre-election commitment—explanation No. 1.

Explanation No. 2 is that the minister has no idea what he is doing from day to day. He is able to say within 24 or 48 hours two diametrically opposed things and not realise that he has said them. That is an explanation which has some attraction for me, but I think the ‘getting ready to break an election promise’ is probably a better explanation.

I think there is something behind the ‘getting ready to break an election promise’ explanation. Yet again, whilst we might be talking about health and, yet again, whilst we might be talking about something as important as the dispensing of vitally needed prescription medicines in a timely way to people in Australia, throughout this vast nation—which is of course a very difficult job; it is a different thing to be able to get your medication when you are living outside Oodnadatta from living in the CBD of Sydney; so we are dealing with the very important health issue here of getting access to medicines in a timely way—there is some evidence that, like a lot of other areas of health, it is actually not Minister Abbott who is pulling the strings.

Do I have evidence to suggest that on other major health issues it was not Minister Abbott who was in control? Well, I certainly think I do because during the election campaign the government announced PBS savings, a new measure in health, which clearly was not generated by the minister for health but was generated by Finance.

We know that with the breaking of the Medicare safety net commitment the minister for health was overwhelmed by Treasury and Finance. We know that where he has been directed to find cuts in other aspects of health, he has danced to the tune of Finance. I suspect that the story behind the story is that there is a big blue within government about the fourth community pharmacy agreement and there is pressure from the minister for finance, and possibly the Treasurer as well—because the Treasurer has a certain view about undercutting Minister Abbott’s credibility—to find major savings in the Pharmacy Guild agreement and to open the door to supermarkets if that can generate savings.

I think that is what is going on here. It would be very interesting to get a cogent explanation, if that is possible, from Minister Abbott about these things. My suspicions about who is in control were heightened when it came to my attention that at the last minute, on 4 May, the minister cancelled a meeting with the Pharmacy Guild.

Ms Hall—What date was that?

Ms GILLARD—That was on 4 May. The meeting was cancelled so late that the Pharmacy Guild representatives flew up for it and then turned around and got the next plane back. So if government ministers conduct themselves like that every day, showing that sort of arrogance and petulance towards busy people who are coming to see them, it is a revelation. And I thank the member opposite for the revelation that the Howard government seeks to treat people with that kind of contempt.

The other explanation of course is that Minister Abbott is not in control; he is getting his marching orders from elsewhere and he did not know what he was going to say to the Pharmacy Guild representatives on that date. He had no idea what version of the so-called truth he would use on that day and so to avoid the embarrassment of being in a meeting where he did not know whether he was Arthur or Martha, at the last minute he pulled the plug on the meet-

ing. We might want an explanation from the minister for health about how all of that has happened, as well.

How does this all matter to Australians? It matters in the following ways. Australians have a right to expect that their national government deals with health policy issues in a competent and timely fashion. They have a right to expect that negotiations about something as important as the delivery of PBS drugs around Australia are conducted in a timely, courteous fashion and with transparency. None of those things is happening. They are entitled to know whether the Prime Minister and the minister for health have, yet again, said one thing before an election with a view to doing another thing after the election.

I understand only too well the issues about PBS sustainability and I understand the need to make savings on the PBS and in relation to the supply chain. I am certainly not saying to this parliament that the Pharmacy Guild should get everything that it asks for. Clearly, there should be tough negotiations conducted to ensure that medicines delivered through the supply chain end up in the hands of consumers at the best possible price—and at the best possible price to taxpayers as well, in terms of how the government subsidises them. But you do not conduct a rational set of negotiations like this. It is inherent in negotiations that your word is your bond and what you say is the truth. We cannot look at this set of negotiations and say that that is occurring.

Mr NEVILLE (Hinkler) (11.14 am)—After that depressing contribution from the other side I feel I must add a few matters by way of rebuttal. For a start, we did responsibly lift the levels on the safety net. You will recall that our original plan was to have \$500 and \$1,000 limits but the Independents, as I understand it, would have held up the bill had we not initially agreed to that. The fact that that was not sustainable shows that the government is right on its toes. It also shows that we are responsible and that we want to retain the safety net.

Mr Bowen—Why didn't you say so before the election?

Mr NEVILLE—Because we didn't know until after the election.

Ms Gillard—Excuse me, Mr Deputy Speaker—

The DEPUTY SPEAKER (Mr Wilkie)—Order! Is the honourable member for Lalor seeking to ask a question?

Ms Gillard—Yes, I am, Mr Deputy Speaker.

The DEPUTY SPEAKER—Is the member for Hinkler agreeable to the question being asked?

Mr NEVILLE—Not at this stage of my contribution. I find it galling that the opposition that is so self-righteous about the safety net did not even have any safety net in its policy—no safety net whatsoever, then or since, and with the promise of abolition. Of course, this depressing machiavellian scenario that the member for Lalor painted today, in which every little twist and turn that the minister seems to participate in has to be viewed through the prism of some sort of impending doom, is rubbish. The Minister for Health and Ageing and both sides of the House know that pharmacies have to be monitored very closely. If costs are increasing at about 14 per cent a year and you do not monitor these costs then you are left with one of two things: you end up with a blow-out—like the one of some \$10 billion the opposition had left us when we came to office in 1996—or, alternatively, you have to start cutting medicines from the PBS list, and none of us wants that.

The Health Legislation Amendment (Australian Community Pharmacy Authority) Bill 2005 offers us an opportunity to consider a range of issues affecting the day-to-day operations of the health care sector. This bill amends the act to provide for the pharmacy location rules and their administration by the Australian Community Pharmacy Authority to continue to operate until 31 December 2005. This is necessary because a joint review is currently being undertaken by the Commonwealth and the Pharmacy Guild of Australia in accordance with the commitment made in the third community pharmacy agreement. While this review is expected to report before 30 June 2005, the government needs time to consider the findings and recommendations of the review and, hence, the need to extend the existing arrangements until 31 December. This also means that the existing pharmacy location rules will remain in effect until that time.

As the Australian population ages, there is no doubt that our local chemists are taking on more and more responsibility and a more diversified role in cities and towns. Today there are 5,000 community pharmacies scattered across Australia. We find them everywhere, from city and regional shopping complexes to provincial city and suburban streets and small country towns. My respect for the Pharmacy Guild of Australia and for pharmacists in general is well and truly on the record, along with my admiration for the professionalism and services performed by community pharmacies throughout the country. I do not want to see the profession reduced to being an adjunct to supermarkets. I for one am pleased that this review into pharmacy location rules is taking place and that there will be a good length of time for the government to consider the report.

As I am a representative of regional Queensland, it should come as no surprise to members here today that I have a great interest in the location of pharmacies and the restrictions which are currently enforced. I believe an anomaly exists in the methodology used by the Australian Community Pharmacy Authority when assessing geographical location and the allocation of pharmacies. I have no argument with the general principle of restricting the unbridled proliferation of pharmacies. Nor do I have any problem with the use of a formula to decide those locations. But I do believe there are anomalies in the current methodology and, in the end, pharmacy services should be about people, not about formulas. I understand the necessity of having set criteria which must be met before a pharmacy, which supplies PBS subsidised medications, can relocate or be opened.

Ms Hall—Mr Deputy Speaker—

The DEPUTY SPEAKER—Order! Is the honourable member for Shortland seeking to ask a question?

Ms Hall—Yes, I have a question, and it is on what the member just said.

The DEPUTY SPEAKER—Will the honourable member for Hinkler allow a question?

Mr NEVILLE—Once again, I am not averse—

Ms Hall—Maybe if you hear my question first and then I am happy if you decline it.

The DEPUTY SPEAKER—The member is not obliged to receive the question if he does not choose to do so.

Mr NEVILLE—I want to develop my argument first.

The DEPUTY SPEAKER—The member for Hinkler may proceed.

Mr NEVILLE—I understand the necessity of having the set of criteria. I know the criteria must be met before PBS subsidised medications can be sold and pharmacies can be opened or relocated within a community. But in the case in point certain areas can slip through the net. I cite North Bundaberg in my electorate of Hinkler. North Bundaberg is separated from the rest of the city of Bundaberg. Traffic has a choice of two bridges to cross the river, whilst pedestrian movements are restricted to one bridge alone. There are roughly 4,300 people in North Bundaberg, which of course is not enough to demand a pharmacy in its own right.

The suburb is fairly diffuse in nature with five different clusters of housing and a floodplain between the older and newer sections. For this reason, the ABS has spread its statistical local areas over seven collection districts and, because there are fewer than 8,000 residents in any one of these SLAs, the community does not meet the criteria under section 60 of the pharmacy location rules. Quite frankly, the 8,000 in one SLA rule can only be satisfied in closely settled metropolitan areas or large provincial cities. It takes no cognisance of a small provincial city situation. North Bundaberg's dilemma is exacerbated by the fact that a further 12,000 people from the Burnett shire pass through North Bundaberg to access pharmacy equipped shopping centres and areas and the southern part of Bundaberg city.

As it stands, this area of approximately 16,300 people does not, and cannot, have a pharmacy in the most logical locality, because North Bundaberg itself, as the crow flies, is 1.5 kilometres away from existing pharmacies. I understand that this was reduced from a two-kilometre straight line distance in 2002, but I believe it should be revisited to take account of incidents that have arisen in places like North Bundaberg. This is a problem which cannot be reconciled under the existing guidelines. I believe this is a prime example of the need to look at the location rules.

In a nutshell, there is a suburb and a river with two bridges. The suburb has no pharmacy and is not likely, even with a new shopping centre being built, to satisfy the rules to have a pharmacy. I suggest to the Australian Community Pharmacy Authority that if there is a barrier, like a river or a train line that might have a crossing down each end—as the crow flies, the pharmacy might be quite close to the other side of the river or the train line but a considerable distance in real terms—that should be grounds for exemption. I am pleased that the government has delayed proceeding on this matter as it will give me time to press the case more fully.

Of course, I am not suggesting that the government allow pharmacy distribution to take place willy-nilly and, therefore, undo the work of the Pharmacy Restructuring Authority, which was established in 1990 under the Keating government. I support the broad principles of what the Keating government sought to achieve. The whole point of the PRA was to achieve more efficient distribution of pharmacies while maintaining the balance between efficiency and access and the containment of the cost of dispensing the PBS drugs. Between 1990 and 1995 the PRA oversaw the closure of 630 pharmacies, the amalgamation of 64 and the approval of 72 new pharmacies.

I now turn to another part of the bill which deals with an amendment to the Health Legislation Amendment (Podiatric Surgery and Others Matters) Act 2004 because of a misdescription. Although the amendment represents a minor technical change, I take the opportunity to encourage the government to go further with its support for podiatrists in general and surgical podiatry in particular. Podiatrists play an important part in maintaining individual mobility

and independence by alleviating painful foot conditions, particularly in people over 65. In fact, 85 per cent of people over 65 require a range of podiatric services, covering prevention, diagnosis, treatment and rehabilitation of medical and surgical conditions of the feet and lower limbs.

The latest report into the Australian podiatry sector, *Podiatry labour force 1999*, shows that Australia's ageing population drove demand for podiatric services. Logically the demand for podiatric surgery will continue to grow as our population continues to age. The podiatry work force has increased in line with that growing demand. In the eight years between 1991 and 1999 there was a 43 per cent increase in the work force numbers—much greater in growth than physiotherapy or optometry in terms of labour force numbers. At the last count there were 2,011 working podiatrists in Australia. On the other hand, the Australian Podiatry Council reports that there are only around 20 podiatric surgeons operating in Australia, and their services are restricted to private hospitals and a single public hospital in Adelaide.

Surgical podiatry has been around for some 27 years. Podiatric surgery is a specialised area of podiatric practice, with qualified surgeons having undertaken postgraduate training in medicine and surgery and successfully completed the requirements for admission to the Australasian College of Podiatric Surgeons. In the formative years of the discipline, students have to travel to the US, generally Canada, for their degrees. They are accredited under state and territory legislation subject to stringent professional and surgical standards and they are highly experienced in their profession. Bearing these facts in mind, I find it incongruous that surgical podiatry attracts neither Medicare rebate nor significant recognition from the private health insurance sector.

There are parallels here with the earlier recognition of oral surgeons. Up until 1995, when the profession moved to an MBBS degree sector, oral surgery was recognised for Medicare and health insurance purposes. This important evolving discipline was not penalised, whereas podiatry has been. The National Health Amendment (Prostheses) Bill 2005 gave our health insurance funds the choice to pay the theatre fees, bed costs and for prostheses for people with appropriate bed cover as a minimum. As it stands, private health insurance organisations can choose to cover these services but only to the minimum standard. They also have the option of covering a percentage of the professional fees of the ancillary table but there is no compulsion for them to do so and, despite the government's urging, most do not. Worse still, the professional fees of the surgical podiatrists themselves, the anaesthetists and the costs associated with them for podiatric surgery, do not attract any medical rebate whatsoever.

Surely, with Australia's ageing population and the growing demand for podiatric surgery, we need to be offering more extensive cover for elderly Australians. The Productivity Commission recently reported that one in four Australians would be aged 65 or more by 2044-45, roughly double the current rate. Logically, we should be preparing for the future health needs of these people sooner rather than later. Although I commend the government for the steps taken to lend further support to podiatric surgery under the Health Legislation Amendment (Podiatric Surgery and Other Matters) Bill 2004, I would like to see it taken further. The bill would have the opportunity to address listing podiatric surgery on the Medicare benefits schedule.

Our health system is in some ways comparable with those of the US and the UK, where podiatric surgery is well recognised and well supported. In the US, foot surgery is more com-

monly practised by podiatric surgeons than orthopaedic surgeons and has parity with them. It is recognised under their Medicare system and their Medicaid system, which supports individuals with low and limited incomes. In the UK, podiatric surgery is regularly performed in both public and private hospitals. It is part of the National Health System, and surgical podiatrists have consultant status. In Scotland, the discipline of surgical podiatry is about to be recognised by none other than the Royal College of Surgeons of Edinburgh. The fact that, on the whole, podiatric surgery is restricted to private hospitals in Australia and not covered by the Medicare Benefits Schedule means that our public patients face considerable out-of-pocket costs, if indeed they can access the discipline at all. This means that older Australians—those who most frequently require that type of treatment—face the added burden of cost when considering their health care expenditure.

Why is this the case when podiatric surgery is a highly successful and cost-effective treatment? It makes no sense. It is not as if these and allied skills are widely available; nor is there a plethora of orthopaedic surgeons, and certainly not in regional areas. Full rebate recognition widens the option not only for the vulnerable aid section but for all Australians. While I do not subscribe to conspiracy theories, one is inexorably drawn to the conclusion that there is some deliberate obstruction or subtle pressure to see that the profession is held in a rebate limbo. This is not acceptable. One wonders if the time has not come to start naming names and the funds that are not cooperating. I appeal to the Minister for Health and Ageing and the Medical Services Advisory Committee to reflect on these points and, when podiatric surgery comes under consideration for listing on the Medicare Benefits Schedule, I ask that they give it every consideration. I commend this bill to the House, albeit that it only contains minor amendments, with the qualification that I would like to see surgical podiatry recognised by both our public and our private health sectors, thereby delivering Medicare rebates and/or private health insurance coverage to patients requiring podiatric surgery, particularly those who are aged and disabled.

Ms HALL (Shortland) (11.32 am)—I would like to endorse the last comments of the member for Hinkler. There is definitely a need to look at surgical podiatry. It would benefit many of the aged people whom we all represent in this parliament if there were recognition through their Medicare payments and if the private health insurance companies decided to support such measures. I also join with the member for Hinkler in appealing to the Minister for Health and Ageing. If my support for his dealings with the minister will help in any way, I am happy to give it. Sometimes we can agree on things. I believe that it is a cost-effective way to deal with the issue and deserves to be supported.

The main part of my contribution will be directed towards the pharmacy agreement. It is most unfortunate that we are debating the Health Legislation Amendment (Australian Community Pharmacy Authority) Bill 2005 in the House today because it is all about the fact that the government was not able to get its act together and negotiate the agreement with the Pharmacy Guild of Australia prior to the time that the current provisions lapsed. The legislation provides for the extension of time of that agreement from 30 June to 31 December 2005. I sincerely hope that it can get its act together to conclude it by then.

Obviously there are some competing interests here, and I agree with the shadow minister that there is probably a bit of a blue within the Liberal Party about this. We have all been contacted by our local pharmacies, which I will talk a little about in a moment. I think the minis-

ter, the Treasurer and members of the government are hell-bent on pushing pharmacies into supermarkets. But they should be very careful about that because it will not necessarily develop the savings they believe it will, and I would encourage them to look at some overseas examples before they go down that track. This is a government that tries to walk both sides of the fence, and the fact that it has tried to walk both sides of the fence sees us in the Main Committee today debating a six-month extension. In speaking to the amendments put forward by the shadow minister I have to say that this issue definitely has not been dealt with in a timely fashion.

The next point that the shadow minister made was about the lack of transparency. We on this side of the House get so frustrated because every piece of legislation and every decision is made behind closed doors. There is no transparency, there is no open government and there is no taking the people of Australia into their confidence, rather it is deals done in the back room which all of a sudden come out and are placed before the parliament. While we are talking about health, one of the issues that I think is very hot at the moment is the Podger review. It has been lost somewhere within the government annals, and we wonder when it will be released. The Podger review is one that members on both sides of the House are very interested in; we are interested in learning the recommendations of Podger. But I think it is like this issue and there is a bit of a disagreement within the government. But we will see what happens there.

I believe a government is beholden to be transparent, to share negotiations with the parliament and with the people of Australia and to involve the parties that are subject to this negotiation, rather than at the last minute to throw something on the table and expect us to agree to it and expect the community to go along with it. We have the situation where people are being told what to do; they are being told to like it or lump it. Consequently, what happens on many occasions is that we are presented with bad legislation. This is a classic example of a government walking both sides of the street. Look at the fact that it has commissioned reports all over the place—it was interesting to hear the shadow minister say only a few minutes ago that Woolworths CEO Roger Corbett had indicated that he had been asked by Minister Tony Abbott to prepare a report and that that had led to a turnabout in the way the minister views the whole situation.

As I mentioned a moment ago, I have been contacted by pharmacies in my electorate. I believe that pharmacies play a vital role in each of our communities, particularly in regional and rural areas, because quite often they are the frontline health provider. They provide over-the-counter information to people when there is not a doctor available. Certainly in my electorate, with its great shortage of doctors and inability of people to access an appointment with their GP, people have had to rely more on their community pharmacist. Having that personal service devolved to a supermarket and having a situation where you can no longer go along and see your community pharmacist I think would be a great loss to communities in Australia.

I understand that the government needs to look at cutting costs. It is a government that has been faced with a blow-out in the cost of pharmaceuticals, but I have to put on record that that blow-out was known on 27 September, and I was really surprised when the previous speaker, the member for Hinkler, tried to abrogate responsibility on behalf of the government. He is an honourable man, but to try to mislead the House by saying that it was something that came about after the election I found quite disappointing. He is a man of fine character and a man

who, I believe, always tries to put things in a correct light, but on this occasion he did not, because that was known on 27 September. I will leave it to the House to consider that matter.

The government is really hedging its bets here. There has been an increase in the cost of pharmaceuticals, but that is no surprise. We have known that was happening for some time. But the way the government has gone about solving the problem is very second class. The government is looking to make substantial savings in the area and, even though the Prime Minister and Tony Abbott made commitments to community pharmacies, their promise to give this profession protection is going to be one of those many non-core promises that we on this side of the parliament have become so accustomed to seeing.

Mr Bowen—Ironclad.

Ms HALL—Yes, it is not a rolled-gold promise. There is no guarantee with this health minister that he will ever deliver on a promise, and I am afraid I have to say that to the pharmacists that I speak to. On Saturday, I was speaking to Willie, who is the pharmacist from Lake Munmorah in my electorate. Willie comes from Scotland and he has been a pharmacist in the UK. He has worked under a system where pharmacies were allowed to operate within supermarkets. He said to me that the government is deluding itself if it thinks it can maintain the same quality of service that is provided to people at the moment and if it thinks that the cost cuts that it expects will be delivered.

The government really needs to look at this very seriously. It should not rely on a letter from the CEO of Woolworths, Roger Corbett. Rather, it needs to look at overseas experiences. We know that the government is very sympathetic to deregulation, but it should be very careful about it and look at what has happened in the US. It is interesting to note that in the US, which has a very deregulated pharmacy sector, it has been found that only 42 per cent of American adults received any verbal advice about their medicines, and in only 19 per cent of cases did pharmacists advise of possible side effects.

Here in Australia, you go into a pharmacy, you are given your medication and the pharmacist talks to you to point out side effects which could occur. On one occasion, I was given very good advice from a pharmacist about foods I could eat with a particular medication. One of the foods the pharmacist suggested I did not eat was a food I ate regularly. The consequences of my eating that food would have been that I would have ended up in hospital very sick. That is the kind of advice you get from your community pharmacist and that is the kind of advice we want to protect. We want to ensure that the people of Australia, whom each and every one of us in this House represents, get quality advice.

It is also interesting to note that in the US the rate for hospital admission due to medical misuse is approximately twice the rate in Australia. To my way of thinking, this does not look like the way to go. We on this side of the House have said on many occasions that Australia's Pharmaceutical Benefits Scheme and health system is looked at as being one of the best in the world. Unfortunately, this government is eroding many of the very fine aspects of our system.

Pharmacies are not another milch cow that the government can get money from. Pharmacies are an institution within Australia. Pharmacies are there to provide the kind of support that each and every Australian needs and deserves. If this government goes down the track of deregulation and pushing pharmacies into supermarkets, it will be just like going along to buy

your eggs in the supermarket. You will hand your script over the counter, it will be given to you and you will not have the same care, treatment and advice that you can get at the moment.

It is also interesting to know, when we look at the agreement, that it was introduced at a time when the Howard government and the PGA were engaged in negotiations over the pharmacy agreement. Whilst the sensitive negotiations were being conducted behind closed doors, a lot of discussion was taking place in the media. I have discovered that this government will float something in the media to see what sort of response they get from the community. If it is not too bad, they will go down that track. If it is somewhere in the middle, they will try to negotiate their way around it. This issue has been very prominent in the media. Players on all sides have been involved. The drug wholesalers were worse than the AMA and the government have been walking both sides of the fence, ever vigilant in not making a commitment.

This government needs to look at what will truly benefit Australian people, at what will deliver the best health outcomes to Australians. This is not about saving money. It is important that we look at ensuring that all legislation takes account of financial implications. The bottom line is that this is about the health of Australians and about delivery of the medications that Australians need. It is about ensuring that they get the correct advice when they receive medication from a pharmacist and it is about making sure that we have a state-of-the-art pharmaceutical scheme in Australia. We do not want this government and this minister to further dissipate our health system and go further down the track of pushing us towards the American system where they have twice the number of admissions to hospital of people who have problems through not following advice. I call on the government to do the right thing and look after Australia's interests by ensuring that the pharmaceutical agreement is delivered on time in June, taking into account the needs of the Australian people.

Mrs HULL (Riverina) (11.50 am)—It appears today is the day for my defending two wonderful industries against much attack mostly in the media, which has been trying lots of times to distort the real truth and real issues surrounding these industries. Firstly today it was defending the rice industry and now I have to stand and defend community pharmacies. In doing so, I would like to acknowledge the Health Legislation Amendment (Australian Community Pharmacy Authority) Bill 2005. I welcome this bill into the House simply because it will amend the National Health Act 1953 so that the Australian Community Pharmacy Authority and the pharmacy location rules that are currently in place will remain in effect until 31 December 2005. That will provide benefits to all people because, given the decisions and things that have been raised in the media in the last few months, the industry will have time to certainly refute many of the allegations that have been targeted towards community pharmacy. So it is with great relief in fact that I rise to acknowledge the Minister for Health and Ageing's sensible actions in putting this bill into the House to enable this process so that all aspects of community pharmacy, including location, are able to be continued and to provide security until 31 December in order for everything to be put on the table for discussion.

In my speech today supporting community pharmacy, I wish to bring to the House's attention that I have had reason to be up on my feet many times—and in conducting many conversations and interviews in my electorate over the past five years—supporting community pharmacy and its value, given the intentions and actions that we have seen in past times to try to deregulate this very important rural and regional component. I have always railed against any attempts at deregulation, and I rail against deregulation right now. At an Australian Medi-

cal Association breakfast some months ago, I had cause to bring the AMA to task over some of their comments at that breakfast, and particularly over some of the comments in material that they had circulated. In fact, the Australian Medical Association had advised me:

The Government pays out more than \$5b in contributions to the PBS and pharmacists take 33% of this on the way through.

In correspondence to me dated 7 March and received by me on 14 March, the Federal President of the AMA, Dr William Glasson, said:

This is a huge sum of money. We cannot allow it to continue to grow as the PBS total expenditure figure grows. It needs to be determined in a competitive environment. The money that is saved can be returned to the PBS in the form of new listings or fewer restrictions on existing listings.

I then had to write back to the federal president of the AMA and say:

You have stated that pharmacists take 33% of the \$5 bill contribution to the PBS; it is my information that this is incorrect. I understand that in 1990 the figure was 36.4% and in 2004 it was 20.7%, whilst manufacturers and wholesalers have increased their share from 63.6% in 1990 and to 79.3% in 2004.

I went on to explain to the president of the AMA:

Since the three agreements have been in place the gross PBS margin before expenses has gone from 36.4% in 1990 to 21.1% in 2003. The gross margins have fallen every year yet costs on average have increased by 8% per year, this is double the rate of inflation.

I would like to clearly articulate that, while figures can be bandied about in all areas, some pharmacists have provided me with some very valuable information. In a basic sense, it is about how well pharmacy has fared under the three agreements. Overall, they tell me, pharmacy gross margins before expenses in 1990 were 36.4 per cent. In 2003 they were 31.2 per cent.

I want to talk about the PBS, which is the topic of conversation here. The PBS gross margin before expenses in 1990 was 36.4 per cent and in 2003 it was 21.1 per cent. It has been reducing, as opposed to the media hype and campaign that we have seen in the last few months saying that pharmacies are getting an enormous whack. In fact, it is reducing all the time. The PBS gross margins have fallen every year since 1985, so the minister's past and present support for community pharmacy is well realised. It is something the pharmacies are doing, beyond the call of duty and well in excess of the PBS gross margins, that is providing security and comfort, particularly in regional communities.

There have been large increases in the average expenses per pharmacy. The average total expense increased by over 32 per cent in the first three years of the third agreement. Since the start of the first agreement, expenses have increased by an average of eight per cent per year; again, this is more than double the rate of inflation. Community pharmacy facts also tell me where the PBS dollar goes. They tell me that the remuneration for the manufacturer/wholesaler before expenses per PBS prescription is fairly significant. It was 7.98 per cent in 1990 and 28.39 per cent in 2004. It is when I look at pharmacy remuneration before expenses as a percentage of average prices and manufacturer/wholesaler remuneration as a percentage of average price that I see a difference. It was 36.4 per cent for pharmacy remuneration in 1990 and 20.7 per cent in 2004. The manufacturing and wholesale remuneration was 63.6 per cent in 1990 and 79.3 per cent in 2004. The community pharmacy share of the PBS has fallen from 36.4 per cent in 1990 to 20.7 per cent in 2004, while the manufacturers and wholesalers have increased their share from 63.6 per cent in 1990 to 79.3 per cent in

2004. Rather than community pharmacies getting this huge increase, the facts that they have provided to me indicate that the reverse is true.

Some of my pharmacists have put some issues to me in writing, and I will quote some of their comments. One of them says:

The campaign of lies and misinformation being spread in the media to discredit Pharmacists and the Pharmacy Guild remind me of the lies before the HIH crash. If they succeed many Pharmacies will close and I will be pushed out onto the age Pension.

Another pharmacist writes:

It should be stressed that private prescriptions account for only 5% of all prescriptions dispensed & each pharmacy is able to make a business decision as to what mark-up is charged. This is an extremely competitive part of the market and I doubt whether mark-ups at the level claimed by the ACA are being charged.

... ..

As for the other 95% of prescriptions (those covered by PBS) the mark-up is set at a maximum of 10% & reduces to 4% for higher-priced items.

Those are not the sorts of figures that we read in the media coverage on this issue. The pharmacist goes on to say:

With regard to the further "additional patient charge" of up to \$3.36, this amount is contained in the Third Guild/Government Agreement.

The important point to be made with regard to this extra charge is that its effect is to keep prices down for prescriptions under the maximum co-payment. If this charge was to be removed, as the ACA demands, there would be no constraint on pharmacists charging what they like for what in fact are private scripts.

That is five per cent of the market, remember, not the 95 per cent. The pharmacist goes on to say:

So rather than reducing prices in this area, they are more likely to increase, at the consumers expense.

... ..

I am sure that this is not what the ACA is wanting.

Another of my pharmacists wrote to me and indicated that he has great concerns about any cuts that might be made to pharmacies' bottom lines. This pharmacist lists some of the questions the pharmacy will have to address about what to cut:

- Free home deliveries to the elderly? Reducing their independence and ultimately putting greater costs on the healthcare system?
- Subsidised Webster packing services? Thereby increasing incorrect use of medicines, again putting greater costs on the PBS and/or health-care system?
- The three trainees it employs? Thereby adding to skill shortages and unemployment benefits costs?
- The number of pharmacists it employs? ...
- Our pharmacy acting as a Diabetes Australia sub-agent? This entails extensive counseling and supplying of diabetes management with no remuneration to our pharmacy.

There is no remuneration for fulfilling that very important service for diabetes. These are things that we find in community pharmacy every day. The pharmacist also asks whether the pharmacy should cut:

- The stocking of high cost-low use medications to reduce its exposed to out-of-dates? Thereby reducing the accessibility to medications.
- The number of trading hours? The final hour's trade of each day is unprofitable but our pharmacy remains open to meet the needs of patients when doctors are running behind schedule.

These are issues that pharmacies are confronted with every day. Another of my pharmacists wrote to me:

- For many years our gross profit has been falling each year as our expenses rise, no matter how well we try to buy our stock.
- If margins are further reduced you can expect to see pharmacies close (disastrous in one pharmacy towns)—

it would be a disaster in my one-pharmacy towns, I can tell you—

and staff dismissed or not replaced and services diminish, eg we lose about \$6000.00 per year in providing the Government funded NDSS scheme for diabetics.

- The increasing cost of the PBS is not due to Pharmacy but the listing of many expensive drugs on the PBS.

He goes on to say that the drought is certainly having a negative effect on his business. Another of my pharmacists says:

I have growing concerns at the misrepresentation about the Pharmacy Guild (and the practice of community pharmacy by implication) by the media, and other organizations, including the AMA. This seeming smear campaign is unfounded.

I can only hope that the misinformation provided by the ACA (ie pharmacies charging 75% mark-up on private prescriptions) is seen for what it truly is, blarney.

I have in the recent past worked in many pharmacies across NSW and can say that never have I seen such a high mark-up employed.

Another of my pharmacists says:

Pharmacists provide many services to the public that we are not reimbursed for such as counselling about medications and self-limiting conditions; blood pressure, glucose and cholesterol level monitoring; Webster-paks—

which, as we all know, are dose administration aids—

which all aid to improve the health of the average Australian and assist with reducing doctor and hospital workloads, thereby reducing costs to medicare (through reduced patient visits for simple conditions).

We all recognise that, particularly in rural and regional areas. As I said, I took on the AMA over my inability at times to attract doctors for my communities. That is a very important issue as well. Another pharmacist says:

My business and the security of my customers rely on a strong distribution network of PBS medicines supplied by full line wholesalers. Anything that threatens this relationship is irrational ...

The wholesaler's provision of the full range of PBS medicines and the Guild agreement form the basis of the country's medicine policy. The PBS system would break down if this chain were broken.

The costs of providing the infrastructure to deliver and store dangerous or cold chain pharmaceuticals would be prohibitive if this had to be borne totally by the pharmacists themselves. It is not feasible for full line wholesalers to provide PBS medicines to rural and regional NSW as it is. Under this proposal we run the risk of losing this community service once and for all.

I will read from a letter from a student studying at the very successful pharmacy course at Charles Sturt University. Of course, we all knew that we could not attract pharmacists outside the 'sandstone curtain'—perhaps one or two of the many pharmacists that were graduating from sandstone universities would be attracted to rural and regional areas. Since Charles Sturt University in Wagga Wagga started offering pharmacy, we have retained about 39 out of the 42 pharmacists that have studied and completed their degrees through Charles Sturt University. We have retained them in rural and regional areas, proving my contention that if you provide opportunities for them to train in rural and regional universities you will retain them in rural and regional areas. This student says:

I am writing to you as I am extremely concerned about the current hostile climate toward my future profession. In the past two weeks pharmacists have been the subject of several negative and belligerent press reports regarding our profession and unwarranted barbs from political organisations such as the AMA and Choice Magazine.

I am writing this letter to put a human face to the importance of the success of the Guild-Government negotiations over our Fourth Agreement.

As a final year pharmacy student at Charles Sturt University I am being taught to be patient-focused and to always put our patients' health first. What price can you put on this?

I ask you: what price can you put on this?

Society knows pharmacists are the most easily accessible health professional, and we don't charge for this service. In a rural setting, pharmacists are often the first point-of-call due to the lack of General Practitioners and other health care professionals. It is a service we are trained for and provide willingly, however if the current push towards deregulation goes ahead, then I fear that the public will suffer dramatically from the changes.

The media is currently trashing my future profession with no regard to the consequences.

I think that sums up the very good reasons why we must resist at all cost this apparent move to have pharmacies in our supermarkets.

We have to establish a healthy respect for pharmaceuticals so that only trained people administer pharmaceuticals. Unless we have that healthy respect from the public then we are going to have an ever-burgeoning blow-out of the PBS. The public need to recognise, as they do when they go to a doctor, that there is a trained professional to deal with their ailments professionally, and we have to continue to pursue public recognition of pharmaceuticals as a specialist dispensing process. If you sit these pharmaceuticals within any area in a supermarket, the respect that you need for pharmaceuticals as something that you use only with the advice of your doctor and qualified and highly trained people will diminish. They will be overused, as many of our products on supermarket shelves are. I will continue to resist any push towards deregulation of pharmacies, particularly community pharmacies. But I also say that I respect and appreciate the minister's great commitment to ensure that community pharmacies are treated with respect and dignity.

Mr JENKINS (Scullin) (12.11 pm)—I thank the committee for this opportunity to make a brief contribution to this debate. The legislation that we are amending here is to extend the provisions of the pharmacy location rules to operate beyond 30 June to 31 December. This is necessary as there is continuing discussion about the fourth community pharmacy agreement between the industry and government and it is an opportunity for us to reflect upon the state of the pharmacies as part of the health sector. I think that it is important to reflect, as other

honourable members in this debate have done, that this should be looked upon as a professional service. One of the things that concerns me from time to time is that, because the PBS is really very much dependent upon the drugs that are listed and the cost of those drugs, we get so tied up that that is the only element considered in the provision of medicines to the Australian public.

The endpoint, where a script has been written out by a medico, is of course when that script is dispensed at a local pharmacy. That is a professional act of a person who has undergone great training. Any remuneration that person gets should reflect the professional input. One of the difficulties we have sometimes is that, because it has been intertwined with the cost of the medicines, the cost of pharmaceuticals that are dispensed is often forgotten. When we have a debate about discounting from wholesalers and the like, whilst I understand the importance of that to the economics of the way in which a community pharmacy operates, I hope that it is not overly stressed as being of importance to the way in which we look at the service provided by the pharmacist. It is that service that the Australian public pays for as part of the overall PBS. It is the pharmaceuticals that are important with the value adding of the professional service that is made by a pharmacist herself or himself. That was the reason I wished to intervene. In my discussions with people, along who hold positions within the Pharmacy Guild and with community pharmacists in my electorate, I have been concerned that that may have been ignored.

It is exacerbated by what I believe to be an unnecessary furphy in relation to the setting down of the fourth community pharmacy agreement, and that is the supermarkets' drive to get access to dispensing pharmaceuticals as part of the whole range of goods that they have. I say to that push: it is no use mounting an argument that the actual pharmaceuticals, the medicines, are another good placed on the shelf in a supermarket. That is not the argument. The argument is about what would be required by supermarket chains to ensure that the same professional services provided in community pharmacies are made available. The heads of those supermarkets have to get their heads around that comparison and not the comparison that pharmaceuticals, as a good on the shelf, can be looked upon the same as a can of baked beans or a box of cereal: by comparing margins. That is a nonsense and it undervalues the fine work that pharmacists do in their community.

Much has been made in this debate about the free services provided by pharmacists sometimes not being recognised. The overall agreement has to recognise that a lot of these services go unrewarded in a direct sense. They are part of the very effective chain of community pharmacies Australia has developed in the overall health service it provides to the public. It was not my intention to delay the committee in the discussion of this bill, but yet again to take the opportunity to stress the importance of professional input as a factor in the way the government—any government; I am not having a go at the present government in this case—comes to these types of agreements. Anybody who was around during the second agreement—it may have been the first—understands the political pain the Labor Party took at that time. In the only partisan part of my contribution, I note that I have not yet seen the same amount of heat placed under the coalition. But I hope that it is not required, and that this agreement can come through. However, it is important that we recognise that everybody has to take a share in looking closely at the PBS. I understand the difficulties for the government as this portion of our health budget becomes larger. Often I wish we did much more detailed

economic analysis of the savings that result from having such a successful PBS. In this argument, that is another aspect that we do not develop enough.

In the present discussion about this agreement between the pharmacists and the government it is important that from the outset we recognise the professional input of pharmacists. That should be utmost in the minds of those seeking to ensure that pharmaceuticals are made available at an affordable cost to the Australian public. The contribution of pharmacists should not be undervalued.

Mr PYNE (Sturt—Parliamentary Secretary to the Minister for Health and Ageing) (12.185 pm)—Mr Deputy Speaker, I thank you for the opportunity to sum up the debate on the Health Legislation Amendment (Australian Community Pharmacy Authority) Bill 2005. On behalf of the Minister for Health and Ageing, Mr Abbott, I thank those members of the House who have made a contribution to the debate. I note the erudite contributions of the member for Hinkler and the member for Riverina on our side of the House and the contributions of the members for Lalor, Shortland and Scullin on the opposition side of the House.

This is a very simple bill. As the House would understand, the government is currently in negotiations with the Pharmacy Guild and others with respect to the Fourth Community Pharmacy Agreement. Those negotiations are not yet complete, but the Third Community Pharmacy Agreement runs out on 30 June. In order to facilitate a continuing set of arrangements that benefit pharmacies and consumers and the government beyond 30 June, it is necessary to pass this small technical bill to extend the deadline to 31 December 2005. That is what this bill achieves, and it seeks to do nothing more. I obviously reject the pious amendment of the opposition, which seeks to attach to a technical bill a matter of public policy debate. I commend this technical bill to the House.

Question agreed to.

Original question agreed to.

Bill read a second time.

Ordered that the bill be reported to the House without amendment.

CONDOLENCES

Hon. Sir Johannes (Joh) Bjelke-Petersen KCMG

Debate resumed from 12 May, on motion by **Mr Abbott**:

That the House take note of the document.

Mr TRUSS (Wide Bay—Minister for Agriculture, Fisheries and Forestry) (12.20 pm)—On resumption of the debate on the condolence motion recognising the extraordinary contribution of Sir Joh Bjelke-Petersen to Queensland and Australia, we are discussing the life of one of the most remarkable people in Australian political history. Sir Joh dominated the Queensland scene for two decades and was truly the father of modern Queensland. While his social and political views were proudly conservative, he was aggressively progressive in his approach to life and to the development of Queensland. As Premier, he transformed the state and championed its development. He vigorously supported the establishment of the state's mining industry with its associated new towns, rail lines, airports and other infrastructure. He believed in tourism and enthusiastically promoted the state and encouraged the development of tourist

resorts and attractions. Despite the cries and objections, including some from his coalition colleagues, he abolished death duties and began the sun-belt surge of retirees to Queensland.

Sir Joh never spoke with greater passion than when he was reporting on the list of major new projects coming to Queensland. He was famous for measuring the state's progress by observing the number of cranes working on the Brisbane skyline. He was always prepared to back people with innovative and progressive ideas. In the end, some of those people did not deserve his support, but others brought massive development, new jobs and new technology to Queensland. He realised that a truly progressive state also needed to provide better social services. So he built new schools, universities, hospitals, stadiums and art centres.

Sir Joh was constantly the subject of criticism from the capital city media and the academic intelligentsia and to this day many of these people have sought to entrench in history their somewhat jaundiced version of his contribution to Queensland. He achieved his extraordinary political success by appealing beyond the experts direct to the people. He always told it as he saw it, not in eloquently composed orations but in a style that real people understood and appreciated. He connected with ordinary Queenslanders, who believed that he was also fighting for them when he was fighting for Queensland.

Under Sir Joh, Queenslanders started to believe in themselves and Queensland became the can-do state. The Brisbane Commonwealth Games were the best ever, and when other states said they could not manage Expo 88 Sir Joh was quick to volunteer Queensland. It was a golden era and created the foundation for future generations of progress and development. Sir Joh believed passionately in Queensland and the rest of the world simply had to take notice.

The people of Kingaroy and district were intensely proud of Sir Joh and re-elected him as their member of state parliament, with ever-increasing majorities, for 41 years. To this day, the town of Kingaroy and Sir John are synonymous.

Sir Joh was born in New Zealand, but he lived most of his 94 years on the family property Bethany near Kingaroy. His poor beginnings as the son of a Lutheran pastor helped build the character and determination which powered his life. His childhood poliomyelitis left a characteristic limp which seemed to strengthen his resolve to battle hard irrespective of adversity.

Sir Joh was also innovative, owning one of the first tractors in the Kingaroy district and then equipping it with lights so that he could work into the night. He built a peanut thrasher and travelled around the farms as the fledgling peanut industry became established in the region. His contract business extended into scrub clearing when he bought an ex-army bulldozer.

Sir Joh was a pioneer in aviation, particularly agricultural aviation. He once had a fleet of 16 crop-dusting aircraft. Much of his future success as a member of parliament and as Premier came from his unique capacity to travel the length and breadth of the state as a pilot, landing in many remote country towns that had never previously seen a state leader. He had an enthusiastic campaign to build airstrips across the country. Many country towns and, in particular, Aboriginal settlements in northern parts of Queensland had airstrips built during that era— airstrips which, of course, have been vital to maintaining those communities in the years ahead.

He always worked hard and seemingly tirelessly. He gained great strength and confidence in the security of his Christian faith. He taught Sunday school and was a lay preacher, even

after he became Premier. A conservative also in the church, Sir Joh keenly pursued the church's mission outreach and took a particular interest in the Aboriginal communities, especially in Northern Queensland where the Lutheran Church had provided pastoral and community care.

When Joh met and married Florence they created a wonderful home, but the union also began a formidable political team. Florence provided extraordinary political support and was widely referred to locally as the 'de facto member for Barambah', taking care of local needs while Sir Joh was busy on wider tasks. When Florence's own political career began in the Senate, all of Australia quickly learnt that she was also a wonderfully able political representative on her own account.

For me, it was a special privilege to grow up with the Bjelke-Petersen family in the same town, the same community, the same church and the same political party. I had the privilege also of being Mayor of Kingaroy for the last seven years of Sir Joh's premiership. Even though Sir Joh and Lady Florence were always on the state and national stage, they always remained friends with everyone in their home community. They met with queens and prime ministers but still had time to help in the local church, to work with the P&C and to do what they could to help people in need.

Sir Joh always had his critics in the city and other parts of Australia, but he enjoyed enormous local support. The budgets for his state election campaigns were only a few hundred dollars, but he still commanded huge majorities. I have vivid memories of the big crowds who would come to Barambah National Party meetings just to hear Joh talk for hours about the events of the past weeks and months. How many newspaper scoops were missed because the major newspapers were never there?

Towards the end of his 19 years as Premier, Sir Joh's opponents became more intense and frustrated by their inability to succeed in the ballot box. As Peter Beattie said at Sir Joh's funeral, he had the remarkable distinction of never having been defeated by either the people or the National Party. As so often happens with these terms of office, they end because of the arrangements internally.

The politically driven Fitzgerald inquiry strayed way beyond its terms of reference in a determined attempt to discredit Sir Joh but, in the end, came up empty. It is one of the tragedies of Queensland politics that Sir Joh's career was to end with such bitterness and legal expenses rather than the praise and honour that was really due to him.

Even in failing health in later years, Sir Joh never lost his enthusiasm to pursue more major projects in Queensland. In one of my last conversations with Sir Joh he was still arguing the need for a major new airport project between Brisbane and the Gold Coast.

I was with Sir Joh only a couple of hours before he died—with his family, hymns playing quietly in the background and his son-in-law, Noel, reading Bible passages. The quiet courage of the family certainly was evident and made its impact on all those who were around. In one of our hymns there is a final sentence which says 'God grant a Christian death'. This prayer was certainly answered for Sir Joh in his last days.

I extend my sympathies to Florence and to his wonderful family. Kingaroy has certainly lost its most famous son. More than a decade after Sir Joh's retirement, one of the Brisbane newspapers that had always been a critic of him during his lifetime conducted a poll amongst

its readers and, overwhelmingly, readers chose Sir Joh as the greatest Queenslander of all time. For me Sir Joh was a political hero and a mentor. I admired his courage, his determination, his hard work and his willingness to stand up for what he believed was right, even in the face of derision and ridicule. Despite his physical frailties and hardship, he was strong, committed and successful. He is the greatest ever Queenslander because more than any other he made Queensland great.

Mr HARDGRAVE (Moreton—Minister for Vocational and Technical Education and Minister Assisting the Prime Minister) (12.30 pm)—I choose to speak in this condolence motion because I was one of the chooks of the parliamentary press gallery in Queensland, at various times interviewing Sir Joh Bjelke-Petersen and at various times being an audience to one of his great orations and the way he fed the chooks. On the first occasion I was trembling and, with enormous trepidation, went into the executive building to the press conference room that Allan Callaghan, his press secretary, had established for people to hear his comments. Plenty of ‘Don’t you worry about that’ were always offered to many of the questions that perhaps many of us would have attempted to answer.

I must say that, in honest reflection on Sir Joh, I agree with Minister Truss: he certainly was a great Queenslander by any measure. I had the opportunity from the 20 or more years ago when I first met him to the six or seven years ago when I last spoke with him to confess that I had a love-hate relationship with him. As a member of the Queensland Liberal Party you could imagine nothing else. He thought it was a bit of chuckle that I at least said to him—and I mean this most sincerely—that there were some enormous moments of great conduct for which Queensland and Queenslanders owe an enormous debt to Joh, but there were some enormous moments of poor conduct that those around him conspired to deliver and whom he, to his enormous credit as a person who defended people close to him, chose to defend.

I do not think the Leader of the Opposition distinguished himself well in his contribution to the condolence motion in the main chamber of the House. He was talking about defining moments. As tempted as I am to say that I hated being caught every Friday afternoon in street marches in Queen Street in Brisbane when you could drive down it, I was so pleased that Sir Joh put an end to them and built the Roma Street forum and said, ‘Go and protest there. We can have free speech. Have your discussion there but don’t shut down the traffic.’ The power dispute in the mid-1980s was an enormously defining moment, when a bit of commonsense and some good government ensured that the power stayed on and that those thugs in the leadership of the unions could not hold Queenslanders to ransom. I suspect that his greatest defining moment was the way he helped to bring down the Whitlam government—

Mr Brendan O’Connor interjecting—

Mr HARDGRAVE—and the way he nominated Albert Patrick Field to replace Bertie Milner instead of Dr Mal Colston. It would be interesting for the member for Gorton to realise that Dr Mal Colston was Labor’s nominee on that occasion. So Sir Joh played a key role in the crisis which ultimately brought down the Whitlam government.

Sir Joh Bjelke-Petersen had an enormous amount of personal strength and influence. As the member for Wide Bay, Minister Warren Truss, rightly pointed out, he brought enormous simple strength to what he set out to do and you were either with him or agin him. On the failing side of things, he had a blind spot about a public accounts committee—a belief that it was some sort of left-wing conspiracy to be accountable to the people through the parliament. It is

ironic, when you look back on it, that had it been put in place it probably would have prevented so much of what ultimately led to his downfall. Indeed, there is a lot of poor writing of history by those who profess to be journalists in this nation today in the way they are colouring public opinion against a man who achieved so much of the growth that we have in Queensland and indeed, through it, in Australia today.

Sir Joh Bjelke Petersen's personal failings, therefore, would extend to the fact that he trusted a lot of people we could rightly describe as spivs, who gathered themselves around him. The last occasion that I saw him was in 1998, ironically at a Liberal Party fundraiser, I want to put on the public record. He was there helping to raise funds for his friends, the Deen family of Brisbane. The Deen brothers had one of their sons running as a Liberal candidate in the state election that year. Sir Joh assured me that under great tall trees often grow weeds. And there is no doubt that weeds grew under the great tree of Bjelke Petersen. Those same people seem to infect and inhabit the halls of power in Queensland today, and the current state government will no doubt find that the spivs that are their friends will bring them down as well.

The people of the mid to late 1980s got a little overexcited, and the 1986 state election, which was a resounding success for Sir Joh and his party, built off boundaries that were very suspect. In his *Working the System* book, Dr Peter Coaldrake, an academic, noted that I as a journalist had asked a question of the then commissioner in charge of the electoral redistribution that year about the settlement of Wujal Wujal. This was an Aboriginal settlement that was excised completely; a line was drawn around it and it was attached to the seat of Cook because within the legislation was a requirement that Wujal Wujal be attached to the seat of Cook, which voted Labor. This, of course, protected the marginal National Party seat of Barron River. That was the way the system, which he had inherited from his days of watching the Labor state government prior to the change of government in 1957, operated. It was the gerrymander that was refined so well, particularly by the National Party, after the Liberals left government.

Sir Joh's enormous power broke my party's heart in 1983. It was Sir Joh who actually tore up the coalition agreement between the Liberals and the Nationals by his refusal to accept Terry White as his deputy premier. Yet it was the Liberals who have to this very day in public discussions seemingly copped the blame for the break-up of that coalition, because it was Sir Joh's ability as a very practical, straight-talking politician to garner so much support behind his argument against so many others. It is important to note that he rightly deserves credit for many things, but it is credit that he should rightly share with others, and I think history should reflect that good partners in government with him, from Sir Thomas Hiley through to Sir Gordon Chalk and Sir William Knox, established so much of the economic strength of Queensland today.

The establishment of coal rail freight charges as tax deductible commodities, which saw the Commonwealth essentially subsidising Queensland's bottom line through those arrangements, was done by people like Tom Hiley, Sir Gordon Chalk and Bill Knox. All three of them are gone and all were great Liberal Party leaders. Between them, they managed to keep things working very well.

It is important to know that Sir Joh Bjelke Petersen almost lost his premiership in 1974, the year of the great Labor Party rout, when the Labor Party state team was reduced to just 11.

Tom Burns, former Deputy Premier, was the one and only person able to lead the party after just two years experience in the parliament. Labor lost their leader that year, 1974—Perc Tucker in Townsville—and Joh almost lost his premiership because a few thousand votes across a handful of seats almost delivered the majority of non-Labor votes to Liberal Party candidates. The refining of the electoral boundaries to favour the National Party ahead of the Liberal Party really did become a work of art after the strength of Sir Gordon Chalk left the scene in 1976 and brought Joh into the enormous sense of folklore and prominence of power.

It is important to note that, ever since Sir Joh has gone, Queensland has really been without strong leadership on the non-Labor side of politics. That Peter Beattie tries to style himself as some latter-day Joh is part of the sort of farce and irony that still is Queensland politics. Parliament in Queensland is still perverted by the Fitzgerald inquiry. The member for Wide Bay was right to say that it extended its remit to try to inquire into allegations of corruption—allegations of corruption borne out of investigations made by people in the media. I must say that when I was working for both the Seven Network and the ABC I was one of those who did countless stories about levels of police corruption and genuine concerns about failure of proper accountability. I was hanging around in all sorts of places at all sorts of hours of the night with film crews and tape recordings to put to air and to publicise matters that should never have occurred but did.

Yet the Fitzgerald inquiry's only great scalps seem to have been political. They sent a constituent of mine, Leisha Harvey, to jail for hair care cosmetics. They sent Don Lane to jail because he happened to drop in to visit his property after going out and visiting railway workshops in part of south-east Queensland. When you reflect upon it, these were all absolutely bizarre and were in fact a pathetic indictment of how far Fitzgerald went.

I and those opposite have criticised the boundaries during the Bjelke-Petersen era. What is even worse is that the boundaries in Queensland today are far more corrupt than they were then. The boundaries today reflect an enormous amount of variation. In my own electorate we have seats that go from 28,000 to about 16,000, all within the metropolitan area of Brisbane. The seats favour the Labor Party, as it stands. The Electoral and Administrative Review Commission, established out of Fitzgerald, established so-called fair boundaries. I know the current Queensland government have an exaggerated number of seats within the Queensland parliament and I do not think Queensland is necessarily very well served at all as a result.

The role of parliament, which the Liberals sought to reform all through the 1970s and into the 1980s and over which they paid an enormous political price, was not reformed out of Fitzgerald. I believe the role of parliament was always at the heart of what could have preserved and endorsed the tremendous legacy of Sir Joh Bjelke-Petersen. But I do stand in the final equation to praise this man because of the strength of vision and personal determination he brought to the task. I do not think, as a Christian, he would have seen himself as perfect. To be fair, I have offered some observations about what I saw as some of his flaws—but flaws perhaps based on his own strength. The fact that he was used by people about him should not be dismissed as an irrelevant aspect of reflection upon him.

We all know and love Lady Bjelke-Petersen, Flo, whom I tremendously admire. I got to know her when I was a staffer working for David MacGibbon in the Senate. Her office was just two doors down. She was always charitable and available, and she was a very strong advocate for Queensland. As I said earlier, the last time I saw him, Sir Joh and Flo got together

with Jim Killen, my predecessor in Moreton, to support the Deen family in 1998. And it was right that George Deen, one of the Deen brothers famous for working so closely with Joh, suggested a statue in Kingaroy. It was very appropriate. It just shows you that there was an enormous amount of great regard and loyalty for this man. He cast a giant shadow. He deserves high praise. I suspect that his family are at some sort of peace knowing that we are all in this place reflecting upon that.

In my final words in this motion I want to pay an enormous tribute to Flo. Lady Bjelke-Petersen showed an enormous amount of dignity in the way she conducted herself at a time of enormous personal distress. Her generosity and the way she made herself available to people are very typical of the way the Bjelke-Petersens actually did conduct themselves.

I have one last lovely story that I would like to throw in. A film crew from Channel 7 in Brisbane came back after having, as they often did many days a week, flown the chopper up to land near Bethany near the house at Kingaroy to talk to Sir Joh, who was always available to the media. Despite his reluctance on accountability through parliament, his accountability through the media was unbelievable. Every journalist had his phone number. He would take the call morning, noon—

Mr Truss—He was in the phone book.

Mr HARDGRAVE—Very true. I do not know whether you are, Minister, but I am not these days, unfortunately, given the way the world is. It was a different era then. Sir Joh made himself available. The chopper flew up there, landed and the journalists had a chat to him. Flo was there that day—she was not in the Senate at that point—and a brown snake was seen wriggling across the yard and the crew said, ‘There’s a snake!’ Without batting an eyelid, Flo went over and grabbed a shovel that was standing beside the tap outside the house and just killed the snake. I know, Mr Deputy Speaker Causley, you would have no problems with that. But at the end of the filming the film crew focused on that particular shovel. It was quite shiny and it had an inscription on it. It said: ‘Presented to Johannes Bjelke-Petersen on the occasion of the turning of the sod—Iwasaki Resort, Yeppoon, Queensland.’ They were very down to earth by every measure. They were very Queensland. We will certainly miss him and lament his passing and we acknowledge the many great things he did for the best state in Australia. Go the Maroons!

Mr TOLLNER (Solomon) (12.45 pm)—It has been fantastic to sit in my office and listen to some of the statements and then to sit here and listen to my good friend the member for Moreton giving some recollections about Sir Joh. I was only a couple of years old when Sir Joh came to power as the Premier of Queensland. At the time our family was dominated by political debate. My grandfather was a slaughterman for the local butcher shop and he was a staunch union man and a staunch Labor Party supporter of the old school. My uncle was a primary school headmaster—hardly a headmaster at the time as it was a two-teacher school in the place where I grew up. He was in the new style of Labor, in what I suppose you could say was the right wing of the Labor Party. My dad was the local postmaster, JP and also deputy fire chief of the tiny country town of Baralaba where we lived. He was a staunch Queensland National.

In my youth we had a lot to do with family. We were either visiting my grandparents in Biloela or visiting my uncle at Fangool, or they were visiting us at Baralaba. Every weekend was dominated by political debate and the pros and cons of the Bjelke-Petersen government.

My dad and mum were both very staunch and strong supporters of Joh. In a lot of ways that had a great influence on me. Certainly I would have to thank Joh Bjelke-Petersen for instilling in me a desire to be involved in the political process.

When I grew up in Queensland things were certainly nowhere near as harsh as they were when Sir Joh grew up. But I remember celebrations when a new party line would go out, because my dad was the postmaster and there were big celebrations in the town. A lot of that was driven by the Bjelke-Petersen government. In our area, everywhere we looked there were dams, there were roads, there were power stations, there were coal mines—all of it driven hard by the Premier, Sir Joh Bjelke-Petersen. These days we talk about infrastructure shortfalls in Australia and not enough money being put into maintenance of vital infrastructure, but that was certainly not the case in those days with Joh Bjelke-Petersen at the helm. He drove infrastructure. I note that in Queensland there has not been a new dam built since Joh left government.

There were other great debates at the time. My good friend the member for Moreton has just mentioned the Iwasaki resort. At the time I was going to school in Rockhampton and people were talking about Yeppoon as 'Jappoon', that we were going to be 'invaded by the Japanese' and how horrible it was that 'Mr Bjelke-Petersen is giving away all this land to Japanese interests'. It dominated debate all along the coast of Queensland, up to Cairns and further. Certainly where I was 'Jappoon' was a commonly used term and 'we were selling out the country'. When you go there now you see very few Japanese at all. It is a huge tourist resort that is enjoyed by many Australians and many international visitors. I think the Japanese used that particular resort for around 10 to 15 years and then moved on to build other resorts. Now it is a vital piece of tourism infrastructure in the Central Queensland area.

When I was going to school—I have never seen anything like it—Joh would visit the town and people would line the streets all the way from the airport, waving and cheering. It was like a major rock star had arrived or the Queen was visiting. It was a really great thing and, inevitably, we would have a holiday from school and all the kids loved it.

I left Queensland in 1988 to head for the Northern Territory, where I have lived since. It was heartbreaking when Mike Ahern pulled on Sir Joh and toppled him from power. It was the end of an era—an era of unrestrained development, of pro enterprise government, something that we have not seen in Australia since, where there was reward for effort. When I got to the Northern Territory I instantly fell in love with it. Our Chief Minister at the time, Marshall Perron, was from the same mould as Joh Bjelke-Petersen—on a much smaller scale, of course. The Northern Territory was still undeveloped. I looked into the history of Northern Territory governments, and I came across people like Paul Everingham, Steve Hatton, Shane Stone and others, who modelled themselves on the way Joh Bjelke-Petersen operated and tried to build infrastructure: roads, dams, schools and the like.

One of the things that attracted me to the Northern Territory was the gung-ho, can-do attitude that was displayed there, the same attitude that was displayed in Queensland throughout my childhood years. I do not want to go on too much, merely to reflect on what it was like growing up in Queensland under the Bjelke-Petersen government. It was the end of an era when Sir Joh left and a very sad time for me when he passed. I would like my comments to be noted.

Mr CAMERON THOMPSON (Blair) (12.52 pm)—I want to make a short contribution to the debate on this condolence motion on the death of Sir Joh Bjelke-Petersen. I am very fortunate to represent the electorate of Blair, of which Kingaroy is an important component. The electorate of Blair has many different communities within it. Kingaroy stands out as being unique. One of the things about Kingaroy is the dominant presence of Sir Joh Bjelke-Petersen. The town in many ways mirrors his values, his desires and his aspirations. All of those qualities are overwhelmingly positive and good. That really struck home to me when I went to the Kingaroy Show this year, which happened to take place only two days before Sir Joh's funeral. In marked contrast to the years before, the whole demeanour of people had changed. People were quite shaken by the sudden departure of someone who had been one of the major names of Kingaroy anywhere in the world—'That is where Sir Joh Bjelke-Petersen is from.' The whole presentation of the town, the whole feeling of the town, was different. We have the former mayor of Kingaroy here. He would know that many of the attitudes in that town come back to the Joh Bjelke-Petersen outlook. Kingaroy is a town with an overwhelmingly strong tradition of family and community support. The way in which the Kingaroy High School community pulls together and works together makes that school one of the greatest high schools we have anywhere in Queensland.

Mr Truss—Hear, hear!

Mr CAMERON THOMPSON—The minister would know that, of course, because his brother is involved directly in that school community. I am just saying that it has an outlook that fosters children and fosters a sense of the future and a sense of wanting to go forward that is unparalleled anywhere I have travelled. It is something that people from outside need to look at more closely and use as an example.

Sir Joh Bjelke-Petersen was a colossus. He remains a colossus. His achievements and his mark on Queensland will exist for always, and people in our state will always use that as the benchmark for the future of our state. Are we going forward? Are we going back? The hallmark will be the achievements that happened in the Joh Bjelke-Petersen era.

I have come across Sir Joh at many different times and in many different capacities in my life. One of the first occasions I remember was while I was working as a young reporter at the Rockhampton *Morning Bulletin* when there was a flood. The previous speaker, the member for Solomon, referred to how Sir Joh came to town and it was like a rock star was visiting. On this particular occasion, the whole of Depot Hill, which was one of the very low-income areas of town, was completely flooded. Sir Joh hopped in this little punt that was pursued by another punt full of all of us reporters, and we chased each other across Depot Hill. Honestly, people in their high-block houses, with water halfway up the blocks, were falling out their windows to say hello to Sir Joh Bjelke-Petersen. And he was waving back at them and saying 'How you going' and being very positive. He had an attitude and a demeanour that reached out to people and, on occasions like that, it really came across that not only was he good at promoting development within the state and building a stronger and more resilient economy in Queensland but also he was good at that grassroots feeling—the feeling that people had of wanting to reach out to him and his reaching out in response to them.

A large part of that comes from his family itself. Lady Flo Bjelke-Petersen is probably one of the most wonderful women you could ever meet. In the time since I have been the member for Blair, I have often spoken to Flo and she has always had a positive word. She has always

been very nice to me. Almost without exception, apart from this year, when I went to the Kingaroy Show, I would see Flo there and we would sit out for the opening of the show and she would always speak to me positively about the direction in which the government was going. Her feeling, much like Sir Joh's feeling, for the local region was all locked in—the family locking in with the community, locking in with the direction of the state and locking in with the direction of the country as a whole. I have never seen a situation where people had such an all-encompassing kind of view that had the relativities right, where the core building block was the family, and it was very much in evidence in the way Sir Joh approached the world and is very much in evidence today in Kingaroy. And long may it remain so.

I also ran across Joh during the SEQEB strike. It was later on in my career as a journalist, and I ran across Sir Joh during that period. The absolutely fearless leadership he imposed at that time was really the thing that captured the imagination of Australia about Sir Joh, because there were elements to that which would have cowed most politicians anywhere. Only Sir Joh had the strength and the foresight to be able to absolutely push through that and then to win the overwhelming support of Queenslanders because of it. During that period, and prior to it, many people in my own party had problems about it and scrapped and what not from time to time with Sir Joh, but his constant direction throughout that period gave Queenslanders a real insight into leadership that will always remain with them. They will forever be looking for that kind of leadership whenever they go to the polls again. It leaves a mark on Queensland and on the people within Queensland.

The passing of Sir Joh Bjelke-Petersen is the end of an era. It was very sad. The turnout in Kingaroy was such that many thousands of people appeared in the square. You just would not believe you could see such a sight in Kingaroy. The town turned itself inside out with people everywhere, with their hearts on their sleeves, surrounding the Town Hall. I have never seen such a statement of community and such a statement of support. It was a fabulous occasion and, after all the slanging matches over the years about Sir Joh's legacy, that was really the bottom line: it was his community, it was his town, it was his family, it was his state and it was his country saying what a wonderful achievement it was of that man over all those years and how much we are indebted to him because of it.

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

Main Committee adjourned at 1.01 pm

QUESTIONS IN WRITING**Vitamin and Mineral Supplements Guidelines****(Question No. 1244)**

Ms Corcoran asked the Minister for Agriculture, Fisheries and Forestry, in writing, on 10 May 2005:

- (1) Can the Minister confirm that Codex Alimentarius is considering the adoption of new guidelines for Vitamin and Mineral Supplements at its meeting in July 2005 and that the Australian submission on the proposed guidelines includes the statement that Australia will not be bound by the guidelines.
- (2) Will the Minister explain Australia's position on the guidelines being considered by Codex.

Mr Truss—The answer to the honourable member's question is as follows:

- (1) The 28th Session of the Codex Alimentarius Commission, to be held in July 2005, will consider the draft Codex Guidelines for Vitamin and Mineral Supplements for final adoption at Step 8 of the Codex procedure. The Australian submission on the proposed guidelines includes the statement 'Australia is an example of a country that regulates vitamin and mineral supplements as therapeutic goods (drugs) and therefore would not be bound by these draft guidelines.'
- (2) Australia's position throughout the development of the draft Codex Guidelines has been that the scope and remit of the Guidelines should only apply to jurisdictions that regulate the supplements as foods in order to protect Australia's different regulatory system for vitamin and mineral supplements.

Council for Multicultural Australia**(Question No. 1336)**

Mr Bowen asked the Minister for Citizenship and Multicultural Affairs, in writing, on 12 May 2005:

- (1) Who are the members of the Council for Multicultural Australia.
- (2) What was the date of appointment for each member.
- (3) What is the remuneration of each member.
- (4) How many times in 2004 did the Council for Multicultural Australia meet.

Mr McGauran—The answer to the honourable member's question is as follows:

- (1) The membership of the Council for Multicultural Australia as at 12 May 2005 is as follows:

Mr Benjamin Chow (chairman)

Dr Mustapha Alameddin

Mr Julian Heath

Dr Helen Nugent AO

Assoc Prof Isobel (Boni) Robertson

Dr Colin Rubenstein

Mr Mick Van Heythuysen

Ms Barbra Blomberg

Prof Charles Thomas (Tom) Stannage AM

Ms Stavroula Raptis

Ms Jillian Segal

Mr Yasser Soliman

Mr Wilson Wu

- (2) The chairman was appointed on 1 July 2003, and other members were appointed on 1 August 2003. All appointments expire on 30 June 2006.
- (3) The chairman and members are not remunerated by salary. They are part time members and paid sitting fees in accordance with Remuneration Tribunal Determination 2004/12 category 3 rates which are \$503 per diem for the chairman and \$448 for members.
- (4) The Council for Multicultural Australia meets every quarter and in 2004 it met three times: on 1-2 March, 16-17 June, and 30 November-1 December. The meeting in September fell within the caretaker period following the election announcement and was cancelled.