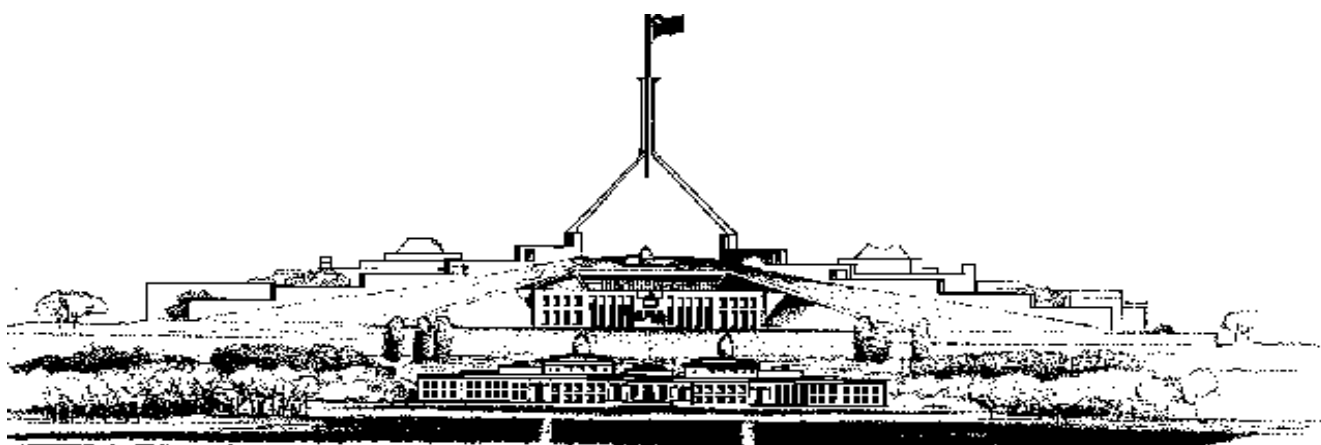




COMMONWEALTH OF AUSTRALIA

PARLIAMENTARY DEBATES



House of Representatives

Official Hansard

No. 9, 2014

Wednesday, 18 June 2014

FORTY-FOURTH PARLIAMENT
FIRST SESSION—THIRD PERIOD

BY AUTHORITY OF THE HOUSE OF REPRESENTATIVES

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SITTING DAYS—2014

Month	Date
February	11, 12, 13, 24, 25, 26, 27
March	3, 4, 5, 6, 17, 18, 19, 20, 24, 25, 26, 27
May	13, 14, 15, 26, 27, 28, 29
June	2, 3, 4, 5, 16, 17, 18, 19, 23, 24, 25, 26
July	14, 15, 16, 17
August	26, 27, 28
September	1, 2, 3, 4, 22, 23, 24, 25, 30
October	1, 2, 20, 21, 22, 23, 27, 28, 29, 30
November	24, 25, 26, 27
December	1, 2, 3, 4

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

Governor-General

His Excellency General the Hon. Sir Peter Cosgrove AK, MC (Retd)

House of Representatives Office holders

Speaker—Hon. Bronwyn Kathleen Bishop MP

Deputy Speaker—Hon. Bruce Craig Scott MP

Second Deputy Speaker—Mr Robert George Mitchell

Members of the Speaker's Panel—Mrs Karen Lesley Andrews MP,

Mr Russell Evan Broadbent MP, Mr Alexander George Hawke MP,

Mr Ian Reginald Goodenough MP, Mrs Natasha Louise Griggs MP,

Mr Ewen Thomas Jones MP, Mr Craig Kelly MP, Hon. Charles Christian Porter MP,

Mr Donald James Randall MP, Mr Ross Xavier Vasta MP, Mr Brett David Whiteley MP

Leader of the House—Hon. Christopher Pyne MP

Deputy Leader of the House—Hon. Luke Hartsuyker MP

Manager of Opposition Business—Hon. Anthony Stephen Burke MP

Deputy Manager of Opposition Business—Hon. Mark Dreyfus QC MP

Party Leaders and Whips

Liberal Party of Australia

Leader—Hon. Anthony John Abbott MP

Deputy Leader—Hon. Julie Isabel Bishop MP

Chief Government Whip—Hon. Philip Maxwell Ruddock MP

Government Whips—Mr Scott Buchholz MP and Ms Nola Bethwyn Marino MP

The Nationals

Leader—Hon. Warren Errol Truss MP

Deputy Leader—Hon. Barnaby Thomas Gerard Joyce MP

Chief Whip—Mr Mark Maclean Coulton MP

Deputy Whip—Mr George Robert Christensen MP

Australian Labor Party

Leader—Hon. William Richard Shorten MP

Deputy Leader—Hon. Tanya Joan Plibersek MP

Chief Opposition Whip—Mr Christopher Patrick Hayes MP

Opposition Whips—Ms Jill Griffiths Hall MP and Ms Joanne Catherine Ryan MP

Printed by authority of the House of Representatives

Members of the House of Representatives

Members	Division	Party
Abbott, The Hon. Anthony John	Warringah, NSW	LP
Albanese, The Hon. Anthony Norman	Grayndler, NSW	ALP
Alexander, Mr John Gilbert OAM	Bennelong, NSW	LP
Andrews, Mrs Karen Lesley	McPherson, QLD	LP
Andrews, The Hon. Kevin James	Menzies, VIC	LP
Baldwin, The Hon. Robert Charles	Paterson, NSW	LP
Bandt, Mr Adam Paul	Melbourne, VIC	AG
Billson, The Hon. Bruce Fredrick	Dunkley, VIC	LP
Bird, The Hon. Sharon Leah	Cunningham, NSW	ALP
Bishop, The Hon. Bronwyn Kathleen	Mackellar, NSW	LP
Bishop, The Hon. Julie Isabel	Curtin, WA	LP
Bowen, The Hon. Chris Eyles	McMahon, NSW	ALP
Briggs, The Hon. Jamie Edward	Mayo, SA	LP
Broad, Mr Andrew John	Mallee, VIC	NATS
Broadbent, Mr Russell Evan	McMillan, VIC	LP
Brodthmann, Ms Gai Marie	Canberra, ACT	ALP
Brough, The Hon. Malcolm Thomas	Fisher, QLD	LP
Buchholz, Mr Scott	Wright, QLD	LP
Burke, Ms Anna Elizabeth	Chisholm, VIC	ALP
Burke, The Hon. Anthony Stephen	Watson, NSW	ALP
Butler, The Hon. Mark Christopher	Port Adelaide, SA	ALP
Butler, Ms Terri Megan	Griffith, QLD	ALP
Byrne, The Hon. Anthony Michael	Holt, VIC	ALP
Chalmers, Dr James Edward	Rankin, QLD	ALP
Champion, Mr Nicholas David	Wakefield, SA	ALP
Chester, The Hon. Darren	Gippsland, VIC	NATS
Chesters, Ms Lisa Marie	Bendigo, VIC	ALP
Christensen, Mr George Robert	Dawson, QLD	NATS
Ciobo, The Hon. Steven Michele	Moncrieff, QLD	LP
Clare, The Hon. Jason Dean	Blaxland, NSW	ALP
Claydon, Ms Sharon Catherine	Newcastle, NSW	ALP
Cobb, The Hon. John Kenneth	Calare, NSW	NATS
Coleman, Mr David Bernard	Banks, NSW	LP
Collins, The Hon. Julie Maree	Franklin, TAS	ALP
Conroy, Mr Patrick Martin	Charlton, NSW	ALP
Coulton, Mr Mark Maclean	Parkes, NSW	NATS
Danby, The Hon. Michael	Melbourne Ports, VIC	ALP
Dreyfus, The Hon. Mark Alfred QC	Isaacs, VIC	ALP
Dutton, The Hon. Peter Craig	Dickson, QLD	LP
Elliot, The Hon. Maria Justine	Richmond, NSW	ALP
Ellis, The Hon. Katherine Margaret	Adelaide, SA	ALP
Entsch, The Hon. Warren George	Leichhardt, QLD	LP
Feeney, The Hon. David	Batman, VIC	ALP
Ferguson, Mr Laurie Donald Thomas	Werriwa, NSW	ALP
Fitzgibbon, The Hon. Joel Andrew	Hunter, NSW	ALP
Fletcher, The Hon. Paul William	Bradfield, NSW	LP
Frydenberg, The Hon. Joshua Anthony	Kooyong, VIC	LP
Gambaro, The Hon. Teresa	Brisbane, QLD	LP

Members of the House of Representatives

Members	Division	Party
Giles, Mr Andrew James	Scullin, VIC	ALP
Gillespie, Dr David Arthur	Lyne, NSW	NATS
Goodenough, Mr Ian Reginald	Moore, WA	LP
Gray, The Hon. Gary AO	Brand, WA	ALP
Griffin, The Hon. Alan Peter	Bruce, VIC	ALP
Griggs, Mrs Natasha Louise	Solomon, NT	CLP
Hall, Ms Jill Griffiths	Shortland, NSW	ALP
Hartsuyker, The Hon. Luke	Cowper, NSW	NATS
Hawke, Mr Alexander George	Mitchell, NSW	LP
Hayes, Mr Christopher Patrick	Fowler, NSW	ALP
Henderson, Ms Sarah Moya	Corangamite, VIC	LP
Hendy, Dr Peter William	Eden-Monaro, NSW	LP
Hockey, The Hon. Joseph Benedict	North Sydney, NSW	LP
Hogan, Mr Kevin John	Page, NSW	NATS
Howarth, Mr Luke Ronald	Petrie, QLD	LP
Hunt, The Hon. Gregory Andrew	Flinders, VIC	LP
Husic, The Hon. Edham Nurredin	Chifley, NSW	ALP
Hutchinson, Mr Eric Russell	Lyons, TAS	LP
Irons, Mr Stephen James	Swan, WA	LP
Jensen, Dr Dennis Geoffrey	Tangney, WA	LP
Jones, Mr Ewen Thomas	Herbert, QLD	LP
Jones, Mr Stephen Patrick	Throsby, NSW	ALP
Joyce, The Hon. Barnaby Thomas Gerard	New England, NSW	NATS
Katter, The Hon. Robert Carl	Kennedy, QLD	AUS
Keenan, The Hon. Michael	Stirling, WA	LP
Kelly, Mr Craig	Hughes, NSW	LP
King, The Hon. Catherine Fiona	Ballarat, VIC	ALP
Laming, Mr Andrew	Bowman, QLD	LP
Landry, Ms Michelle Leanne	Capricornia, QLD	NATS
Laundy, Mr Craig	Reid, NSW	LP
Leigh, The Hon. Dr Andrew Keith	Fraser, ACT	ALP
Ley, The Hon. Sussan Penelope	Farrer, NSW	LP
Macfarlane, The Hon. Ian Elgin	Groom, QLD	LP
Macklin, The Hon. Jennifer Louise	Jagajaga, VIC	ALP
MacTiernan, The Hon. Alannah Joan Geraldine Cecilia	Perth, WA	ALP
Marino, Ms Nola Bethwyn	Forrest, WA	LP
Markus, Mrs Louise Elizabeth	Macquarie, NSW	LP
Marles, The Hon. Richard Donald	Corio, VIC	ALP
Matheson, Mr Russell Glenn	Macarthur, NSW	LP
McCormack, The Hon. Michael Francis	Riverina, NSW	NATS
McGowan, Ms Catherine AO	Indi, VIC	IND.
McNamara, Mrs Karen Jane	Dobell, NSW	LP
Mitchell, Mr Robert George	McEwen, VIC	ALP
Morrison, The Hon. Scott John	Cook, NSW	LP
Neumann, The Hon. Shayne Kenneth	Blair, QLD	ALP
Nikolic, Mr Andrew Alexander AM, CSC	Bass, TAS	LP
O'Connor, The Hon. Brendan Patrick John	Gorton, VIC	ALP
O'Dowd, Mr Kenneth Desmond	Flynn, QLD	NATS

Members of the House of Representatives

Members	Division	Party
O'Dwyer, Ms Kelly Megan	Higgins, VIC	LP
O'Neil, Ms Clare Ellen	Hotham, VIC	ALP
Owens, Ms Julie	Parramatta, NSW	ALP
Palmer, Mr Clive Frederick	Fairfax QLD	PUP
Parke, The Hon. Melissa	Fremantle, WA	ALP
Pasin, Mr Antony	Barker, SA	LP
Perrett, Mr Graham Douglas	Moreton, QLD	ALP
Pitt, Mr Keith John	Hinkler, QLD	NATS
Plibersek, The Hon. Tanya Joan	Sydney, NSW	ALP
Porter, The Hon. Charles Christian	Pearce, WA	LP
Prentice, Mrs Jane	Ryan, QLD	LP
Price, Ms Melissa Lee	Durack, WA	LP
Pyne, The Hon. Christopher Maurice	Sturt, SA	LP
Ramsey, Mr Rowan Eric	Grey, SA	LP
Randall, Mr Don James	Canning, WA	LP
Ripoll, The Hon. Bernard Fernando	Oxley, QLD	ALP
Rishworth, The Hon. Amanda Louise	Kingston, SA	ALP
Robb, The Hon. Andrew John AO	Goldstein, VIC	LP
Robert, The Hon. Stuart Rowland	Fadden, QLD	LP
Rowland, Ms Michelle Anne	Greenway, NSW	ALP
Roy, Mr Wyatt	Longman, QLD	LP
Ruddock, The Hon. Philip Maxwell	Berowra, NSW	LP
Ryan, Ms Joanne Catherine	Lalor, VIC	ALP
Scott, The Hon. Bruce Craig	Maranoa, QLD	NATS
Scott, Ms Fiona Meryl	Lindsay, NSW	LP
Shorten, The Hon. William Richard	Maribyrnong, VIC	ALP
Simpkins, Mr Luke Xavier Linton	Cowan, WA	LP
Smith, The Hon. Anthony David Hawthorn	Casey, VIC	LP
Snowdon, The Hon. Warren Edward	Lingiari, NT	ALP
Southcott, Dr Andrew John	Boothby, SA	LP
Stone, The Hon. Dr Sharman Nancy	Murray, VIC	LP
Sudmalis, Ms Ann Elizabeth	Gilmore, NSW	LP
Sukkar, Mr Michael	Deakin, VIC	LP
Swan, The Hon. Wayne Maxwell	Lilley, QLD	ALP
Taylor, Mr Angus James	Hume, NSW	LP
Tehan, Mr Daniel Thomas (Dan)	Wannon, VIC	LP
Thistlethwaite, Mr Matthew James	Kingsford Smith, NSW	ALP
Thomson, The Hon. Kelvin John	Wills, VIC	ALP
Truss, The Hon. Warren Errol	Wide Bay, QLD	NATS
Tudge, The Hon. Alan Edward	Aston, VIC	LP
Turnbull, The Hon. Malcolm Bligh	Wentworth, NSW	LP
Vamvakinou, Ms Maria	Calwell, VIC	ALP
van Manen, Mr Albertus Johannes	Forde, QLD	LP
Varvaris, Mr Nickolas	Barton, NSW	
Vasta, Mr Ross Xavier	Bonner, QLD	LP
Watts, Mr Timothy Graham	Gellibrand, VIC	ALP
Whiteley, Mr Brett David	Braddon, TAS	LP
Wicks, Mrs Lucy Elizabeth	Robertson, NSW	LP

Members of the House of Representatives

Members	Division	Party
Wilkie, Mr Andrew Damien	Denison, TAS	IND.
Williams, Mr Matthew	Hindmarsh, SA	LP
Wilson, Mr Richard James	O'Connor, WA	LP
Wood, Mr Jason Peter	La Trobe, VIC	LP
Wyatt, Mr Kenneth George AM	Hasluck, WA	LP
Zappia, Mr Antonio	Makin, SA	ALP

PARTY ABBREVIATIONS

ALP—Australian Labor Party; LP—Liberal Party of Australia; NATS—The Nationals;
IND—Independent; NATSWA—The Nationals WA; CLP—Country Liberal Party;
AUS—Katters Australia Party; AG—Australian Greens; PUP—Palmer United Party

Heads of Parliamentary Departments

Clerk of the Senate—R Laing
Clerk of the House of Representatives—D Elder
Secretary, Department of Parliamentary Services—C Mills
Parliamentary Budget Officer—P Bowen

ABBOTT MINISTRY

Title	Minister
Prime Minister	The Hon. Tony Abbott MP
Minister for Indigenous Affairs	Senator the Hon. Nigel Scullion
<i>Minister Assisting the Prime Minister for the Public Service</i>	<i>Senator the Hon. Eric Abetz</i>
<i>Minister Assisting the Prime Minister for Women</i>	<i>Senator the Hon. Michaelia Cash</i>
<i>Parliamentary Secretary to the Prime Minister</i>	<i>The Hon. Josh Frydenberg MP</i>
<i>Parliamentary Secretary to the Prime Minister</i>	<i>The Hon. Alan Tudge MP</i>
Minister for Infrastructure and Regional Development (Deputy Prime Minister)	The Hon. Warren Truss MP
Assistant Minister for Infrastructure and Regional Development	The Hon. Jamie Briggs MP
Minister for Foreign Affairs	The Hon. Julie Bishop MP
Minister for Trade and Investment	The Hon. Andrew Robb AO MP
<i>Parliamentary Secretary to the Minister for Foreign Affairs</i>	<i>Senator the Hon. Brett Mason</i>
Minister for Employment (Leader of the Government in the Senate)	Senator the Hon. Eric Abetz
Assistant Minister for Employment (Deputy Leader of the House)	The Hon. Luke Hartsuyker MP
Attorney-General	Senator the Hon. George Brandis QC
Minister for the Arts (Vice-President of the Executive Council) (Deputy Leader of the Government in the Senate)	Senator the Hon. George Brandis QC
Minister for Justice	The Hon. Michael Keenan MP
Treasurer	The Hon. Joe Hockey MP
Minister for Small Business	The Hon. Bruce Billson MP
Acting Assistant Treasurer	Senator the Hon Mathias Corman
<i>Parliamentary Secretary to the Treasurer</i>	<i>The Hon. Steven Ciobo MP</i>
Minister for Agriculture	The Hon. Barnaby Joyce MP
<i>Parliamentary Secretary to the Minister for Agriculture</i>	<i>Senator the Hon. Richard Colbeck</i>
Minister for Education (Leader of the House)	The Hon. Christopher Pyne MP
Assistant Minister for Education	The Hon. Sussan Ley MP
<i>Parliamentary Secretary to the Minister for Education</i>	<i>Senator the Hon. Scott Ryan</i>
Minister for Industry	The Hon. Ian Macfarlane MP
<i>Parliamentary Secretary to the Minister for Industry</i>	<i>The Hon. Bob Baldwin MP</i>
Minister for Social Services	The Hon. Kevin Andrews MP
Assistant Minister for Social Services (Manager of Government Business in the Senate)	Senator the Hon. Mitch Fifield
Minister for Human Services	Senator the Hon. Marise Payne
<i>Parliamentary Secretary to the Minister for Social Services</i>	<i>Senator the Hon. Concetta Fierravanti-Wells</i>
Minister for Communications	The Hon. Malcolm Turnbull MP
<i>Parliamentary Secretary to the Minister for Communications</i>	<i>The Hon. Paul Fletcher MP</i>
Minister for Health	The Hon. Peter Dutton MP
Minister for Sport	The Hon. Peter Dutton MP
Assistant Minister for Health	Senator the Hon. Fiona Nash

Title	Minister
Minister for Defence	Senator the Hon. David Johnston
Minister for Veterans' Affairs	Senator the Hon. Michael Ronaldson
<i>Minister Assisting the Prime Minister for the Centenary of ANZAC</i>	<i>Senator the Hon. Michael Ronaldson</i>
Assistant Minister for Defence	The Hon. Stuart Robert MP
<i>Parliamentary Secretary to the Minister for Defence</i>	<i>The Hon. Darren Chester MP</i>
Minister for the Environment	The Hon. Greg Hunt MP
<i>Parliamentary Secretary to the Minister for the Environment</i>	<i>Senator the Hon. Simon Birmingham</i>
Minister for Immigration and Border Protection	The Hon. Scott Morrison MP
Assistant Minister for Immigration and Border Protection	Senator the Hon. Michaelia Cash
Minister for Finance	Senator the Hon. Mathias Cormann
Special Minister of State	Senator the Hon. Michael Ronaldson
<i>Parliamentary Secretary to the Minister for Finance</i>	<i>The Hon. Michael McCormack MP</i>

Each box represents a portfolio. **Cabinet Ministers are shown in bold type.** As a general rule, there is one department in each portfolio. However, there is a Department of Human Services in the Social Services portfolio and a Department of Veterans' Affairs in the Defence portfolio. The title of a department does not necessarily reflect the title of a minister in all cases.

SHADOW MINISTRY

Title	Shadow Minister
Leader of the Opposition	Hon Bill Shorten MP
Shadow Minister Assisting the Leader for Science	Senator the Hon Kim Carr
Shadow Minister Assisting the Leader for Small Business	Hon Bernie Ripoll MP
<i>Shadow Parliamentary Secretary for Small Business</i>	<i>Julie Owens MP</i>
<i>Shadow Cabinet Secretary</i>	<i>Senator the Hon Jacinta Collins</i>
<i>Shadow Parliamentary Secretary to the Leader of the Opposition</i>	
<i>Shadow Parliamentary Secretary to the Leader of the Opposition</i>	<i>Hon Michael Danby MP</i>
<i>Shadow Parliamentary Secretary to the Leader of the Opposition</i>	<i>Dr Jim Chalmers MP</i>
Deputy Leader of the Opposition	Hon Tanya Plibersek MP
Shadow Minister for Foreign Affairs and International Development	
Shadow Minister for Women	Senator Claire Moore
Manager of Opposition Business (Senate)	
Shadow Minister for the Centenary of ANZAC	Senator the Hon Don Farrell
<i>Shadow Parliamentary Secretary for Foreign Affairs</i>	<i>Hon Matt Thistlethwaite MP</i>
Leader of the Opposition in the Senate	Senator the Hon Penny Wong
Shadow Minister for Trade and Investment	
<i>Shadow Parliamentary Secretary for Trade and Investment</i>	<i>Dr Jim Chalmers MP</i>
Deputy Leader of the Opposition in the Senate	Senator the Hon Stephen Conroy
Shadow Minister for Defence	
Shadow Assistant Minister for Defence	Hon David Feeney MP
Shadow Minister for Veterans' Affairs	Senator the Hon Don Farrell
<i>Shadow Parliamentary Secretary for Defence</i>	<i>Gai Brodtmann MP</i>
Shadow Minister for Infrastructure and Transport	Hon Anthony Albanese MP
Shadow Minister for Tourism	
Shadow Minister for Regional Development and Local Government	Hon Julie Collins MP
<i>Shadow Parliamentary Secretary for Regional Development and Infrastructure</i>	<i>Allanah MacTiernan MP</i>
<i>Shadow Parliamentary Secretary for Western Australia</i>	
<i>Shadow Parliamentary Secretary for External Territories</i>	<i>Hon Warren Snowdon MP</i>
Shadow Treasurer	Hon Chris Bowen MP
Shadow Assistant Treasurer	Hon Dr Andrew Leigh MP
Shadow Minister for Competition	
Shadow Minister for Financial Services and Superannuation	Hon Bernie Ripoll MP
<i>Shadow Parliamentary Secretary to the Shadow Treasurer</i>	<i>Hon Ed Husic MP</i>
Shadow Minister for Finance	Hon Tony Burke MP
Manager of Opposition Business (House)	
Shadow Minister for Environment, Climate Change and Water	Hon Mark Butler MP
<i>Shadow Parliamentary Secretary for the Environment, Climate Change and Water</i>	<i>Senator Louise Pratt</i>
Shadow Minister for Higher Education, Research, Innovation and Industry	Senator the Hon Kim Carr
Shadow Minister for Vocational Education	Hon Sharon Bird MP
<i>Shadow Parliamentary Secretary for Manufacturing</i>	<i>Tony Zappia MP</i>

Title	Shadow Minister
Shadow Minister for Communications	Hon Jason Clare MP
Shadow Assistant Minister for Communications	Michelle Rowland MP
Shadow Attorney General	Hon Mark Dreyfus QC MP
Shadow Minister for the Arts	
Deputy Manager of Opposition Business (House)	
Shadow Minister for Justice	Hon David Feeney MP
<i>Shadow Parliamentary Secretary to the Shadow Attorney General</i>	<i>Senator the Hon Lisa Singh</i>
<i>Shadow Parliamentary Secretary for the Arts</i>	<i>Hon Michael Danby MP</i>
Shadow Minister for Education	Hon Kate Ellis MP
Shadow Minister for Early Childhood	
<i>Shadow Parliamentary Secretary for Education</i>	<i>Julie Owens MP</i>
Shadow Minister for Agriculture	Hon Joel Fitzgibbon MP
Shadow Minister for Resources	Hon Gary Gray AO MP
Shadow Minister for Northern Australia	
Shadow Special Minister of State	
<i>Shadow Parliamentary Secretary for Northern Australia</i>	<i>Hon Warren Snowdon MP</i>
Shadow Minister for Health	Hon Catherine King MP
Shadow Assistant Minister for Health	Stephen Jones MP
Shadow Minister for Mental Health	Senator Hon Jan McLucas
Shadow Minister for Sport	Hon Bernie Ripoll MP
<i>Shadow Parliamentary Secretary for Health</i>	<i>Hon Amanda Rishworth MP</i>
Shadow Minister for Families and Payments	Hon Jenny Macklin MP
Shadow Minister for Disability Reform	
Shadow Minister for Human Services	Senator the Hon Doug Cameron
Shadow Minister for Housing and Homelessness	Senator the Hon Jan McLucas
Shadow Minister for Carers	Senator Claire Moore
Shadow Minister for Communities	
<i>Shadow Parliamentary Secretary for Families and Payments</i>	<i>Senator Carol Brown</i>
Shadow Minister for Immigration and Border Protection	Hon Richard Marles MP
Shadow Minister for Citizenship and Multiculturalism	Michelle Rowland MP
<i>Shadow Parliamentary Secretary for Immigration</i>	<i>Hon Matt Thistlethwaite MP</i>
Shadow Minister for Indigenous Affairs	Hon Shayne Neumann MP
Shadow Minister for Ageing	
<i>Shadow Parliamentary Secretary for Indigenous Affairs</i>	<i>Hon Warren Snowdon MP</i>
<i>Shadow Parliamentary Secretary for Aged Care</i>	<i>Senator Helen Polley</i>
Shadow Minister for Employment and Workplace Relations	Hon Brendan O'Connor MP
Shadow Minister for Employment Services	Hon Julie Collins MP

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WEDNESDAY, 18 JUNE 2014

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Wednesday, 18 June 2014

The SPEAKER (Hon. Bronwyn Bishop) took the chair at 9:00, made an acknowledgement of country and read prayers.

MINISTERIAL STATEMENTS

World Trade Organization Agreement on Trade Facilitation

Mr ROBB (Goldstein—Minister for Trade and Investment) (09:01): by leave—It is with pleasure that I table the World Trade Organization Agreement on Trade Facilitation and accompanying national interest analysis for parliament's consideration. The agreement on trade facilitation was concluded by the 159 members of the WTO at the Ninth Ministerial Conference on 7 December 2013 in Bali. As with all proposed treaties, the parliament's Joint Standing Committee on Treaties will now review the agreement and, in due course, provide its report.

This agreement is designed to deliver practical measures to strengthen global trade and economic growth. At its heart, this agreement is about cutting red tape. It is about removing the regulatory and procedural burdens that our traders face when conducting international trade.

As the agreement targets regulatory barriers and border bottlenecks often overlooked in international trade negotiations, the benefits to Australia will be significant. With its focus on harmonising and streamlining global customs procedures the agreement will markedly reduce the length of time and the number of documents it takes Australian exporters to get their goods across borders. By requiring more transparent and predictable regulations, the agreement will also assist Australian businesses, large and small, in making international business decisions.

For Australian exporters, implementation of the agreement will mean marked improvements in the manner in which their goods are treated in offshore markets. In fact it has been estimated that full implementation of the agreement could reduce the costs of trading across borders by up to 10 per cent for Australian traders. For example, provisions on advance rulings will mean that Australian traders will be able to obtain precise and binding rulings on the tariff classification their good will receive upon arrival at a foreign border. This will help Australia's smaller exporters in particular, who will know how their goods will be treated by an overseas customs authority before sending them off on the long voyage from Australia.

The agreement also mandates the quick release of perishable goods, which will reduce the number of Australian agricultural exports left to rot while waiting for clearance in foreign ports. Provisions allowing for the submission of import documentation prior to the physical arrival of goods, and for the clearance of goods prior to the final determination of duties and charges, will speed up the process of getting Australian goods to market. This will reduce business costs for Australian exporters and make their goods more affordable to overseas consumers.

Small Australian exporters will also benefit from new requirements to publish relevant procedures and forms for importing goods on the internet. This simple but highly valuable

commitment from WTO members will make it much easier for our SMEs to navigate customs procedures and launch themselves into new export markets.

The agreement complements our efforts in development assistance, and will deliver substantial benefits to our developing country partners. The full implementation of the agreement by developing countries will boost their economic growth and create millions of jobs. Globally, the agreement will provide a major boost for jobs and growth, and it has been estimated that this agreement could add up to US\$1 trillion to the world economy and create 21 million jobs. We stand ready to assist developing countries to implement the agreement and to undertake the necessary reforms to facilitate trade. We are already providing assistance of this nature, including to our Pacific Island neighbours. More recently, and in partnership with the World Bank, we have committed to support global efforts to help developing country partners undertake trade facilitation reform.

As the first major agreement concluded since the establishment of the WTO in 1995, the Agreement on Trade Facilitation is a significant milestone. It shows that the multilateral trading system is continuing to deliver outcomes with significant benefits and global reach. Australia remains committed to advancing WTO negotiations to bring the Doha Round to a close. We are currently working with WTO Director-General Azevedo and other members to develop a productive and forward looking post-Bali work plan, which will deliver economic growth and jobs for Australia.

In just over a month I will chair the second G20 trade ministers meeting. One of the aims of the meeting will be for G20 member countries to identify actions to improve the efficiency of trade flows within global value chains—that array of activities involved in creating, producing and delivering a product that stretch across countries and regions. Income from global value chain trade flows doubled between 1995 and 2009. I will be strongly encouraging my G20 colleagues to agree to implementation of the Agreement on Trade Facilitation quickly as an effective action towards harnessing the power of the global economy, boosting trade and creating jobs.

This government is committed to a trade agenda that increases the prosperity of Australians. Negotiating outcomes like the Agreement on Trade Facilitation will substantially reduce trade barriers and minimise red tape, making a significant contribution to Australia's economic future. Australia's acceptance of this agreement will further build on the government's recent accomplishments in concluding free trade agreements with Korea and Japan. We expect that upon the agreement's entry into force, we will see substantial benefits beginning to flow for Australian exporters from reduced red-tape at the borders of our key trading partners.

This is an agreement that took a long time to negotiate, and I commend the achievement of officials from various agencies led by the Department of Foreign Affairs and Trade. I commend this agreement to parliament, and hereby table the WTO Agreement on Trade Facilitation with its national interest analysis.

I ask leave of the House to move a motion to enable the Deputy Leader of the Opposition to speak for six minutes.

Leave granted.

Mr ROBB: I move:

That so much of the standing orders be suspended as would prevent the Deputy Leader of the Opposition speaking in reply to the ministerial statement for a period not exceeding six minutes.

Question agreed to.

Ms PLIBERSEK (Sydney—Deputy Leader of the Opposition) (09:08): Labor welcomes the finalisation of the World Trade Organisation Agreement on Trade Facilitation. We believe the trade is critical to Australia's future prosperity. Trade provides new markets and new opportunities for our exporters. It boosts economic growth, it improves competition and it gives our consumers access to a wider range of goods at lower prices. This agreement builds on the work undertaken by the previous Labor government and our commitment to progressing the World Trade Organisation's Doha Round negotiations. We particularly welcome this agreement as the first major agreement concluded since the establishment of the WTO in 1995.

This Agreement on Trade Facilitation will assist in removing red tape and other regulatory and procedural burdens. It will streamline approvals and transactions for exporters, dismantling some of those barriers that exist behind a country's borders that can be hidden impediments for business. Estimates have previously suggested that this WTO Trade Facilitation Agreement will account for 44 per cent of the total prospective benefits of the Doha Round, with two-thirds of these benefits accruing to developing countries.

The benefits of this agreement to developing countries cannot be underestimated. Trade facilitation reform will boost economic growth and assist in the creation of millions of jobs for our developing country partners. Some of the important reforms contained in this agreement will benefit our exporters, and they include, as the minister said, the harmonisation and streamlining of global customs procedures. This will assist exporters by reducing the number of documents needed to be filled out to move their goods across borders. Also, very importantly, the release of perishable goods will be welcomed by Australian exporters, who often face costly delays on agricultural exports while awaiting clearance on foreign wharves.

The minister noted that this is an agreement that took a long time to negotiate, and he congratulated the officials of the department. I add my congratulations to those officials. I note with disappointment, though, the minister's failure to acknowledge the efforts of previous ministers who laid the groundwork required to deliver this outcome at the WTO's Bali ministerial conference last December. In particular, Labor would place on record the important contribution made by the former Prime Minister Julia Gillard and former trade minister Craig Emerson set separate to the finalisation of this agreement. It was Craig Emerson's articulation of new pathways to the Doha mountain top which saw WTO members agree to divide up the Doha Round into separate negotiations. Prime Minister Gillard spearheaded this approach through the 2011 meetings of the Commonwealth Heads of Government, the Asia-Pacific Economic Cooperation forum, the G20 and the East Asia Summit. The principle was eventually adopted by America, China and the World Trade Organization. It played an important role in reviving the momentum needed to bring this agreement on trade liberalisation to completion.

Labor would also like to acknowledge, as I said earlier, the efforts of officials of the Department of Foreign Affairs and Trade in concluding this agreement. It would have been a long haul for them, and we appreciate their efforts. We welcome the finalisation of this agreement and will review the treaty through the joint committee process over coming weeks.

BILLS**Social Services and Other Legislation Amendment (2014 Budget Measures No. 1) Bill 2014****First Reading**

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

Bill read a first time.

Second Reading

Mr ANDREWS (Menzies—Minister for Social Services) (09:13): I move:

That this bill be now read a second time.

This bill introduces a package of measures from the 2014 budget in the Social Services portfolio.

The 2014 budget is a key part of the government's Economic Action Strategy to build a strong, prosperous economy and a safe, secure Australia.

The government's welfare reforms encompassed in the budget are aimed at increasing everyone's ability to contribute to the economy—everyone who can contribute, should contribute.

The government will continue to provide assistance for families, seniors, people with disability, carers and those most in need. The 2014 budget includes \$146 billion of welfare spending—or 35 per cent of total budget expenditure. This includes pensions, family payments, unemployment benefits and childcare support.

However, our population is ageing, and government spending has been growing faster than the economy. This is placing greater pressure on our welfare system. We want government assistance to be targeted towards supporting the most vulnerable Australians, while encouraging those who are able to work or study, to do so.

Firm and decisive action is required to put the budget back onto a secure and sustainable footing.

Budget measures**Seniors supplement and energy supplement**

To help ensure that payments to senior Australians remain targeted to those who need them the most, the first budget measure in the bill will cease the seniors supplement, currently received by holders of the Commonwealth Seniors Health Card (or the Veterans' Affairs Gold Card) after the June 2014 payment.

However, other benefits will continue to be available to cardholders, including discounts on medicines under the Pharmaceutical Benefits Scheme, health safety net thresholds, and lower fees on medical services.

Recognising the government's commitment to abolish the carbon tax, while keeping in place the associated payment increases, this bill will rename the former clean energy supplement as the energy supplement, and maintain it at current levels from 1 July 2014 by permanently removing indexation of the supplement.

The new energy supplement will be available to people who formerly received the clean energy supplement in association with their main income support payment, family payment or veterans affairs payment, or through being a holder of the Commonwealth seniors health card or an eligible holder of the gold card.

Indexation and rates

Several changes and pauses to indexation for Australian government payments will be implemented. These measures will help reduce our debt, but pausing indexation will not reduce payments.

These measures include pausing indexation of the income and asset-free areas for all working age allowances (other than student payments) and for parenting payment single for three years from 1 July 2014.

Family tax benefit income thresholds (for the maximum rate of family tax benefit part A and the lower income earner threshold for family tax benefit part B) will stay at current levels for three years from 1 July 2014.

The bill will also ensure parenting payment single is indexed only against the consumer price index from 20 September 2014.

Disability support pension

The bill will also introduce changes to help young people with disability to enter the workforce if they are able to do so.

From 1 July 2014, certain disability support pension recipients aged under 35 will undertake compulsory work focused activities, such as a program with an employment service provider, work experience, or education and training, to help increase their chances of finding and keeping a job.

A targeted review will also be undertaken of disability support pension recipients aged under 35 who originally accessed the payment under less rigorous impairment tables in operation between 2008 and 2011. Recipients will have their level of impairment reassessed against the current impairment tables, and will also have their work capacity reassessed.

People with a manifest disability or with a work capacity of zero to seven hours a week will not be reviewed under this measure. Recipients assessed as having an ability to work at least eight hours a week will be provided with the support needed to allow them to develop their work capacity, while still receiving the disability support pension.

Workforce age and student changes

As part of a package of changes to simplify the social security system, and strengthen the incentives for young unemployed people to participate in education, training and employment, the bill will apply the ordinary waiting period of seven days for all working age payments from 1 October 2014.

A further measure will ensure that, while a student can currently continue to receive payment even while they are overseas on holiday, students will continue to receive payments while overseas, from 1 October 2014, only in certain circumstances such as when studying or in a family emergency.

Family payment reform

Several reforms were announced in the budget to improve the sustainability of family payments, while ensuring they continue to support those most in need of assistance.

The government will continue to provide payment assistance to families to supplement their incomes. In 2014-15, the government will provide around \$19 billion in family tax benefit. However, the payment should provide assistance to families who need it most, and encourage everyone who can work, to do so.

Amendments in this bill, effective from 1 July 2014, will maintain the standard payment rates of family tax benefit parts A and B at current levels for two years until 30 June 2016.

Social and Community Services Pay Equity Special Account

The bill will also make a non-budget amendment to add the Western Australian Industrial Relations Commission decision of 29 August 2013 as a pay equity decision under the Social and Community Services Pay Equity Special Account Act 2012. This amendment will allow payment of Commonwealth supplementation to service providers affected by that decision.

Conclusion

Our welfare system must be sustainable and it must be fair. It needs to provide a safety net, whilst ensuring we are delivering a work-ready, not a welfare-ready, nation.

Our welfare system is complicated and costly and, in the budget measures introduced by this bill, we begin the work of making it strong for the future. I commend the bill to the House.

Debate adjourned.

Social Services and Other Legislation Amendment (2014 Budget Measures No. 2) Bill 2014**First Reading**

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

Bill read a first time.

Second Reading

Mr ANDREWS (Menzies—Minister for Social Services) (09:20): I move:

That this bill be now read a second time.

This is the second bill in the Social Services portfolio to introduce measures from the 2014 budget.

This second bill follows up the reforms to indexation and payment rates, supplements, disability support pension, and student and workforce age payments already introduced in the Social Services and Other Legislation Amendment (2014 Budget Measures No. 1) Bill 2014.

Indexation and rates

Several further changes and pauses to indexation and deemed income arrangements for Australian government payments will be introduced by this bill.

Indexation of the income and asset-free areas for student payments, and student income bank limits, will be paused for three years from 1 January 2015.

Indexation of the income and asset-free areas for all pensions (other than parenting payment single), and the deeming thresholds for all income support payments, will be paused from 1 July 2017 for three years.

The Social Services and Other Legislation Amendment (2014 Budget Measures No. 1) Bill 2014 introduced amendments to ensure parenting payment single is indexed only against the consumer price index from 20 September 2014. This second budget bill will similarly ensure that all other pensions are indexed only against the consumer price index, from the later date of 20 September 2017. This will help ensure the age pension in particular is sustainable, while pensions generally still keep up with the cost of living.

The government will also change the level of a person's financial assets at which a higher return is deemed. From 20 September 2017, the social security and veterans' entitlements income test deeming thresholds will be reset to \$30,000 for single income support recipients, and \$50,000 combined for pensioner couples. The deeming threshold amount for a member of a couple other than a pensioner couple will be \$25,000.

Disability support pension and carers

From 1 January 2015, recipients of the disability support pension who travel overseas for more than 28 days in a 12-month period will need to reapply for the payment on their return to Australia. There will be some exemptions—for example, for people with terminal illness who are returning to their country of origin to be with family, or people with permanent and severe disability and no future work capacity.

This budget has delivered \$3 million in funding to honour the government's election commitment to set up the Young Carer Bursary Program, which will provide support for young carers in Australia who look after people with disability, people with physical or mental health issues, or older people in need of care.

The responsibilities of young carers can have a significant impact on their personal lives and educational opportunities. The Young Carer Bursary Program will help reduce the financial burden on young carers by providing around 150 bursaries annually that will allow them to continue their studies.

This bill will support the new program by excluding from the social security and veterans' entitlements income test any payments made under the program from 1 January 2015.

Commonwealth seniors health card

A measure affecting the Commonwealth seniors health card will include untaxed superannuation income received in the form of an account-based income stream in the assessment for the card. This will ensure people with similar incomes are treated consistently, whether they are being assessed for a payment such as the age pension or for the health card. Superannuation products purchased before 1 January 2015 by existing cardholders will be exempt from the new arrangements.

Related to this measure, holders of the commonwealth seniors health card will benefit from an extension from six to 19 weeks in the length of time they may be absent from Australia without having to reapply for the card on their return.

Workforce age and student changes

From 1 January 2015, young unemployed people aged 22 to 24 will no longer be qualified for Newstart allowance or sickness allowance, and instead will be able to qualify for youth allowance (student) or youth allowance (other) until they turn 25 years of age.

The changes simplify the social security system, and strengthen the incentives for young unemployed people to participate in education, training and employment.

A six-month waiting period and time-limited income support payments will give young people stronger incentives to earn or learn. Young people will have access to a full range of supports to help them become work-ready, including employment services, training and relocation assistance. Exemptions exist for those with limited capacity to work, who are undergoing study, who have a significant disability, or who have parenting responsibilities.

In recognition of the importance of education and training in preventing future unemployment, young people returning to full-time school, vocational education or university will not be subject to the waiting period.

For every one year of work history, one month will be discounted from their waiting period, pro-rated for part-time or casual work, to a maximum of five months' discount from the waiting period.

Also from 1 January 2015, the current relocation scholarship assistance for students relocating within and between major cities will be removed, as will the education entry payment and the pensioner education supplement.

Family payment reforms

Several further reforms will be implemented from 1 July 2015 to improve the sustainability of family payments, while ensuring they continue to support those most in need of assistance:

- The family tax benefit part B primary earner income limit will be reduced from \$150,000 to \$100,000. Families with primary earner income over \$100,000 will not be eligible for family tax benefit part B.
- The large family supplement will also be better targeted, by being directed to families with four or more children.
- The family tax benefit parts A and B end-of-year supplements provide additional assistance at the end of the year when family tax benefit is reconciled against tax return incomes. The supplements will be revised to their original values of \$600 and \$300, and indexation will cease.
- Payments of family tax benefit part B will be available to families until their youngest child turns six. Transitional arrangements will apply for two years to families already receiving the payment for children aged six and over.
- The government recognises that single parents have greater difficulties balancing work and caring for their children. This bill will provide low-income single parents with extra assistance of \$750 a year. This will be provided to single parents on the maximum rate of family tax benefit part A, and not receiving family tax benefit part B, for each child aged six to 12.

- The per-child add-on that currently applies for each child after the first under the income test for the base rate of family tax benefit part A will be removed.

Pension age

Building on the move by the former Labor government to increase the pension age to 67 from 1 July 2017, this bill will continue the gradual increase in the qualifying age for the age pension, and the non-veteran pension age, to 70 by 1 July 2035. The bill does not change the pension age for veterans.

Australians are living longer, and our population is ageing. Between 2010 and 2050, the number of people aged 65 to 84 will more than double, and those aged 85 and over will more than quadruple.

This will present challenges for economic growth, living standards and fiscal sustainability. The change in the pension age will encourage greater self-provision. Those who cannot fully support themselves before pension age are protected by the social security safety net, subject to meeting relevant eligibility criteria.

Veterans' Disability Pension

In the last budget measure, the bill will remove from 1 January 2015 the three months' backdating of disability pension under the Veterans' Entitlements Act 1986.

Conclusion

The government is committed to ensuring our welfare system is sustainable and fair. I commend the bill to the House.

Debate adjourned.

National Health Amendment (Pharmaceutical Benefits) Bill 2014**First Reading**

Bill and explanatory memorandum presented by Mr Dutton.

Bill read a first time.

Second Reading

Mr DUTTON (Dickson—Minister for Health and Minister for Sport) (09:30): I move:

That this bill be now read a second time.

The National Health Amendment (Pharmaceutical Benefits) Bill 2014 implements the decision announced in the 2014-15 budget to increase patient co-payments and safety net thresholds for the Pharmaceutical Benefits Scheme (PBS) and the Repatriation Pharmaceutical Benefits Scheme (RPBS).

It is another example of this government's work to protect the best interests of Australians in making the decisions necessary to improve Australia's budget position into the future.

The PBS and RPBS are key components of our health services and are a major investment in the health of Australians. In the ten years to 2012-13, the cost of the PBS has increased by 80 per cent. At a current cost of around \$9 billion per year, and with annual growth over the longer term expected to be between four and five per cent, these schemes will not be sustainable without responsible management.

Why the Changes Are Needed—PBS Costs and New Listings

Australia's health system is demand driven. The pressure to provide access to more services, more medicines and more expensive technologies is always increasing.

There is a continual pipeline of complex and expensive new medicines delivering more targeted and more personalised treatments. Since coming to government, the coalition has listed or expanded the listings of some 181 medicines on the PBS. Medicines are being listed twice as fast as under the former Labor government.

The additional cost of advances in treatment, together with the ongoing cost of medicines for chronic conditions, means expenditure for our health system is growing faster than government and taxpayers can sustain.

If the PBS is to grow in a sustainable way, we need a whole-of-community approach and we all need to contribute—something successive governments have recognised since co-payments for the PBS were first introduced in 1960.

Earlier this year, this government approved new listings for medicines with an expected cost to the PBS of \$436 million. These listings include treatments for breast cancer, melanoma and multiple sclerosis, some of which cost tens of thousands of dollars per patient.

At its March 2014 meeting, the Pharmaceutical Benefits Advisory Committee (PBAC) recommended a further \$550 million in new listings. In July this year, the PBAC will consider applications for new PBS listings worth up to a further \$3.6 billion. Funding for new listings is not factored into the forward estimates. It is new money that this government must find every four months to provide access to those medicines, something we have committed to do.

But we cannot do that and contain spending without more help, a greater contribution from all Australians who benefit from the PBS.

The changes proposed in the bill are expected to contribute savings to the government for the PBS and RPBS of around \$1.3 billion over four years. They will provide a check on the rate of growth in PBS expenditure. Importantly, they do not cut funding for the PBS.

We still expect that the PBS will grow, but more sustainably, from \$9.2 billion in 2013-4 to \$10.2 billion annually in 2017-18.

Changes to Co-payments—General Patients

Under the changes commencing 1 January 2015, there will be a one-off increase in patient co-payment amounts for pharmaceutical benefits prescriptions. This increase will apply in addition to the usual annual consumer price index (CPI) adjustment which occurs on 1 January each year.

The co-payment for general patients, which is currently \$36.90, will increase by \$5 in addition to CPI. On average, general patients use two PBS subsidised prescriptions per year. So, for an average user, the additional cost from 2015 would be \$10 per year.

Under Co-payment General Patient Prescriptions

The increase in the general co-payment will not affect the cost to consumers for many commonly used medicines. Because the co-payment amount is the maximum that a person needs to pay under the PBS, when the price of a prescription is less than the co-payment, the consumer pays the lesser amount.

Medicines priced at less than the general co-payment already account for more than 40 per cent of PBS listings, and over 70 per cent of general patient PBS prescriptions. By the time the co-payment changes come into effect, more than 55 per cent of listings are expected to be below the general co-payment amount. These include listings for medicines used to treat high blood pressure, high cholesterol, type 2 diabetes, gastric ulceration, and skin conditions. As competition in the market continues to bring prices down, those reductions are reflected in the prices paid by consumers, as well as by the government.

Changes to co-payments—concessional

For individuals and families who access pharmaceutical benefits at the concessional level, including veterans and their dependants under the RPBS, the co-payment, which is currently \$6, will increase by 80c in addition to the CPI.

People with concessional benefits use, on average, 17 prescriptions each year. So under these new arrangements, they will pay an extra \$13.60 per year for their subsidised medicines.

The government is asking concessional patients to contribute an extra 80c for prescriptions which cost on average \$43.50. It will also be only an extra 80c for medicines such as the cancer treatments, everolimus and dabrafenib that cost over \$5,500 and \$8,700 per prescription respectively.

Along with the co-payment changes, there will be parallel changes in PBS safety nets.

Safety net arrangements help to protect people who require a lot of medicines from high out-of-pocket costs. For all users of the PBS and RPBS, once the safety net threshold is reached, the co-payment amount is reduced for prescriptions required for the rest of the calendar year. For general patients, the co-payment reduces to the concessional amount, and for concessional patients, the co-payment is reduced to zero.

Changes to safety nets—general

Under the proposed changes, the general safety net, which is currently \$1,421.20, will increase by 10 per cent of the safety net plus annual CPI indexation on 1 January each year from 2015 until 2018. From 1 January 2019, only annual CPI indexation will apply.

General patients who are high medicine users will pay around \$145.30 more in 2015 before reaching the new safety net threshold—and thereafter will only pay the concessional co-payment to access subsidised medicines for the remainder of the calendar year.

Changes to safety nets—concessional

The concessional safety net, which is currently equivalent to co-payments for 60 prescriptions, or \$360, will increase by two prescriptions on 1 January each year from 2015 to 2018. The resulting concessional safety net thresholds will be 62 prescriptions in 2015; 64 in 2016; 66 in 2017; and 68 in 2018.

Concessional patients who are high medicine users will pay around \$61.80 more in 2015 before reaching the new safety net threshold—and thereafter will receive all their PBS and RPBS subsidised medicines for free for the remainder of the calendar year.

Operation of safety nets—and family example

Importantly, the same general or concessional safety net applies to individuals, couples and families. The safety net can be tallied separately for an individual or combined where the cost of medicines for couples or family members needs to be met from the same household budget.

For example, in 2015, a low-income family of two adults and two children, who hold a concession card and obtain 72 prescriptions per year between them, will pay \$61.80 more than in 2014 before they reach the safety net threshold. But, once they reach the safety net, they will get the rest of their PBS prescriptions for that calendar year for free—that is 10 scripts for free—whether it be the \$43.50 medicine, or the \$5,500 medicine, or the \$8,700 medicine, it will be provided to them at no cost.

Changes to concessional contributions for closing the gap

The changes in the bill will also apply for patient contributions charged at the concessional rate for the closing the gap PBS co-payment measure. Under the closing the gap arrangements, eligible Aboriginal and Torres Strait Islander consumers, who would otherwise pay the general co-payment for PBS prescriptions, pay at the concessional rate. Eligible concessional patients receive their PBS medicines for free.

Patient contributions as one element of effective PBS management

The government has inherited an enormous debt from the former Labor government and is determined to ensure that health services are sustainable, are used efficiently, and are available for future generations.

The PBS model requires that medicines undergo evidence based assessment of clinical and cost effectiveness, be listed only on the recommendation of our expert advisory committee, and be subject to comparative and competitive pricing.

Good management of the scheme also relies on the innovative products supplied by a strong medicines industry, and the quality care provided by Australia's wide network of community pharmacies.

Since 1960, successive governments have continued to recognise that patient contributions are part of responsible management of the PBS. Indeed it was a Labor government that introduced a \$2.50 patient contribution for pensioners in 1991 and a Labor government that increased the co-payment for general payments by 100 per cent from \$5 to \$10 in 1985.

It has been fair in the past, and it is fair now, to slightly increase the cost for consumers, given the increase in the cost of the PBS over the last 10 to 15 years and the number of very expensive drugs which will be listed in the future.

Conclusion—Savings for new listings and the medical research future fund

Demand for the PBS will continue to grow, and we want to list medicines quickly. The expense of the latest treatments is a major cost driver for the PBS. Recent PBS listings include medicines with a cost per patient per year of up to \$110,000 for the treatment of melanoma; around \$38,000 for advanced breast cancer; \$27,000 for prostate cancer; and up to \$17,000 for macular degeneration. As more high-cost medicines are listed, and more patients require access to these treatments, the cost to taxpayers will increase.

By asking consumers to share in that cost, we can build a sustainable PBS that can continue to make otherwise prohibitively expensive treatments affordable for all Australians.

Importantly, this measure will also help to support future development of the types of innovative medicines people are seeking today. We will always be looking to prevent and treat illness and manage conditions that challenge us now.

And our medical researchers have led the way, from Howard Florey to Sir Gustav Nossal and from Fiona Stanley to Ian Frazer. Australians have, through research and innovation, saved millions of lives, not just here but around the world.

Savings will contribute to the \$20 billion capital protected Medical Research Future Fund. When fully mature, it will add \$1 billion to the resources available for medical research each and every year for generations to come. The fund will provide more opportunities for world-class Australian researchers to undertake basic and applied research and to test their results in clinical trials in this country. This investment is a huge step forward for Australia and will bring considerable health and economic benefits to our nation.

The changes in this bill will strengthen the PBS while preserving all the features that make it such a valued part of Australia's health system.

Debate adjourned.

Carbon Farming Initiative Amendment Bill 2014

First Reading

Bill and explanatory memorandum presented by Mr Hunt.

Bill read a first time.

Second Reading

Mr HUNT (Flinders—Minister for the Environment) (09:42): I move:

That this bill be now read a second time.

The Carbon Farming Initiative Amendment Bill 2014 provides the framework for administering the Emissions Reduction Fund. At the recent election the public voted to repeal the carbon tax and to introduce the Emissions Reduction Fund as the heart of an incentive based approach to reducing Australia's emissions and to cleaning our air and land.

The Emissions Reduction Fund is, therefore, a fundamental election commitment and the key element of the government's policy to respond to climate change.

Through the Emissions Reduction Fund, the government will work in partnership with business and the community to achieve a cleaner environment through practical actions that will achieve real, measurable results.

The government accepts fully the science of climate change. However, we reject the carbon tax because it is an ineffective mechanism and an unfair mechanism to deal with the challenge at hand.

The carbon tax was a \$7.6 billion hit on the economy in its first year, yet emissions were but 0.1 per cent lower. In short, it fails to do the job. The carbon tax has led to higher electricity prices, higher gas prices and it has increased the cost of living. It is estimated by Treasury that repeal of the carbon tax will reduce average Australian household bills by \$550 a year. It is, therefore, an unnecessary burden on Australian businesses, a drag on our international competitiveness and an unfair and ineffective hit on Australian families. For these reasons the government has moved to abolish the carbon tax as a fundamental priority since coming to office. The bills to abolish the carbon tax were the very first bills introduced into this House by the government by no less a person than the Prime Minister.

The Emissions Reduction Fund will therefore be a better way to reduce emissions than imposing a carbon tax that increases energy costs for businesses and households.

In short, the carbon tax is an electricity tax, a gas tax and a refrigerant tax, and in the end the cost is always borne by Australian families.

The Emissions Reduction Fund, by contrast, is a major environmental program with benefits for air quality, land management and agricultural productivity and a program to reduce emissions. It can be supported whatever one's views on climate issues.

Funding for the ERF is already allocated in the budget. This bill sets out the administrative amendments to assist in implementation. Industry and farming groups strongly support implementing the Emissions Reduction Fund through the approach set out in the bill of building on—and streamlining—the existing Carbon Farming Initiative and using other existing government mechanisms and processes.

Unlike the approach under the carbon tax, the Emissions Reduction Fund will provide positive incentives to help Australian businesses and households lower their energy costs, improve their agricultural productivity and increase their efficiency. It will do this by building on the Carbon Farming Initiative approach of supporting practical projects.

This bill will implement the ERF to replace the carbon tax and provide a transition for the Carbon Farming Initiative. It will do this by amending the Carbon Credits (Carbon Farming Initiative) Act 2011 and related acts.

The Emissions Reduction Fund

The objective of the Emissions Reduction Fund is to reduce emissions at lowest cost and help Australia meet its emissions reduction target of five per cent below 2000 levels by 2020.

To put that into context, on the most recent advice I have received from my department, when you look over the period from 1990 to 2020, Australia and the United States achieve an almost identical net reduction over the course of a generation.

The government is therefore making a significant investment in the fund. The 2014-15 budget sets out an initial commitment of \$2.55 billion, with further funding to be considered in future budgets. The Clean Energy Regulator, importantly, will be able to commit the full—I repeat, the full—amount of funding in emissions reduction contracts from the commencement of the Emissions Reduction Fund. There will be no barrier to the full amount of contracts being written from day one. We have made a significant change: whereas these had to be phased out over a four-year period, they can now commence in full without restriction from the moment of passage.

Existing Carbon Farming Initiative participants will be well placed to bid in and access these funds to support their existing projects.

Three simple principles have guided the design of the Emissions Reduction Fund. These principles are embedded in the framework that is established by this bill.

- First, the fund will encourage projects that deliver lowest cost emissions reductions.
- Second, emissions reductions will be genuine and go beyond 'business-as-usual'.
- Third, administration of the fund will be streamlined and cost-effective.

In short, the Emissions Reduction Fund will not create any significant new government architecture. Instead, it will use existing structures and processes that are understood by industry whilst also streamlining them.

In particular, this bill does four key things to establish the Emissions Reduction Fund.

Expanding the Carbon Farming Initiative

First, this bill expands the Carbon Farming Initiative to enable crediting of emissions reduction opportunities across all sectors of the economy.

Expanding the scope of the Carbon Farming Initiative will allow businesses from all over Australia to bring projects forward and receive Australian carbon credit units for the emissions reductions they deliver through their projects.

Under the Carbon Farming Initiative, farmers and land managers are able to earn carbon credits by storing carbon or reducing greenhouse gas emissions on the land. These credits can then be sold to people and businesses wishing to offset their emissions. The Clean Energy Regulator has registered more than 130 Carbon Farming Initiative projects and issued over 6 million Australian carbon credit units since the program commenced in late 2011.

Under the Emissions Reduction Fund, this Carbon Farming Initiative approach will be expanded so that other parts of the economy can access the system. This includes areas like energy efficiency, waste coal mine gas, cleaning up power stations, the transport sector and large industrial facilities.

The expansion of the Carbon Farming Initiative will be achieved by amending existing legislation, which establishes the Carbon Farming Initiative, and amending the administrative and reporting arrangements that support it, including the National Greenhouse and Energy Reporting Scheme.

In particular, the Carbon Farming Initiative Amendment Bill 2014 amends the Carbon Credits (Carbon Farming Initiative) Act 2011, the National Greenhouse and Energy Reporting Act 2007, the Australian National Registry of Emissions Units Act 2011 and the Clean Energy Regulator Act 2011.

Empowering the Clean Energy Regulator

Second, this bill empowers the Clean Energy Regulator to conduct auctions, enter contracts and purchase emissions reductions.

It provides for the Clean Energy Regulator to run regular reverse auctions or other procurement processes. This will allow the government to simply and efficiently buy the lowest cost emissions reductions across the economy from new projects, as well as existing Carbon Farming Initiative projects.

The projects with the lowest cost per tonne will be selected, and the Clean Energy Regulator will enter into contracts to purchase the emissions reductions from these projects. These contracts will give businesses confidence and certainty about the payments they will receive and provide genuine incentives and support to improve energy efficiency and agricultural productivity.

The Clean Energy Regulator will publish information after auctions about auction outcomes to help businesses understand the opportunities available to them under the Emissions Reduction Fund. This is full public transparency, as it should be.

The competitive nature of this process will ensure that the Emissions Reduction Fund achieves the best value for taxpayers' money. Payments will be made after emissions reductions are achieved, but under a contract for delivery. Therefore, the emissions reduction providers have the bankable certainty of a contract with the Commonwealth, with periodic payments. The taxpayer and the Commonwealth have the security that they need only pay for actual abatement and actual emissions reductions as they occur and are verified.

Streamlining processes

Third, the bill streamlines existing processes from the Carbon Farming Initiative, removing red tape to make it easier to register projects and receive credits.

Fewer project registration steps will see projects approved more quickly.

More flexible reporting arrangements will improve cash flow.

A risk-based approach to audit means that lower-risk projects will have fewer obligations.

The simplified eligibility requirements around property rights will make project aggregation easier.

Importantly, the bill will remove the exclusive 100-year permanence requirement, which has been a significant barrier to landholders increasing carbon stores in soils and vegetation. Landholders will now have the option of storing carbon for 25 years.

Approving estimation methods will be quicker and easier than under the Carbon Farming Initiative.

An independent expert body established under the current scheme will be broadened in scope and renamed the Emissions Reduction Assurance Committee. It will advise the government to ensure methods are consistent with the scheme's focus on genuine emissions reductions. The complex and time-consuming process of assessing every activity against the common practice test under the Carbon Farming Initiative will be removed.

Transitioning the Carbon Farming Initiative

Fourth, this bill provides transitional arrangements for existing participants in the Carbon Farming Initiative.

Landholders and businesses with existing CFI projects will be able to transition smoothly into the Emissions Reduction Fund.

Existing Carbon Farming Initiative projects—such as projects to manage savannahs, plant trees or capture methane from piggeries—will be automatically registered under the Emissions Reduction Fund and will be well placed to secure contracts at auction, subject to lowest cost, that will deliver them a guaranteed revenue stream from their existing projects on a bankable, periodic basis.

Existing Carbon Farming Initiative projects will also benefit from less red tape, and simplified reporting and audit processes under the new scheme.

Finally, the bill defines the roles and responsibilities of the Clean Energy Regulator. The regulator has established a genuine reputation as an effective, fair and independent body since its establishment, and has the required expertise to administer the Emissions Reduction Fund.

Safeguard mechanism

The fund also includes a safeguard mechanism to ensure that emissions reductions paid for by the government are not displaced by a significant rise in emissions elsewhere in the economy.

The safeguard mechanism will commence on 1 July 2015 and its detailed design will be subject to extensive consultation by industry and will, after that, be given effect by a final legislative package.

Consultation and opportunities

In preparing this bill, the government has consulted widely with business, environment and community representatives from across the Australian economy. I know, in my own case, over the course of the period since 2 February 2010 I have held over 250 meetings with industry, community, environment groups and experts.

I would like to acknowledge the more than 300 organisations, businesses and individuals who have taken the time to contribute their expertise and ideas on the design of the Emissions Reduction Fund.

This feedback has made it clear that there are genuine, significant, low-cost emissions reduction opportunities across Australia that can be unlocked through simple, positive incentives from the Emissions Reduction Fund.

The fund is, therefore, both an emissions reduction program and—I want to stress this—a major environmental program. It is also about substantial co-benefits to improve both economic and environmental outcomes.

It can be supported as an environmental program whatever one's position on climate issues and the need to reduce emissions.

There are many types of projects that, for example, could be supported under the Emissions Reduction Fund. Possible examples include:

- Cleaning up Australia's waste sector by capturing the methane for flaring or generating electricity, thereby improving local air quality.
- Emissions reductions from the transport sector—covering air, sea, road and rail activities—from technology activities, low-emission vehicles and operational changes—

only last evening, I spoke with a former member of this place and close personal friend, Pat Farmer, and he inquired about the potential for the fund to engage with low-emissions transport opportunities. I can specifically confirm to Mr Farmer and to others that are interested that it is expressly designed to offer opportunities for emissions reduction in the transport sector. Again, this offers real opportunities to improve local air quality and reduce dangerous particulate pollution.

- The capture of coal mine gas, which could be flared or used to generate electricity.
- Using alternative waste treatment facilities to stop the waste being deposited in landfills in the first place. This is an approach widely supported in many places across Europe for generating clean electricity while avoiding noxious fumes. It has a significant local community benefit.

- Capturing methane from waste water facilities, whether it is at abattoirs or chemical processing facilities, with, again, significant air quality benefits for neighboring landholders and residents.
- Improving industrial energy efficiency at large energy-using facilities through large-scale changes—such as installing more efficient process heating and the replacement of boilers and furnaces—or pulling together smaller incremental improvements that aggregate up to large savings at power stations, cement and aluminium production facilities, and oil and gas extraction plants.
- Energy efficiency improvements in the commercial building sector, including offices, retail chains and educational facilities. This could include partial and full retrofits of existing commercial buildings, installation of energy efficient lighting or fans, or the installation of co- and tri-generation—

this is a particular opportunity for state and local governments, with the large administrative, educational and medical facilities which they own and operate—

- Improvements in the efficiency of household electricity consumption through aggregating up individual changes across a large number of households, thereby reducing household energy costs and electricity bills.
 - Projects to destroy the methane that is generated from manure in piggeries and dairies—
- again, with local air quality improvements for neighbours—
- Projects to reduce emissions by feeding dietary additives to milking cows, with productivity benefits.
 - Projects to manage fires in savanna grasslands, supporting Indigenous land management and communities.
 - Revegetating land to improve water quality, and reduce erosion and salinity—

part of the long process of reversing land degradation in Australia, as we adapt our farming practices to the needs of this continent after two centuries of settlement; a fundamentally important approach to improving land management, land health and the recovery of degraded areas—

- Replenishing the carbon content of soils to improve the health and productivity of Australian farms.

This is a major opportunity with profound implications for productivity and soil health over the coming decades and generations, and one which I believe will be fundamental, going forward.

Conclusion

In conclusion, I wish to make a series of thank yous. I first want to thank, amongst my colleagues, the Prime Minister for his support over a period of four years. He has been unwavering in his view that we need to take action to reduce our emissions and, in particular, to have the co-benefits to clean up our environment. I also want to thank the minister at the table, the Minister for Trade, Andrew Robb. He has been involved in this project from the outset and was fundamental in design issues prior to the release of the first policy. He has provided tremendous personal support throughout the last four years; it is a very strong, personal thank you. And I want to thank my parliamentary secretary, Senator Simon Birmingham, who is in my view a future cabinet minister in waiting. His capabilities are extraordinary.

Within industry, I want to pay particular thanks to Danny Price and David Green who are the two co-chairs of the Expert Reference Group. They have brought together an outstanding team under the Expert Reference Group, as well as having consulted widely. There are two members of the Exigency economic management and modelling firm, Stuart Allinson and Adrian Palmer, who have been fundamental guides throughout the past four years. I could not have done this without them.

Within the department, I want to acknowledge the secretary, Dr Gordon de Brouwer, who has engaged deeply in this process, and officers, Tas Sakellaris, James White, Kristin Tilley, Shayleen Thompson, Hilton Taylor and the rest of the Emissions Reduction Fund Taskforce within the department. I particularly want to acknowledge the absolutely indispensable advice and the countless hours of work from the senior officers: Maya Stuart-Fox; Trevor Power, who has been the head of the Emissions Reduction Fund Taskforce; and Dr Steven Kennedy, who is a deputy secretary within the department and who is really one of the shining lights of the Australian Public Service.

Within my office, I would like to thank my chief of staff, Wendy Black; senior adviser, Patrick Gibbons; adviser, Alex Caroly; the DLO who has helped work with the department on this, Nick Godden; and to make a special thanks to the adviser responsible for the Emissions Reduction Fund, Temay Rigzin, whose understanding of Treasury, of the Emissions Reduction Fund and of industry, and literally hundreds of hours of work, has been fundamental to reaching this point.

Ultimately, the government knows that the protection of the environment and pursuit of economic growth are not mutually exclusive objectives.

They are two essential elements of a stronger Australia.

That is why we do not agree with the proposition that the only way to protect the environment is by destroying Australia's competitiveness.

And that is why we have moved to abolish the carbon tax as our first legislative act as an incoming government. It does not work. It is not fair. The Australian people rejected it.

There is a menu, therefore, of approaches available to reduce emissions in different economies and societies.

For Australia, an approach that directly purchases emissions reductions through an Emissions Reduction Fund is a better way than an approach that raises prices for all Australians.

By building on the successes of the Carbon Farming Initiative, this bill supports positive action by farmers, businesses and households.

This bill will use positive incentives to reduce emissions, unlock economic activity, boost energy efficiency and improve agricultural productivity.

The bill makes economic sense for Australia. It makes environmental sense for Australia. It can be supported, wherever one stands on climate change, because of the profound co-benefits to the environment, and it was endorsed expressly by the Australian people at the same time as they rejected expressly a carbon tax which had no mandate and does not work. The government therefore stands for practical actions that will achieve real and measureable results for the economy and the environment.

This bill will deliver these results through the Emissions Reduction Fund, and I wholeheartedly commend the bill to the House.

Debate adjourned.

COMMITTEES

Human Rights Committee

Report

Mr LAURIE FERGUSON (Werriwa) (10:07): On behalf of the Parliamentary Joint Committee on Human Rights, I present the committee's seventh report of the 44th Parliament entitled *Examination of legislation in accordance with the Human Rights (Parliamentary Scrutiny) Act 2011: Bills introduced 13 to 29 May 2014, Legislative Instruments received 8 March to 30 May 2014—Report, June 2014*.

Report made a parliamentary paper in accordance with standing order 39(e).

Mr LAURIE FERGUSON: by leave—The Parliamentary Joint Committee on Human Rights' seventh report of the 44th Parliament covers 42 bills introduced in the period 13 to 29 May, seven of which have been deferred for further consideration, and 218 legislative instruments received during the period 8 March to 30 May. The report also includes the committee's consideration of 15 responses to matters raised in previous committee reports with ministers.

Of the bills considered in this report, I note the following bills are scheduled for debate in the parliament this week:

- Migration Legislation Amendment Bill (No. 1) 2014; and
- Fair Work Amendment Bill 2014.

The report outlines the committee's assessment of the compatibility of these bills with human rights, and I encourage my fellow members to look to the committee's report to inform their deliberations on the merits of this proposed legislation.

I would like to draw members' attention to one bill in this report which is of particular interest and relevance to the committee's task of assessing legislation for compatibility with human rights.

The Migration Legislation Amendment Bill (No.1) 2014 consists of six schedules of amendments to the Migration Act and the Australian Citizenship Act. Key changes include:

- amending the existing limitations on applying for a further protection visa to include situations where the first visa application was made on behalf of a non-citizen. This would cover situations where the non-citizen did not know of, or did not understand, the nature of the application due to a mental impairment or because they were a minor;
- extending debt recovery provisions for detention costs to all convicted people smugglers and illegal foreign fishers;
- amending the role of authorised recipients for visa applicants, and the Migration Review Tribunal and Refugee Review Tribunal's obligation to give documents to authorised recipients;

- providing access to, and use of, material and information obtained under a search warrant in migration and citizenship decisions; and
- amending the procedural fairness provisions that apply to visa applicants.

As noted in the report, the committee has raised concerns about each of these amendments. In most cases, the committee has sought more information from the minister, noting that the statement of compatibility for the bill did not provide an adequate assessment of how the limitation on rights in each case was reasonable, necessary and proportionate.

In particular, the committee noted that extending the statutory bar on repeat protection visa applications to children and persons with a mental impairment engages a number of human rights. These include the best interests of the child and the right of persons with a mental impairment to legal capacity. The schedule also engages Australia's nonrefoulement obligations—the obligation not to return people to harm. In this regard, the committee notes that merits review of decisions to remove people from Australia is an important aspect of our nonrefoulement obligations. I encourage members to consult the full discussion of the bill in the report, which provides a more detailed account of the issues raised. Finally, in relation to responses to matters previously raised by the committee, the report contains consideration of 15 such responses, and the committee's concluding remarks on these matters.

With these comments, I commend the committee's seventh report of the 44th Parliament to the chamber.

BILLS

Family Assistance Legislation Amendment (Child Care Measures) Bill 2014

Second Reading

Debate resumed on the motion:

That this bill be now read a second time.

to which the following amendment was moved:

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

"the House declines to give the bill a second reading as:

- (1) the Government has failed to provide sufficient information about the impact on families of the changes to the Child Care Benefit;
- (2) the Government has not completed an assessment of impacts on workforce participation of the changes to the Child Care Benefit;
- (3) the changes to the Child Care Benefit should not be legislated just weeks before the Productivity Commission inquiry into Childcare and Early Childhood Learning provides its interim report; and
- (4) families have not had a chance to have their say on these changes; and
- (5) for these reasons, calls on the Government to remove the changes to the Child Care Benefit, set out in Item 2 of Schedule 1, from this bill, to allow separate and fully informed consideration by the Parliament of the changes to the Child Care Rebate and the Child Care Benefit."

Ms BUTLER (Griffith) (10:11): Our population is changing. There are more older people than before. Baby boomers have started to retire, and people are living longer. It is all good news. One consequence of those changes is that Australia needs workers. Among others, we need people in their 20s, 30s, and 40s to have every opportunity to participate in our workforce. We need them to use their skills, to develop their skills, to be productive, to pay

taxes and to stay in the workforce so that their pay increases, so that their tax payments increase, so that they do not lose their skills, so that they learn, so that they stay connected, so that they can contribute.

One thing our country needs, so that people of parenting age can stay in the workforce, is child care. Child care allows parents to return to work. More than 978,000 families across Australia rely on child care on a daily basis. There are lots of good reasons why a parent might want to return to work—there is the obvious financial benefit of earning a wage, but there are other benefits too. One is that the longer you are away from the workforce, the more likely it is that your skills will become eroded or outdated. That can make it harder to get back into the workforce, and even once you are there it can mean delayed promotion, delayed opportunities for development and lower wages over a lifetime. You can miss opportunities for promotion that you would have had, had you had a shorter absence from the workforce.

Another reason that people might want to return to work is wellbeing. For a lot of us, our identity is wrapped up in our work. If you have built a successful career, or developed skills, or you have been part of an organisation successfully for a long period of time, your identity can be largely wrapped up in what you do. It can be an opportunity for inclusion, an opportunity for social contact, an opportunity just to have a conversation that is not about nappies or pressing domestic concerns. It can affect your sense of self-worth. For those reasons it is important not just from a national perspective but also from an individual perspective that we remove barriers and impediments to returning to work for people who are parents.

None of this is intended to denigrate or belittle the work of those who choose to remain out of the paid workforce to undertake important parenting responsibilities. Having been both a stay-at-home parent and a principal in a national law firm, I value both roles, and I know that in a lot of ways that stay-at-home parenting work can be tougher and more demanding than returning to a career in the paid workforce. For those who want to return to the paid workforce, our nation should do what it reasonably can to remove any barriers. One aspect of removing barriers is good regulation that allows people to have a job that they can return to, that prevents them from being sacked for taking parental leave, that helps working arrangements to fit around life as a parent and that helps to fight discrimination against parents.

Another aspect is not legislative; it is building a culture where absence from the workforce to have a child is seen as the norm for people of parenting age—in other words, a work culture where work and family fit together and are not in competition with each other, and where people are seen as individuals and parents, not just as workers. Obviously a further aspect is paid parental leave. It takes away some of the pressure of absence and helps reduce disadvantage, and it allows the person taking parental leave to keep in touch with the workplace throughout their absence.

Of course, child care is a very important part of the puzzle. Without child care, returning to work can be just impossible. Australian parents and their kids need quality, accessible and affordable child care. Research shows the relationship between workforce participation for women particularly and the cost of child care. When the gross costs of child care go up by one per cent, women's workforce participation decreases by 0.7 per cent. These are obviously concerning statistics given the imperatives that we have to make sure that our paid workforce

base is as big as possible as our population changes and we face the challenges inherent in those changes. Child care is not just important for today's workforce; it is important for our nation's future. It is important to our ability to raise enough revenue to pay for the services that our people need. It is also important for our children's future. Early learning is so significant when it comes to making sure that our children will have the best prospects, the best opportunities and the best future possible.

The reason I made those opening remarks was to explain why I find this bill so disappointing and why I so strongly support the Labor amendment. It is because this bill is aimed at making child care less affordable for parents. The bill will decrease the real value to working families of the childcare rebate and the childcare benefit. It will do so by freezing indexation not just for the non means-tested child care rebate but also for the income thresholds of the means tested child care benefit. It is a cut of \$336 million from childcare support that low- and middle-income families in Australia rely on.

It is so ill-timed. It comes only weeks before the Productivity Commission inquiry that the government itself instigated is due to provide an interim report. The government should await the Productivity Commission's recommendations and views on child care before altering childcare policy. This is an alteration in policy in that it is aimed at making child care less affordable. Like many other Australians, I made a submission to the Productivity Commission inquiry into child care in good faith, expecting that the government of the day would await its recommendations before making changes to child care. By reducing access to child care and reducing affordability the government is jumping the gun. It should be waiting for the Productivity Commission.

But more important than process issues are substantive issues. The measures in this bill are unprecedented. No government has frozen indexation on the childcare rebate without using the proceeds of the savings to help fund child care quality measures by returning the savings to early learning. No government at all has frozen the income thresholds on the childcare benefit. These unprecedented measures are greatly disappointing, but sadly this approach is consistent with the Liberal-Nationals' longstanding failure to support accessible, affordable child care.

I remember very well in the late 1990s that one of the first measures of the newly elected Howard government was to abolish operating subsidies for community childcare centres. In the same year, they reduced the childcare cash rebate from 30 per cent to 20 per cent for one-child families with incomes above \$70,000 a year. The Howard government just did not get child care. Unfortunately, it is a pattern that is continuing.

In contrast, Labor has an outstanding record on child care. Just last year then Minister Ellis recounted some of our achievements on child care in a speech to the Australian Childcare Alliance. She described some of Labor's achievements and said:

In affordability alone we have seen a massive increase in investment, we have seen an increase in the child care rebate from 30 to 50 percent, we have seen the increase in the cap of the child care rebate from \$4,354 a year up to \$7,500 per year but importantly they aren't the only statistics that matter.

The statistics that matter is the impact that this increase is having in Australian families. What we do know is that in 2004 when a family was spending on average 13 percent of their disposable income on their childcare fees, that by 2011 that figure stood at 7.5 percent.

So we have seen a reduction in the proportion of disposable income spent on child care. I know that former Prime Minister Kevin Rudd, who was the member for Griffith before my election as the member for Griffith, was very proud of the move to increase the childcare assistance from 30 per cent to 50 per cent. He spoke to me about that change and about the importance of making child care available to working families.

When you look at the history of the coalition's actions and Labor's actions on child care you see the difference. Labor has always believed in and supported workforce participation measures and early learning measures, whereas unfortunately the coalition has not. It is a similar proposition when it comes to paid parental leave. I remember very well when Jenny Macklin was the Deputy Leader of the Australian Labor Party federally and the great pride that I felt as a young member of the Australian Labor Party that she was championing a paid parental leave scheme nationally. At the time, though, unfortunately the Howard government was opposing paid parental leave. Instead, we saw the absolutely flawed policy of the baby bonus—a policy that was widely criticised as an example of poor public policy.

We championed paid parental leave and, once Labor was elected to government, we commissioned a Productivity Commission inquiry and, quite rightly, waited for the outcome of that inquiry. At that point we implemented a paid parental leave scheme consistent, importantly, with the Productivity Commission inquiry recommendations. That was a minimum wage, fixed-amount paid parental leave scheme where everybody would get the same amount. It was a fair scheme, unlike the Abbott government's wholly unfair Paid Parental Leave Scheme where the more well off you are the more money you get from the government. It is frankly ridiculous and repressive.

I know that in this debate there has been a bit of discussion about the priorities in this government's spending when it comes to work and family policies. All I want to say about that is that it is very disappointing that we are seeing a lot of myths being perpetuated in the debate. For example, last night we heard a member indicating that it was fair for paid parental leave paid by the taxpayer to be paid at full income replacement, notwithstanding the Productivity Commission's recommendation directly to the contrary, because annual leave and sick leave get paid at income replacement rates. That wholly misunderstands the nature of the paid parental leave payment that is going to be paid for by the taxpayer. It is flawed analogy because we all know that annual leave and sick leave are not paid for by the taxpayer; they are paid for by the employer.

This partly demonstrates some of the problems with this paid parental leave scheme. The Abbott government wants the taxpayers to pay income replacement for well-off people and employers to stop paying those income replacements. In those situations where there has been enterprise bargaining and where productivity gains have been exchanged for improved conditions for working people and where employers are now paying income replacement paid parental leave, the government would like to relieve those employers of that obligation and to effectively subsidise those employers by transferring the obligation to make those payments from the employer to the taxpayer. Frankly, I think that is ridiculous and unfair.

For that matter, all of the allegations made that everybody should have the same paid parental leave entitlements are really interesting, as they come from a government, a party and a tradition that champions individual bargaining, and I am sure they would not be suggesting that pay and condition improvements ought to come without corresponding increases in

productivity and productivity gains. But I digress, Deputy Speaker Mitchell. We are talking about child care.

The Abbott government's record on child care and work and family policy is just atrocious. They promised no cuts to education before the election, and what have we seen since the election—cutting funding for schools, cutting funding for universities, higher university fees for students, failure to guarantee future funding for preschool. And now early childhood education has been added to the long list of Abbott government broken promises. It is pure hypocrisy not least because the Prime Minister personally wrote to centres about the impact of capping the childcare rebate on families before the election, saying it would mean increasing out-of-pocket costs for families. Of course that is exactly what this bill is for; that is exactly what this bill does. We have already seen this government's announcements stripping almost a billion dollars from early education and care, \$450 million cut from outside of school hours care, \$157 million cut from family day care services and a range of other cuts. But we are now seeing this square, direct attack on the childcare rebate and the childcare benefit.

The childcare benefit is means-tested and targeted. It is extraordinary that the government is going to make cuts to a payment for which eligibility starts to reduce when families earn just \$41,000. We know from the Senate committee hearings that the government has done very little, if any, real analysis of who will be hurt by these changes and how much they will pay. Instead, this is a government that is trying to rush these childcare benefit changes through the parliament in a sneaky and underhanded way and these changes are going to have a negative impact on at least 500,000 low- and middle-income families. It is just not good enough.

It is a very disappointing set of changes, and that is why Labor believes that particularly for the childcare benefit there ought to be an opportunity to fully consider, consult and debate in respect of those changes. That is why we have moved the amendment to split the bill. We believe that particularly for that relief targeted to lower and middle-income earners there ought to be an opportunity for further discussion and further consideration in respect of that change to the childcare benefit. Frankly, it is a ridiculous indictment of this government's policies that they are refusing to reconsider their ridiculous paid parental leave scheme where the more you earn the more you get, while at the same time making it harder for families to afford child care.

Ms OWENS (Parramatta) (10:26): I rise to speak on the Family Assistance Legislation Amendment (Child Care Measures) Bill 2014. This bill seeks to do two things: to freeze the childcare rebate limit at \$7½ thousand per child per annum for three years and to freeze income thresholds for the childcare benefit CCB for three years. In the second reading amendment proposed by the shadow minister, Kate Ellis, we have made it very clear that on this side of the House the opposition calls for the two elements of this bill to be separated so that they can be considered separately and there can be real community consultation with families and childcare providers on the effects of these changes separately.

For Labor there is quite a difference between the two. The childcare rebate, firstly, was something that Labor also sought to freeze when we were in opposition. The then opposition of course fought against that and argued that it was poor decision and they went around the country saying that it was a poor decision. But at the time we were talking about freezing the childcare rebate in order to transfer that money into other areas of child care. The then

opposition has now completely changed its mind and thinks that it is a very good idea not just to freeze the rebate but to take that money out of child care completely, in other words, reduce the amount of funding available to parents who seek to put their children into child care.

The second element, though, the childcare benefit is something that we on this side of the House have extraordinary concerns about. This benefit is very much about low- and middle-income families. In many ways the combination of the two, the rebate and the benefit, recognises that for lower income families the proportion of the disposable income they spend on child care is greater and this compensates lower income and middle-income families for that difference by providing an extra payment. I heard the minister this morning on radio pretending that the freezing of the benefit would not make a difference because parents would then pick it up in the childcare rebate. If you know anything about mathematics, of course you would realise that that is not true. The childcare benefit is a 100 per cent payment and the rebate is 50 per cent up to \$7½ thousand, so the more you reduce the benefit the less a low-income family receives in assistance, and it can be a substantial amount over a 12-month period.

In many ways, this is the government of extraordinary contradictions. We have an amazing one here where we see on one hand the gold plated paid parental leave scheme, which reimburses a parent at their full rate of pay up to \$50,000, presumably intending to assist women to move in and out of the workforce. On the other hand, on the same page, they then make it more difficult for families to afford the child care they need on returning to work. So, on one hand they argue that they are trying to help women return to work and on the other hand they take the very thing that assists a family in raising children for the years after the birth of a child—again, an extraordinary contradiction.

But we see it in so many other ways: the slowing down of the increase in the super contribution, which makes it more likely that a person will need the pension—and then they cut the pension. They cut all funding to urban rail projects, making it more necessary to drive, and then they raise the cost of petrol. They cut preventive health agencies, making it more likely that a person will need to see a doctor, and then they raise the cost of going to a doctor. They deregulate universities, presumably to allow more people in to universities, but make it less affordable in doing so. They increase the interest on HECS to six per cent so that the more you earn the less you pay. A person working in a lower-paid job with the same university degree will pay more for their university education than a person in a higher paid job. And of course there is this one, where they are providing extraordinary levels of assistance to high-income earners yet making it more difficult for women in the lower- and middle-income areas to actually return to work at all.

You can see from our record in government the extent to which Labor understands the economic benefits of child care and preschool. We invested considerably in those areas, because we understand, unlike the current government, that prosperity is built not by the assets that we have in the ground but by the assets we have in our minds. We heard the Treasurer mention the word '2050' recently in terms of the costs of pensions, but we never hear the government talk about 2050 in terms of prosperity and where this nation will be at that time. But those of us who do think about that know that in 2050 it will not be the coal in the ground that makes us prosperous; it will be what we have in our minds—our ability to

think, our ability to outperform intellectually and outperform in innovation the extraordinary powerhouses to our north.

The assets in 2050 will not be 55-year-olds like me; they will be 35-year-olds. Given the speed of change, the assets in 2050 will be the minds of our 35-year-olds—who are being born this year, and it takes 35 years to make one. It takes 35 years to make a good 35-year-old. And, unlike many other assets, you cannot retrofit them. You cannot redo their first five years of life. When a baby's mind decides that it wants to learn about language, that is what it learns, and you either encourage it to do that or you do not. You cannot do it later at anywhere near the same speed and, if you try, it costs you more. It takes 35 years to build the good 35-year-old worker that we will need in 2050, and it starts this year with the birth of children. We knew that, and that is why when we were in government we invested incredibly in preschool and early childhood education and sought to raise the standards so that child care was not about child minding but was actually about building the lives and the assets of the future.

There has been a considerable amount of research done on this. It is incredibly impressive—not just the impact of child care on three- to five-year-olds or two- to five-year-olds but the impact of child care on zero- to two-year-olds. Goodstart.org.au has provided some incredibly well-researched data. It assessed all year in year 1 against seven development domains, and it found that children who did not attend preschool were 50 per cent more likely to be developmentally vulnerable than children who did and that children from the poorest 20 per cent of households were twice as likely to be developmentally vulnerable as those from the richest 20 per cent. In other words, as a government, you need to invest in the poorest 20 per cent of households to lift them. If you want to be a 'lifter'—to use the language of the government—you invest in the poorest 20 per cent of households, because they are the ones where the difference will be greater, where there is a 50 per cent greater chance of them being developmentally vulnerable than there is for a child who did not attend preschool. Children who were developmentally vulnerable were also three times as likely as other children to perform poorly in reading, numeracy and NAPLAN tests in year 3, year 5 and year 7, again demonstrating that you cannot retrofit those first years of a child's life.

Children who attended three years of early learning or more performed much better on four-year literacy and numeracy tests. These tests, in 2011, were done over 40 developed countries that participated in international tests in literacy and numeracy and science for grade 4 children. Children who had three years of early learning or more scored an average of 30 to 40 points higher in the tests than did children who had no early learning and around 20 points higher than those who attended only one year of early learning. So, again, these early years are incredibly important in setting up those foundations across those incredibly important disciplines of reading, maths and science. Children who were taught by a preschool teacher with a diploma or degree qualifications scored 20 or 30 points higher in year 3. So, again, that quality framework that Labor introduced was done for a reason. It was done to ensure that our children in those incredibly important years of age zero to five had absolutely the best start in life so that when they reach 35 years of age and they are competing against these powerhouses to the north they will be the employees that our businesses want and they will be able to build good lives for themselves.

These are incredible results. A 15-year study of 3,000 English schoolchildren found that access to high-quality preschool had a strong effect on later literacy and numeracy and that

the effect of 18 months of preschool was stronger on literacy and numeracy at age 11 than were all the six years of primary school. In other words, you can make a greater difference with that 18 months of preschool than you can in six years of school—again, absolute evidence for why governments should be investing in these early years to an incredible extent and why a bill before this House that makes it more difficult for people from low-income families to keep their children in child care to an extent that benefits the child is incredibly poor decision making. It indicates an extraordinary lack of vision for the future and indicates a government that claims to be thinking about the future but actually is not in any way.

That is why Labor, when it was in government, did a number of really important things, and it is really sad to see this government undoing those things as quickly as it can. Following its election in 2007 it increased the Child Care Rebate from 30 per cent to 50 per cent of out-of-pocket expenses and increased the cap from \$4,300 to \$7,500 per child, an incredibly important measure that meant that the number of children in child care at any one time grew to over one million, an increase of nearly 30 per cent since 2007.

We also introduced federal funding for preschool, and as a result the number of children benefiting from 15 hours of preschool—that is the number of hours covered in the survey from the UK—increased from 12 per cent of children, in 2008, to over 56 per cent of children in 2008. We know that attending 15 hours of preschool leads to higher scores in year 3 NAPLAN tests and year 4 maths, science and languages. In other words, that 15 hours of preschool is essential to building the assets this country needs.

We are benefiting from historical advances in education that we inherited, largely due to our history. With the extraordinary efforts that our neighbours to the north are putting into education on 50-year plans, if we think we can continue the way we are and still be competitive in 2050, we are kidding ourselves.

Let's look at what the government have done. They campaigned on making child care more affordable, yet they have done exactly the reverse. They stripped almost \$1 billion from early education and care, \$450 million for outside-school-hours care is gone, \$157 million for family day-care centres is gone, support to help parents complete study and get back to work has been cut, programs to increase childcare places are completely gone, and Aboriginal Child and Family Centres funding is gone. How extraordinary is that from a government that speaks the language but cuts the programs. Then there is \$300 million in support for educator wages, which is completely gone. Now, they are out on the attack on the backbone of the childcare system, which is the Child Care Rebate and the Child Care Benefit. I stress again that the Child Care Benefit is the one that assists low- and middle-income families to keep their children in child care to the extent necessary for that child to benefit from that outcome. They have also cut funding to the Partnership Agreement on Early Childhood, which funded preschool attendance of up to 15 hours per week, which again is something that will have an extraordinary impact on the future of our children.

I heard the minister this morning on radio saying that you can move from the benefit to the rebate. A basic understanding of maths would indicate that that is not the case. I would hope that in future our children who attend preschool for more than 15 hours a week would be able to see that, because it is actually quite basic mathematics. She also said that the government had no choice. That is an extraordinary thing. I did a quick calculation this morning on paid parental leave and the Child Care Rebate, given that the Child Care Benefit, even in its most

expensive year of the forward estimates, would save the government \$76.9 million this year. But I would say that it will cost Australians far more than that in the future through opportunity cost. But \$76.9 million is about 1.5 per cent of what they would spend in a year on the paid parental leave scheme. So instead of paying 100 per cent of wages for women, up to \$50,000, they could pay 98.5 per cent of wages and that would actually cover the difference. So they do have choices. They are making choices to put money into one area and not another, and this is a very bad place to start cutting.

Mr CONROY (Charlton) (10:41): I rise very reluctantly to talk about the Family Assistance Legislation Amendment (Child Care Measures) Bill 2014. I am reluctant because we should not be having this debate. Both sides of the House rhetorically agree about the huge importance of investing in early childhood. The member for Parramatta put it very eloquently when she spoke about the fact that the greatest investment this nation can have is in its children, especially in early childhood investment and especially for children from low socioeconomic backgrounds.

We should not be having this debate on a bill that cuts assistance for child care—that represents a \$336 million cut to childcare assistance in this country, with over \$200 million of that cut hitting some of the poorest people in our community. Freezing the Child Care Benefit will leave over 500,000 families worse off, and these are low-income families, not rich families. I heard Liberal speakers last night, particularly the member for Bowman acknowledging that on their own figures this will represent a hit of around \$200 a year for each child. In fact, I would argue that is being wildly optimistic. Early Childhood Australia has done modelling estimating that a family on \$60,000 a year, well under the average wage, with one child in the childcare system will be \$1,800 a year worse off by 2016-17. From a total family income of \$60,000 they will be \$1,800 worse off. This is a massive hit. As the member for Parramatta said, this is a massive hit on families that we need to be supporting by investing in child care. Early-childhood investment is so important, and this bill moves us away from that investment.

Unfortunately, this bill is part of a wider attack on child care by this government. This government has already stripped over \$1 billion out of child care funding. This includes \$450 million for outside-school-hours care, \$78 million per annum cut from the Aboriginal Child and Family Centres, and \$157 million cut from the community support program. Now we hear that preschool funding, through the National Partnerships Agreement, is well and truly under threat. All of these will have an impact on families trying to invest in child care for their kids. For example, the \$157 million cut from the community support program represents a \$35 per week hit on families. That is nearly \$2,000 per annum. If you add the \$2,000 hit from that funding cut to the \$1,800 hit from this you have almost \$4,000 in cuts to childcare assistance for families. That particular cut really represents an attack on family day care.

Those on the other side champion the fact that they are pro family day care. They are the ones who constantly support that very important part of the sector, but when you match their actions with the rhetoric, we find them well and truly wanting.

A person in my wife's mothers group recently set up a family day care centre. It was a huge challenge for her to go around babyproofing a house and to go through all the training and quality assessment. One of the reasons she was able to take on this huge endeavour was that she got administrative assistance so that she did not have to spend three-quarters of her week

doing paperwork. This \$157 million cut represents a direct attack on her and everyone like her who is trying to run a family day care centre and provide greater flexibility for families.

All of this represents yet another broken promise from those on the other side. Mr Abbott went to the election promising to make child care more affordable. He promised to do away with these indexation freezes—he attacked them ferociously before the election. What do we see now? We see a billion dollars in cuts, more indexation freezes and more direct attacks on families.

The Hunter Valley, my region, is among the regions that are least able to afford these cuts. It is a region with quite diverse income levels, but it includes some of the poorest suburbs in the nation—and there is a real lack of child care. On average, there is a two-year wait for child care in the Hunter.

I can talk about the childcare situation in the Hunter from a personal perspective. My wife and I are, I acknowledge, in a very privileged position. But when my wife fell pregnant with our child, we did the right thing. Once we hit the 12-week mark and we had the scan that said that everything was generally okay, we put our name down—'unknown Conroy' was what we put down—at myriad childcare centres. We put our own name down with 15 childcare centres in the region. A year later, not one of them delivered a place. I remember, on 20 December, the last working day of the year, ringing 20 other childcare centres in the vain hope someone had a spot in an infants room. Luckily, one of them came through. That was a great relief to me and to my wife, who was very keen to return to work.

We were in a privileged position—my wife returning to work was an optional thing. We were not in a position where she absolutely had to return to work. I know families where, in order to pay the family bills, the mother had to get back to work straight after they reached the six-week mark. Luckily we got a place. We have to drive about 15 kilometres to drop our daughter off before we go to work—and we manage it. But we are in a lucky position. In my region, you have to fight hard to get a childcare spot—and the funding attack in this bill only makes it worse.

Other parts of this attack are really pernicious. For example, the \$78 million per annum cut to Indigenous child and family centres will have a direct impact on my region. My seat of Charlton has a large Indigenous population, particularly on the west side of Lake Macquarie.

I have been campaigning to maintain funding for the Nikinpa Aboriginal Child and Family Centre. This is a great Indigenous childcare centre. It is a brand-new centre set up under a national partnership agreement funded by Labor. The only way it survives is through that program's funding and the childcare benefit. Every single family that goes to that centre relies on the childcare benefit. Their budget is so tight that, if one of their kids drops out, they lose money. So they are really under the gun, but they are doing great work. They are opposite a primary school that has a lot of Indigenous students. Once the kids who go to the centre turn three, they get taken across the road to the primary school. They see school assemblies, they go through the library—they get introduced into the culture of schooling before they have to go there. All the research shows that, for Indigenous families, that is crucial to getting kids to go to school and to prosper in school. All this is under attack from a government that talks about child care but does not believe in it. They talk the talk but they never walk the walk.

What is worse is that all of this comes out of a poor process. When the minister gets up in question time, she talks about the importance of the Productivity Commission report. She tells us how they are the government that had the guts to get the Productivity Commission to look into child care and how Labor in government never had the guts to do that. But what is the point of getting the Productivity Commission to look at child care if you have made all your major policy decisions before they even report? Their draft report is not due for another five weeks, but we have already seen \$1 billion worth of cuts to the childcare sector in the meantime. That just shows the hypocrisy of those opposite. They talk about cost-benefit analysis and they talk about in-depth economic analysis, but when there is a cut to be made they jump in with both feet.

They are using the budget yet again as an excuse for these heartless cuts. As speaker after speaker on this side has pointed out, the budget is built on sand. They have confected a false budget emergency as a basis for pursuing all these heartless cuts. The federal budget is in good shape. We have one of the lowest debt levels in the western world. Debt is projected to peak at less than 20 per cent of GDP—less than a third of the OECD average. Those on the other side have confected this scare campaign in an attempt to fundamentally reshape the nature of Australia—to make it a more dog-eat-dog society—and to attack those on low and middle incomes, those who are the most vulnerable.

This childcare legislation and the cuts it embodies must be viewed in the broader context of the attack on families which this budget represents. The significant cuts in the budget to family tax benefit part A will mean that, for a family on \$60,000 a year with two kids between eight and 15, there will be a cut in payments of \$6,000. These are not Labor figures; these are figures from NATSEM—a modelling organisation of high repute. So highly esteemed are they that the Prime Minister used them before the last election and stated on the public record that they are the premier modellers of family income in this country. They have stated in their analysis of the budget that a family on \$60,000 a year with two kids between eight and 15 will lose over \$6,000. That represents more than 10 per cent of their family income. Just imagine it: you are a family with a combined income less than the average wage and this government is cutting your family income by \$6,000, or 10 per cent. That is a huge blow to families. Then you combine that with the attacks on child care—the kids in that family may have out-of-school child care—which this government has cut by \$450 million.

This really is a government that does not care about families. They claim that they are family friendly, but when you look at their actions rather than their rhetoric, they are found wanting. This attack on families is even more hollow when you look at their ridiculous paid parental leave scheme, a scheme worth over \$5 billion a year—which, as the member for Parramatta pointed out, well exceeds the cuts they are subjecting the childcare sector to.

This is a paid parental leave scheme that is grossly inequitable. Figures derived from the Parliamentary Library show that 80 per cent of women of child-bearing age, in my seat of Charlton, earn less than \$42,000. That includes welfare transfers from the government. So 80 per cent of women in Charlton will receive less than \$20,000 under Mr Abbott's ridiculous paid parental leave scheme. Why is it fair for a family in Charlton to receive less than \$20,000 to have a baby while someone in North Sydney or Warringah receives \$50,000? Why are the babies of Charlton worth \$30,000 less than the babies of North Sydney? They are not, but it shows the gross inequity of this government and the skewed priorities.

It also shows that they are happy to rely on the Productivity Commission for some things but not for others. The Productivity Commission made it very clear that a minimum-wage system rather than a replacement-wage system was the most effective way of undertaking paid parental leave. It is the best way of providing incentives for workforce participation by women, particularly women in low- and middle-income jobs. They are the ones we really need to give an incentive to, to return to work.

We hear ridiculous rhetoric from the other side that it is a workplace entitlement. I challenge them to find another workplace entitlement paid by the government. It is not a workplace entitlement, it is a welfare measure, and every Australian woman should be entitled to the same amount of welfare for having a baby. This paid parental leave scheme does not deliver that; in fact, it goes in the opposite direction, where the richer you are the more you get.

We need to contrast this with the government's attacks on the childcare sector. The Grattan Institute, another good economic organisation—they do not always agree with what Labor does but they are serious, economic policy advisers—have found that investment in child care is twice as effective as investment in the paid parental leave scheme. As the member for Parramatta said before, it is not just the first six months of a child's life that you need to invest in. You need to invest in their entire life and you need to encourage workforce participation beyond the first six months. Investing in child care is worth twice as much, is twice as effective, as investment in the paid parental leave scheme.

That really is the nub of this debate: \$5½ billion a year on a paid parental leave scheme that rewards millionaires over low- and middle-income Australians is patently unfair. It is also unfair if you look at the opportunity cost. The opportunity cost means that with the \$5½ billion you could be well and truly avoiding the cuts to child care. In fact, you could be doubling what is currently invested in the childcare sector, making our childcare centres palaces, making them great places for kids to get the best start in life. Instead, we see the other side pursuing a narrow ideological agenda, where they want to attack any assistance for low- and middle-income families—just as they want to attack pensioners and unemployed people.

This is a government that claims to have a small-government mentality and be ending the age of entitlement. They are ending the age of entitlement for low- and middle-income Australians, they are ending the age of entitlement for pensioners, but they are not ending the age of entitlement for millionaires. That is the great tragedy of the Australia we find at the moment.

This is a debate we should not be having in this place. We all agree that investment in child care is great. We all agree that we want to give our kids the best start in life. I say to the Liberal-National coalition: match your words with action. Invest in child care, invest in giving our kids the best start in life, because this bill is not that. This bill is an attack on families. It is an attack on low- and middle-income kids. It is an attack on giving our kids, Australian kids, the best start in life. That is why Labor's amendments should be agreed to.

Dr CHALMERS (Rankin) (10:56): I also support the member for Adelaide's amendment. I appreciate the opportunity to speak about the bill and follow the wise words of my colleague the member for Charlton and my other colleagues the member for Griffith and the member for

Parramatta. I also thought the member for Lalor made a characteristically thoughtful contribution last night.

I begin my own contribution by paying tribute to childcare workers. In my own electorate, like so many of the electorates in this place, we are very fortunate to have some tremendous childcare centres full of people whose contribution and commitment to raising the next generation of Australians is faultless. On Chatswood Road, you can go past one of the centres in the morning—even before the sun comes up, if you are on a walk or a run—and see the childcare workers out there sweeping the astroturf. They are making sure they are there early enough so that when the tradie utes pull up with the young boys and girls to be dropped off to the childcare centre there is someone waiting for them and someone to care for them.

I am very blessed. I have two wonderful sisters, and one of them is a childcare worker. She used to run one of the child care centres in my own electorate, at Algeester. I know from speaking to her, over the years, the extraordinary commitment of these childcare workers. Even though they are not paid a great deal of money, I know that they often dip their hands into their own pockets to pay for the crayons or the butchers paper. I know they often do special things for the kids' birthdays out of their own pockets. I pay tribute to the types of people that my sister Chelley works with, because I do know they are fantastic people. You cannot say enough about their commitment and contribution to helping raise that next generation of Australians.

In my own electorate, there are something like 11,100 families who rely on child care. There are 147 approved services and something like 9,760 families who rely on the childcare rebate, which is one of the things we are talking about today. These are good people who want to be good parents and good workers, all at the same time. They are people who are just trying to make ends meet and, quite often, that means having access to good-quality and affordable child care.

This government had two very different themes before and after the election, when it comes to these sorts of issues. Before the election, they talked about being a government of no surprises. They talked about no cuts to education. They talked about being consultative. They sent all kinds of reassuring letters to childcare centres, pretending they had no plans to cut people's assistance when it came to the childcare system. After the election, of course, a very different theme emerged.

We should not mince words about the theme that emerged after the election. It really is an unfair agenda. It is a deliberate attack. It is an ambush on people who want to access that good-quality child care at affordable prices. They are people who are just trying to make ends meet. In lots of ways it was less of a budget and more of an ambush that we saw, in this place, delivered by the Treasurer in May.

The more kind interpretation of all of this would be to blame it in some way on ignorance or something like that, but the reality is that the government are not ignorant of the impact of these changes. They did not even care to ask what the impact would be, particularly on low- and middle-income families. It is unforgivable, to my mind, to think that they did not even ask any of their experts, 'What would this mean for people who are doing it tough in our community, who are trying to be good parents and good workers?' You would think that would be the very least that they could do. The fact that they did not ask for that kind of advice really does speak to their lack of care about this issue.

There are people behind every policy change that is made. Every number that is on the page of a budget document represents an impact on a human being and an impact on their community. It is crucial to understand just who this policy change proposed by the government hurts. It is not accidental; it is deliberate, it is intentional and it is by design. It is another example of the burden of this so-called budget emergency—which is a con—being unfairly borne by the people who can least afford it.

We get a bit of a hint of their thinking on some of these matters when we consider that the Prime Minister really does think that there are two kinds of women in the workforce. We know this because of his comment not that long ago which tried to differentiate women of calibre and, by implication, women who are not of calibre. This was a really Romney-like moment. You will remember Mitt Romney talking about binders full of women when he was trying to defend himself against some of the allegations made in his own presidential campaign. Mitt Romney and Tony Abbott really are Downton Abbey brothers in arms when it comes to these sorts of issues. We know that the Prime Minister has a view that there are some deserving women and some undeserving women. We know this especially in the case of the Paid Parental Leave Scheme.

I thought that those who spoke on this legislation before me did an extraordinary job of pointing to the unfairness in the government's Paid Parental Leave Scheme. The member for Griffith explained it well in referring to it as a really regressive measure. It is not fair, when you have limited funds coming into the government, when you have budget constraints, to think that their highest priority would be \$21 billion so that they can give \$50,000 a year to the wealthiest parents in our community just to have a baby. It is extraordinary that they would prioritise that over some of the assistance that we are talking about today. It just shows how warped those priorities are. It is not just Labor saying that and it is not just the union saying that—as important and as crucial as the union is in looking after childcare workers. There is a whole range of stakeholders who are saying that.

I want to mention again, as other speakers have, that the Australian Industry Group argued that the cuts would not be necessary if some of the expenditure allocated to the government's Paid Parental Leave Scheme was redirected. You would think that would be a no-brainer. When you look at the unfairness of the PPL and the extravagance of that scheme compared with the unfairness of some of the things being proposed here, you would think that would be a no-brainer. It was not just the AiG who opposed this bill. Early Childhood Australia, Family Day Care Australia, Early Learning Association Australia, Australian Childcare Alliance, Goodstart Early Learning and the National Welfare Rights Network have all lined up. There is a long queue of people who think that this legislation has been rushed and that it needs more consideration and that it is not right to attack people on low and middle incomes who are just trying to access affordable child care. These groups cannot understand—just like big swathes of the community cannot understand—why there is a need to rush. Why the rush, from a government that said 'no surprises'? I can shed some light on that.

As other speakers have reminded us—the member for Charlton mentioned this in his contribution—the Productivity Commission will report on some of these issues firstly in July and then I think in October. You would think the government would wait for the outcomes of that review before they made these changes. There are two reasons why they have not. The first reason is very sneaky. They have given a commitment that the Productivity Commission

will come up with proposals that relate to the same sized funding envelope as we began with. They have rushed in \$1 billion worth of cuts so that the envelope is substantially smaller for the Productivity Commission to report on. That would not be well known out in the community, but that is a sneaky thing that they are doing. I think the second sneaky reason is appreciated in the community, judging by all the doors I knocked on on the weekend in Meadowbrook in my electorate, plus the forum we held in Browns Plains. When people talk about this budget they say, 'What is the government thinking?'

Mr Hunt: We are thinking of the \$240 billion in deficits that accumulated while you were advising the Treasurer.

Dr CHALMERS: Some of them say—and I certainly believe this as well—that what the government are trying to do is place a big bet that all this nasty stuff they are doing to Australians now will be forgotten in two years time. That is all it is. That is why they are rushing out these regressive changes before they even get the outcomes of their own review.

Mr Hunt: We are thinking that the kids will have to pay for it if we don't pay for it now.

Dr CHALMERS: I would have thought the Minister for the Environment, who is at the table, would be up for some empirical policy advice—obviously not, judging by the interventions being made as he makes his way through his big stack of folders.

The rush to make these cuts is really a political strategy. It does sell Australian mums and dads short. It does attack their living standards. The government try and justify it by a budget emergency that does not exist, if you listen to credible people, like the International Monetary Fund. If the government had an economic strategy, we would not be debating these cuts. Unfortunately, these cuts are not the only cuts that they propose to the childcare system. Others have spoken about a series of cuts that add up to around \$1 billion, whether it is the \$450 million for outside school hours care, the \$157 million for family day care services, the funding that has gone from Indigenous child and family centres or the \$300 million in support for educator wages—the people I began my contribution by talking about, the great people who look after our kids in the community. Now, of course, we have this attack on the absolute backbone of the childcare system: the CCR and of the CCB. We know from the education department that the combination of measures that we are debating now will hurt half a million low- and middle-income families, who will receive less support as a result of this measure.

The member for Griffith paid tribute to former Prime Minister Rudd, and I pay tribute to him as well and to former Prime Minister Gillard and all the ministers who were in this portfolio, including the member for Adelaide and others, who did such a tremendous job in this policy area.

Ms Kate Ellis: Tell me more!

Dr CHALMERS: The member for Adelaide would like to know more about this, so I will tell her more. One of the first actions of the new Labor government in 2007, as she would know, was to increase the childcare rebate from 30 per cent to 50 per cent and to increase the CCR cap. We also gave families the option of claiming the CCR payment fortnightly, which made a big difference—and there are all kinds of stats that others have spoken about. Modelling showed that out-of-pocket costs for a family earning 75 grand a year reduced from 13 per cent of their disposable income in 2004 to 8.4 per cent in 2012. There are reams and reams of stats like this to show what an extraordinary success Labor's childcare policies were

in government. We are very proud of these achievements not just because of the impact that they had on the childcare system and that they had on people's disposable income and their capacity to make ends meet but also because they were a contribution to the type of economy that we want in this country. We want an economy where more people participate, where more people benefit, where the gains of economic growth are more broadly and fairly shared. We make it easier for people to be simultaneously good workers and good parents.

The member for Adelaide has mentioned a compelling stat, and it is worth mentioning again. Research shows that the relationship between childcare affordability and women's workforce participation is strong. A one per cent increase in the gross childcare price results in a decrease to mothers' employment rate of 0.7 per cent. That is a substantial, concrete piece of evidence about the impact that these sorts of measures that are being proposed can have on participation in our economy. Lower income families have been proven to be the first to drop out of work as childcare costs increase. I have a lot of lower income families in my electorate. I am proud to represent them. One of the reasons I wanted to speak on this is that the changes that are being proposed would have a disproportionate impact on those people that I am so proud to represent. As the member for Charlton said, you cannot just talk the talk of workforce participation; you need to walk the walk if you are fair dinkum about workforce participation. It is on measures like this that the rubber really hits the road.

We have workforce challenges associated with the ageing of the population and all kinds of things. Participation is one of those workforce challenges. The participation rate has been bouncing around—in the last ABS data, I think it dropped down a little bit. In the long term, we have big challenges associated with finding the right amount of workers to support a growing proportion of retirees in our economy. That is why this debate is so crucial. If we make dads and especially mums choose between being good workers or good parents, we are selling them short. We are selling short their contribution to a stronger economy.

Labor is proud of its record in government. This bill should be split, as the member for Adelaide's amendment proposes, because we should consider the changes to the child care benefit separately. We will oppose the bill if it is not split. This bill is a backward step. Like so many other things in the budget, it is contrary to the guarantees the government gave families before the election. To all of those childcare workers and parents relying on the childcare system in my part of the world in Logan City and some of the surrounding Brisbane suburbs, I want you to know that this side of the House is standing up for people on low- and middle-incomes in the childcare system. We are standing up for childcare workers, like my sister Chelley. We will continue to do that and that is why I support the member for Adelaide, who moved this amendment, and all the good people on this side of the House who have spoken in favour of it

Mr THISTLETHWAITE (Kingsford Smith) (11:11): I am pleased to speak in support of the amendment moved by the member for Adelaide. In doing so, I speak on behalf of 6,850 families in the electorate of Kingsford Smith who receive the childcare benefit and the childcare rebate—that much-needed support for affordable child care in our community. I ask representatives of the government: why are you cutting funding for childcare support for families by freezing these two very important payments? Why are you making it harder for families to make ends meet by making childcare more unaffordable? Why are you doing this, when at the same time you are giving large multinational mining companies in this country a

tax break? It says everything about the priorities of this government. Why are you not supporting families in a time when cost-of-living pressures are through the roof?

Prime Minister Abbott is not the person he said he would be. This government is not the government that it said it would be prior to the election. Before the election, they made it clear that there would be no cuts to education, no cuts to health, no cuts to pensions and no cuts to the ABC and SBS—but in these bills we clearly see a cut to education and a cut to support for early childhood education in our community. It is a clear and continuing broken election commitment. Before the election, the Prime Minister personally wrote to all childcare centres about the impact of a proposal to cap the childcare rebate. Before the election the Prime Minister's view, put in writing to those childcare centres, was that capping and freezing the childcare rebate 'would increase out-of-pocket costs for families.' Yet, this is exactly what his government is doing. The hypocrisy of this government knows no bounds when it comes to the cuts that they have undertaken to education and health and their changes to pensions.

In my community, the cost of living is the No. 1 political issue. It is the No. 1 pressure facing families. Housing costs are astronomical—they have gone through the roof. What is the approach of this government? They apply layer upon layer of additional pressure: implementing GP co-payments so that families will now have to pay every time one of their kids get sick and has to visit the doctor; removing family tax benefits and making it more difficult, particularly for single-parent families, to make ends meet; cutting the schoolkids bonus, vital support to families to ensure that they can meet the costs of sending kids to school; and now, in these bills, they are freezing the childcare rebate and freezing the childcare benefit. There is layer upon layer of more costs and more difficulty for families through these reforms.

For many families in my community the Child Care Rebate or the Child Care Benefit is the difference between having a child in child care and not having the child in child care. Subsequently, it is the difference between the ability of some families to have both parents in the workforce and only one parent in the workforce—and that is very important to cost-of-living pressures and the ability of families to participate actively in society. Freezing these childcare rebates and benefits will make it more difficult for families. That is illustrated by the numbers of people who will reach or have reached the cap for the rebate.

The greatest betrayal in this reform is the fact that the savings generated from the freezing of these benefits will not be re-invested in early-childhood development or in the childcare system. They are clear cuts to early-childhood education and clear cuts to benefits and payments to families to help them meet the costs of having kids in child care. That says everything about this government's priorities, particularly in the context of offering tax breaks to wealthy mining companies and to those who are on large superannuation balances and who earn large incomes from them. It comes on top of cuts to early-childhood education in other areas—\$450 million has been cut from the out-of-school-hours care program. In my area a school like Randwick Primary School, which has 800 students, has a waiting list of 100 students—100 families are trying to get their kids into out-of-school care. How happy are they going to be about the cuts that this government is making to out-of-school care? They are going to be extremely pleased that \$450 million is being cut when that money could be used to expand the number of positions at places like Randwick Primary School. Such care is necessary in the context of having both parents work, as modern families do.

Some \$157 million is also being cut from Family Day Care services. Indigenous Family Day Care centres are facing cuts. One is the Gujuga Family Day Care Service in La Perouse, which I recently visited and which provides a wonderful service to young students. It is teetering on the edge, because the support they have been receiving from all levels of government is threatened by the federal cuts; and, no doubt, that will have an impact on the number of places they can provide for Indigenous families.

This government's approach to childcare workers is nothing short of disgraceful. Anyone who has kids in child care, as I do, would know just how hard and important the work of childcare workers is for early childhood development. They are not simply a child-minding service. Early childhood workers are educators, and numerous studies demonstrate the value of early-childhood development for the ongoing educational capacity of kids and for the developmental abilities of kids, particularly those with disabilities—the value of early intervention and early education for kids with disabilities is infinite. I see it in my children. My eldest daughter could read words before kindergarten, because of the support and the education she was given by the educators in her childcare service. It is a valuable service that, historically, has been undervalued by the community. Relatively speaking, childcare workers are being paid a pittance when compared to the value of the service they provide for kids and their development and, ultimately, the productivity of our education system and the economy.

The previous government's approach was to say that finally as a society we need to value the work and the role of early childhood educators. We need to highly value the role they play not only in looking after kids and educating them, but also in the emotional support they provide. That was evident in the approach taken by the previous Labor government, guided quite ably by the member for Adelaide, in boosting the wages of childcare workers to ensure they are paid a fair and decent wage.

The greatest betrayal, as I have said, is that the money saved through these cuts is not being re-invested into early-childhood development. That says everything about the approach of this government and this government's priorities, especially when it provides a tax break for large multinational mining companies and for those with large superannuation balances and when it persists with the \$16 billion Paid Parental Leave scheme.

The impact of freezing the Child Care Benefits will be monumental for some families. The Child Care Benefit is a targeted payment—it is means tested and starts to reduce once a family's income reaches \$41,000 and cuts out at \$145,000 for single-child families. So it is targeted to low-income families to ensure that they have the support and the wherewithal to send kids to child care. In the Senate inquiry into this particular bill, the Department of Education admitted that 500,000 families will receive less support for early-childhood education from the changes and the freezing of the Child Care Benefit. This proposal is being rushed through the House and the parliament with very little community consultation. I note that a number of advocacy bodies and people who work day to day in this space are opposed to these changes. Many of those bodies were given only five days to comment on the context and the implications of this bill. Perhaps one of the greatest ironies of this reform is the fact that the Productivity Commission inquiry into early childhood education and learning is still running. One would think that the government would await the outcomes and the recommendations of their own inquiry before jumping to conclusions and rushing through legislation, without adequate consultation of the wider community and interested parties—

but, no, they have adopted this reform. Again, this is another example of a government without a plan and with policy being developed on the run—policy that is being rushed and that is ill-thought through, particularly on the implications for families.

In terms of the childcare rebate, the impact will again affect a number of families in my community. The childcare rebate is a non means-tested payment that provides 50 per cent of the out-of-pocket expenses up to \$7,500 per child per year. In terms of the cost of freezing the cap, it has been revealed that 74,000 families will reach the cap in 2014-15 and that that will increase to 150,000 families in 2016-17. It says everything about the impact moving forward of freezing this benefit on those families for whom childcare will become unaffordable and more difficult as a result of this reform. In opposition, as I mentioned earlier, the current government, the Abbott government, opposed freezing the cap. Even when we were planning to invest that money back into the childcare system, they opposed this reform. But here we have them pushing ahead with this reform. It is a rushed reform. There has been inadequate consultation, and this is symbolic of the government developing policy on the run.

In conclusion, on behalf of those almost 7,000 families in my community who are feeling the pinch when it comes to the cost of living, who are struggling to make ends meet and to ensure that they keep their kids in child care, the childcare rebate and the childcare benefit can mean the difference between having their kid in child care and not having their kid in child care. The freezing of these payments and the rushed manner in which these reforms have been conducted, particularly in the context of the government's ongoing Productivity Commission inquiry, is something that the opposition does not support. This is why the minister has sought to split these bills. There has not been adequate consultation in order to get an appropriate response from those in the community who are affected by these reforms and nor have the implications of these reforms been thoroughly thought through.

Ms LEY (Farrer—Assistant Minister for Education) (11:25): In summing up, I thank all the speakers on the Family Assistance Legislation Amendment (Child Care Measures) Bill 2014 for their contributions to the debate. I want to reiterate that this government is committed to making child care more affordable, flexible and accessible for Australian working families. I want to start by making something very clear to address so much of the misinformation from Labor members during this debate. Overall, this government is increasing, not cutting, childcare assistance to \$28½ billion over the next four years to assist around a million families each year through the childcare benefit and the childcare rebate.

The proposed amendments to the Family Assistance Legislation Amendment (Child Care Measures) Bill will do two things: maintain the childcare benefit income thresholds for three years and continue to pause the childcare rebate limit at \$7,500 per child per year for a further three years. Both of these measures will apply from 1 July 2014 for three years to 30 June 2017. It is fiscally responsible for this government to maintain, not cut—as the member for Adelaide would have you believe—the current CCB income thresholds, along with the current CCR annual limit, pending the outcome of the Productivity Commission's inquiry into child care and early learning in October 2014. The terms of reference for this broad-ranging inquiry include consideration of rebates and subsidies for child care. The draft report will give us the first insight into their proposed reforms and is due next month.

The measures contained in this bill are, however, moderate and necessary. The Senate Education and Employment Legislation Committee noted:

... the committee is persuaded that these measures are limited, well targeted and for a finite period of time, and are a necessary part of the broader government agenda of repairing the budget and strengthening the economy.

The government is making decisions that will prepare Australia for the long-term challenges and opportunities that confront us. The childcare benefit measure in this bill is a 2014-15 budget measure and is one element of the government's broader measure to maintain eligibility thresholds for Australian government payments for three years. Maintaining the childcare benefit income thresholds will provide an estimated saving of \$230 million over the forward estimates. Childcare benefit eligibility requirements will remain unchanged. This is not a cut. The government will continue to index—that is, increase the childcare benefit standard hourly rate, increase the minimum hourly amount and the multiple child loadings by the consumer price index on 1 July each year. It is important to note that the out-of-pocket costs incurred by most families because of the childcare benefit measure will be reduced by the childcare rebate, which is not income tested and which covers up to 50 per cent of out-of-pocket childcare costs, up to \$7,500 per child per year.

The childcare rebate indexation pause at \$7,500 was first implemented by Labor in 2011. Labor announced an extension of the measure as part of their 2013-14 budget and then took the \$105 million in savings from the budget bottom line but never legislated for it. When this government sought to legislate the measure, Labor combined with the Greens in the Senate earlier this year to block the legislation that would have given effect to their own measure. So I welcome their apparent change of mind. It is very good to see that the opposition is no longer opposed to their own measure. The CCB measure will not impact families with incomes below \$41,902, which is the lower income threshold for childcare benefit. These families will continue to receive the maximum rate of childcare benefit. Families with incomes above \$41,902 will continue to receive CCB. The amount of CCB a family receives tapers to zero as their income increases to the relevant maximum income limit. The CCB measure in this bill ensures the payment is fair and sustainable in the longer term for families who need it most. And I want repeat this, because families need to be aware—despite the broad-brush accusations of the opposition—that the hourly and weekly rates of Child Care Benefit will continue to be indexed—that is, to increase. This means that, per hour, the amount of Child Care Benefit that families receive will in fact continue to increase.

A number of members opposite referred to the Productivity Commission's inquiry called by this government. We actually called for it in opposition, but it was never supported by Labor. They have talked it up today—and I am delighted that they have—but they never, ever supported its inception. As I have said, the measures in this bill do not in any way pre-empt the Productivity Commission inquiry into child care and early childhood learning, which is a holistic review into what is needed for the next generation, not just for the next few years. We are maintaining the current CCB income thresholds, along with the current CCR annual limit, pending the outcome of the Productivity Commission's inquiry, which will report finally in October of this year. As part of its broad-ranging review, the PC is looking into the rebates and subsidies available for each type of care. The inquiry's fourth term of reference specifically asks the commission to look into:

Options for enhancing the choices available to Australian families as to how they receive child care support, so that this can occur in the manner most suitable to their individual family circumstances. Mechanisms to be considered include subsidies, rebates and tax deductions, to improve the

accessibility, flexibility and affordability of child care for families facing diverse individual circumstances.

Thousands of submissions and comments have been received, and a number of them have highlighted just how complex these payments are for families and service providers alike. So I really do look forward to the Productivity Commission's draft report next month. But the CCB and CCR measures in this bill are moderate and necessary measures for this time.

Of course, I would have preferred that we, coming into government, did not have to make these changes. Of course, I would have preferred that we did not inherit a budget disaster from Labor which needed urgent action to repair it. Of course, I would have preferred not to be standing here today to sum up a bill that brings in sensible, moderate measures to repair the budget. These are choices that the Liberal and National parties, in government, have been forced to make—by the budget mess left to us by Labor.

We know that Australian families need flexibility. We know that our Productivity Commission inquiry is going to deliver some real, valuable and terrific policy ideas for the next generation. I am delighted that the Productivity Commission will look at the options for the future, within the current funding envelope. I remind the House that the Productivity Commission inquiry is a broad-ranging one, and that one of its terms of reference is to look at the current and future needs for child care in Australia, including the consideration of a number of factors such as the 'types of child care available including but not limited to: long day care, family day care, in-home care including nannies and au pairs, mobile care, occasional care, and outside-school-hours care'. I make that point because a number of members opposite have highlighted in their speeches the difficulties that they themselves have experienced in finding child care. They have highlighted the difficulties that their constituents face, and they have highlighted the frustrations of not finding the right child care, in the right place, at the right time, and for the right cost. We definitely want to reiterate our commitment to solving this problem. We came into government and inherited a childcare system that, if not completely broken, was certainly heading in that direction. The urgent action that we are taking in terms of repairing the budget is something that will set our economy on a good footing for the next generation. Our inquiry will look at innovative ideas for policies in child care.

I do want to mention something else that a number of those opposite talked about, which is cuts to the Jobs, Education and Training Child Care Fee Assistance—wrong. The program is currently uncapped as to how much parents can claim. Labor's inaction has seen the JETCCFA budget blow out by over \$50 million in the past two years. The Australian government is introducing two key changes commencing on 5 January next year: a maximum eight-dollar hourly cap for Jobs, Education and Training Child Care Fee Assistance, and a 36-hour weekly limit per child to payments to recipients who are undertaking study. The average childcare hours used by all families working or studying is around 24 hours a week, and the average hourly fee for all families is \$7.65 per child—so most families will find no change to their current situation. For example, with the average childcare hours used by all families working or studying being around 24 hours a week, the 36-hour weekly limit will mean no change to most families' current situations. We are introducing these changes to better manage expenditure and to ensure that recipients are accessing the program in the most cost-effective way. We want to ensure that JET fee assistance is available for as many income support

families as possible, to enable them to get the skills they need so that they can secure jobs now and into the future.

The member for Adelaide spoke of what she termed as 'cuts to family day care'—and I do need to mention this because she was, in fact, the minister during 2012, when an audit of the Community Support Program by the Australian National Audit Office found approximately 71 per cent of CSP funding was being allocated to family day care—which accounted for approximately 10 per cent of all children in care. The ANAO recommended that the program's eligibility criteria be reviewed but, typically, Labor did nothing. So the member for Adelaide knows that the program was unsustainable; she knew it in government, but did nothing to repair the situation when she had the chance. She squibbed her responsibilities and now sits on the other side and criticises this government for what we are doing to fix Labor's mess.

Labor has no credibility on child care. The promises that they made never came to fruition. In fact, childcare fees skyrocketed by 53 per cent under Labor—that is, around \$73 extra a week in fees for a family using the average hours of child care. In case members opposite say, 'oh yes, but that is before you factor in the subsidies to parents for the Child Care Rebate', let me make the point that out-of-pocket costs went up 40 per cent during that time. That in itself is a disastrous legacy to leave Australian families. The hypocrisy is breathtaking. I know that is a phrase we hear a lot in this House, but in fact, in this case, their hypocrisy is breathtaking. We will soon see that the Labor Party will oppose this bill—this bill that is designed to repair a budget disaster that they left us with. But in this bill is a measure that they in fact announced in their budget but from which they took \$106 million in savings, and they assumed that cut would happen. They will sit here and oppose their own measure, which in itself is extraordinary, because Labor members speaking on this bill have been hysterically wrong in so many instances. They say 'You are making cuts', 'You do not care', 'You are not interested', 'Children do not matter', and so on—there has not really been a rationale presented by members opposite for why we would do these things.

In the battle of ideas, there are often competing ideas. You might have different ideas about a range of philosophies and policies, but no Labor member has actually accused us of having a different idea. All they have accused us of is making cuts, and the reason is that they know the only rationale, the only reason, why we are doing these things is that we have no choice in the context of the budget that we have inherited. Labor just make up stories and scaremonger. Those listening to this debate may think that the amount of childcare benefit they receive for their children, the hourly amount, is going down, when in fact it is going up, because all we are doing is freezing thresholds. They might think that the amount of childcare rebate they can claim is going down, when in fact we are pausing the threshold. We are pausing these thresholds for three years to take the moderate, sensible action that we need to to restore the national accounts of this country.

As I said, we have a plan, we have an agenda, we have ideas and we understand the landscape in which we exist and in which we work. We understand what parents need. We know that our Productivity Commission inquiry is going to look after those needs for the next generation. The accusation by a Labor Party that did not even support that inquiry of not waiting until that inquiry report is in, unfortunately a few months from now, fails to

understand that this action is being taken in order to repair the budget and that means that we have a limited choice.

I want to commend this bill to the House, I want to reiterate that the childcare rebate measures in this bill are in fact Labor's own measures. They are Labor's own measures. They need to own up, they need to stand up and they need to say 'we will support this part of the bill.' If they oppose this whole bill, then they cannot be taken seriously as a responsible opposition. If they oppose this whole bill, they are effectively opposing something they introduced themselves, and from which they took \$106 million in savings to try, desperately, to provide that economic fig leaf of credibility that they had lunched to the last election with. How dishonest; how meaningless. It is absolutely appalling that Labor would not recognise that they in fact own half of the legislation that is being presented today. I commend the bill to the House.

The DEPUTY SPEAKER (Mr Vasta): The original question was that this bill now be read a second time. To this the honourable member for Adelaide has moved as an amendment that all words after 'That' be omitted with a view to substituting other words. The immediate question is that the amendment be agreed to.

The House divided. [11:44]

(The Deputy Speaker—Mr Vasta)

Ayes55
Noes79
Majority.....24

AYES

Albanese, AN
Bird, SL
Brodthmann, G
Burke, AS
Butler, TM
Chalmers, JE
Chesters, LM
Claydon, SC
Conroy, PM
Dreyfus, MA
Ellis, KM
Ferguson, LDT
Giles, AJ
Griffin, AP
Hayes, CP
Jones, SP
Leigh, AK
MacTiernan, AJGC
Mitchell, RG
O'Connor, BPJ
Owens, J
Perrett, GD
Rishworth, AL
Ryan, JC (teller)
Swan, WM

Bandt, AP
Bowen, CE
Burke, AE
Butler, MC
Byrne, AM
Champion, ND
Clare, JD
Collins, JM
Danby, M
Elliot, MJ
Feeney, D
Fitzgibbon, JA
Gray, G
Hall, JG (teller)
Husic, EN
Katter, RC
Macklin, JL
Marles, RD
Neumann, SK
O'Neil, CE
Parke, M
Plibersek, TJ
Rowland, MA
Snowdon, WE
Thistlethwaite, MJ

AYES

Thomson, KJ
Watts, TG
Zappia, A

Vamvakinou, M
Wilkie, AD

NOES

Alexander, JG
Andrews, KL
Billson, BF
Broad, AJ
Brough, MT
Chester, D
Cobb, JK
Coulton, M (teller)
Entsch, WG
Frydenberg, JA
Goodenough, IR
Hartsuyker, L
Henderson, SM
Hogan, KJ
Hunt, GA
Irons, SJ
Jones, ET
Keenan, M
Laming, A
Ley, SP
Marino, NB
McCormack, MF
McNamara, KJ
O'Dowd, KD
Pasin, A
Porter, CC
Price, ML
Ramsey, RE
Robb, AJ
Roy, WB
Scott, BC
Simpkins, LXL
Southcott, AJ
Sudmalis, AE
Taylor, AJ
Tudge, AE
Van Manen, AJ
Whiteley, BD
Williams, MP
Wyatt, KG

Andrews, KJ
Baldwin, RC
Briggs, JE
Broadbent, RE
Buchholz, S (teller)
Christensen, GR
Coleman, DB
Dutton, PC
Fletcher, PW
Gillespie, DA
Griggs, NL
Hawke, AG
Hendy, PW
Howarth, LR
Hutchinson, ER
Jensen, DG
Joyce, BT
Kelly, C
Landry, ML
Macfarlane, IE
Matheson, RG
McGowan, C
Nikolic, AA
O'Dwyer, KM
Pitt, KJ
Prentice, J
Pyne, CM
Randall, DJ
Robert, SR
Ruddock, PM
Scott, FM
Smith, ADH
Stone, SN
Sukkar, MS
Tehan, DT
Turnbull, MB
Varvaris, N
Wicks, LE
Wood, JP

Question negatived.

The DEPUTY SPEAKER (Mr Vasta): The question now is that this bill be now read a second time.

The House divided. [11:53]

(The Deputy Speaker—Mr Vasta)

Ayes80
 Noes53
 Majority.....27

AYES

Alexander, JG	Andrews, KJ
Andrews, KL	Baldwin, RC
Billson, BF	Briggs, JE
Broad, AJ	Broadbent, RE
Brough, MT	Buchholz, S (teller)
Chester, D	Christensen, GR
Cobb, JK	Coleman, DB
Coulton, M (teller)	Dutton, PC
Entsch, WG	Fletcher, PW
Frydenberg, JA	Gillespie, DA
Goodenough, IR	Griggs, NL
Hartsuyker, L	Hawke, AG
Henderson, SM	Hendy, PW
Hogan, KJ	Howarth, LR
Hunt, GA	Hutchinson, ER
Irons, SJ	Jensen, DG
Jones, ET	Joyce, BT
Keenan, M	Kelly, C
Laming, A	Landry, ML
Ley, SP	Macfarlane, IE
Marino, NB	Markus, LE
Matheson, RG	McCormack, MF
McNamara, KJ	Nikolic, AA
O'Dowd, KD	O'Dwyer, KM
Pasin, A	Pitt, KJ
Porter, CC	Prentice, J
Price, ML	Pyne, CM
Ramsey, RE	Randall, DJ
Robb, AJ	Robert, SR
Roy, WB	Ruddock, PM
Scott, BC	Scott, FM
Simpkins, LXL	Smith, ADH
Southcott, AJ	Stone, SN
Sudmalis, AE	Sukkar, MS
Taylor, AJ	Tehan, DT
Tudge, AE	Turnbull, MB
Van Manen, AJ	Varvaris, N
Whiteley, BD	Wicks, LE
Williams, MP	Wilson, RJ
Wood, JP	Wyatt, KG

NOES

Albanese, AN	Bandt, AP
Bird, SL	Bowen, CE
Brodthmann, G	Burke, AE
Burke, AS	Butler, MC

NOES

Butler, TM
Chalmers, JE
Chesters, LM
Claydon, SC
Conroy, PM
Dreyfus, MA
Ellis, KM
Ferguson, LDT
Giles, AJ
Griffin, AP
Hayes, CP
Jones, SP
Macklin, JL
Marles, RD
Neumann, SK
Owens, J
Perrett, GD
Ripoll, BF
Ryan, JC (teller)
Swan, WM
Thomson, KJ
Watts, TG
Zappia, A

Byrne, AM
Champion, ND
Clare, JD
Collins, JM
Danby, M
Elliot, MJ
Feeney, D
Fitzgibbon, JA
Gray, G
Hall, JG (teller)
Husic, EN
Leigh, AK
MacTiernan, AJGC
Mitchell, RG
O'Connor, BPJ
Parke, M
Plibersek, TJ
Rowland, MA
Snowdon, WE
Thistlethwaite, MJ
Vamvakinou, M
Wilkie, AD

Question agreed to.

Third Reading

Ms LEY (Farrer—Assistant Minister for Education) (11:57): by leave—I move:

That this bill be now read a third time.

Bill read a third time.

Asset Recycling Fund Bill 2014**Asset Recycling Fund (Consequential Amendments) Bill 2014****Second Reading**

Cognate debate.

Debate resumed on the motion:

That this bill be now read a second time.

Mr ALBANESE (Grayndler) (11:58): The Asset Recycling Fund Bill 2014 is a part of the Abbott government's ongoing attempt to con Australians about the level of its commitment to infrastructure investment. On a superficial level, it sounds like the government is doing something. Indeed, part this legislation creates a fund which the government proposes to fund new infrastructure proposals in the 2014-15 budget.

But there is a real problem here. The budget includes no new money for infrastructure. The few new projects are being funded by cuts to existing road and rail projects. But more than anything else, this bill is about an attempt by the Commonwealth to flick pass responsibility for nation-building to state governments. This will be done using the centrepiece of this

legislation, the \$5 billion so-called Infrastructure Recycling Initiative. This fund will be available for two years. State governments willing to privatise public assets and spend the proceeds on infrastructure projects will be eligible to access the fund for a 15 per cent premium on the price of the project. The creation of this fund mirrors the political story of the entire 2014-15 budget. It is a story about a Prime Minister who is cutting spending, because he is obsessed with small government. At the same time, he is attempting to paint himself as a high-rolling big spender on infrastructure. Because of the incompatibility of these positions, the Prime Minister is desperate to pass responsibility for cuts onto other levels of government.

Last month's budget was something of a masterclass in the flick pass. For example, the \$80 billion in cuts to health and education spending are federal cuts, but the states will have to deliver them. They will have to bear the political backlash out there in the community while the Prime Minister washes his hand and demands public acclaim for fiscal rectitude. In the same way, cash-strapped councils will have to wear the political pain of the Prime Minister's billion dollars in cuts to financial assistance grants to councils.

The legislation before us is of apiece with this buck-passing mentality. It seeks to impose greater responsibility for infrastructure on states while this coalition government seeks the credit. The funding sphere is a political minefield of privatisation of public assets. The extent to which this is a political issue is highlighted by the fact that it is not called a privatisation initiative; it is called recycling where states will be asked to take significant political risks for the privilege of accessing a 15 per cent bonus. This asset recycling initiative is a fancy-sounding name for privatisation of state assets and a reduction of Commonwealth spending on infrastructure.

I notice that the government claims that the \$5.9 billion that will go into this proposed fund is new. That is blatantly untrue. The \$5.9 billion was stolen from two existing infrastructure investment funds. The first, the Building Australia Fund, was established by Labor to provide investment in transport, communications, energy and water infrastructure. The second, the Education Investment Fund, was also created by Labor and was designed to fund infrastructure investment in education and research.

The abolition of the Education Investment Fund comes on top of its \$5.8 billion of cuts to higher education and student support. The abolition raises serious questions about this government's commitment to the long-term sustainable funding of infrastructure for teaching and research at Australia's public universities. Without systematic and sustainable funding for research infrastructure, Australia will not be able to attract the best and brightest researchers in the world nor commit to significant long-term research and commercialisation projects done by our competitors.

The Building Australia Fund and the Education Investment Fund delivered real, direct investment in productivity-driving infrastructure. Decisions about grants from these funds were subject to rigorous process. Projects funded from the Building Australia Fund had to be ticked off by the independent Infrastructure Australia to ensure that investments had genuine potential to add to national productivity. In the case of the Education Investment Fund, a specialist committee of independent experts exercised similar oversight and the previous government acted on the expert advice.

The infrastructure recycling initiative is being presented today as a new means to leverage extra investment—that is, investment that would otherwise not occur—but it is a con. The

fund itself is being bankrolled by a raid on the two existing investment vehicles, not a single new dollar, as a result of this legislation that is before the parliament today.

Let me put it another way: the government is dumping plans for actual direct investment in nation building and will use the money gained to pay the states to do its job. So, whether it is hard infrastructure in terms of transport infrastructure or investment in science and education institutions to boost our contribution to productivity, this government is abandoning both in terms of direct investment.

Let me say again that the Commonwealth contribution to projects bankrolled by this fund will be the 15 per cent premium on the value of the infrastructure project but, under existing arrangements, the Commonwealth consideration to infrastructure projects is either a fifty-fifty share with the states or in some cases an 80-20 split. So let's be honest: this fund is a cost-cutting measure at least as it relates to the Commonwealth budget. Most importantly, there are no checks and balances in this legislation to ensure that the projects funded by this asset recycling fund represent value for many. That is why the opposition today will be proposing amendments aimed at restoring the proper processes in decision making about infrastructure.

The fund is an emblem for this government's political cowardice and lack of vision both when it comes to actual investment and to probity standards. The term 'asset recycling' is a different way of saying privatisation: the sale of existing public assets that are owned by the Australian people. I am neither for or against privatisation full stop, but it must be considered on a case-by-case basis. Sometimes it might be appropriate to sell a public asset but it is always vital to balance the short-term benefit of selling assets against the long-term downside of losing the revenue stream for that asset. Once the asset is sold as a one-off, the revenue stream is gone, so you can weaken the long-term fiscal position of government through a short term act. That is why privatisation is not always popular with voters. It involves real political risks. Taxpayers are sensitive about the idea of what some people call selling off the family silver. They know that in many cases a windfall gain is made at the cost of a long-term revenue stream.

The Prime Minister understands the political risks involved in privatisation for state governments, so he knows that the sting of any voter backlash associated with this fund will be felt by the states, not the Commonwealth. It is a case of all care but no responsibility. I predict that future public complaints by state governments, particularly by coalition governments, about inadequate roads or public transport will be met by a standard prime ministerial response from the government, 'It's not my fault. It's the fault of the states.' I offered them access to the Asset Recycling Fund, which was already in place in terms of money with the Building Australia Fund and the education infrastructure funding. This is just part of the mirage that was the government's so-called infrastructure initiatives in the budget in May, and you do not need to be Nostradamus to make this prediction.

I watched for nearly a dozen wasted years as John Howard amassed a massive infrastructure deficit by behaving as though infrastructure was none of his business. When I was sworn in as infrastructure minister, Australia was ranked 20th in the OECD for investment in infrastructure as a proportion of GDP. When I left, we were first as a result of the record investment that the federal Labor government put into nation building. Mr Howard was a determined federalist who provided no leadership on nation building. He found it easier to use surpluses, driven by the mining boom, to curry electoral favour with middle-class

welfare than to actually invest in the future of this nation. After all, state premiers were always on hand to use as whipping boys if anyone complained about inadequate infrastructure. We have already seen it with this government's approach to public transport infrastructure where they have withdrawn every single dollar from every public transport project around the nation that was not already under construction.

The coalition's preparedness to identify problems is exceeded only by their enthusiasm for passing them onto other levels of government. Rather than achieving actual progress, the government would rather retain power by dissolving lines of government responsibility and by playing the blame-game. While Labor builds the nation for the benefit of all, those opposite oppose nation building and actually have legislation before the Senate to remove the term 'nation building' from any involvement in infrastructure. They believe that infrastructure is just about marginal electorates.

Another problem with this new fund is its potential to distort the infrastructure market, because the window of opportunity for the privatisation of state assets is only two years and could encourage fire sales. It could give states an incentive to make poor decisions in their haste to get a piece of this action. This fund could lead to a crowding out of the infrastructure market for two years. Where you have more possibilities for investment than would otherwise be the case at the one time, you will get a lower price to taxpayers from the sale of those assets. Again, that is not a problem for the federal government, but it would be a problem for state governments.

The question of how governments fund infrastructure is always critical. In office Labor worked with states to deliver funding for their proposals. We also created taxation arrangements designed to encourage private sector investment in infrastructure—arrangements that this government has made no effort to utilise. Above all, we had faith that our creation of Infrastructure Australia to provide proper process for infrastructure decision making meant that our projects would add to national productivity. They were projects that yield productivity gains for themselves over time. They create jobs and they create economic activity that boosts government revenues. Some, like investments in urban rail, add to the amenity of cities and drive further productivity gains. They encourage people to leave their cars at home or move closer to their workplaces. That is why we funded all 15 projects that were identified as a priority by Infrastructure Australia. Whether it be projects like the Majura Parkway, or the Hunter Expressway, or whether it be rail projects like the regional rail link, we funded them on the basis of proper advice.

The Prime Minister, though, has put forward a budget in which none of the new projects that have been funded have been identified as priority projects by Infrastructure Australia. At the same time the Prime Minister believes that changes put forward to the Infrastructure Australia legislation would undermine its independence, and we are seeking to move amendments in the Senate to fix up this flawed legislation.

The government's approach to infrastructure spending in the 2014-15 budget is wildly out of kilter with their rhetoric. If you judge the Prime Minister by his words, you might believe that he was committed to infrastructure investment. He has been out there with re-announcement after re-announcement claiming that projects that had been underway for years were somehow new. We heard the Deputy Prime Minister, yesterday, trying to claim the Moreton Bay Rail Link, which was first promised in the Queensland parliament in 1895. But

it took a federal Labor government in partnership with the Queensland state Labor government and the local council to ensure that it occurred. In terms of that, the fact is they have announced projects which were funded in budgets by the previous Labor government, including the Inland Rail project. The study was done, the commitment was given in 2010 and funding of \$300 million was in the 2011 budget for the Inland Rail line. They have announced exactly the same funding, exactly the same time frame, and they pretend that somehow it is something new.

The new projects are being funded by cuts to existing road projects, like Melbourne's M80 and Tasmania's Midland Highway, as well as by the cancellation of urban rail investment including the Melbourne Metro and Brisbane's Cross River Rail Project. The Prime Minister scrapped these projects because he has an ideological aversion to public transport. He outlines that in his book *Battlelines* where he makes it clear that in his view there simply are not enough people who want to go from one destination to another to justify anything other than the use of a car. The fact is, we cannot deal with urban congestion in our cities unless we have both rail and road. That was recognised by Infrastructure Australia, which is why it recommended funding for both of those projects that were in place.

The Prime Minister also said before the election that they would have cost-benefit analysis of all projects of \$100 million or more. That promise seems to have gone the same way as: 'No cuts to health or education or the ABC.' The fact is that in the budget that they put forward, where they say there was a budget emergency, they have advanced \$1.5 billion for the East West project in Melbourne, this month, including \$1 billion for stage 2 that is not due to commence this financial year or next financial year but the financial year after that, if they ever work out where it is actually going to go. It is an extraordinary advance payment to the Victorian government, which is of course facing an election.

Their rhetoric regarding infrastructure is designed to distract Australians from the real heart of the budget—the broken promises, the savage spending cuts and the unfairness. Here is this government's message to Australians: 'Never mind that you won't be able to see a doctor anymore. You'll be able to drive on a brand-new road that Labor funded three budgets ago.' They made a statement of claim that within 12 months there would be cranes in the sky for these projects that do not have planning, have not been through environmental assessment and do not have cost-benefit analysis.

The problem for the government is that they spent so much time saying no to everything and being relentlessly negative that they did not craft alternative policies and did not craft an alternative vision for the nation, which is why, when they came to government, we saw the budget—for the first time since 2008—not include a single new dollar for the Bruce Highway or the Pacific Highway over the forward estimates. There is not a single new dollar for rail freight, yet the minister for infrastructure and his errand boy, the assistant minister, have been busy re-announcing projects on these two highways and other projects, pretending that they were not previously funded by the former, Labor government.

The government has also ignored its own promises about the integrity of processes surrounding investment decisions. The government said before the election that it would work with Infrastructure Australia to ensure probity in selecting which infrastructure projects would attract Commonwealth support, and yet we know that with the Perth Freight Link project there is no plan, no design and no cost-benefit analysis at all. We know that because the WA

state government says that is the case. We believe that the Infrastructure Australia model got it right, but the government has introduced legislation, which it gagged in this place, to allow it to dictate IA's research agenda. The amendments would allow it to order IA to ignore certain classes of infrastructure, such as public transport. The amendments would allow it to gag Infrastructure Australia by preventing publication of its independent research. So, within months of its election, the government is creeping away from its commitments to probity. In a recent video, produced shamefully for political purposes to align with the D-Day commemorations, the Prime Minister threw away all pretence. He complained about 'analysis paralysis', which he said was preventing infrastructure projects from going ahead. What he was really saying was: 'Don't worry about proper analysis.' If the Prime Minister's word means nothing to him, he can take that up with the electorate.

In the meantime, we are stuck with this bill. While process is an inconvenience to be swatted away on that side of the House, the opposition will be moving amendments which will hold the government to its own claimed principles. The first would require that no project could be funded from this new fund unless it has been the subject of a full cost-benefit analysis ticked off by Infrastructure Australia and is in keeping with the government's own commitment that they would have proper analysis for any project in receipt of more than \$100 million.

The second amendment relates directly to projects that are being funded by states via asset sales, thereby earning the 15 per cent premium. It would require the finance minister to table a disallowable instrument for each privatisation transaction as a precondition to eligibility for it to attract an incentive payment. It is aimed at empowering this parliament to hold the government to its own promises. Again, if the government is serious about funding genuine productivity-enhancing projects properly assessed by independent experts, it should have no difficulty with this amendment.

Several projects funded in the budget, including the Perth Freight Link, Melbourne's East West Link and Queensland's Toowoomba Second Range Crossing, are being funded even though Infrastructure Australia is yet to see full cost-benefit analysis. We are setting up a mechanism to make sure that the government's rhetoric is matched by the legislation. They need to be held to account so that we do not have absurdities like this \$1½ billion advance payment to the Victorian government on behalf of taxpayers. What sort of budget slashes health through the Medicare co-payment, education by abandoning the Gonski reforms, and public transport projects on the basis of 'These measures need to be made because there's a so-called budget emergency,' but gives \$1½ billion to sit in the Victorian government's bank account for no purpose other than making its budget look better prior to the election later this year? It stands in stark contrast to what the assistant minister said in a speech on 6 June. He said:

... we are driving the state governments very hard to give us timetables to ensure that we're meeting the expected time of delivery of these projects. That we're hitting milestones, that we're only making payments to states when they actually deliver the milestones, that they're not getting money in their bank account prior to milestones being delivered ...

Not only are there no milestones for the East West project; they do not know where the tunnel is going to emerge for stage 2. It is not even a line on a map, but they are giving them a billion dollars this year. That is why these amendments should be supported by the entire parliament.

They are respectful of proper process; they are also a requirement when public money funds projects that will drive productivity gains.

Labor's approach in government was to engage in real nation-building. It was to establish proper processes with Infrastructure Australia. We also got on with investment: we doubled the roads budget; we increased the rail budget by more than 10 times; and we rebuilt a third of the national rail freight network, including cutting six hours from the trip from Melbourne to Brisbane and nine hours from the journey from the east to the west coast.

I am very proud of the fact that we committed more money to urban public transport from 2007 until 2013 than all previous Commonwealth governments combined from Federation to 2007. We planned and funded the Moorebank Intermodal Terminal, delivering major productivity gains to Sydney and taking 3,300 trucks off the road every day—a project expected to generate about \$10 billion in economic benefits through increased productivity, reduced freight costs, reduced traffic congestion and better environmental outcomes.

The current government ran ads in the 2010 election campaign opposed to the Moorebank Intermodal Terminal. That is the opportunism we saw from those opposite. Compare that with the approach of the government—spurning the advice of Infrastructure Australia and introducing legislation to undermine its independence, and failing to increase investment in infrastructure spending, merely taking money away from projects that have been properly assessed and giving it to projects that are done on the back of an envelope. This bill avoids direct infrastructure investment while setting up the states and councils as the scapegoats of the future, when people begin to see the results of its underinvestment. Unless Labor's amendments to this bill are accepted, the government will have successfully created a vehicle for pork-barrelling and doing favours for its friends in coalition state governments.

Given the record of infrastructure underspending and pork-barrelling of the previous coalition government, surely this nation can do better than simply winding back the clock. By creating this incentive fund—taking money that had already been allocated for proper nation-building investment, through the Building Australia Fund, and for proper investment in our future, through education and science research and innovation, through the education investment fund—what the government is seeking to do is reduce its own involvement in the provision of infrastructure by paying the states and the private sector to do the heavy lifting.

There is, of course, a role for private sector investment. That is why we created the infrastructure investment tax incentive, a scheme that would provide, through the Infrastructure Australia process, an incentive in terms of changes to tax arrangements to encourage investment by the private sector—not just in greenfield infrastructure but also in brownfield assets. We introduced that in last year's budget. It came into effect at the end of last year, but this government seems oblivious to it.

We do not have a view on this side of the House that public sector is automatically bad and private sector is automatically good. That is the view of some of those opposite. They just want government to get out of the way in terms of government involvement in infrastructure. The consequences of that will be a reduction in investment and a scheme which will provide an incentive for state governments to privatise assets. Let me say this: if an asset is worthy of privatisation it needs to stand on its own merits. A top-up figure of 15 per cent over a period of just two years is a distortion of that process. If it is indeed in the longer-term interest of the

state which owns that asset—through the people, at the end of the day—then we should not be distorting that process.

This nation needs Commonwealth leadership on infrastructure. It does not need a government that ignores the advice of independent experts and consults the electoral map to inform its investment decisions. The last thing it needs is a return to the blame game that characterised the former government. Process is important, which is why we need to ensure that this legislation is amended to allow proper processes: proper assessments of projects plus accountability to this parliament by ensuring there is a disallowance instrument. I will be moving the amendments when it comes to consideration in detail and ask the House to support those amendments then. *(Time expired)*

Mr IRONS (Swan) (12:28): I rise to speak on the Asset Recycling Fund Bill 2014 and the Asset Recycling Fund (Consequential Amendments) Bill 2014. We have just heard from the member for Grayndler, the former minister for infrastructure, who has made some interesting comments in his introductory speech.

This government has made an unprecedented commitment to infrastructure and the legislation we are debating today forms a key part of that commitment. In just a few months since being elected, the government has shown its intent and strategic approach to infrastructure across the country. With its decisions on massive visionary projects such as the Western Sydney airport infrastructure package and the Perth Freight Link, which impacts my electorate of Swan, this is already in stark contrast to the previous minister's approach of untargeted and unfunded spending with no strategic plan or direction.

In fact, I would suggest that nowhere in Australia is this government's commitment to infrastructure more apparent than in my electorate of Swan currently. But this bill takes the government's approach to a new level. It provides for future infrastructure through a recycling program involving federal financial incentives for the sale of mature assets by the state governments where the proceeds are directed into new infrastructure. This will potentially see a generation of new infrastructure projects across the country. It has the backing of the states—including, it seems, Labor controlled South Australia—as the premiers can see the advantages of the bill. Yesterday we saw proposals by the New South Wales government and, in May, Treasurer Nahan of Western Australia referred to a likely asset sale process in the state budget. So there is plenty of support from all sides, except, it seems, the other side.

It seems from the former minister's speech that the Labor Party in this place is not fully behind this legislation and the previous speaker, the member for Grayndler, has indicated they will be moving some amendments. We will not be supporting those amendments, which attempt to put a roadblock on this legislation. We know Labor's commitment to infrastructure is untargeted and chaotic. We know that the member for Perth, who is in the chamber at the moment, is the chief opponent of the Perth Freight Link project which will link the Kewdale-Welshpool industrial area with the ports. We know that the member for Grayndler made Gateway WA conditional on mining tax revenue which did not exist. We know that the record of the previous government on delivering broadband infrastructure in WA was the worst in the country. We also know that there was no interest or intention of funding the Manning on-ramp in my electorate of Swan.

Labor's position on this legislation would make new projects more difficult and it would hold back new infrastructure projects in Australia. The previous speaker, the member for

Grayndler, also talked about cost-cutting analysis and processes and cost-benefit analysis. It just amazes me when you look at what they did with the NBN and the process they went through there on the back of a drinks coaster. He said there might be a panic sale of assets. But when Labor came in and they wanted to start some of what they called their infrastructure spending and kick things along, they looked at any project that they said was shovel ready. There was no cost-benefit analysis. They just went straight into that. The pink batts is another prime situation, with the royal commission currently looking at that. So how they can sit there and talk about the processes of how things should be done after their previous record of six years just amazes me.

The coalition have increased the infrastructure spending by 55 per cent over the period to 2018-19 compared to under Labor, whereas the previous speaker said we had not. Labor had no great record on public transport. The former minister did not realise that 50 per cent of public transport in Australia is by bus on roads. Seventy per cent of all domestic passenger movements within Australia—by car or bus—occur on roads, whereas he was slating the current Prime Minister as not being interested in any rail infrastructure. The shadow minister says asset recycling will discourage investment in public transport. But as today's minister pointed out just the other day, the Commonwealth is doing a lot of heavy lifting in road funding, allowing states to bring forward other public transport projects. In fact, since the coalition was elected, the states have committed \$25 billion to major public transport projects.

This bill establishes an Asset Recycling Fund of \$5.9 billion initially. The Asset Recycling Fund, as outlined in this year's budget, is being established to provide incentives to states and territories to invest in new infrastructure projects that boost economic growth. The \$5.9 billion is sourced from uncommitted money in the Building Australia Fund and the Education Investment Fund. I note the government is committed to adding to the ARF over time, including through the proceeds of the sale of Medibank Private and with proceeds from any further privatisation initiatives. The ARF will support the Asset Recycling Initiative, which encourages the sale of brownfield assets such as ports or electricity companies with proven earnings to private sector investors, freeing up more funds for infrastructure projects. To encourage funds to be spent on infrastructure projects, the Commonwealth government will provide payments of 15 per cent of the sale price of privatised assets to state and territory governments, on the condition that the proceeds of the sales are reinvested in productivity-enhancing assets. The sale of ports in New South Wales and Queensland Motorways highlights the interest of the private sector to invest in brownfield assets.

The consequential amendments will apply to the COAG Reform Fund Act 2008, the Future Fund Act 2006, the Nation-building Funds Act 2008 and the DisabilityCare Australia Fund Act 2013. These amendments will allow for the fund to be managed by the Future Fund Board of Guardians, who have an exemplary record of managing investment portfolios for the government, and for the funds to be distributed through the COAG Reform Fund.

Delivering modern infrastructure is a key part of the government's Economic Action Strategy to boost economic growth, increase productivity and create thousands of new jobs. Overall, the 2013-14 budget unveiled the biggest ever spend for infrastructure in our nation's history: \$50 billion. Our plan will leverage greater co-contributions from the state governments as well as, for the first time in WA, co-contributions from the private sector. Encouraging investment from the private sector is the best way to ensure that taxpayers get

the most infrastructure advancements that their money can provide. By changing the way that infrastructure projects are financed through partnering with state and territory governments and leveraging private sector investment, Australia is set to receive \$126 billion worth of investment in productivity-enhancing infrastructure over the next 10 years. This new infrastructure will help relieve congestion which is believed to be costing our economy \$15 billion a year. It will create jobs and tackle pollution. Investing in infrastructure is an investment in the future.

Initiatives such as the ARF are of particular importance in my state of Western Australia, where the transition of the mining boom from production phase to development stage creates unique challenges. A key aspect of the coalition's budget is to roll out an infrastructure plan that adequately deals with this change and that creates jobs for the thousands of construction workers, as well as the many engineers, designers and professionals who play an important role in the delivery of major projects. It would be irresponsible not to aid the creation of jobs that ensure these highly skilled and experienced people remain in Australia, contributing to our economy.

With this in mind, the Western Australian Treasurer, Mike Nahan, spoke of his government's plans for an 'orderly program of assets sales' in the 8 May state budget. He outlined the state government's plans to consider the sale of a number of brownfield assets including the Kwinana bulk terminal and the Utah Point facility at Port Hedland. The Treasurer went on to note:

The Government's continuing ownership of the Perth Market Authority, the TAB and the Water Corporation's assets, such as its wastewater treatment plants, will also be reviewed.

Revenue derived from the sale of these assets will be directed to two areas: the reductions of the state's debt levels and to contribute to the cost of new infrastructure.

The Commonwealth and WA state government have a track record of working together to deliver much-needed infrastructure to the people of Western Australia. In the 2013-14 budget the government continued this tradition by making a record \$4.7 billion commitment to funding infrastructure in WA. As I said before, some of the best examples of this co-operation lay within my electorate of Swan. Projects such as the Perth Freight Link and Gateway WA, both funded by the state and Commonwealth governments, will allow growing cities like Perth to move into the future comfortable in the knowledge that they have the capacity to support a growing population and continued high exports on their roads.

Unlike those opposite we have committed to funding these projects without a mining tax. The Labor Party somehow thought they were funding these projects from a tax that did not raise any money. I know the member for Perth is in the chamber, and she has stated before that she does not support the mining tax and recognises that it disproportionately affects the people of WA. It is a pity that her colleagues do not agree with her.

The Perth Freight Link carries a price tag of \$1.6 billion, of which the Commonwealth will fund \$925 million, the state government will cover the remaining 20 per cent of government contributions and the private sector will fund the remaining amount—approximately \$400 million. Despite economic research which shows that for every \$1 invested in the Perth Freight Link it will return \$5 in economic benefits, this project would never have been funded by a Labor government. Even now, after years of research showing that this project will increase productivity, create jobs and improve the road network, it is still not supported by

those opposite. In fact I see the member for Perth in the chamber, and she recently called this proposal 'a scandalous squandering of taxpayers' funds.' I would like to remind the member that the debt and deficit levels in this country have reached a point where the government is now paying over \$1 billion dollars per month in interest. The interest bill paid by the government between 2010-11 and 2013-14 on gross debt is over \$46 billion dollars. The government could have funded almost the entirety of its infrastructure package with what is wasted on interest payments. That is, in my opinion, a real squandering of taxpayers' funds.

Despite ongoing protest from those opposite I am pleased to note that it's not only the WA state government who recognise the opportunity that ARF grants give them to invest in long-term productivity-enhancing projects. Just today the New South Wales Treasurer, Andrew Constance, announced in the New South Wales budget that a long-term lease of 49 per cent of the state's electricity network assets will assist with funding a comprehensive package of new infrastructure programs. This package includes \$400 million for the Parramatta light rail, \$5.2 billion for the North West Rail Link and an extra \$100 million for the Hunter Infrastructure Fund, to name a few. The budget includes significant investment in road, rail and public transport, further disproving the claims from those opposite that the coalition's plans will discourage investment in rail or public transport.

The coalition promised to build the roads of the 21st century, and it is legislation such as this which will see us do just that for the benefit of our economy and our nation. As the assistant minister pointed out on 6 June, our infrastructure plan is not a GFC-style pink batts program or a school halls program but a well planned program about building productive infrastructure. Increased funding and the encouragement of investment in infrastructure will provide benefits in both the short and long term by creating jobs, easing congestion and ensuring prosperity for generations to come.

I know I have spoken in this place about Infrastructure in my electorate before. One in particular is the Manning Road on-ramp and Canning Bridge vision, about which I had a meeting with the Minister for Transport, Dean Nalder, last week. We discussed that and talked about opportunities that might arise from this particular infrastructure fund for things like a Manning Road on-ramp, which I know the member for Perth was supportive of many years ago. I congratulate her for that interest she took in that particular area, because it now is becoming a safety issue for many people in that part of the electorate.

I see that the member for Perth is going to speak next. Maybe she might like to tell us some of the reasons she is so focused on delivering infrastructure nobody wants, particularly the South Perth train station. That was built into the forward estimates in her time. As someone who lives in South Perth and for many of the other residents there, it is something that is not required and something that is not wanted. Something like the Manning Road on-ramp is what most of the people in my electorate of Swan would look forward to. If the opportunity arises, it would be great if we saw that come to fruition in the near future.

We heard from the previous speaker as well how supportive they are of infrastructure funding. I remember quoting from an executive from Perth Airport who initially spoke to the minister for infrastructure in the previous government when he was looking for funding for, at first, the Gateway project. The response from the minister at that particular time was not supportive; it was saying, 'So you guys want another handout.' That type of attitude from those opposite is the reason why they need to support this bill and get on with the job.

I commend this bill to the House.

Ms MacTIERNAN (Perth) (12:43): So many fallacies, so many fantasies and only 15 minutes in which to address them all. I want to start by strongly supporting the contribution by the member for Grayndler. He gave, I think, a very cogent analysis—

Mr Snowden: Erudite.

Ms MacTIERNAN: erudite and cogent analysis of how this legislation is in fact going to encourage suboptimal decisions on dealing with assets. I will get onto the specific questions of the member for Swan in a few minutes, but I just want to make this general statement that it is very easy for politicians. They want to sound like they are being financially sound and financially prudent and they talk about privatising assets and using those assets to reinvest without any real detailed analysis of where, in fact, that is going to take us financially, whether or not that stacks up when we analyse this. The member for Swan is running away, because he knows I am just going to tell him about all his errors on Roe Highway stage 8.

Mr Irons interjecting—

Ms MacTIERNAN: It is true. I take great pride in the fact that after decades of stalling on Roe Highway I was minister when we completed Roe Highway stage 4, Roe Highway stage 5, Roe Highway stage 6 and Roe Highway stage 7. But we were not prepared to commit to Roe Highway stage 8, because it simply did not make sense. It did not make sense when we saw the trajectory of the Fremantle Port development moving to the outer harbour and given our understanding that the basin of the port was going to be at its final stage some time between 2017 and 2020 and that a new container facility south of Roe Highway would need to be built. So, quite frankly, not only is developing Roe Highway Stage 8 a problematic process environmentally, but economically it does not make sense. It does not make sense to spend \$850 million on five kilometres of road going to a port that is actually going to be moving south within a year after the opening of that road.

Putting that to one side, I want to talk about this issue of asset reinvestment and how easy it is to adopt a mantra that makes it sound like you are being commercially sensible and commercially sound when in fact you are being the exact opposite. Now, there are cases where it does make sense to sell assets. Very often government will acquire assets and engage in development simply because the market is not strong enough. In the early stages of a development, government may need to invest in something that subsequently, when the population grows and matures, is a function that can be quite properly supported by the private sector. But making decisions in this area requires very, very detailed analysis. It depends on where the numbers fall and what the risks are in each individual case. First of all we have to look at the actual price received. When you sell something off, it is not money for jam. You are actually selling an asset. And quite often we see cash based reports in the budget that will show the sale of an asset as improving performance. We have all of this additional revenue that has come in because we have sold the asset, even though we may have sold that asset at a very poor price. Even when we are doing accounting on an accrual basis we might see a positive result where we get more than book value for an asset, even though that is in fact far less than its actual value. And hopefully I will have some time to tell the story of the great failed privatisation of the Perth freight network.

We also have to look properly at the revenues lost and make a rational assessment as to whether it is cheaper to borrow than to lose the income stream concerned. Interestingly, the member for Swan was going on about the level of debt and using the raw numbers of debt. That really has become a disingenuous obsession of the government. But we know that in making an intelligent assessment of where an economy is, where a government is, we look at net debt-to-revenue ratios. You do not just look at debt; you look at debt to revenue. Of course, if you are selling off your revenue-generating assets you might be reducing your net debt but you are also reducing your revenue. So you do need to make a careful calculation about whether or not the revenue you lose is actually going to be properly compensated for. The Western Australian government is now talking about selling the Utah Point Berth in the Port Hedland port. The rate of return on capital across the Port Hedland port is about 14.2 per cent. We do not have access to the more detailed information, but if we put the evidence together the rate of return on revenue in Utah Point would be much higher than that. That is the facility that is really bringing home the bacon for the Port Hedland Port Authority. But even if you accept it at 14.2 per cent, compare that to the current state bond rates, which vary from about 3.75 per cent to eight per cent. We could actually borrow a lot less than the sacrifice of that income that we are getting from Utah Point. So, we are getting a much higher rate of return than we are paying in interest. If you are being sensible, if you are being really prudent, you will say to yourself, 'Does it really make sense for us to sell this?'

For those reasons, we are deeply concerned that these privatisations be subject to a proper cost-benefit analysis so that for each one of those we do a detailed and proper analysis of just what that return will be and how it is going to impact on the net debt-to-revenue ratio rather than the financially simplistic and irresponsible approach of just focusing on the debt level. We are also particularly concerned that the 15 per cent bonus in itself—the supplement that is on offer by the federal government, and which does not enhance the amount of money available for infrastructure, because that could easily be given by way of a grant—has the potential to be a great distortion in itself. And it has the potential in part to become a subsidy to the private sector as state governments are prepared to discount the price in order to attract the supplement. We stress that the amendments we are putting up are very much designed to ensure that we have a much more economically rational discussion about the assets that are being proposed for sale, and whether or not that is in fact in the best interests of the taxpayers.

But I think it is also important to understand that the potential risks of privatisation go well beyond the problem of ensuring that we get a good return on assets and that we do not unnecessarily sacrifice highly profitable revenue streams for a short-term boost in debt levels to enable brand-new projects to be announced. I want to talk about a couple of facilities, one of which is the Utah Bulk Loading Facility, which I referred to a bit earlier. This facility was built by the government in the Port Hedland port with the aim of providing a facility for the junior miners. For those who are less familiar with Port Hedland, it is a port that understandably has traditionally been dominated by BHP. Like many ports in WA, there has been a bit of an unfortunate history in terms of access by third parties to this infrastructure, even though the infrastructure might notionally be controlled by government. When FMG was attempting to become a player in the iron ore industry, BHP very much played hardball to keep FMG out. With the strategic intervention of the then government, FMG got its place in the sun, but, alas, FMG did much the same thing to the entrants attempting to come in behind

it. The development of a facility like the Utah bulk-loading facility was in part a way of dealing with that.

My concern is that this facility, even if it is sold for a good price and we get a good return on it, could fall into the hands of someone who was in fact ultimately a player and who had a strategic interest in keeping third parties out, and we have certainly seen this happen in the grain freight industry. Whilst that might be to the economic benefit of that company it is not going to be of economic benefit to the region, to Western Australia and to Australia. It is very important to understand this, particularly in relation to ports. The ports on the west coast, where we have very difficult marine conditions, are located where they are because they are the optimal places to site safe berthage. It is not like building a supermarket. If you want to compete you cannot just open one down the road. It is very difficult and complex to find a site where it is cost-effective to build such a facility. We really need to understand the long-term implications for regional development from these privatisations.

I note that the member for Swan talked about the state treasurer's proposal to sell Kwinana Bulk Terminal. This is pretty incredible given Mr Barnett's comment just before the last election that the one thing he would not be privatising is the Fremantle ports, and of course the Kwinana outer harbour is one of the Fremantle ports.

I want to talk briefly about a classic failed privatisation and how the need to be seen to bring down the debt levels, but clearly not looking holistically at the budget, can be a complete disaster. We had a situation in the late 1990s where another wheat farmer who had control of the transport portfolio spent a motza on roads leading everywhere. The budget was in great crisis and he came up with this great proposal to sell off the freight rail network. They said they would sell off the grain freight network and make heaps of money so that they could continue building more roads. We warned at the time that this would lead to cherry picking, with a great deal of focus by the private provider on the tier one lines, those lines on which there was a great deal of freight, whereas the smaller lines would basically be left to rot and not properly maintained, and ultimately the operator would walk away from those lines. We were assured that that would never happen, but we did not believe it. Ultimately, everything we predicted has in fact happened. The amount of money we got for the sale of this asset did not even cover the book value. So there was in fact no actual net benefit at all asset-wise to the state. But we had a situation that has required subsequent governments, federal and state, to invest \$360 million of taxpayers' money in an attempt to keep the freight network going and, in particular, to keep the tier three lines going. Much to the chagrin of the farmers we see that freight coming off the rail and onto the roads is creating mega road hazards and making many country towns and outer metropolitan roads very unsafe, requiring vast sums of money be spent. So it was a massive result of cost-shifting. It was a short-term political fix that over a decade later the people of Western Australia are still picking up the tab for. I urge the government to support these amendments. They are absolutely critical to getting a proper economic understanding of where we are going with privatisation.

Mr TAYLOR (Hume) (12:59): Being from a rural electorate and from a rural upbringing, off-road is a term I use often. Like many popular words, its meaning has been distorted over time. It is no longer just a descriptor for being away from the main road. Its new meaning is more along the lines of rough and rugged, pumped up with adrenaline, hooliganish and out of control. So off-road is a term I would like to use to describe the former Labor government. I

would comfortably use that term in that context. Not only did they go off-roading at the wheel of the Australian economy for six long years, they blew the tyres, cooked the radiator, stalled in top gear and ended up floating down the proverbial stream.

Despite the glossy ads, we all know about the damage bill when you go off-road. The challenge before us is to get our economy back onto the straight and narrow. While the way forward is achievable, there is a major shift needed. The coalition budget before the House is a contribute-and-build budget. Today I want to talk about the build. The government is establishing an asset recycling fund to build the finances to support historically high infrastructure investment for Australia. Under this legislation, financial incentives will be provided to the states and territories to sell existing assets and reinvest the proceeds into productive economic infrastructure and into providing the additional investment dollars to fast-track nationally significant projects.

At this time in our history, there is no question that infrastructure is absolutely critical. The infrastructure backlog in Australia has been variously estimated at somewhere between \$455 billion and \$770 billion. These are numbers big enough, almost, to rival Labor's debt burden. A 2012 Infrastructure Australia report to COAG identified over \$70 billion worth of priority infrastructure projects that we should be moving on immediately. They also identified that we are falling behind on maintaining our existing road and rail.

As I said in the House quite recently, there are two very good reasons why we need high-quality infrastructure and significant infrastructure investment. First, we are facing a dramatic slowdown in mining investment in this country. We are seeing mining investment, which had risen from something like \$30 billion up to \$120 billion, falling away dramatically because of the policies of the previous Labor government. We have frugal consumers and we have a high dollar. Without infrastructure investment, we will not, in coming years, see the sort of growth and prosperity we need. The second reason is that we face a productivity crisis. Productivity growth has slowed dramatically in recent years. We know that capital productivity is the heart of the problem. We are not making enough investments and we are not making investments in the right capital projects.

So Australia faces a significant challenge over the coming years. Whilst our exports are growing strongly and are set to continue to grow strongly, we will need to lift our rate of productivity growth if we are to continue to enjoy the types of increases in our standard of living that we have grown used to. In a speech in November 2013, the Deputy Governor of the RBA, Philip Lowe, emphasised the potential for infrastructure investment to address Australia's declining productivity growth. He said:

... the Australian economy faces a substantial challenge. Over the next decade or so, if we are to achieve anything like the type of growth in real per capita income that we have become used to, then a substantial increase in productivity growth will be required. We can no longer depend on a rising terms of trade and favourable demographics to make us richer. If this lift in productivity growth does not take place, then we will need to adjust to some combination of slower growth in real wages, slower growth in profits, smaller gains in asset prices and slower growth in government revenues and services – in short, slower growth in our average living standard. So the debate about productivity should not be seen as an esoteric one just for economists. Productivity growth matters and it matters a lot to our future living standards.

Mr Lowe went on to say:

In the years ahead, it is unlikely that Australia's comparative advantage will lie in the production of standardised mass-produced manufactured goods for the global market. Instead, we have tremendous opportunities in a range of more specialised high value-added goods and services, where it is the quality of our ideas and the quality of our execution that is the key. Whether or not we can seize these opportunities depends critically on our human capital and our infrastructure.

Later in his speech, he said:

The benefits of investment in transportation infrastructure are well known. Some of these are quite obvious, while others are more difficult to see, although no less important. Among the more obvious benefits is a reduction in travel times and costs for both people and goods. There can also be favourable social impacts through reducing travel stress and increasing the connectedness of communities. And there are environmental benefits as well.

Unfortunately, Labor did little to address these issues.

We know that good infrastructure investment needs to be depoliticised and we know it needs to focus on costs and benefits. That is something that the Labor government failed dismally to achieve. We have heard in this House that only 14 per cent of Labor's stimulus expenditure was spent on productive infrastructure. We saw that, of the \$80 billion of stimulus expenditure, none of it—not one dollar of it—went to Infrastructure Australia for approval. We need transparency, rigour and independence in our infrastructure investment.

The Productivity Commission's 2014 report, *Public infrastructure*, stated:

There are numerous examples of inferior project selection and inadequate assessment of the costs and benefits of public infrastructure projects ... In particular, government decisions can become politicised and may be based on inadequate information and assessment of the costs and benefits of projects ...

Inferior investment decisions are not unique to governments ... However, when the government makes mistakes regarding large public infrastructure projects, the consequences are felt more broadly by the community and taxpayers, often for long periods of time.

In March last year, Fairfax business journalist Adele Ferguson authored an editorial in *The Sydney Morning Herald* in which she discussed Infrastructure Australia. She said that the ALP government had created Infrastructure Australia to 'eliminate pork barrelling by creating a priority list of infrastructure projects based on a cost-benefit analysis and advising on major policy reforms'. However, we know that Infrastructure Australia was effectively marginalised by the Labor-Green government, as most famously evidenced by Labor's pre-election approval of the Parramatta to Epping Rail Link project—which did not feature on IA's list of priority tasks.

In an article in *The Australian* in February this year, Deputy Prime Minister Warren Truss wrote:

WHEN Anthony Albanese set up Infrastructure Australia in 2008 he made it his personal lapdog, largely answerable to him.

IA was sidelined on any real decision-making, forced to play catch-up and chase its tail to justify projects Labor had already announced without consulting its expert advisory body.

Labor's road and rail funding projects, its big-spending response to the global financial crisis, its infrastructure election promises, were all announced without being fully assessed by IA.

We need look no further than the NBN for a clear example of poor infrastructure investment, with a significant impact on the government balance sheet. There was no cost-benefit analysis

and we saw extreme politicisation of investment in infrastructure. Indeed, we know that the decision was made on the back of a serviette.

In the absence of an intervention from this government, state under-investment in infrastructure is inevitable. As the Productivity Commission report I referred to earlier notes, the Commonwealth has a comparatively wider and more efficient tax base, despite heavier levels of investment from the states and territories. This has already led to large transfers from the Commonwealth to the lower levels of government, for the purpose of financing infrastructure. As an October 2013 report from Moody's demonstrates, state and territory debt levels have ballooned since 2008 and are projected to increase into the foreseeable future. This will further limit the funding that state governments can provide for infrastructure.

It is clear that the experts endorse our infrastructure focused budget. On budget night, Infrastructure Partnerships Australia said:

This is a very strong budget, because it makes difficult revenue and expenditure decisions, allowing Canberra to fund an unprecedented \$50 billion investment in economic infrastructure.

Chief Executive Brendan Lyon also commented that over the forward estimates the Abbott government's total infrastructure investment represents around a \$9 billion increase compared to the last five years. He noted:

The states will always have a central role in funding and providing public infrastructure, but with high levels of debt and substantial operating deficits, a higher and sustained level of national investment alongside the states is warranted.

So it is clear what the experts say. It is clear that they are on our side.

We recognise that there are still challenges ahead. Philip Lowe rightly points out that a key challenge is to ensure there are strong systems of governance in place so that money is spent wisely. That is why we restructured Infrastructure Australia. The second key challenge is the ongoing funding of projects beyond the large expenditure we committed to in the budget. It is no use identifying infrastructure projects with large potential gains if a way cannot be found to finance them.

The financing challenge arises not because of a lack of money available to invest in infrastructure. Many private-sector investors tell us—tell me—that there is plenty of money sitting on the sidelines waiting to be invested in infrastructure assets. The issue is more a reluctance of investors to take on the construction and patronage risks and/or the difficulties of charging for the use of infrastructure.

Looking forward, we need to find a sustainable way in which to finance our infrastructure needs over the long term. Regardless of whether it is the private or public sector doing the financing, it is likely to be easier if we consider different options for pricing and funding transport infrastructure. User-pay models have emerged for all other utilities—water, electricity and telecommunications. We need to seriously consider broader user-pay models for all roads, with hypothecation of revenues not just for roads in general but also, perhaps, for the owner of the specific road. The technology is now available, and the benefits are clear. Not only will this increase investment in high-growth and congested roads but also it will better regulate road use, encouraging commuters to find alternatives when there is significant congestion.

In a report for Infrastructure Partnerships Australia, Deloitte has shown how this can work and, most importantly, how it will help regional areas, despite claims by some to the contrary. As a society, we have a lot riding on finding a way to pay for the infrastructure we need to boost our productivity and improve our living standards.

Those of us who come from regional communities know that connectivity is king, and good connectivity comes from good communications infrastructure and good transport infrastructure. In my electorate of Hume we saw a complete failure of investment during those Labor years. The NBN failure is well known. It has been talked about at length in this House. We have also seen transport infrastructure-investment failure. The Hume Highway is now basically a conveyor belt of trucks in the evenings. We see the B-doubles going from Melbourne to Sydney and back, because rail has failed.

For many years, since about 2007, in fact, we have seen the Labor government fail to sufficiently invest in rail infrastructure on that corridor. We as a government have said we want to address that. We want to address that with our \$300 million investment in the Melbourne-Brisbane rail link and with further investment on the coastal corridor. That will take trucks off the road, it will support a better drive—a safer drive—and will mean fewer trucks on the Hume Highway. It will have the benefit of creating regional freight hubs throughout my electorate.

For the grain growers in the wheat belt of NSW, this will give many options they do not have today. They will be able to send their wheat to Newcastle, Port Kembla, Brisbane or Melbourne. The Barton Highway is also a failure of the previous Labor government. We are upping investment in the highway, including development of a staged duplication plan. Finally, our significant investments in black-spot and Roads to Recovery programs are important responses to a dire infrastructure backlog.

The Australian public deserve better. We are no longer crammed into the back seat of some kind of juvenile joy ride like we were under the Labor government. The grown-ups are back at the wheel. We know that good infrastructure investment needs to be de-politicised, and we know it also needs to focus on costs and benefits. This is something the Labor government failed to do. Through an Asset Recycling Fund we will build the finances to support this government's record package of infrastructure investment. Five billion dollars has been committed to provide financial incentives over five years to the states and territories, to sell assets and reinvest those proceeds. This will leverage a significant increase in private sector investment and create massive new opportunities for investors. I fully commend this bill to the House.

Mr GILES (Scullin) (13:14): In rising to make a contribution to debate on the Asset Recycling Fund Bill 2014 and the Asset Recycling Fund (Consequential Amendments) Bill 2014, I will start by reflecting on two aspects of the contribution of the previous speaker, the member for Hume. He referred to the position of the experts, in terms of this government's approach to infrastructure provisions, as being 'clear'. I agree with him in so far as that, but the conclusion he seeks to draw is simply not tenable. What the experts want out of a Commonwealth government's approach to infrastructure provision is transparency and adherence to a strong evidence base which meets the productivity challenge of Australia. That is little in evidence under this government, as I and other Labor speakers have said on many occasions since the election when we have debated infrastructure in this chamber.

I also note that the member for Hume did effectively set out, I believe, the scale of the infrastructure backlog we confront in Australia today and its relationship to the productivity crisis and challenge we must confront head-on if we are to preserve our standard of living. Insofar as he made those remarks in setting out the challenge, I am entirely in agreement with the member for Hume. But, in agreeing with him in that regard, I see a very different path forward for the role of the Commonwealth with respect to infrastructure.

I have spoken regularly in this place about Commonwealth spending in infrastructure. This is partly because I represent an outer suburban electorate, an electorate that requires considerable investment in infrastructure across all asset classes. I am very pleased to say that under Labor it received its fair share. I have also spoken about Commonwealth spending in infrastructure because I believe the Commonwealth government has a vital role, a key role, in investing in the infrastructure of our cities—a role this government appears to be in denial about, even though it goes to the very heart of the productivity challenge that we face, as well as to pressing concerns about liveability, sustainability and of course equity.

More generally, I am concerned to see Australia, through the Commonwealth, secure our infrastructure future in real rather than rhetorical terms, and delivering, not passing the buck to other tiers of government. In addressing these bills—I should make clear that I am also in support of both amendments foreshadowed by the member for Grayndler—I believe it is important to place them in their proper context: how our self-described infrastructure Prime Minister is going about meeting this great productivity challenge Australia faces.

I now turn to the provisions of the bills before us in turn. I note that the purpose of the Asset Recycling Fund Bill is to establish the Asset Recycling Fund as a dedicated investment vehicle with a focus on providing financial assistance and incentives to states and territories to create new productive infrastructure. The purpose of its companion bill is to make the consequential amendments required to other statutes to enable the effective operation of the fund. In short, these bills provide an incentive to privatise state or territory owned assets and to recycle the proceeds into new productive infrastructure.

While it has been said that this is the only recycling members of this government are inclined to support, I should point out that this clearly is not so. They are more than happy, as the member for Grayndler has set out, to recycle and rebrand Labor infrastructure and investment as their own work. Of course, to talk of recycling in this context is another example of this government's recourse to Orwellian language. When we talk about recycling, we are of course talking about privatisation.

The Commonwealth contribution is to provide the state or territory with an additional 15 per cent of the reinvested sale proceeds of the cost of infrastructure projects. These bills are the vehicle for putting into effect the National Partnership Agreement on Asset Recycling, which was signed by all state and territory leaders in May this year.

Under the main bill the fund will receive an initial contribution of \$5.9 billion at commencement, comprising uncommitted funds from the Building Australia Fund and the Education Investment Fund. Both these funds were formed by the former Labor government to fund land transport and education infrastructure projects respectively. So the money in this fund is of course Labor money. Under both of these Labor funds, projects to be funded by the portfolio minister were subject to recommendations by an advisory board as to their merit,

and crucially this requirement is not duplicated in the legislation before us now. This is a major omission and a major concern.

Privatisation is, to me, far from a self-evident good, although I should point out that Labor is not opposed in all circumstances to the privatisation of certain public assets, and we will consider and have considered proposals on a case-by-case basis. We will support privatisation only where it is in the public interest to do so following proper independent scrutiny of this process. A case in point is Victorian Labor's proposed leasehold privatisation of the Port of Melbourne in order to fund vital transport infrastructure to replace one-third of Melbourne's level crossings with underpasses or overpasses to increase safety. I am personally very comfortable in supporting this decision. As alluded to earlier, clearly Labor governments of South Australia and the ACT have signed the Asset Recycling Initiative.

As far as Commonwealth spending on infrastructure goes, in government Labor clearly leads the way, as of course it should. We saw this in the funding of nation-building infrastructure projects, including setting governance standards that allow decisions to be made in the national interest, not on the whims of the National Party or indeed narrow electoral concerns more broadly. Labor lifted infrastructure spending at the Commonwealth to record levels and, under the previous government, saw Australia rise from 20th in the OECD in terms of spending on infrastructure as a proportion of GDP to first. We did so without privatisation funding this and without passing the buck to other levels of government. On a per capita basis, I note we were talking about an increase in funding from \$132 per Australian to \$225.

This is not a debate about privatisation or spending on infrastructure. At issue here are questions of process, oversight and governance. All of these factors are essential in ensuring that the infrastructure that Australia needs gets built and that Australian taxpayers now and in the future get good value for money in contributing to a more productive economy and enhanced liveability.

Labor's mechanism for achieving these goals was the creation of Infrastructure Australia, the purpose of which has been to research and rank proposed infrastructure projects based on their potential to add to our economic productivity. This was the implementation of an election commitment, of course. The current governance arrangements are for the Infrastructure Australia Council, the remit of which is set out in the Infrastructure Australia Act, to provide advice to the minister. Additionally, the Infrastructure Coordinator was established to assist the council in the performance of its functions. The previous minister made decisions based on advice of this independent panel. The point of this process was to depoliticise infrastructure spending and importantly also to decouple the infrastructure cycle from the all too short political cycle—the long term and the short term—and to establish a framework, an integrated policy approach for the provision of infrastructure in a strategic manner. This is what I believe nation building should look like. It is Labor's approach.

One major piece of infrastructure that Labor committed to and budgeted for was the Melbourne Metro rail link. This was part of an overall investment in urban rail that represented more investment in urban rail infrastructure than that of all of Labor's federal predecessors combined since Federation—over \$13½ billion. Stage 1 of this project was identified by Infrastructure Australia as ready to proceed. Infrastructure Australia describes the project as:

... a project that is expected to shape Melbourne's future transport network and land use patterns. The preferred option presented could achieve up to 30 per cent capacity increase in the urban passenger rail network however the project cost is approximately equal to the benefits.

It is not just Infrastructure Australia and federal and state Labor who are in favour of the Melbourne Metro proceeding. Tourism & Transport Forum Chief Executive Ken Morrison has said that the Melbourne Metro project needed to be funded more swiftly, stating:

We urge the government to look at ways to fund the project so it can commence as soon as possible.

Committee for Melbourne Chief Executive Officer Kate Roffey has also backed Melbourne Metro and urged its urgent funding, saying:

... we believe waiting until the end of the decade is too long.

This is about ensuring that taxpayers get value for money and making sure the projects that are the most necessary go ahead. It would be a tragedy for Melbourne if the Melbourne Metro is replaced by a half-baked option, which appears likely to be the case should the people of Victoria not get the government they deserve at the end of this year and not get support from a Commonwealth government that is prepared to invest in our cities and especially urban passenger rail.

In Melbourne we are seeing what happens when this process is turned around, with the what can only be described as bizarre announcement by the Prime Minister of funding for the East West Link, or perhaps the east-east tollway, as it should be described. The Prime Minister has not seen, and as far as I am aware no Victorians have seen, a business case for this proposal. The decision to fund roads like the east-east tollway breaches another one of the Prime Minister's so-called fundamental election promises—too many broken to count by now. This promise was to subject any infrastructure project worth more than \$100 million to cost-benefit analysis. For this project, the Prime Minister will give the Victorian government advance payments of \$1.5 billion by the end of this month, despite having produced no business case and despite the fact that \$1 billion of this money is for stage 2, construction of which will not begin until 2015-16 and for which we do not even have a map. This breaches another commitment to refuse to hand out money for states unless milestones on planning and construction have been met. This is an absurdity that Labor's amendments would prevent.

A secret report prepared by the construction firm Veitch Lister for the Linking Melbourne Authority in June 2003 obtained by *The Age* found that East West Link will trigger huge increases in traffic on key sections of Melbourne's road network with parts of Hoddle Street, already a disaster, amongst the worst hit. The modelling reveals hundreds of thousands of motorists face more rather than less congestion as a direct result of this \$6 billion to \$8 billion project. Melbourne University planning expert Alan March was quoted as saying the money being spent on the road would be better invested in public transport, health or education. Dr March warned that international evidence suggested that such projects tended to add to traffic problems over the long term. He said:

All of the evidence all over the world suggests these sorts of projects are unlikely to fix things in the longer term ... It is as if the government is determined to press ahead with a truck-based transport system at all costs irrespective of the impact on the rest of the city in the longer term.

I could not agree more. Why cannot money from the fund established by these bills go towards urban rail? Perhaps this is yet another reason that oversight of infrastructure spending has been reduced and politicisation increased. I remember the Prime Minister wrote in his

book *Battlelines* of 'kings in their cars', and so presumably the rest of us are peasants on public transport to our Prime Minister. The then Leader of the Opposition and now Prime Minister made some strange remarks before the election in asserting that 'the Commonwealth had no history of funding urban rail' and that 'it is important that we stick to our knitting—and the Commonwealth is knitting when it comes to funding infrastructure such as roads.' This sums up this government's approach to this debate. It is just a triumph of the 'I reckon' school of public policy making, with the two coalition parties working hand in hand—the ideologically blinkered, who cannot abide public transport, and their friends in the National Party, the party that brought us regional rorts. We saw that under Howard and we will see it again. The Australasian Railways Association Chief Executive Officer Brian Nye described Mr Abbott as demonstrating that he 'simply doesn't understand public transport.'

Mr McCormack interjecting—

Mr GILES: Clearly, the Prime Minister is not alone amongst members opposite. Mr Nye also said that this refusal to fund urban rail 'should send shivers down the spine of commuters everywhere'—as it does, in Scullin and I am sure right across Australia's cities and towns. Mr Nye pointed out that public transport use has almost doubled in Australian cities in the past decade and that more investment is needed to keep our cities from grinding to a standstill over the next 20 years. Grinding to a standstill—what would that mean for the productivity challenge the member for Hume spoke so eloquently about only a few minutes ago? Mr Nye asked:

Clearly not everyone can afford an inner city car parking space, so how does Mr Abbott propose our growing population will get to work each day if he refuses to fund public transport?

Mr McCormack interjecting—

Mr GILES: That is a good question, and it is very disappointing that the parliamentary secretary has no interest in the circumstances of four out of five Australians and more than 84 per cent of our economic activity. This is a very good question. In particular, it is a good question for the constituents of Scullin, Lalor, Makin, Newcastle, Wills and Chisholm—particularly outer suburban constituents who have little option other than to drive, because jobs are increasingly located near the CBD at the moment, despite the tight financial constraints many of them live under. I note recent work has highlighted the cost-of-living impact. The cost-of-living impact of effectively requiring outer suburban residents to drive is something that the members opposite were very keen to talk about in opposition but they have little to say about it in government.

In conclusion, it is vital that both amendments proposed by the opposition are supported. This would go some way to bridging the massive chasm between the rhetoric of the government's position on infrastructure and the dismal reality that is condemning Australia's cities and Australia's productivity more generally to a second-best future.

The DEPUTY SPEAKER (Hon. BC Scott): It being almost 1:30pm, the debate is interrupted in accordance with standing order 43. The debate may be resumed at a later hour.

STATEMENTS BY MEMBERS

Netball Australia Grand Final

Ms RYAN (Lalor—Opposition Whip) (13:29): I stand here today proudly wearing my Victorian navy blue and my Vixens' scarf. There is much excitement about a rugby league

match happening tonight, but the real state-on-state action will happen in Melbourne on Sunday. Melbourne Vixens, led by the great Bianca Chatfield, will face off against Queensland Firebirds, led by Laura Geitz, in the ANZ Championship netball grand final. I wish both teams all the best in what will be a great display of Aussie netball. Members might like to note that the Australian clubs have dispensed with the clubs from across the ditch to create this Aussie final. I wish both teams all the best, but will be giving my considerable verbal support to the Vixens to bring home the trophy and the Victorian bragging rights. I cannot think of a better way for our Aussie captain Laura Geitz and vice captain Bianca Chatfield to prepare for the Commonwealth Games, where they will join forces to fend off those Kiwis. Go Vixens!

The DEPUTY SPEAKER (Hon. BC Scott): For the benefit of the House, Laura Geitz grew up in the electorate of Maranoa and went to school in Allora. You know who I am backing tonight.

Bowel Cancer Awareness Month

Mr ALEXANDER (Bennelong) (13:30): I rise to inform the house about Bowel Cancer Awareness Month: when 'small actions create a big movement'. Bowel cancer is the second most common cancer in Australia—and our second biggest cancer killer, claiming the lives of 77 Australians every week. We have one of the highest rates of bowel cancer in the world, with around 15,000 people diagnosed every year. This disease does not discriminate on gender or age; however, early detection of bowel cancer does save lives, if detected early enough. Unfortunately the five-year survival rate in Australia is just 66 per cent compared to around 90 per cent for melanoma, breast and prostate cancers.

To draw attention to bowel cancer, the iconic facade of Old Parliament House is this week being illuminated red and green, the colours of Bowel Cancer Australia's apple logo and the Bowel Cancer Awareness Month ribbon. This disease is preventable, treatable and beatable, but people need to know about it. Today is Red Apple Day. I urge everyone in this place to purchase a Red Apple pin and munch on a red apple—full of fibre and great for your digestive system—and to spread the message of bowel cancer awareness.

Levy on Fruit Growers

Ms PARKE (Fremantle) (13:32): I thank the Deputy Speaker on this red apple day. It is very appropriate, because last weekend I spoke to my father, who is a fruit grower in Donnybrook in south-west Western Australia, and I asked him what he thought of the proposal by Woolworths to charge primary producers a so-called voluntary levy to pay for Woolworths' Jamie Oliver advertising campaign. My father said this proposal is breathtaking and obscene. He said:

I have been selling fruit and vegetables for 60 years into the metropolitan market, in Perth and have had to live with the fact that this is a supply and demand market, as are all the fresh produce markets in Australia.

As with any perishable crop, withholding supply to market is not an option, so growers are in the position of being price-takers rather than price-makers. This is a fundamental imbalance between products and buyers. We commonly see mark-ups of wholesale to retail of 100 to 1,000 per cent. A farmer may receive 40c per kilo for their plums, which are then retailed for \$4 per kilo, a 1,000 per cent mark-up. This situation is deteriorating even further due to the distorting influence of Australia's two

supermarket chains. Because we have no anti-trust laws in Australia to prevent this type of market dominance, it will only get harder for primary producers.

Supermarkets commonly sell fresh produce sourced from other countries and use this as a strategy to keep prices for local produce artificially low. Primary producers already pay levies for the promotion of fresh fruit and vegetables and to have this impost put on them again by a company is untenable, as the company is already effectively dictating the wholesale price that the grower receives.

Flynn Electorate: Mt Larcom Show

Mr O'DOWD (Flynn) (13:33): Mount Larcom is situated halfway between Rockhampton and Gladstone, and the Mount Larcom Show is on this Saturday and Sunday, 21 and 22 June. This is a great regional show, and there are some 129 regional shows in Queensland, but the Mount Larcom one sticks out as one of the best. People come from all over the place, including Gladstone, Calliope, Rockhampton and, of course, Mount Larcom district.

It is a great agricultural show with much, much more to offer. There are horse events for all ages, including show jumping, a stud cattle program, poultry, show dogs. They also have ute masters, chainsaw events, trade displays, market stalls and lots more. Then there is the entertainment—sideshow alley for the kids and young adults alike. Fireworks are on at night time, and the bar runs late into the night. There is plenty of food, with barbecues and drinks available throughout the day. Don't miss it; if you are in the area, please attend, because it is a great show.

Rankin Electorate: Teaching Symposium

Dr CHALMERS (Rankin) (13:34): I congratulate and commend Racquel O'Connor, the principal of Mabel Park State School, in my electorate for convening a symposium last week on attracting, retaining and developing teachers in Logan—a particular challenge for low SES areas. I was pleased to be able to participate in the opening sessions and delighted to see representatives of the council, state parliament, unions and universities and local principals there.

In some schools in our community close to half the teachers are on short-term contracts—which means a scramble each term, lots of churn and a lack of continuity in the classrooms. The difficulty in attracting teachers arises out of a whole lot of issues, some of them around perceptions of our area which a lot of good local people are working hard to turn around. Compounding these issues, retention and development are compromised by a range of factors, including lack of flexibility, time and opportunities for capacity-building and support. These are huge issues for my community, because good teachers make a big difference to the lives of our young people. We heard one statistic that showed that teachers can account for around 30 per cent of the difference in student performance and a teacher in the top 10 per cent can do in six months what a teacher in the bottom 10 per cent takes a year to achieve.

I want to see the very best teachers in our local schools. Logan should be the first choice for teachers motivated by the chance to make a real difference. Right now not enough high-performing teachers and graduates are choosing Logan schools, and I will work tirelessly with Racquel and with all the others at her symposium to fix that.

Eden-Monaro Electorate: Roads

Dr HENDY (Eden-Monaro) (13:36): My electorate of Eden-Monaro is receiving an early down payment on the government's increased roads expenditure. On 13 June, last Friday, the

Deputy Prime Minister visited Queanbeyan. Together with the New South Wales Deputy Premier Andrew Stoner, he announced a joint funding commitment of \$50 million to build the Queanbeyan bypass. The Commonwealth and New South Wales governments have committed \$25 million each to construct a 4.6-kilometre, two-lane carriageway linking the end of Ellerton Drive to the new Edwin Land Parkway intersection at Old Cooma Road. A bridge will also be built over the Queanbeyan River. The extension of Ellerton Drive will provide an alternative route for traffic wanting to bypass Queanbeyan's busy CBD and improve road safety. It is also a major economic development investment for the Queanbeyan district and has been the No. 1 infrastructure priority for the Queanbeyan City Council for a number of years.

For those people worried that spending decreases in Canberra will adversely affect Queanbeyan and Eden-Monaro, can I say that this project will be a massive boost in investment and jobs. The coalition is definitely looking after Eden-Monaro. The Commonwealth government will work closely with both the New South Wales government and the Queanbeyan City Council to deliver this vital piece of regional road infrastructure. We expect that construction of the bypass will start as soon as mid-2015. *(Time expired)*

Refugee Council of Australia

Mr ZAPPIN (Makin) (13:36): I note that earlier today the Minister for Immigration and Border Protection hosted a refugee week function in Parliament House. I also note, that after having allocated ongoing core funding of \$140,000 per year in this year's budget to the Refugee Council of Australia, the minister then, without explanation, cut the funding. The minister claims that he did not know the funding was in his own budget. This is another example of Abbott government ministers not understanding their own budgets.

As Refugee Council of Australia CEO Paul Power said:

This decision is petty and vindictive and is symbolic of the Minister's very poor relationship with the non-government sector.

The Refugee Council of Australia was founded in 1981 by Major General Paul Cullen and today has a network of 185 organisations and hundreds of members. It is a reputable organisation that has existed for over 30 years. The support that these organisations provide refugees adds value to government funded programs and ultimately saves the taxpayers' funds. This is another example of a mean-spirited, penny-pinching decision of the Abbott government, where extreme right-wing ideology is driving policy instead of good government, fairness and common sense.

Barker Electorate: Local Government

Mr PASIN (Barker) (13:36): As a former member of local government, I was humbled this week to welcome mayors from across the electorate of Barker to Canberra. These local government leaders are in Canberra this week for the Australian Local Government Association National General Assembly. They joined me for dinner on Monday night before attending a series of meetings across the week. This included, of course, time with the Assistant Minister for Infrastructure and Regional Development, the Hon. Jamie Briggs, to discuss the important topic of special local roads funding.

The group of mayors visiting from Barker included Alan Arbon from Murray Bridge, Dave Burgess from Mid Murray Council, Evan Flint from Kingston in the south-east, Peter Hunt

from Berri Barmera, Neil Martinson from Renmark Paringa, Robert Sexton from Southern Mallee, Roger Strother from Coorong, Erika Vickery from Naracoorte Lucindale, and Richard Vickery from the Tatiara.

I spent many years as an elected member in local government and continue to have a tremendous respect for the important work carried out by local councils, particularly in the provision of vital services in regional areas throughout Barker. This week represents a significant opportunity for me to work with those local representatives to engage with the federal government, and I have enjoyed that opportunity.

Iraq

Mr KELVIN THOMSON (Wills) (13:40): When they invaded Iraq and toppled Saddam Hussein, the leaders of the Coalition of the Willing, George W. Bush, Tony Blair, and John Howard said they were prepared to accept responsibility for their actions and accept the verdict of history. Ten years later that verdict is clear. Over a hundred thousand civilian men, women and children dead, thousands of soldiers dead, over \$3 trillion spent—for what? The breaking of a country and the unleashing of tribal, ethnic and religious hatreds.

We would be crazy to go back in there. Neither the Sunni nor Shia leadership in Iraq has any respect for our values of democracy, pluralism, rights for women, rights for minorities, separation of church and state. They still want to carry on a 1300-year-old fight over who was the rightful heir to the Prophet Muhammad! Neither of them promotes any form of respect, let alone affection, for Western nations.

Instead of offering gratuitous advice to President Obama about what he should do now, those US Republicans and those opposite who arrogantly invaded another country, without United Nations authorisation, to destroy weapons of mass destruction that did not exist, should get down on their hands and knees and ask forgiveness for having got it so comprehensively wrong and having created such a political and humanitarian catastrophe.

Robertson Electorate: Queen's Birthday Honours List

Mrs WICKS (Robertson) (13:42): I rise to acknowledge the achievements of three Central Coast residents who have been awarded an Order of Australia Medal in this year's Queen's Birthday Honours List. Philip Donnelly of Killcare was awarded the medal for his service to the Indigenous community through many sporting and charitable initiatives. Phil is also the president of the Bouddi Society, which organises events and publications related to the arts and to community, social and environmental issues. Last year, the society staged the Arts Festival 'Bouddi at Bells', held at Bells at Killcare, where around 600 people helped to raise \$25,000 to support young artists in my community.

Shirley Templeton of West Gosford was also awarded an Order of Australia Medal for her service to women and to the Gosford community. Ms Templeton has had extensive involvement in numerous community organisations, including the Country Women's Association of New South Wales, Girl Guides Australia and Meals on Wheels.

And another outstanding Central Coast resident, Leonard Sargent, has been awarded an OAM for his ongoing long-term service to Gosford. Len is a local champion. He is the vice-president of the Gosford Chamber of Commerce and Industry, the treasurer of the Gosford RSL Sub-Branch, where he is also a director and life member. He was also a state councillor of the Central Coast Region at Clubs NSW from 2009 to 2013.

The Central Coast is privileged as a community to benefit from the contributions of Philip, Len and Shirley. They join the company of several other men and women of outstanding calibre, and I thank them.

Sport: Hockey

Ms BURKE (Chisholm) (13:43): I want to pay tribute to an Australian team who defeated the Netherlands in the Hockey World Cup. That is right, the Kookaburras took down the Netherlands. They demolished the Netherlands 6:1 in the Hockey World Cup last Sunday. It was an amazing effort and something I am sad that we have not played up enough; it has just not been a media event. But I want to congratulate the ABC, who did actually broadcast these matches for my hockey-mad family. This was a godsend. It was an amazing effort by the Kookaburras: a 6-1 win, with Victorian Chris Ciriello getting a hat-trick off those amazing penalty corners and a great win for Ric Charlesworth, who has announced he will be retiring as coach after the Commonwealth Games—and a great effort by Jamie Dwyer in the last minutes, with Jamie now holding the record equally with Jay Stacey for appearing for the Kookaburras 321 times; an amazing effort.

Whilst the Hockeyroos did not do as well, they also made an amazing effort appearing in the finals, going down 2-1, also against the Netherlands, on their home turf—if you have ever watched the Netherlands cheer on a hockey team, you would be surprised at how passionate they are about this game, as are many people in Australia.

I would like to end this statement with great concern about the fear of losing the three water based pitches we have in Victoria now: one at Monash University, in my seat, which is going to make way for housing, and the two at the State Netball Hockey Centre, which may go because of the East West Link. This would be a shame.

Dobell Electorate: Valley View Public School

Mrs McNAMARA (Dobell) (13:45): I wish to share with the House my recent visit to an outstanding school in my electorate, Valley View Public School in Wyoming. I would like to thank the relief principal, Mr Dave Stitt, for his invitation, and to congratulate Dave and his staff on the outstanding work that they are doing at the school. The school motto is 'innovation, opportunity and success', and this is a school which practises what it preaches. I addressed the school assembly and presented flags and certificates of appreciation to students who had participated in the community writing project. Mr Stitt proudly took me to visit the new Hardware Playzone that is a joint effort by the school, parents and carers of the multi-categorical class, Central Coast Bunnings Hardware stores, and other local small businesses who supplied labour and materials. This innovative playground is now providing a happy and safe area for children with ASD, and is shared between the multi-categorical class, the mainstream body and the Glenville Satellite class. It is proof of what can be achieved when the community works together. I especially wish to acknowledge the efforts of Miss Taimi Saxon from the multi-categorical class for her dedication to this project—and whose drive and enthusiasm made it all possible. It was great to join everyone who assisted in the building of the Hardware Playzone at the thank-you morning tea. My visit to the school was completed with a tour where I was able to observe the innovative learning techniques and aids that the school has adopted for their students as part of their curriculum. I look forward to a return visit in the near future.

Newcastle Electorate: Newcastle East Public School

Ms CLAYDON (Newcastle) (13:47): I rise to pay tribute to a school in my electorate which is visiting us here in Parliament House today: Newcastle East Public School. This school is Australia's oldest school, celebrating 198 years of continuous service to the children of inner-city Newcastle. Housed in heritage-listed Gothic buildings, the school fosters an awareness of its central role in the history of public education in Australia, and operates on the ethos: 'We are a country school in the heart of the city.' When the school opened its doors in 1816, Newcastle was home to just 400 people, with 17 convict children aged three to 13 years the school's first students. The schoolteacher at the time, Henry Wrensford, was himself a convict on a conditional pardon.

Newcastle East has come a long way over the years, and is now ably led by Principal John Beach and his team of dedicated educators, providing high-quality, universally-accessible education for all children. Earlier this year I was honoured to attend the launch of the Newcastle East Public School's bicentenary project, a series of celebratory events to be held over the next two years, culminating in 2016 when the school will reach the momentous occasion of 200 years of quality public education. Newcastle East Public School will be Australia's first school to celebrate its bicentenary. Congratulations on your 198 years of education so far, and I can't wait to celebrate your bicentenary with you in 2016!

Vinnies CEO Sleepout

Ms O'DWYER (Higgins) (13:48): According to Homelessness Australia, over 100,000 people are currently homeless in Australia. Most concerning to me is that thousands of those people are children. Homelessness is a scourge that both civil society and we as legislators have a responsibility and a duty to address. The best way government can reduce homelessness is by putting in place the right framework to educate our youth and to provide them with opportunities. It is also about putting in place a framework that will allow the economy to grow and prosper and, in turn, create jobs—and it is about putting the right framework in place to support those people in need. However, no matter how well we do at all of this, there will sometimes be those who find themselves in vulnerable positions through no fault of their own—it could be through family breakdown, domestic violence, or mental illness. That is why organisations such as St Vincent de Paul Society are so critical in our society. These volunteer, not-for-profit organisations help some of the most needy and most vulnerable.

This Thursday night, I will be participating in the Vinnies CEO Sleepout. This will be the third year that I have taken part. First held in 2008, it is a wonderful initiative which has raised more than \$13 million for people who are suffering from homelessness and issues around poverty, providing education programs, recreation activities and extensive information and referral services. I urge those in this place to support this great cause by supporting those who are taking part in the Vinnies CEO Sleepout.

Regional Capitals Australia

Ms McGOWAN (Indi) (13:50): It gives me great pleasure today to acknowledge the work of Regional Capitals Australia, and particularly the work of the Wodonga City Council in the formation of this wonderful national organisation. I am a proud champion. There are 50 regional capitals of Australia—cities like Wagga Wagga, Albury-Wodonga, Mackay,

Geraldton, Launceston, Mt Gambier and Palmerston—with a total population of four million people and growing. In 2026—that is only 12 years from now—that population is estimated to be five million people. Regional capitals generate 15 per cent of GDP, at \$219 billion. They are the hubs that provide vital services to surrounding towns. I believe regional capitals hold the future for Australia's growth: they are tourist destinations, hubs supporting the agribusiness industry, and centres for energy resources, and our regional capitals have, on average, higher numbers already employed in the tertiary education sector than the rest of Australia.

In closing, I would like to publicly acknowledge the work of two of my constituents in bringing this idea to the national stage: former Wodonga mayor, Mark Byatt, and Wodonga City Council CEO, Patience Harrington. While the idea might have begun in WA, it was Mark and Patience who pioneered a national organisation. It is early days for RCA, but I hope that when the future history of the 21st century of Australia is written, regional cities will be recognised for their central role.

School Chaplaincy

Mr SIMPKINS (Cowan) (13:51): I would like to speak about the National School Chaplaincy and Student Welfare Program. Leading up to the budget I received many emails about this from parents, particularly from Woodvale Primary School. After the funding for this program was announced in the budget, Pearsall Primary School also contacted me for support in trying to get a chaplain. The chaplains throughout the schools of Cowan are extraordinarily positive. They make a very strong contribution, and their activities are completely legitimate and above board. A great example was a few years ago at Hudson Park Primary School, where the then chaplain, Shirley Pyrc, wrote one of the best school songs I have ever heard. They do make an excellent contribution.

I know that some people make allegations about chaplains, and make suggestions about evangelical activity, but I have never seen this nor have I had a complaint even alleging it in Cowan. Overwhelmingly, the support for the program is extremely strong, and I hope that the High Court decision will enable it to continue. In any case, I look forward to the government providing due support to allow the positive contribution of chaplains to continue within the Cowan electorate.

Jenkins, Mr Henry Alfred 'Harry', AO

Mr GILES (Scullin) (13:53): I rise today to draw the attention of members of the House to the awarding of the Order of Australia to the former member for Scullin, my predecessor, Harry Jenkins.

Honourable members: Hear, hear!

Mr GILES: 'Hear, hear!' indeed. To say this award was appropriate is to say the very least. It represents, in my view—and I am sure in the estimation of many current and former members—due recognition of extraordinary service: service to the communities that make up the electorate of Scullin; service to the Shire of Whittlesea, in which he also served; service of course to this parliament; and indeed service to public life more generally. It has been said that Harry made a rare contribution to building public trust across his service in this place. I am so pleased to be able to congratulate Harry on this significant award in this place to which he gave so much, and I look forward to doing so personally.

State of Origin

Mr HAWKE (Mitchell) (13:54): I want to report to the House that this morning on a minus one degree, frosty Senate field, the New South Wales Parliamentary Blues defeated Queensland two tries to nothing for the second year in a row. In a game no-one takes seriously, except perhaps the member for Fisher, Mal Brough, we were lucky to be joined by former NRL stars Nathan Hindmarsh—co-captain with myself for New South Wales—and Petro Civoneciva, co-captain of Queensland with member for New England Barnaby 'One Direction' Joyce. We were also joined by NRL CEO Dave Smith who, very fairly, played equally badly for both teams. We thank them all for joining us.

Whilst I would like to say that sport was the winner, it probably wasn't. But I should praise a few strong performances. Member for Hume, 'Running Man' Angus Taylor, hit a tidy gap to streak away on the end of a beautiful ball held up perfectly and thrown by—who threw that ball? Was that me? Oh yes, it was me, but it would be hubris to point that out. He crashed through to score the try and win the game off the back of a great pass. Video referee Mark Simkin from the ABC confirms the pass left the hands backwards, and we all know video referees never get it wrong! It is also true what they say about the member for Charlton, Pat Conroy: he ain't pretty—he definitely ain't pretty—but he did look pretty good as he stepped around the member for Forde, Bert 'Beattie Slayer' van Manen, and crashed over in the 80th minute to seal the win in style. The omens are auspicious, the portents are awesome, as 100,000 true Blues fans tonight turn out at ANZ Stadium for the New South Wales side to break the drought and deliver not just this parliamentary trophy but the real trophy tonight to New South Wales.

Byrne, Mr Patrick

Mr THISTLETHWAITE (Kingsford Smith) (13:55): I pay tribute to Patrick Byrne, former president of the Coogee Dolphins Rugby League Club, who passed away tragically on 23 May. Patrick Byrne was a remarkable Australian—community minded, fiercely loyal to his family and friends and, above all, heroic. In 2002, on a night out at the Sari Club in Bali, Patrick left his Coogee Dolphins rugby league teammates to buy cigarettes. What happened next changed his life forever. A bomb was detonated, killing 202 people, including 88 Australians—20 of those from our community in Kingsford Smith. Wasting no time, Patrick courageously ran back into the inferno and carried several injured people to safety. Despite his brave efforts, for which he received a bravery award in 2008, six of Patrick's mates died that evening on their end-of-year football trip.

When he returned he put aside his grief to assist family and friends, doing a fundraiser and earning an NRL community award. With Patrick as president of the club, Coogee won back-to-back A-grade premierships in 2007 and 2008. Speaking at Patrick's funeral in May this year, an older brother of one of the deceased, Paul Yeo, said of Patrick, 'He just saw too much.' Many said Patrick never got over the guilt of surviving that night. Although the bomb went off in 2002 and some of those involved in this insidious act of terrorism are now being released from jail, many in Australia continue to suffer and die. I pay tribute to Patrick, and I offer condolences to his family and friends. (*Time expired*)

Australia Post

Ms HENDERSON (Corangamite) (13:57): Teesdale residents in the Corangamite electorate currently must collect their mail from the licensed post office at the general store. Many in the community are crying out for street and roadside mail delivery. The problem is that Australia Post has a very undemocratic way of finding out what residents want. It distributes a survey by hand, and many of these go missing—so if a survey is not returned it is counted as a 'no' vote. This has skewed the result of the two previous mail polls held in Teesdale in Australia Post's favour. The Postal Industry Ombudsman has been very critical of this methodology.

Last week, as a strong local voice for Corangamite I hosted a community meeting in Teesdale. The good news is that Australia Post will hold another mail poll of all 720 homes in the town, commencing on 7 July. After I made representations to CEO Ahmed Fahour, I am pleased that the poll has been delayed and that information will be placed on Australia Post's website so that residents can be better informed. Delivery of voting forms will also be improved—they will be cable tied to fences if someone is not home. However, Australia Post is sticking by its unfair method of surveying residents. This is wrong and unjust to country communities, and needs to change.

Giles, Mr Daniel

Ms CHESTERS (Bendigo) (13:58): Today I rise to shine a light on Daniel Giles, a member of my community who is on the autism spectrum. Just recently, Daniel conducted a 24-hour walk with three other people in an effort to raise funds for Turn A Life Around, a program which uses the money from this fundraiser to purchase electronic equipment such as iPads to assist others with autism. Autism is a growing problem in our communities, and in none more than my own community of Bendigo. Because of the lack of resources that are being made available, because of the funding cuts we have seen to education, because schools just do not have the resources that would have been delivered under Gonski, the autism community in my electorate is getting on with the job of funding themselves. Through fundraisers like Turn A Life Around, through autism walks and through doing their own community work, they are raising the necessary funds to help their kids to purchase the equipment they need to get through school. Autism is an issue, and it is a growing issue in our community.

The SPEAKER: It being 2 pm, the member is interrupted. In accordance with standing order 43, the time for members' statements has concluded.

QUESTIONS WITHOUT NOTICE**Budget**

Ms BIRD (Cunningham) (14:00): My question is to the Prime Minister. Today, Prime Minister, is National TAFE Day, when we mark the opportunities and training that these important institutions provide for so many young Australians starting out in the workforce. Why, then, is the Prime Minister determined to destroy opportunities for Australia's 400,000 apprentices by cutting almost \$1 billion from the Tools for Your Trade program?

Government members interjecting—

The SPEAKER: There will be silence on my right. The Prime Minister has the call.

Mr ABBOTT (Warringah—Prime Minister) (14:00): Like the member who was asked the question, I value and appreciate the great work that our tradies do. I appreciate the need for proper training systems. The problem is that—

Mr Perrett interjecting—

The SPEAKER: The member for Moreton is not beginning well.

Mr ABBOTT: for all their talk, members opposite were much better at spending money than they were at getting a result. Under the policies of members opposite, some 50 per cent of apprentices never completed their training. So what we want is a better training system.

Ms Macklin interjecting—

The SPEAKER: There will be silence from the member for Jagajaga.

Mr ABBOTT: Members opposite actually cut \$2.4 billion for skills training in the 2012 MYEFO. Members opposite promised 2,650 trade training centres. They delivered fewer than 350 of those.

Ms Owens interjecting—

The SPEAKER: The member for Parramatta will desist.

Mr ABBOTT: I want to assure the House that, under this government, money will be invested sensibly and good results will be achieved. We will spend some \$5 billion on training over the forward estimates period. Very importantly, we will be giving trainees access to trade support loans because they deserve support on the same basis that university students have. We want a fair system, a good system, a flexible system and a productive system. That is what people will get under this government.

Budget

Ms LANDRY (Capricornia) (14:02): My question is to the Prime Minister. Will the Prime Minister explain how addressing the debt and deficit mess inherited by this government will strengthen the economy and help families in Capricornia and the rest of the country?

Mr ABBOTT (Warringah—Prime Minister) (14:03): I thank the member for Capricornia for her question. It is an excellent question. I can assure her that this government were elected to do a number of very important things. We were elected to scrap the carbon tax, because that will save households \$550 a year. We were elected to stop the boats, because that will stop the deaths and also save some \$2.5 billion over four years. We were elected to build the infrastructure of the 21st century, because, thanks to the neglect of state Labor governments, Australia's roads have been turned into the world's longest parking lot. We were elected above all else to clean up Labor's budget mess—

Mr Dreyfus interjecting—

The SPEAKER: The member for Isaacs will desist.

Mr ABBOTT: which had given us the six biggest deficits in history, deficits stretching out as far as the eye can see and debts peaking at \$670 billion. As a result of Labor's budget mess, the Commonwealth is currently borrowing \$1 billion every single month. We are borrowing \$1 billion every single month just to pay the interest on Labor's debt. That is dead money.

Think what we could do if we were not paying \$1 billion every single month just to cover the interest on Labor's debt. Within a year we could fully fund the upgrade of the Bruce Highway. Within two months we could fully fund the Toowoomba range crossing. Within three months we could pay for the Western Sydney infrastructure package. Within six months we could fund the duplication of the Pacific Highway. In over 12 months we could fund the East West Link in Melbourne. In one month we could fund the north-south road in Adelaide. In a month we could fund the Gateway Motorway upgrade in Brisbane. In just two weeks we could fund the Midland Highway project in Tasmania. In less than a week we could fund the Commonwealth Games on the Gold Coast. In less than a month we could fund the Perth Gateway and in another month we could more than fund the Swan Valley bypass.

Mr Albanese interjecting—

The SPEAKER: The member for Grayndler will desist.

Mr Albanese interjecting—

The SPEAKER: The member for Grayndler is warned.

Mr ABBOTT: I say to the member for Grayndler that the Labor Party were economic vandals in office and in opposition they are even worse. The Leader of the Opposition is groaning and moaning on the other side of the ministerial table. He is all complaint and no solution. Members opposite stand for bigger deficits, more debt and open borders.

Budget

Mr SHORTEN (Maribyrnong—Leader of the Opposition) (14:06): My question is to the Prime Minister. The very last day before the last election the Prime Minister promised Australians no cuts to education, no cuts to health and no changes to pensions. Now that the Prime Minister has cut \$80 billion from schools and hospitals and has cut indexation to carers, veterans and pensioners, did the Prime Minister seriously expect the people of Australia to believe him when he said yesterday, 'This is an honest budget'?

Mr ABBOTT (Warringah—Prime Minister) (14:06): This is the right budget for Australia because it tackles Labor's debt and deficit disaster. As for the figure that the Leader of the Opposition bandies about, I challenge him to produce one of the Labor Party's budgets which has that figure in it. I challenge the Leader of the Opposition to come up with a single Labor budget with that figured in it.

Honourable members interjecting—

Mr Burke: Madam Speaker, on a point of order on relevance, there is a request to the Prime Minister for authentication. He has to look at his own budget documents for the cut. Labor never made that cut.

The SPEAKER: There is no point of order. The member will resume his seat. The Prime Minister has the call.

Mr ABBOTT: There is no cut because there was no budget that contained it from members opposite.

Mr Burke interjecting—

The SPEAKER: the Leader of the Opposition is abusing the standing orders, and he knows it and will not do it again.

Honourable members interjecting—

Mr ABBOTT: There is no Labor budget that made the commitment that the Leader of the Opposition refers to. This was a pie-in-the-sky, undeliverable promise from the Labor Party, that was never contained in any single budget. When it comes to schools, let me be very clear, there is an eight per cent increase this year, an eight per cent increase next year, an eight per cent increase the year after that, and a six per cent increase in the final year. When it comes to public hospitals, there is a nine per cent increase this year, a nine per cent increase next year, a nine per cent increase the year after that, and a six per cent increase in the final year.

Honourable members interjecting—

Mr ABBOTT: On the question of indexation, members opposite changed the indexation of the family tax benefit from male total average weekly earnings to CPI. Members opposite demonstrated by their actions that the CPI is a fair indexation system. If it was fair for members opposite to do it for the family tax benefit, it is fair for this government to do it to other benefits. If it was fair for Labor to do it, it is fair for the coalition to do it. This is a fair budget, an honest budget, and above all else, it is the right budget for Australia because it deals with Labor's debt and deficit disaster. We have our plan to deal with Labor's debt and deficit disaster. We have demonstrated how we are going to clean up Labor's mess. It is about time that Labor demonstrated how they will clean up the mess they created.

Mr Pyne: Madam Speaker, on a point of order—and I did not want to interrupt the Prime Minister during his answer—trying to hear the Prime Minister's response was almost impossible on this side of the House because of the wall of noise coming from the empty vessels on that side of the House. I would ask you to assist at least the electors of Australia to be able to hear the answers from the Prime Minister without the empty vessels opposite making so much noise.

Mr Burke: Madam Speaker, on behalf of the opposition, we have the same trouble with the cheering that goes on from their back bench.

The SPEAKER: The member will resume his seat. There will be silence so that we can hear the member for Wright who has been given the call.

Budget

Mr BUCHHOLZ (Wright—Government Whip) (14:10): I have an excellent question to deliver to the Treasurer. Will the Treasurer explain to the House how repairing the budget mess that this government inherited will change the Australian economy for the better into the future?

Mr HOCKEY (North Sydney—The Treasurer) (14:11): I thank the honourable member for Wright for that question. He is an indefatigable advocate for good economic policy. He has been in the door on regular occasions and has been a strong advocate for government to live within its means. As the Prime Minister just said, this is a very fair budget and a very honest budget. I know that comes as a rude shock to the Labor Party given they delivered six budgets in a row from the member for Lilley, that were both unfair and dishonest. No budget could be more dishonest than the one delivered by the member for Lilley when he claimed that he was announcing on that night four budget surpluses in a row. We miss you, Swannie! Now of course he is writing a book—or actually, the Parliamentary Library is writing a book on his behalf—and we look forward to the wisdom that comes from that book.

The legacy of six years of Labor was \$667 billion of debt, if no action is taken. Somehow they tend to believe that a number like that is pretty irrelevant—\$667 billion with no surpluses on the horizon. The interest that the Australian people would pay on that \$667 billion would be \$3 billion a month. Currently, we are paying \$1 billion a month, but the legacy of Labor waste and expenditure lifted it to \$3 billion a month, and 70 per cent of that goes to people living overseas because they are the people that have lent us the money.

There has been a lot of debate about whether it is a budget emergency or a budget crisis, so I want to go—

Opposition members interjecting—

Mr HOCKEY: They are laughing! I am glad they are because I just want to cite someone very close to the Labor Party. That is why Swannie has got his head down—and you should all learn from him. The Reserve Bank of Australia board member John Edwards, principal adviser to Paul Keating and appointed by the Labor Party to the Reserve Bank, said yesterday:

I've no doubt there is a budget crisis—

Hello, someone in the Labor Party that understands economics knows that it is a budget crisis! He went on:

We're accumulating debt as a higher share of GDP and of course in absolute terms, [it's] absolutely astronomical compared to far more serious episodes in Australian history, including recoveries from serious recessions.

If we do not do something about the debt and deficit legacy of Labor, we will face a crisis in Australia. In fact a Reserve Bank board member appointed by the Labor Party says that it exists now so to Labor I say: get out of the way and let us fix the budget!

Budget

Ms PLIBERSEK (Sydney—Deputy Leader of the Opposition) (14:14): My question is to the Prime Minister. I refer to the Prime Minister's last answer and his continued denials that he is cutting health and education. Yesterday the New South Wales treasurer said that the Prime Minister's cuts to schools and hospitals are 'leaving the states \$80 billion worse off'. Why is the Prime Minister continuing to deceive Australians about his \$80 billion cuts to schools and hospitals?

Mr ABBOTT (Warringah—Prime Minister) (14:14): I am pleased that the Deputy Leader of the Opposition has asked me about the New South Wales budget, because the budget that the New South Wales Treasurer has brought down is a very good budget. It builds on the outstanding work of the former treasurer, now Premier Mike Baird, who is really doing very good work indeed. Commonwealth funding to New South Wales is increasing by \$5.8 billion thanks to the budget that we brought down. Commonwealth spending to New South Wales is up by \$5.8 billion thanks to the budget that this Commonwealth government brought down a few weeks ago, and that is \$1.4 billion more than would have been the case under the policies of members opposite. Right around this country, thanks to the budget that we brought down, the states will be \$9 billion better off over the next four years. This is a bonanza for the state governments under this government; it is an infrastructure bonanza. It is not just unsustainable recurrent spending, because this government is shifting spending out of short-term consumption and into long-term investment, because that is what we want to do. We want to

build a strong and prosperous economy so that over the long term our country will be safe and secure.

Again, for the benefit of the Deputy Leader of the Opposition, in New South Wales, year on year, hospital funding grows by eight per cent, 10 per cent, 10 per cent and eight per cent. In New South Wales, year on year, schools funding grows by seven per cent, eight per cent, nine per cent and six per cent. This Commonwealth government is investing \$15 billion in infrastructure in New South Wales. I am very proud of that, because there is a terrible infrastructure gap in New South Wales because of the neglect of members opposite. Because of the neglect of members opposite, roads in Sydney are some of the world's longest car parks. Well, that is going to change under this government. I am determined to be the infrastructure Prime Minister, and I am proud that with the help of this government Mike Baird will be the infrastructure Premier.

World Heritage Areas

Mr WILKIE (Denison) (14:17): My question is to the Prime Minister. The UN will shortly decide Australia's request to delist 74,000 hectares of Tasmanian World Heritage forests. Regardless of the government's position, will you respect the World Heritage Committee's final decision and not attempt any unprecedented unilateral withdrawal from the World Heritage framework? And before taking any final action, will you at least give me time to bring a petition to the parliament next week in support of maintaining the listing?

Mr ABBOTT (Warringah—Prime Minister) (14:18): I thank the member for Denison for his question. Of course he has a perfect right to bring petitions to this parliament on any subject at any time, and I respect the member's commitment to the environment. But I do say, in response to the member for Denison, that I too am a conservationist and I regard myself as as much of a conservationist as any member of this parliament.

Opposition members interjecting—

Mr Perrett interjecting—

The SPEAKER: There will be silence on my left. The member for Moreton is warned.

Mr ABBOTT: The challenge that all of us in this parliament face in respect of the great state of Tasmania is to try to ensure that the great state of Tasmania is an economy as well as a national park. We need to ensure that the great state of Tasmania is a strong economy as well as a beautiful national park. We need to ensure that the great state of Tasmania is a good place to work as well as—

Mr Wilkie: Madam Speaker, a point of order on relevance: the essence of the question is whether or not—

The SPEAKER: There is no point of order.

Mr ABBOTT: I understand and appreciate and share the commitment of the member for Denison to Tasmania's forests. They are great renewable resources as well as pristine and beautiful places, and I want the people of Tasmania to be able to work in forests as well as to walk in forests. I want people to be able to make a living from forests as well as to appreciate their natural beauty. This is a question of getting the balance right, and the member for Denison can trust this government to do just that.

Mr Wilkie: Madam speaker, a further point of order: the question asked for really a yes or no—

The SPEAKER: No, there is no point of order.

Carbon Pricing

Mr GOODENOUGH (Moore) (14:20): My question is to the Treasurer. Will the Treasurer inform the House of the consequences of a failure to repeal the carbon tax? How will the carbon tax continue to damage the economy if it is not repealed?

Mr HOCKEY (North Sydney—The Treasurer) (14:20): I thank the honourable member for Moore for his question. I note that he is a very worthy successor to his hugely impressive predecessor. Coming from Western Australia, he knows how important it is to repeal the carbon tax. I regret to inform the House that as a result of Labor's refusal to terminate the carbon tax the carbon tax will go up on 1 July this year from \$24.15 a tonne to \$25.40 a tonne—a five per cent increase in the carbon tax. If the Labor Party let us keep our election promise to get rid of the carbon tax, and if Labor were not blocking the repeal of the carbon tax, then we could get rid of the carbon tax immediately and prevent it going up on 1 July next year. They have already had a chance to support our repeal of the carbon tax laws. We are going to give them another chance next week to repeal that carbon tax laws before the carbon tax goes up again, on 1 July.

We know the Leader of the Opposition has been running around to a few business groups in the last 24 hours. He spoke to the CEO's of some foreign entities and to the Business Council of Australia. What he has is one message for business and another message for the public. The message to businesses is along the lines, 'Don't worry, that carbon tax is going to go.' But to the public he says, 'Hang on, we are fighting to keep the carbon tax, because we want to see your electricity prices rise.' And rise they will.

Getting rid of the carbon tax on average relieves each household of \$550 in costs. It was almost one year ago that Kevin Rudd—remember him?—stated before the election, in the electorate of Herbert, in Townsville:

The Labor government has decided to terminate the carbon tax to help cost-of-living pressures for families and to reduce the costs for small business.

There was Kevin, under the palm trees, up there with the member for McMahon right by his side—I hope he has not forgotten that. The member for McMahon was there saying that terminating the carbon tax was part of our positive economic plan.

But that was 12 months ago—like, they don't keep their promises.

Mr Shorten interjecting—

Mr HOCKEY: When it comes to being loyal and honest, you are not at the top of the queue, Bill. One of the best examples of that is your backflip on the carbon tax.

Budget

Mr BOWEN (McMahon) (14:23): My question is to the Prime Minister. I refer the Prime Minister to his continued denials that he is cutting health and education funding. I also refer to Standard and Poor's statement on yesterday's New South Wales budget:

The state government faced cuts to health and education funding from the Commonwealth government.

Why is the Prime Minister continuing to deceive the Australian people about his \$80 billion of cuts?

Mr ABBOTT (Warringah—Prime Minister) (14:24): For the benefit of the person who asked the question, let me repeat that every year school and hospital funding goes up under this government, and every year school and hospital money for the state governments goes up. The shadow Treasurer really should quote more completely if he is going to be taken seriously. If he wants to quote one, let me quote another. The Deutsche Bank Research Report 2014-15, released yesterday, stated:

We note that Commonwealth grants to New South Wales have actually increased over the forward projection period, relevant to the 2013-14 budget update.

This government is not only delivering more money to schools and hospitals but it is also tackling Labor's debt and deficit disaster. That is why it is not only an honest budget, not only a truthful budget, but it is the budget Australia needs for these times.

Asylum Seekers

Mrs GRIGGS (Solomon) (14:25): My question is to the Minister for Immigration and Border Protection. Will the minister inform the House of the measures taken in the budget to provide education services to the children of illegal maritime arrivals on Christmas Island and what challenges these measures will address? How are the government's policies fixing the mess the government inherited on our borders?

Mr MORRISON (Cook—Minister for Immigration and Border Protection) (14:26): I thank the member for Solomon for her question. She will be pleased to know, as I know all members on this side of the House are, that given that we have now had almost six months of no successful people smuggling ventures to Australia, it is saving the budget \$2.5 billion. In addition to that, it is ensuring that we have freed up 20,000 places in our special humanitarian program over this year out to the end of the forward estimates. Further to that, it has freed up more than 1,000 places for women at risk, which we noted earlier today at the opening of Refugee Week.

What we found when we came to government was not that arrangement. We found something very different. By stopping the boats, we are able not only to get the budget under control and get the refugee and humanitarian program back under control and ensure it has integrity, but we are able to deal with the problems in the detention network and with the issues with offshore processing that were left to us by the previous government. Labor did leave us a mess. They left us a mess because \$1.2 billion was the shortfall in funding for effectively implementing offshore processing. They announced it but they did not fund it. They are great on announcements—they announce surpluses that are never delivered and they announce offshore processing policies that were never funded.

In addition to that there was inadequate infrastructure for children—for families. After their involvement in those offshore centres they had processed no-one at all. Not one. More than 100 people have received decisions and recommendations now under the arrangements put in place in Papua New Guinea and Nauru—and there were no resettlement arrangements, none at all.

I am asked quite specifically by the member for Solomon about the issues on Christmas Island. I can tell you that at the last election the previous government had provided education

to just 24 children on Christmas Island. There is a slight problem with that in that there were 140 primary-age children on Christmas Island at the time, and there were 425 children on Christmas Island at the time. That was addressed in this budget. There is \$2.6 million to ensure that not just 24 children but every child held in detention on Christmas Island will go to school every single day. That is just one of the examples of cleaning up the mess. But the job is getting easier, because the number of children in detention is declining. The number of children right across our own networks and offshore is now fewer than 1,000. It has fallen by a third since the election. It has fallen by almost 50 per cent in mainland centres across Australia. You know how you get children out of detention? You stop the boats. That is how you do it. That is what this government is doing. That is why children are coming out of detention and that is why this government has been successful and you lot failed.

Budget

Mr SHORTEN (Maribyrnong—Leader of the Opposition) (14:29): My question is to the Prime Minister. I refer to this fact sheet circulated by the member for Perth to her constituents.

The SPEAKER: We do not use props.

Mr SHORTEN: I am just referring to it. It says, 'The government is delivering on its election commitment to support veterans by improving—

Government members interjecting—

Mr SHORTEN: I meant the member for Curtin. I refer to the fact sheet sent out by our friend the Minister for Foreign Affairs which says, 'The government is delivering on its election commitment to support veterans by improving the way that their pensions are indexed.' Given that the Prime Minister is actually cutting the indexation of veterans' pensions, why are members of his government using taxpayers' money to peddle his lies?

The SPEAKER: The Leader of the Opposition will rephrase the last part of his question.

Mr SHORTEN: Given that the Prime Minister is actually cutting indexation of veterans' pensions, why are members of his government using taxpayers' money to peddle the fairytales of this Prime Minister?

The SPEAKER: I am not sure that was much of an improvement.

Mr ABBOTT (Warringah—Prime Minister) (14:31): I can understand why the Leader of the Opposition is a bit obsessed with the member for Perth—because she is the member who wants to scrap the mining tax! The newsletter put out by the Minister for Foreign Affairs is entirely accurate. It is entirely accurate because we are improving indexation for the DFRDB and the DFRB pensions—as we promised. We are delivering precisely on our promise. But when it comes to dodgy newsletters, what about the Leader of the Opposition's?

The SPEAKER: We are not having a competition in props. There will be none.

Mr ABBOTT: His newsletter—I must say that he looks a bit younger in the photograph in that newsletter; the pressure is getting to him—from 2012 promised, in big print on the front page, 'a budget surplus for a strong economy'. When? Throughout this mendacious document—

Ms Macklin: On a point of order, Madam Speaker: page 203 of your budget papers shows cuts to veterans' pensions.

The SPEAKER: There is no point of order.

Mr ABBOTT: When it comes to newsletters, the Leader of the Opposition is an absolutely serial deceiver of his electorate and a serial deceiver of the Australian people. If you cannot trust the Leader of the Opposition even to get a question right, why would you ever trust him with the future of this country?

International Aid Program

WYATT ROY (Longman) (14:33): To help members opposite, my question is to the member for Curtin, the Minister for Foreign Affairs. Will the minister advise the House of the steps the government is taking to ensure Australia's aid program is responsible, sustainable and affordable?

Ms JULIE BISHOP (Curtin—Minister for Foreign Affairs) (14:33): I thank the member for Longman for his question and I can inform the House that this afternoon, at the National Press Club, I launched the Australian government's new aid policy and our new strategic direction for the \$5 billion-a-year aid program that makes Australia one of the top 10 donors in the OECD. I really want to thank the Deputy of Leader of the Opposition for her full endorsement of our aid program. Her media release referred to 'the Abbott government's fresh new approach on overseas aid'. Thank you very much; I appreciate that.

What we are doing is focusing on our region—90 per cent of our aid budget will be focused on the Indian Ocean-Asia Pacific. We are going to develop innovative ways to engage the private sector to promote economic development, to reduce poverty and to lift standards of living in our region. We will put in place performance benchmarks and mutual obligations with partner countries and we will work for better results. We are going to focus our aid investment on health and education, building capacity in workforces, infrastructure and, importantly, empowering women and girls. It is a fresh new approach. There will be no more raiding of the aid budget to cover Labor's blow-out in onshore—that is right, 'onshore'—processing costs. Seven hundred and forty million dollars was ripped out of the aid budget to cover their blow-outs in the immigration budget.

You would have thought that, having left an interest bill of \$1 billion a month on their borrowings, Labor would have developed some sort of responsible approach. But I could not believe it when yesterday the member for Kingsford Smith recommitted Labor to increasing the aid budget by \$16 billion. Where is the money coming from? More debt! But you should not expect too much from the member for Kingsford Smith. Back when he was in government, he was telling us that he was eminently qualified to be the Parliamentary Secretary—this is serious—for Pacific Island Affairs because he regularly swims at Sydney beaches! There it is. He is an expert on the Pacific because he goes swimming on Sydney beaches! What next? You are a Pacific expert because you can see Fiji from your electorate?

The Australian government will deliver a responsible, affordable, sustainable aid budget—and I thank the Deputy Leader of the Opposition for her endorsement of our new policy.

Budget

Mr SHORTEN (Maribyrnong—Leader of the Opposition) (14:36): My question is to the Prime Minister. According to *The Courier Mail*, the Prime Minister is sending personalised letters to 2½ million age pensioners angry over budget cuts. Why is the Prime Minister wasting taxpayers' money writing a letter when he should be rewriting his whole budget?

Mr ABBOTT (Warringah—Prime Minister) (14:37): Any letter that this government sends to people will at least be truthful, unlike the Leader of the Opposition's letter claiming, in 2012, that a budget surplus had been delivered. Is that true?

Opposition members interjecting—

The SPEAKER: All members will put props down.

Opposition members interjecting—

The SPEAKER: No, you won't. Down.

Mr ABBOTT: Something else the Leader of the Opposition sent out to the public of Australia—I don't want to display it, but I am reading from it: 'Carbon tax abolished'. I stand amazed at the question from the Leader of the Opposition—

Mr Shorten interjecting—

Ms Owens interjecting—

The SPEAKER: The Leader of the Opposition will desist, and so will the member for Parramatta.

Mr ABBOTT: given that he sent material out to the people of Australia claiming 'carbon tax abolished'. Really and truly. The barefaced gall. The absolute hide. The sheer front of this person. An absolute serial deceiver of the Australian people—just as he was a serial deceiver of former Prime Minister Rudd and former Prime Minister Gillard.

Mr Dreyfus: Nobody believes you!

The SPEAKER: The member for Isaacs will withdraw.

Mr Dreyfus: I withdraw.

Mr Burke: Madam Speaker, a point of order—

The SPEAKER: It had better be good, in the light of the commentary that is coming across the table from the Leader of the Opposition.

Mr Burke: It is on direct relevance.

The SPEAKER: This is a very wide-ranging question. The Prime Minister has the call and the Leader of the Opposition will desist commentary across the table.

Mr ABBOTT: Really and truly. For this Leader of the Opposition, for this serial deceiver of the Australian people, to complain about a letter that might be sent out by this government to tell the Australian people—

Ms Kate Ellis interjecting—

Ms Plibersek interjecting—

The SPEAKER: The member for Adelaide will desist, and the member for Sydney.

Mr ABBOTT: that pensions will go up every March and every September, every single year, really and truly. If this Leader of the Opposition wants to talk about telling the truth—

Mr Dreyfus interjecting—

The SPEAKER: The member for Isaacs is warned.

Mr ABBOTT: if this Leader of the Opposition wants to talk about being trustworthy, we are coming up to the fourth anniversary of—

Ms Plibersek interjecting—

The SPEAKER: The member for Sydney is warned.

Mr ABBOTT: his trustworthiness to Prime Minister Rudd, and we are coming up to the first anniversary of his trustworthiness to Prime Minister Gillard. If Prime Minister Rudd and Prime Minister Gillard could not trust this Leader of the Opposition, the Australian people never can.

Higher Education

Mrs WICKS (Robertson) (14:40): My question is to the Minister for Education. Will the minister inform the House how the government's higher-education reforms, announced in the budget, will help more students gain a higher-education qualification on the New South Wales Central Coast and in other regional areas?

Mr PYNE (Sturt—Leader of the House and Minister for Education) (14:41): I thank the member for Robertson for her question. Yesterday I was very fortunate to meet with the mayors of Wyong and Gosford, from the New South Wales Central Coast, who are both very ably represented by the member for Dobell and the member for Robertson. They were very pleased to hear how the government's higher-education reforms will be of such enormous benefit to a regional area like the Central Coast of NSW.

It will be of benefit in three particular ways. They were very pleased to hear that because we are extending taxpayer subsidies, per student, to non-university higher-education providers that will be a financial shot in the arm to the four TAFEs that exist on the Central Coast of New South Wales; and on National TAFE Day it is good to be able to explain to TAFEs that they will get a large financial support out of the government, because of that first aspect of our reforms.

Secondly, of course, we are removing the cap on diplomas and associate degrees so that universities—like the University of Newcastle—which offer a high preponderance of such associate degrees and diplomas, especially on the Central Coast, will be able to expand their offerings to students in an area that will service, eventually, 400,000 people on the NSW Central Coast. That will be a widening of opportunity to more students, particularly for those of low-socioeconomic-status backgrounds, who typically use those kinds of courses to go into undergraduate degrees and find a pathway to university.

Finally, if the University of Newcastle does not take up the opportunity of both the lifting of the cap and the expansion of the Commonwealth Grant Scheme's non-university higher education providers, then the competition that we have created in the market will allow new entrants into the Central Coast of New South Wales to compete with the University of Newcastle, so forcing the University of Newcastle to, in fact, offer those courses—if they want to keep their market—or the new providers, using the new freedoms of a deregulated system, will be able to give low-SES young people on the New South Wales Central Coast the opportunity to get a higher-education qualification and improve their chances of increasing their income over a lifetime.

It is very good news for regional Australia, in the higher-education reforms, and the mayors were very pleased to see it. These two measures alone are costing \$820 million. So our priorities are to put \$820 million into higher education. Labor's priority is to spend \$1 billion a month—being sent to debtors overseas—to pay the interest alone on the

government's debt that was left to us by Labor. Labor's priority is a billion dollars a month in interest repayments; ours is \$820 million to expand opportunity.

Budget

Mr STEPHEN JONES (Throsby) (14:44): My question is to the Prime Minister. Prime Minister, on Sunday, the member for Hume emailed his constituents, telling them: 'The GP co-payments will not apply to those who cannot afford to pay.' Clearly, this is wrong. Prime Minister, why are you, your MPs, ministers, continuing to tell falsehoods about the budget?

Mr Champion interjecting—

The SPEAKER: The member for Wakefield will desist.

Mr ABBOTT (Warringah—Prime Minister) (14:44): I am not sure what letter might have been sent out by the member for Hume; but I tell you what, it would not have been any better than the member for Fraser's letter:

But there's a better way of operating a health system, and the change should hardly hurt at all ... the ideal model involves a small co-payment—

Mr Burke: Madam Speaker, on a point of order: if direct relevance now means that if the question says 'a letter' then any letter is relevant, this takes direct relevance to a bizarre place.

The SPEAKER: There is no point of order. The member will resume his seat. The Prime Minister has the call.

Mr ABBOTT: I am trying to compare the letter of the member for Hume with the letter of the member for Fraser. I am sure the member for Hume's letter was a fine letter, but I doubt whether he would have been able to do as well as the member for Fraser, who said:

But there's a better way of operating a health system, and the change should hardly hurt at all ... the ideal model involves a small co-payment—not enough to put a dent in your weekly budget, but enough to make you think twice before you call the doc.

Good on the member for Fraser, who went on to say:

And the idea is hardly radical.

So, if the member for Hume is simply repeating the wisdom of the member for Fraser, good on the member for Hume.

Mr Champion interjecting—

The SPEAKER: The member for Wakefield!

Mr ABBOTT: Members opposite made a big mistake with the member for Fraser. When they heard he was at the ANU they thought it was the AMWU—that is what it was. But it was a university, not a union!

Opposition members interjecting—

The SPEAKER: There will be silence on my left.

Mr ABBOTT: It was a place where they are committed to the truth, not where they are committed to slush funds and corruption.

Honourable members interjecting—

The SPEAKER: The Prime Minister will resume his seat. We cannot hear the answer.

Honourable members interjecting—

The SPEAKER: The noise is so loud that the Prime Minister could not hear my request for him to resume his seat. I would say to the member for Fraser that he has given himself a yellow card. Next time it will be a red card and he will take an hour's leave.

Infrastructure

Dr GILLESPIE (Lyne) (14:47): My question is to the Deputy Prime Minister and Minister for Infrastructure and Regional Development. Will the minister outline the government's plan for infrastructure development in New South Wales—in particular, the plan to duplicate the Pacific Highway, which runs through my electorate of Lyne?

Mr TRUSS (Wide Bay—Deputy Prime Minister and Minister for Infrastructure and Regional Development) (14:48): I thank the honourable member for Lyne for his question, because New South Wales receives almost \$15 billion under the coalition's \$50 billion infrastructure investment plan.

Mr Champion interjecting—

The SPEAKER: The member for Wakefield is warned.

Mr TRUSS: What a difference that is going to make to the road system in New South Wales, both in Sydney and in provincial centres, and of course there is \$5.6 billion for the Pacific Highway. Finally, the dream of duplicating the Pacific Highway all the way from Sydney to Brisbane will be achieved.

Mr Albanese interjecting—

The SPEAKER: The member for Grayndler has been warned. One more utterance and he will leave.

Mr TRUSS: There is \$5.6 billion on the table over six years to complete that task. Before the end of this year the \$115 million upgrade of the Kundabung to Kempsey sections and the \$683 million for the Oxley Highway to Kundabung section will be underway. They will be major projects that will employ many people on the way but will also make a real difference to the movement of traffic along the Pacific Highway. There is another 115 kilometres between Woolgoolga and Ballina still to be commenced, but the design work is advancing on that project. All of this has been possible because the coalition has restored the traditional 80-20 funding mix for the Pacific Highway, unlike Labor, who were demanding that the state pay 50 per cent of the cost—money that they did not have. Under Labor this project would have taken a decade to complete, or even more, because the state would not have been able to find—

Mr Albanese: Madam Speaker, I raise a point of order. In order to be relevant the minister must indicate a single new dollar for a single new project.

The SPEAKER: There is no point of order. The member will resume his seat. The Deputy Prime Minister has the call.

Mr TRUSS: Five point six billion dollars—that is not \$1; that is \$5.6 billion! That is money that will deliver the job. It will deliver the construction of this important piece of highway—something that would never have happened if Labor had been returned to government. This is indeed an extraordinary project. It will cut at least 90 minutes off the travel time for heavy transport—even more for lighter vehicles. What it will also do is reduce the road toll on this road—the number of deaths on the Pacific Highway. The work already

completed has basically halved the number of deaths on the highway. This is an important project and one that the coalition will complete.

DISTINGUISHED VISITORS

The SPEAKER (14:51): I would like to advise the chamber that we have with us today a delegation from the Islamic Republic of Afghanistan, led by Mr Ikram Sayed, a member of parliament. We are delighted to welcome you here and we wish you every success with the future ahead for your democracy building. Welcome.

Honourable members: Hear, hear!

QUESTIONS WITHOUT NOTICE

Drought

Mr FITZGIBBON (Hunter) (14:51): My question is to the Prime Minister.

Mr Joyce: Oh!

Mr FITZGIBBON: I'm after the organ grinder.

The SPEAKER: I think the member will withdraw.

Mr FITZGIBBON: I withdraw, Madam Speaker. Prime Minister, in February you and your agriculture minister announced, with much fanfare, that additional drought assistance for farmers was imminent. Why then, more than three months on, have you and your minister broken that promise to farming communities by failing to deliver not one cent of drought concessional loans to a farming family?

Mr JOYCE (New England—Minister for Agriculture and Deputy Leader of The Nationals) (14:52): It is an absolute honour to get a question from my shadow. Might I say it is going to be an absolute honour to answer it as well. We have already in our first tranche realigned \$420 million of the Farm Finance Concessional Loans Scheme, which they were unable to get signed off by all of the states. On top of that, we put in \$10 million for water infrastructure. We followed that up with a second drought package of \$320 million, of which \$280 million has been signed off by the Prime Minister, the Treasurer and the finance minister. QRAA is already able to lend that out, and they are lending it out through the tranches that have been made available to them within the \$420 million. We have also made money available for wild dog control, and we have made money available for water infrastructure—

Mr Fitzgibbon: Madam Speaker, I rise on a point of order. Wild dogs are a problem, but how could they be remotely relevant to drought funding? Not one farming family has received a cent. He has—

The SPEAKER: The Minister for Agriculture will return to the question.

Mr JOYCE: Back on 4 March, we got through the transitional farm family payment, and over 1,300 people have applied for and received assistance. So there is quite a few dollars in that, you clown. We are getting these payments out because we are the side that can get the work done. You are the side that talk about it; we are the side that do it.

Vocational Education and Training

Mr PITT (Hinkler) (14:54): There are currently 1,725 apprentices in my electorate of Hinkler. As a former TAFE student, apprentice and tradesperson, and on this National TAFE

Day, I ask the Minister for Industry how the government's trade support loans and plans for skills and training will provide opportunities for future students?

Mr IAN MACFARLANE (Groom—Minister for Industry) (14:54): I thank the member for Hinkler for his question. It is great to see someone who has not only graduated from TAFE in his electorate but also gone out and had a real job, unlike many on the other side who have basically just been trade union officials. The member for Hinkler has actually done a trade, gone out there and got his hands dirty and he is now doing an absolutely fine job representing the people of Hinkler. The member said in his maiden speech:

... without the opportunity to learn, you lose your ability to succeed.

Mr Husic interjecting—

The SPEAKER: The member for Chifley will desist.

Mr IAN MACFARLANE: That is a fine line from someone who knows how important it is to learn, to get your trade and to get out there and not only secure an income but also be part of the earning economy. We on this side of the House want to make sure that we are putting out from training institutions people that are job ready, able to contribute and have the training and the skills that industry needs. As of 1 July, we will be starting our trade support loans which will assist apprentices through the time they are in training.

Ms Rishworth interjecting—

The SPEAKER: The member for Kingston will desist.

Mr IAN MACFARLANE: This scheme is worth \$1.9 billion over the forward estimates and will assist apprentices. Fourth year apprentices will be able to get up to \$20,000. As we know, these loans are interest free. They will be indexed on 1 June each year and are interest free. These loans will see a 20 per cent discount to apprentices and certain skilled trainees once they graduate. That is what this scheme is all about. It is about assisting people on the way through their training so that they can meet their daily and weekly needs and giving them a bonus and an incentive when they have finished. We want to see these trainees and apprentices not only be supported but also have access to the best training institutions available. So we support the TAFE system. We support all the RTOs, as long as they provide a competitive and quality skills training system. We want to make sure that anyone, but young people particularly, embarking on a trade, like the member for Hinkler did, has the opportunity to get the best possible qualifications. This government will support them every inch of the way with a trade support loan. We will be able to put more into this area once we get over the \$1 billion a month we have to pay in interest because of the debt the previous government left us.

Pensions and Benefits

Mr SHORTEN (Maribyrnong—Leader of the Opposition) (14:58): My question is to the Prime Minister. Before the election, the Prime Minister promised Australians: no change to pensions. But the Prime Minister has since cut the indexation of pensions and will force Australians to work until 70 years of age—the oldest retirement age in the world. Why did the Prime Minister yesterday make the bizarre claim that there are no broken promises in his rotten budget?

The SPEAKER: The Prime Minister will take no notice of the penultimate word.

Mr ABBOTT (Warringah—Prime Minister) (14:58): There are no changes to pensions in this term of parliament. It is as simple as that. There are no changes to pensions in this term of parliament. If the Australian people do not like what this government has proposed, they can take the appropriate action at the ballot box at the next election. I will tell you what this government is doing and why this is a budget that is honest and necessary for our country at this time. This government is outlining a clear plan to fix Labor's debt and deficit disaster.

Mr ABBOTT: We have demonstrated exactly what we propose to do to deal with the mess that Labor created. Now it is up to Labor to demonstrate what it will do to fix up the mess that it created. If Labor thinks that there is something fundamentally wrong about applying to pensions the indexation rate that they applied to the Family Tax Benefit—

The SPEAKER: The member for Jagajaga will desist.

Mr ABBOTT: If Labor thinks that there is something fundamentally wrong with that, then they should tell us what they are going to do. They should tell us what they are going to do to fix up the Labor debt and deficit disaster, because, Madam Speaker, it is absolutely crystal clear, as things stand, that members opposite think there was no problem—

The SPEAKER: The member for Sydney will desist.

Mr ABBOTT: with debt and deficit and there was no problem with broken promises—

The SPEAKER: The member for Lingiari will also desist.

Mr ABBOTT: They are living in a fantasy world, that is what they are doing. As the Treasurer pointed out earlier today in question time, even John Edwards—a long-term Labor staffer, a long-term friend of the Labor Party and a decent human being, it has to be said, but someone whom Labor appointed to the Reserve Bank Board—has come out and said, 'Honestly, there is a budget crisis.' John Edwards is right: there is a budget crisis. We accept that; we have put out our plan to deal with it; and it is high time that members opposite woke up to reality and told us exactly what their plan is.

Medicare

Mr VARVARIS (Barton) (15:01): My question is to the Minister for Health. What is the government doing to ensure the sustainability and universality of Medicare? Is the minister aware of any alternative policy being proposed?

Mr DUTTON (Dickson—Minister for Health and Minister for Sport) (15:01): I thank the member for his question. People have seen right through question time today, and really since the budget, that Labor is full of complaint but not solution. We have put forward a solution in this budget to make sure that Medicare is sustainable. Over the course of the last 10 years, the money that we spend each year on Medicare has gone from \$8 billion to \$20 billion. We have an ageing population. By 2050 7½ thousand Australians a week will be diagnosed with dementia or Alzheimer's, and I want to make sure—

Ms Plibersek interjecting—

The SPEAKER: The member for Sydney will desist.

Mr DUTTON: that our health system is designed—

Ms Plibersek interjecting—

The SPEAKER: The member for Sydney has been warned.

Mr DUTTON: so that we can take care of those people. I want to make sure that we can listen to the independent advice that was provided to Prime Minister Rudd and Prime Minister Gillard, when both those prime ministers commissioned independent reports into the health system. In both of those reports, Christine Bennett and Simon Keenan came back to Labor and said that the current health system is not sustainable. Bob Hawke knew it was not sustainable back in 1991, when he introduced the co-payment and we know that for 50 years Labor has supported a co-payment in the medicine scheme to make it sustainable for our population.

Mr Perrett: The horse is dead; stop flogging it.

The SPEAKER: The member for Moreton will remove himself under 94 (a).

The member for Moreton then left the chamber.

Mr DUTTON: We are absolutely determined in this budget to introduce a modest co-payment of \$7.

The SPEAKER: And those on my right will desist.

Mr DUTTON: If people cannot afford the \$7, doctors still have the discretion to bulk-bill patients. Patients are bulk-billed by doctors by discretion and from 1 July next year doctors will have the same discretion to bulk-bill patients. Of the \$7, \$5 goes into a \$20 billion medical research fund so that we can help meet all of those health needs into the coming decades; and the remaining \$2 goes back to the doctors. A total of \$468 million will help doctors to continue to bulk-bill and it will be in addition to the money that they receive under Medicare now. It is an incredibly important measure to make Medicare sustainable.

Labor has not uttered one word about how they intend to listen to the advice that Prime Minister Rudd received to make Medicare sustainable. They are talking about \$16 billion more for foreign aid; they are talking about putting more money into the union movement; they are talking about putting more money into education, health and everything else. But they will not tell Australians how they will pay for it. I noticed overnight in the United Kingdom, in the *Times*, a call for patients to pay \$10 to see a GP. I think it is a very important discussion. In that discussion they are saying they want to introduce a co-payment because there is a £30 billion gap in the UK's NHS over the course of the next 10 years.

We want to make our system sustainable, and we need to hear from the Labor Party how they will support, not oppose, that measure. They need to get out of the way.

Budget

Ms MACKLIN (Jagajaga) (15:04): My question is to the Prime Minister. Is the Prime Minister aware that at Senate estimates the Secretary of the Department of Veterans' Affairs confirmed a saving of \$65.1 million in the forward estimates as a result of cutting the pension of some 280,000 veterans, partners of veterans and war widows? How can the Prime Minister continue to claim that he is not cutting pensions?

Mr ABBOTT (Warringah—Prime Minister) (15:05): Because pensions go up every year. Pensions go up every year—every March and every September pensions go up. Pensions will go up every single year. It is true that, come September 2017, if this government is re-elected, there will be a change in the rate of indexation. That is true, but pensions will continue to increase every single year. They will increase every March; they will increase every

September; they will increase every single year. I say again to the rather noisy member for Jagajaga—the member for Jagajaga who is so honest and truthful that she promised in her 2012 budget update that 'we are back in surplus'.

Honourable members interjecting—

Mr ABBOTT: When are we back in surplus? Not 2012!

Ms Macklin: On a point of order, Madam Speaker. It is on relevance: for this budget and this Prime Minister's cuts to pensions.

The SPEAKER: There is no point of order.

Honourable members interjecting—

The SPEAKER: The member for Lingiari is warned.

Mr ABBOTT: There is no year ever when pensions go down. Every year pensions go up. They go up in March every year. They go up in September every year. They go up twice every year. The only difference is that from September 2017 they will be indexed by the same rate that the member for Jagajaga herself, as minister for family services, thought was fair and reasonable for the family tax benefit. If it is fair and reasonable for the family tax benefit, if it is just and moral for the family tax benefit, it is moral for other benefits as well. Not only was the member for Jagajaga being utterly untruthful in her budget update; she is being utterly untruthful now. She should be better than that—she really should be.

Australia Post

Mr TAYLOR (Hume) (15:07): My question is to the Minister for Communications. I remind the minister that post offices provide key services to communities in my electorate and in other rural and regional areas. How is the government helping Australia Post to ensure the sustainability of rural and regional licensed post offices?

Mr TURNBULL (Wentworth—Minister for Communications) (15:08): I thank the honourable member for his question and note his very keen interest in this issue. Yesterday, Australia Post launched a rural sustainability package to support its licensed post offices. This is the latest in a series of initiatives that will contribute an additional \$40 million a year to ensure the sustainability of the licensed post office retail network, and that is on top of \$320 million paid annually to these licensees. For the first time, an additional 432 licensed post offices, almost all of whom are in rural and regional Australia, will be provided with access to Australia Post's electronic point of sale system, and it means they will now be able to deliver and get paid for additional services such as electronic payments and banking services.

There are 2,550 licensed post offices, of which about two-thirds are in rural and regional Australia. They have been doing it tough because the economics of the post office has been worsening. I want to acknowledge the great work that is being done, sometimes to the discomfort of Australia Post and, indeed, to the minister of the Senate Environment and Communications Committee, chaired by Senator John Williams and vigorously encouraged by Senator Boswell, who is, of course, retiring at the end of this month. The challenges facing Australia Post are very significant. It is a very high-fixed-cost business. The letters business is a very high-fixed-cost business and every year letter volumes are declining. Every time there is a dollar less spent on letters, it is in excess of an 80c hit to the bottom line of the post office. As a result, about a billion fewer letters have been sent over the past five years. In the past

two years, Australia Post has recorded a combined loss of more than \$400 million in its regulated letters business. That trend is going to accelerate. It is expected that letter volumes will decline by about eight per cent each year into the future. Australia Post now forecasts a loss of more than \$300 million in its letters business next year. The consequence of that is that, while it has a profitable retail business and a profitable parcels business, by next financial year it is expecting to record a total company loss because of the losses on letters overwhelming the profits on parcels. There is a widely-held view that the parcels business is growing so fast that it will overtake the losses in letters. That is simply not right. So there are big existential challenges for Australia Post. We are taking them on. We are looking at reform. We are looking at all the options. We are working hard with the management to ensure that it continues to deliver a relevant and sustainable service to all Australians.

Mr Abbott: I ask that further questions be placed on the *Notice Paper*.

QUESTIONS WITHOUT NOTICE: ADDITIONAL ANSWERS

Budget

Mr HOCKEY (North Sydney—The Treasurer) (15:11): Madam Speaker, I seek the indulgence of the chair to add to an answer.

The SPEAKER: The minister may proceed.

Mr HOCKEY: I was asked a little bit earlier about the words of John Edwards, a Reserve Bank board member. I quoted the *Australian Financial Review* from yesterday, in which he said:

I've no doubt there is a budget crisis. We're accumulating debt as a higher share of GDP and of course in absolute terms, [it's] absolutely astronomical compared to far more serious episodes in Australian history, including recoveries from serious recessions ...

I should have added this comment referred to him from the article:

He says even during the Great Depression we didn't see deficits as a share of GDP of the size we're now experiencing.

I table this report because the member for Lilley is in denial. He has never been one for the facts. I table it for his edification.

PERSONAL EXPLANATIONS

Mr ALBANESE (Grayndler) (15:12): I seek leave to give a personal explanation.

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

Mr ALBANESE: I do.

The SPEAKER: Please proceed.

Mr ALBANESE: Today in question time the Minister for Infrastructure and Regional Development suggested that I had not provided the funding as minister that was in the budget for the Pacific Highway. I quote from Mr Mrdak at Senate estimates on Monday, 26 May 2014, who said the following: 'Essentially the Pacific Highway program is continuing as per longstanding arrangements.' In response to a question: 'So there are no new projects. Is that correct?' Mr Mrdak responded, 'The program is continuing as it has been.'

COMMITTEES**Selection Committee****Report**

The SPEAKER (15:13): I present report No. 10 of the select committee relating to the consideration of committee and delegation business and private member's business on Monday, 23 June 2014. The report will be printed in the *Hansard* for today and the committee's determinations will appear on tomorrow's *Notice Paper*. Copies of the report have been placed on the table.

The report read as follows—

Report relating to the consideration of committee and delegation business and of private Members' business

1. The committee met in private session on Tuesday, 17 June 2014.
2. The committee determined the order of precedence and times to be allotted for consideration of committee and delegation business and private Members' business on Monday, 23 June 2014, as follows:

Items for House of Representatives Chamber (10.10 am to 12 noon)**COMMITTEE AND DELEGATION BUSINESS****Presentation and statements****1 Joint Standing Committee on Treaties:**

Statement to the House on the Agreement between the Government of Australia and the Government of the United States of America to Improve International Tax Compliance and to Implement FATCA.

The Committee determined that statements may be made—all statements to conclude by 10.15 am.

Speech time limits—

Mr Wyatt Roy—5 minutes.

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

PRIVATE MEMBERS' BUSINESS**Notices**

1 MR BANDT: To present a Bill for an Act to amend the *Defence Act 1903* to provide for parliamentary approval of overseas service by members of the Defence Force. (Defence Amendment (Parliamentary Approval of Overseas Service) Bill 2014)

(Notice given 16 June 2014.)

Time allotted—10 minutes.

Speech time limits—

Mr Bandt—10 minutes.

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

Presenter may speak to the second reading for a period not exceeding 10 minutes—pursuant to standing order 41.

Orders of the day

1 High Speed Rail Planning Authority Bill 2013 (Mr Albanese): Second reading—Resumption of debate *(from 9 December 2013).*

Time allotted—5 minutes.

Speech time limits—

Mr Albanese—5 minutes.

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

The Committee determined that consideration of this should continue on a future day.

Notices—continued

2 MRS PRENTICE: To move:

That this House:

- (1) expresses concern at the detention in Egypt of Australian citizen Peter Grete;
- (2) notes that:
 - (a) Mr Grete is detained and currently on trial solely for conducting his role as a journalist and for peacefully expressing his opinion on events in Egypt; and
 - (b) the imprisonment of Peter Grete is contrary to the right to freedom of speech and expression;
- (3) recognises that the Prime Minister, Minister for Foreign Affairs and the Attorney-General have all been in contact with their Egyptian counterparts seeking Peter Grete's release; and
- (4) notes that the Australian Government:
 - (a) is offering all possible consular assistance to Peter Grete and his family;
 - (b) has been working with Egyptian authorities at all appropriate opportunities; and
 - (c) is making direct and high-level representation to a number of other governments as part of a multi-pronged strategy to raise our ongoing concerns about the case.

(Notice given 16 June 2014.)

Time allotted—50 minutes.

Speech time limits—

Mrs Prentice—10 minutes.

Next Member speaking—10 minutes.

Other Members—5 minutes each.

[Minimum number of proposed Members speaking = 2 x 10 + 6 x 5 mins]

The Committee determined that consideration of this should continue on a future day.

3 MS PARKE: To move:

That this House:

- (1) notes that:
 - (a) shipbuilding is an industry that delivers the highest-value and most complex manufacturing outcomes produced in Australia, and therefore represents expertise and capacity that must be maintained for its very significant national economic and security benefits;
 - (b) as an example of the multiplier effects of shipbuilding projects in respect of the quality and range of manufacturing it both requires and enables, at the commencement of the Collins-class submarine project there were only 35 Australian companies certified to Defence quality standards, whereas by 1998 there were more than 1,500;
 - (c) there are currently more than 7,000 people employed in shipbuilding across Australia, including more than 4,000 people employed in naval shipbuilding alone;
 - (d) the Government has identified the need for more than 80 ships over the next 30 years for service in the Royal Australian Navy, and as part of border protection, Antarctic operations and scientific research, among other roles; and

(e) if Australian shipbuilding is not supported through a properly planned and managed program of project and maintenance work, it is likely that shipyards will close, thousands of jobs will be lost, and the critical expertise and capacity that have been developed will be irreparably squandered; and

(2) calls on the Government to:

(a) provide certainty to the Australian shipbuilding industry and to thousands of Australian workers by settling a short, medium and long term program of government shipbuilding projects to ensure a balanced work flow and smooth delivery of key naval assets; and

(b) bring forward relevant shipbuilding projects, including the Pacific patrol boat and replacement Anzac frigate projects, in a timely manner to ensure that shipyards, companies, and workers are not put at risk.

(Notice given 16 June 2014.)

Time allotted—remaining private Members' business time prior to 12 noon.

Speech time limits—

Ms Parke—5 minutes.

Other Members—5 minutes. each.

[Minimum number of proposed Members speaking = 8 x 5 mins]

The Committee determined that consideration of this should continue on a future day.

Items for Federation Chamber (11 am to 1.30 pm)

PRIVATE MEMBERS' BUSINESS

Notices

1 MR NEUMANN: To move:

That this House:

(1) notes that:

(a) the National Congress of Australia's First Peoples (Congress) is the national representative body of Aboriginal and Torres Strait Islander peoples; and

(b) Congress:

(i) was established with a view to creating a new relationship with governments to reset the relationship based on partnership and genuine engagement with Aboriginal and Torres Strait Islander peoples; and

(ii) is owned and controlled by its membership and independent of government;

(2) recognises:

(a) the important role of Congress as a leader and advocate for recognising the status and rights of Aboriginal and Torres Strait Islanders as First Nations Peoples in Australia; and

(b) that the existence of an effective national body is essential to the Government's ability to fulfil its Closing the Gap targets;

(3) acknowledges that:

(a) Congress received Deductible Gift Recipient status in July 2013, allowing it to begin to pursue income opportunities with corporate Australia and the wider community;

(b) the previous government committed:

(i) \$29.2 million over four years to establish Congress; and

(ii) \$15 million over three years in the 2013 budget to support Congress to continue to develop income opportunities to sustain the organisation; and

(c) ongoing Commonwealth funding beyond 2013 is essential to support the continued sustainability of an independent national voice for First Nation Peoples;

(4) notes with concern that the Government plans to cut the \$15 million funding and abandon the commitment to the sustainability of Congress as the national representative body for Aboriginal and Torres Strait Islander Peoples; and

(5) calls on the Government to commit to the sustainability of a strong Congress by honouring the \$15 million funding commitment.

(Notice given 13 February 2014.)

Time allotted—20 minutes.

Mr Neumann—5 minutes.

Other Members—5 minutes each.

[Minimum number of proposed Members speaking = 4 x 5 mins]

The Committee determined that consideration of this should continue on a future day.

2 MR SIMPKINS: To move:

That this House:

(1) notes the mutually beneficial and strengthening cooperation between Australia and Japan with particular emphasis on our:

- (a) strong trade relationship;
- (b) significant strategic partnership; and
- (c) developing defence equipment and technology relationship;

(2) acknowledges the:

(a) Australian Government's success in concluding the Japan Australia Economic Partnership Agreement;

(b) scope to further enhance our relationship in areas such as investment and education;

(c) Australian Government's plans to combat sovereign risk for foreign investment in Australia by repealing both the carbon and mining taxes;

(d) importance of elevating the bilateral security and defence relationship to a new level, based on our shared strategic interests in regional and international peace, stability and prosperity; and

(e) importance of the forthcoming visit to Australia of Prime Minister, His Excellency Mr Shinzo Abe, in further building our strategic partnership with Japan into a new special relationship; and

(3) commends the Australian Government for enhancing the relationship between Australia and Japan, which will be mutually beneficial for the economies and people of Australia and Japan.

(Notice given 16 June 2014.)

Time allotted—30 minutes.

Mr Simpkins—5 minutes.

Other Members—5 minutes each.

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

The Committee determined that consideration of this should continue on a future day.

Orders of the day

1 Australian Education Amendment (School Funding Guarantee) Bill 2014 (*Mr Shorten*): Second reading—Resumption of debate (*from 2 June 2014*):

Time allotted—20 minutes.

Speech time limits—

All Members—5 minutes.

[Minimum number of proposed Members speaking = 4 x 5 mins]

The Committee determined that consideration of this should continue on a future day.

Notices—continued

3 Ms O'Dwyer: To move:

That this House notes:

- (1) that the spirit of ANZAC is one of special significance to all Australians as it showcases the attributes of courage, mateship and sacrifice which were demonstrated at the Gallipoli landing;
- (2) that the ANZACs helped define us as a people and as a nation, they were ordinary Australians who performed extraordinary deeds and were drawn from the smallest towns and biggest cities;
- (3) that the Government is enabling Australians to honour the service and sacrifice that epitomises the ANZAC spirit by increasing the funding allocated to each federal electorate across Australia to \$125,000 via the ANZAC Centenary Local Grants Program; and
- (4) the Government's commitment to community-based commemoration, as promised at the last election.

(Notice given 19 March 2014.)

Time allotted—40 minutes.

Ms O'Dwyer—5 minutes.

Other Members—5 minutes each.

[Minimum number of proposed Members speaking = 8 x 5 mins]

The Committee determined that consideration of this should continue on a future day.

4 Dr Leigh: To move:

That this House:

(1) recognises that:

- (a) since 1975, earnings at the 90th percentile have risen three times faster than earnings at the 10th percentile; and
- (b) since 1980, the top 1 per cent income share has doubled, and the top 0.1 per cent income share has tripled; and
- (c) overall, inequality in Australia is now higher than it has been in three-quarters of a century;

(2) notes that:

(a) analysis by NATSEM (which the Prime Minister once described as 'the most reputable and authoritative modelling organisation in Australia') shows that the 2014-15 budget will redistribute income from lower-income households to higher-income households;

(b) by 2017-18, NATSEM analysis suggests that the budget will cause:

- (i) across all households, a 2.2 per cent drop in disposable incomes in the bottom quintile, and an 0.2 per cent rise in disposable incomes in the top quintile;
- (ii) among couples with children, a 6.6 per cent drop in disposable incomes of households in the poorest quintile; and
- (iii) among single parents, a 10.8 per cent drop in disposable incomes of households in the poorest quintile; and

(3) calls upon the Government to rethink a budget that not only breaks promises and produces higher deficit figures than in the Pre-election Economic and Fiscal Outlook 2014, but also fails the 'fair go test' by hurting low and middle income families.

(Notice given 2 June 2014.)

Time allotted—20 minutes.

Dr Leigh—5 minutes.

Other Members—5 minutes each.

[Minimum number of proposed Members speaking = 4 x 5 mins]

The Committee determined that consideration of this should continue on a future day.

5 Ms MacTiernan: To move:

That this House:

(1) notes with concern the extent to which 457 visas are being used where there are ample, suitably qualified Australians; and

(2) urges the Government not to delay the completion of its review or its response to this growing problem.

(Notice given 3 June 2014.)

Time allotted—10 minutes.

Ms MacTiernan—5 minutes.

Next Member—5 minutes.

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

The Committee determined that consideration of this should continue on a future day.

6 Ms Hall: To move:

That this House:

(1) notes that:

(a) June is Lipoedema Awareness Month, and that Lipoedema is a painful disorder of fat metabolism and distribution that causes deposition of fat in 5 to 15 per cent of the population (mainly women) in the legs and arms; and

(b) Lipoedema is:

(i) an underdiagnosed disorder for which sufferers receive poor medical diagnosis and no counselling support—Lipoedema is a poorly supported illness; and

(ii) one of the most underfunded chronic conditions in Australia with limited research as to its cause and the treatment required for patients;

(2) calls for:

(a) a public awareness campaign to be launched and for Medicare Locals to be involved in the campaign; and

(b) support to be given to people living with Lipoedema to ensure appropriate ancillary services are available; and

(3) notes the need for research and population data on Lipoedema.

(Notice given 16 June 2014.)

Time allotted—remaining private Members' business time prior to 1.30 pm.

Ms Hall—5 minutes.

Next Member—5 minutes.

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

The Committee determined that consideration of this should continue on a future day.

AUDITOR-GENERAL'S REPORTS

The SPEAKER (15:14): I present the Auditor-General's performance audit reports 2013-14 No. 42: *Screening of international mail—the Department of Agriculture, Australian Customs and Border Protection Service*; and No. 43: *Managing compliance with Environment Protection and Biodiversity Conservation Act 1999—Conditions of approval Department of the Environment*.

Ordered that the reports be made parliamentary papers.

DOCUMENTS

Presentation

Mr PYNE (Sturt—Leader of the House and Minister for Education) (15:14): Madam Speaker, documents are tabled in accordance with the list circulated to honourable members earlier today. Full details of the documents will be recorded in the *Votes and Proceedings*.

MATTERS OF PUBLIC IMPORTANCE

Employment

The SPEAKER (15:14): I have received a letter from the honourable member for Gorton proposing that a definite matter of public importance be submitted to the House for discussion, namely:

The Government's failure to have a plan for Australian jobs while attacking job seekers and cutting training opportunities for young people.

I call upon those honourable 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 BRENDAN O'CONNOR (Gorton) (15:15): Thank you very much, Madam Speaker. This is a matter of public importance, and for that reason the opposition wants to have a true debate on the future of jobs in this country.

With the benefit of hindsight it is easy to conclude that this government has no interest in fighting for Australian jobs but, back when the Prime Minister was the opposition leader, it was not so easy. That was a time when the then Leader of the Opposition visited hundreds of workplaces, using workers as props—as a backdrop to his doorstops—he had his hard hat on, and he had his high-vis vest and safety glasses, and he claimed he would defend their jobs if he was ever to be elected prime minister. Well, this proved to be all talk and no action: within months of the election, this government stood back and watched the collapse of the car industry. Worse, in this place, we had a treasurer goad Holden to leave this country—and that is what Holden promptly decided to do. Toyota soon followed. With these two decisions, we will now see thousands of workers—thousands of high-skill jobs—disappear. With the departure of those iconic companies, tens of thousands of jobs are at grave risk in the automotive parts industry and beyond. Where is the Prime Minister now, given the amount of

time he was willing to spend as opposition leader in workplaces around this country? He is not visiting blue-collar workers in these companies, assuring them that he will fight for their jobs. He is not visiting Holden and Toyota to assure those workers—those soon-to-be-retrenched workers—that he will find them new jobs. No, the Prime Minister has gone missing in action when it comes to providing opportunities for employment for those workers and other workers in the labour market. The fact is that the Prime Minister has no idea what it will do to those workers and their families when the car industry effectively dies. What arrogance and ignorance was on display by the Prime Minister when he talked about liberating these workers from secure employment—what more shameless approach to industry policy can there be than for a Prime Minister to suggest that the best way forward for these workers is to lose secure employment and be placed in an unemployed position or, at best, to find precarious employment in the labour market?

It is not just the car industry; the dysfunction of this government was revealed when it bungled the handling of the future of our national aviation carrier, Qantas. When Qantas announced 5,000 effective full-time jobs would be cut, the government was all over the place. When anxious Qantas workers looked to the government to fight to save their jobs, the government could only find time to fight amongst themselves. For months we saw speculation, leaking, and backgrounding—against each other—about what should happen. When Qantas tried to work with the government, it was rebuffed by the Prime Minister. One day the Treasurer would outline what Qantas needed to do to secure a debt guarantee—you could read about it on the front page of *The Financial Review*—and the next day the government would walk away and say it was not possible. What was the result of this dysfunction, this ineptitude, and this callous disregard for workers? The consequence was that, under this government, thousands of Qantas jobs will go overseas—that is, pilots, cabin crew, flight attendants, engineers, maintenance workers and, quite possibly, the chair of the company, the majority of directors, and even the head office of this iconic Australian flagship company will go overseas. This government might think that is fine, but Labor knows—as most Australians know—that once skilled jobs go offshore, they do not come back. Once you lose skills in your labour market, it is very difficult to replace them. That is why we will fight to keep Qantas Australian and to keep jobs in this country.

Speaking of Qantas and job cuts, there was some devastating news today with the announcement that QantasLink flights into Nhulunbuy in the Northern Territory will cease from August. This is a direct result of the closure of the alumina refinery at Gove. Where is the government now? Where is the government's plan to assist Nhulunbuy and north-east Arnhem Land, a community facing a loss of 1,200 jobs? This will destroy that community. It happened months ago—and the Prime Minister, who promised to be there in his first week as Prime Minister, has not turned up for nine months! We will see devastation in that community as a result, and there has been no response from the government and no response from the Prime Minister. This self-proclaimed Indigenous Prime Minister has turned his back on his promise to return to north-east Arnhem—like he has with so many other promises.

What of other companies announcing more than 100 job losses? Simplot, Electrolux, Caterpillar, BP, Rio Tinto, Kellogg's, BHP, Arrow Energy, Forge Group, Alcoa, Asciano, Sensis, Optus, and many, many more. No wonder the government's own department forecast that there would be 160,000 fewer jobs than the Prime Minister promised before the election.

But it is not just this government's indifference to jobs and ineptitude; it is not that they do not have an industry minister—they have an industry minister, but they have no industry policy. This industry minister has not won one debate within the cabinet. The cruelty and the callous disregard for workers to be found in industry policy, or in the lack thereof, is writ large in the papers of the budget. It can be seen vividly in the cuts to apprenticeships and traineeships that the member for Cunningham will refer to in this debate. What is it about this government that it thinks it can say to the young job seekers of this country 'you need to earn or learn' while it is cutting \$1 billion out of apprenticeships and traineeships? What does the government think young people can do when unemployment amongst young people hits more than 13 per cent? How can they find a job to earn when the economy is in that state?

Labor does support the principle of earning or learning, but you have to have jobs with which to earn and you have to have training places in which to learn. Without that investment and without those job opportunities, it is an absolute disgrace that this government thinks it is okay to cut income for job seekers under the age of 30 for six months. To think that young people will be able to survive for six months without any support whatsoever is ridiculous. It is not only economically ridiculous and absurd; it is socially reprehensible. What we have here is an obligation that has been placed on young people in this country to either earn or learn, and yet the opportunities will not exist in many parts of this country.

Last week I was in Devonport and Launceston, and in Devonport in northern Tasmania youth unemployment is north of 20 per cent. What does the government expect those young people to do? What we have here is a government that is willing to punish young job seekers for not finding jobs, and the way they will punish them is to rip away the only support they get from the government while they are looking for work. It just does not make any sense. It is harsh, it is mean and tricky, and it is going to ensure that we see greater social disharmony. We are going to see antisocial behaviour, we are going to see an increase in crime, we are going to see an increase in self-harm and we are going to see young people despairing in this country because they have no support whatsoever.

What is the most ludicrous part of the government's proposition? I found out last week that even though the government is choosing not to provide any support for these job seekers under the age of 30 for the first six months, they are going to oblige them to look for 40 jobs a month. There was a time when the principle of mutual obligation did apply—it started under Working Nation under the Keating government and was embraced by the Howard government—and you were provided with a modest level of income while at the same time you were required to look for work. That was continued by subsequent governments. This government is the first in living memory to tear up the compact between government and job seekers. They are tearing up the principle of mutual obligation and are expecting young people under the age of 30 to fend for themselves in a labour market where few opportunities exist in some regions of this country.

This government does not get it. The Prime Minister does not get it. They have a lot to answer for, and they should be looking after young people. (*Time expired*)

Mr HARTSUYKER (Cowper—Deputy Leader of the House and Assistant Minister for Employment) (15:25): I certainly welcome the opportunity to speak on this matter of public importance concerning jobs and training. What we have heard is 10 minutes of rhetoric from the member for Gorton and failed immigration minister, the guy who won the silver Logie for

boat arrivals—not the gold Logie; the member for McMahon won the gold Logie on failed border protection—and who certainly has no reputation at all with regard to job creation. Let us think about Labor's record in relation to unemployment. On their watch youth unemployment queues increased by 55,000, on their watch the rate of youth unemployment increased by almost three per cent and on their watch the number of unemployed increased by 200,000. He seems to have suddenly found a solution to the problems of the Australian car industry, and their solution is endless rhetoric. Let us remind the good member of the past, because he seems to have forgotten that Mitsubishi left Australia on their watch. He was not able to stop Mitsubishi from leaving. He claims he has all of the answers today, yet Mitsubishi left. He is looking left, he is looking right, but Mitsubishi left on his watch. Former Prime Minister Gillard announced funding for Ford—it was going to save Ford, it was going to create jobs, and what happened? Ford announced it was leaving. Far from being the champion of people in the workforce, the member opposite is nothing but a failure.

We on this side of the House believe that nothing creates opportunities faster, and nothing creates more jobs, than a strong economy. The budget that was handed down in this House just weeks ago sets the stage for building jobs into the future. It was a budget that invests for our future rather than what the opposition did when in government, and that was to spend for today. Ours is a budget that invests in infrastructure; it is a budget that provides incentives and programs to assist people into work. Members opposite face some real challenges as we approach 30 June. They could assist with the repeal of the carbon tax—a \$7.6 billion hit on the economy. If the members opposite were serious about having concerns for unemployed Australians, if the members opposite were serious about creating jobs for young Australians, they would immediately assist the government in the repeal of the carbon tax. What are you doing? You are sitting there and doing nothing. You are sitting on your hands, when the repeal of the carbon tax will create jobs.

Then there is the mining tax. Those opposite are standing in the way of the repeal of the mining tax. Why don't you support the repeal of the mining tax? Why don't you come over this side and vote for it? We believe the best way to create jobs is through a strong economy. I noticed that you mentioned the great state of Tasmania in your contribution.

The DEPUTY SPEAKER (Hon. BC Scott): Order! The minister might refer his comments through me, not at me. The use of the word 'you' is a common mistake on both sides of the chamber.

Mr HARTSUYKER: The good member mentioned the great state of Tasmania and unemployment there. There are some great industries in Tasmania, and the dairy industry is in a state of growth. In north-western Tasmania, an area of high unemployment, we see an increasing demand for labour, and what do the members opposite do? They insist on imposing a carbon tax—a carbon tax that increases the cost at the farm gate by around \$10,000 a farm; a carbon tax that adds massively to the cost of milk processing. The competitors to the Tasmanian dairy industry are not carrying those taxes. They are not carrying a carbon tax—the world's largest carbon tax. If those opposite were serious about the job prospects for young Tasmanians, they would come over here and vote with us on the repeal of the carbon tax.

The good old member for Franklin has left the chamber. She was not interested enough to stay around. She is the last remaining Labor member for Tasmania. It was not that long ago

that the member for Franklin would have been joined by four other members. Labor used to hold five seats in Tasmania, but not any more. There is only one left. She is the last Labor member standing. With a reputation like theirs on job creation, it is no wonder. It is because of the job-destroying Labor-Greens alliance.

We believe that the best way to grow jobs is through a strong economy. We also have a suite of programs to assist in the creation of jobs and to assist job seekers. We have a job commitment bonus that will provide a \$2,500 payment to encourage young people to get and keep a job, to get into work and stay off welfare for 12 months. If they stay off welfare for a further 12 months and stay in work—that is two years in total—there is an additional \$4,000. That is a \$6,500 incentive to encourage young people to get into work.

We have relocation assistance of up to \$6,000 to encourage people to move to a regional area and \$3,000 to move to a metropolitan area. If those job seekers who need assistance to move have dependents, there is a further \$3,000 available. We have the restart program, which is going to encourage employers to put on older workers to enjoy the benefits bringing workers with a lifetime of experience into the workforce can bring. It is a \$10,000 incentive for employers to employ people over the age of 50. It is a very important program.

We have the Tasmanian jobs plan. It is an incentive payment for employers in Tasmania to put on an extra Tasmanian. I would hope that they would take up that program because, as we know, Tasmania is the state with the highest unemployment in the country. It is a state that could benefit greatly, as I said, from the growth in the dairy industry. But what do the members opposite do? They insist on retaining the job-destroying carbon tax.

We have a range of measures in the budget in relation to skills and training, including the \$476 million Industry Skills Fund to deliver close to 200,000 targeted training programs over four years. We have trade support loans to encourage young apprentices to get their training. We have expanded opportunities with expanded scholarships for young people from disadvantaged backgrounds. We have expanded funding to students studying diplomas, advanced diplomas and associate degrees. These are great programs.

Also, more recently, I announced the rollout of phase 1 of our revamped Work for the Dole program. It is a program which has the potential to give young people some of the important basic skills that they need to assist them to get by in the workplace. Many employers have been telling me that young job seekers are presenting at the gates of their businesses without the necessary basic skills to get by in the workplace—simple skills such as turning up on time, having the right attitude and getting on with their workmates. These are skills that we who have been in the workforce for many years take for granted but unfortunately are sadly lacking for many job seekers.

We have engaged in expanding Work for the Dole, giving young people in 18 selected locations who have been unemployed for 12 months or more the opportunity to participate in a Work for the Dole program, gain those new skills and have something to take to a future employer. They can have a reference as to what they have done, what they have achieved and what they have contributed to their community. As I get around the country, there is widespread acceptance of our revamped Work for the Dole program. Local councils understand the importance of Work for the Dole. Participants understand the importance of Work for the Dole. So many young people are saying to me, 'Give me a chance to participate.

Give me a chance to show you what I can do.' I am certain that there will be many young people who will benefit greatly from our enhanced Work for the Dole program.

We on this side of the House understand quite clearly that nothing creates jobs faster and more effectively than a strong economy. That is why we introduced the budget recently into this House. It is a budget that sets Australia up for the future. When they see the members opposite voting again against the repeal of the carbon tax and the repeal of the mining tax, it will be clear to the young people and job seekers of Australia that they are not about getting the settings right. They are not about assisting in the creation of jobs. They are only about standing in the way. We are a government focused on creating opportunities and giving young people assistance into work. They are an opposition that could not manage the budget when they were in government and do not understand the facts of what we need in this country to create jobs. They are simply intent on standing in the way.

Ms BIRD (Cunningham) (15:35): What a valiant effort at wrapping a whole lot of rubbish in a ribbon! Honestly—let's bell the cat here—you cannot drag millions and millions of dollars out of a particular area, such as skills, and then say, 'Because we have given what is left a new name we have new initiatives.' That is what the government is attempting to do. The reality is that \$2 billion for programs in the skills area has been cut. The bit that is left—the member, for example, talked about the Industry Skills Fund—at half the size of the original programs that were knocked off to create it is rebadged and renamed and we are told, 'Isn't it wonderful? We have a new program.' It is not wonderful. It is not wonderful because what the government has actually done is cut \$2 billion out of skills programs and \$1 billion out of support for apprentices. It should be held responsible for it. Young apprentices and their families will be holding the government responsible for it.

I wanted to take the opportunity to back my colleague's matter of public importance today because, as we indicated in the parliament—and I acknowledge that the minister acknowledged this—today is National TAFE Day. The point I want to make in this debate about the importance of creating opportunities for both jobs and the training that will go towards achieving those jobs for not just young people but the whole Australian population is that many people may find themselves in life circumstances where they need to retrain. They might have been out of the workforce, for example, raising a family for a significant amount of time and they need to re-enter the workforce. They might be existing workers in a particular industry sector that has been the topic of much debate—and my colleague raised some of the issues there—where workers need to reskill for future job opportunities.

Investing in the people of this nation is a significant task, yet this government sees it simply as a cost. That is how they view it. It is a cost and as much as you can cut out of it, you cut out of it, until it is down to the bone and then you blame the people who fall through the cracks and are not able to get the training and education they need to get into the jobs they need for their own situation. You doubly punish them then by making them wait for six-months before they get income support. That is the reality of what you have done in this budget. That is the reality that will face communities across this nation.

The previous member talked about the importance of providing pathways. I would like to take him to the really disgraceful cut in the apprenticeship sector, that they have made in this budget, which is to abolish the Apprenticeships Access Program. For example, I visited one of the centres in Parramatta run by the Motor Traders Association where they are working

with the most disadvantaged young people in that area to give them exactly what the member was talking about—the basic skills in a pre-apprenticeship level course to equip them to get an apprenticeship. Why is that cut, if the government is as committed as it says it is to providing young people with pathways?

Ms Rowland interjecting—

Ms BIRD: Yes. The apprenticeships mentoring program provided mature age people as supports for apprentices to assist them to ensure that they can get through to completion—another great program well supported by industries wanting to give young people a chance. Abolished, completely gone. So if the government is as serious as they claim to be, they have gone to the very wrong programs in terms of the cuts that they have made and, as a result, they are leaving young people, their families and their communities in a much more difficult situation.

It is not surprising, because we have had for quite a few years now conservative state governments who have carried out exactly the same sort of agenda with our tremendous TAFE system. TAFE has provided trades and a second-chance education for people across this country for a number of generations now. It is a trusted brand and it should be a trusted brand, because its priority and its focus have been on providing the skills and opportunities, the re-entry qualifications that people need to engage in further education and work. It is a national asset. It is actually a national strategic advantage that we have had such a fantastic public education provider in the VET sector. On this day, as on every other day of the year, we should all be committed to challenging those state governments who have been cutting the heart out of TAFEs and calling them on it, saying to them, 'Reinstate TAFE. Recommit to supporting it and ensure that it has a long and prosperous future in this country.'

Mr TAYLOR (Hume) (15:40): It is a great pleasure for me to speak on this all-important topic of unemployment particularly youth unemployment. It is an issue in my electorate, and I know in many other rural areas. I will also talk about the related issue of skill shortages, which is a serious issue particularly in the eastern part of my electorate down the Hume Highway.

Given the topic of the MPI and given the enormous amount of money that the Labor Party claims to have spent on jobs and skill creation and skill development and the number of programs that they claim to have put into place, we might have expected that the track record of outcomes would be superb. So I spent a little bit of time looking at their actual track record between the time they got into government in 2007 and the time they left government in 2013 to see how they had gone.

I thought I would start with youth employment. Take note that between 2004 and 2008 there was 13 per cent growth in youth employment. Between May 2008 and May 2014, with the exception of a small uptick at the end—which we will ignore for now and which I will come back to in a moment—we saw an eight per cent reduction in youth employment across the economy. There was an eight per cent reduction across the time that Labor was in government. Shame!

At the same time we can look at youth participation rates in the workforce. It was running along merrily between 2004 and 2008, rising from about 70 per cent participation up to 71 per cent participation—nice work by the past Howard government. But from early 2008 through

to the end of 2013, there was a reduction from 71 per cent to 66 per cent in youth participation—five per cent reduction in participation rates across the time of the last Labor government. Now they might say, 'That's all right. We were putting them all into training.' But what we also find is that the youth unemployment rate went from nine per cent in January 2008 to 12.4 per cent by the end of 2013. What a shameful record of youth employment and youth unemployment we saw from that last Labor government.

And when we dig little deeper, we find some hotspots. In western and north-western Tasmania they managed to achieve a 21 per cent unemployment rate from the Labor-Greens alliance, destroying jobs in Tasmania. In Cairns, it was 20.5 per cent, in North Adelaide it was 19.7 per cent, and in south-eastern Tasmania it was 19.6 per cent. Well done, Labor-Greens alliance!

They crow about the extraordinary work they did on training. Let us have a look at apprenticeships. Between 2007 and 2013 apprenticeship commencements fell by 37 per cent. No wonder we have got skills shortages in my electorate! By contrast, between 2001 and 2007 under the Howard government, we saw a 33 per cent increase in the numbers of apprenticeships—all that money, all those programs, and what did you achieve? Absolutely nothing. What a disastrous performance we have seen.

So how are we going? We have only had a short while but let us have a look at the facts. In the last four months the Australian economy has created 100,000 jobs. We hear from the other side lots of talk about a job loss here, a job loss there, but in total we have created 100,000 jobs. If you calculate that for the next five years, it works out at about 1.5 million jobs against our target of one million that we said before the election. So this is the track record we are already seeing from the coalition government. It is time for you to face the facts and the truth: your performance was absolutely abysmal and it is time for change.

Earlier speakers have spoken about the extraordinary range of programs we are putting in place which are targeted and cost efficient and, I am sure, will deliver the jobs and employment that the young people in my electorate want to see. We are a coalition for jobs. We are a coalition for employment and we are the party of opportunity for young people in stark contrast to those opposite.

Mr CHAMPION (Wakefield) (15:45): This is a government that has got all the emotional characteristics of Dr Jekyll and Mr Hyde. Before the election we had the Prime Minister, then opposition leader, wandering around the country in fluoro. I remember him chucking ice around. I remember him gutting fish. I remember him visiting Ford in Geelong—all designed around jobs to give people reassurance.

What have they done in government? They have instituted policies that are cruel and calculated to divide the Australian community and the economy. They are calculated to entrench disadvantage and accelerate that disadvantage. Perhaps most concerning is that they are utterly, utterly cavalier about jobs. To that extent you need look no further than my electorate and the treatment that Holden got where we saw the Treasurer of this country chasing Holden out of the country.

I will give this to him: he endeavoured to repeat his record in the Howard government where they offered assistance to the car industry to make sure they stayed here, to make sure they employed here, to make sure they exported here. He had all of that rhetoric when he

came down and visited Holden but he lost the cabinet battle and then we had a Treasurer who chased Holden out of the country.

From that, we are seeing a domino effect through car manufacturing to Toyota and the components sector, and what happens? Fifty thousand jobs. Not a job lost here or there; 50,000 jobs—more than 10,000 in South Australia—lost in areas that can least afford it.

After that performance you would think that they would be a bit reticent but, oh no, in this budget they cut a billion dollars out of the auto industry thus putting more pressure on the components industry. Anyone who knows the components industry knows that we are very, very close to seeing an early exodus of the car industry, because of the pressure this government has put on it.

What have they got as a panacea to address this employment issue? They have put in place a \$155 million growth fund, which they bragged about, but when I asked the industry minister specific questions in consideration in detail just today, what kind of response did I get? Just a diatribe about the Labor Party. No specifics, no thought-out proposals, no projects, no skills based programs for redundant workers—none of that—just diatribe, just rhetoric.

We see that here. We see them wrapping this rubbish up in a ribbon as the member for Wollongong said—\$2 billion worth of cuts in skills and apprenticeships, a billion dollars out of Tools For Your Trade, and what do we hear? 'Everything's good. Everything's fine. It'll all be right.' The government employ this unbelievable Orwellian language. They think that if they say it long enough and hard enough, they can defy reality.

What did we see in the budget? We saw a budget that smashed economic confidence, consumer confidence. You do not need to look too far. ABC on 21 May 2014, Michael Jander, their business editor—this was the headline: 'Consumer sentiments slump after federal budget announcement'. It drops 6.8 per cent to 92.9—that is solidly below the 100-point level where optimists equal pessimists; 60 per cent of families thought they would be worse off; and just 3.1 percent of people thought they would be better off. That is what they are doing for the retail industry. We have seen what they did for the manufacturing industry and then they are going to slam the retail industry—another big employer of the young.

To top it all off, we see what they are doing to young people: cutting them off the dole after six months and then expecting them to look for 40 jobs a months during that time when they are not receiving any income. We know what the outcome of that will be: further breaches, further time without income. That will leave many young people homeless, without income and without the capacity to get a job. So we have got this assault on jobs, assault on fairness, and this entrenchment of disadvantage and policies that are deliberately set out to make things worse. If those opposite think that they can get away with this anti-Labor rhetoric and nonsense they put out in this House, they have got another thing coming. These are very, very harsh measures that are designed to hurt Australia. (*Time expired*)

Mr VAN MANEN (Forde) (15:50): As usual, we have listened to five minutes of contribution from the other side that is of no relevance to this debate and does nothing for the future direction of this country. Before I delve into the government's positive plans to provide opportunity for young people, I think it is relevant to revisit and spend some time looking at Labor's past record on employment. It is very illustrative of what we have seen over the past

six years and the past nine months with the Labor government still completely devoid of ideas and any future direction and sense of what it needs to do for the future of this country.

Nearly 200,000 additional people were unemployed over the past six years, and we can compare that to the Howard government's efforts prior to 2007 where there was a decrease of nearly 270,000 people in unemployment. When it comes to planning for Australian jobs, it is clear that this government has the policies and plans that will provide successful outcomes for addressing unemployment. As previous speakers already mentioned, in the last nine months, we have seen the creation of over 100,000 new jobs in our economy. Under Labor—and their last couple of speakers were carrying on about various businesses—since 2008, an average of 67 Australian manufacturing jobs were lost every single day. Manufacturing jobs were lost, roughly, every 19 minutes while Labor was in government. In May 2011 the former Treasurer, Mr Swan, promised to create 500,000 new jobs in the following two years. Well, Labor succeeded in missing that target, like it did everything else, by well over 200,000 jobs. In total Labor's legacy was about 700,000 unemployed Australians, which is the highest number in 15 years. Suffice to say, with a record like that, it is ironic that the Labor Party even brings up this topic for debate today. As I said at the outset, they have no plans to do anything for the future.

More importantly, in relation to the topic we are discussing today, we should spend a little time to focus on those who are currently unemployed, particularly in the youth sector. Our national youth unemployment is currently around 13 per cent. In Logan it is higher at 15 per cent and on the Gold Coast it is 17 per cent. We, as a government, want to help prevent young people falling into the welfare trap. That is exactly the essence of what we are seeking to do with our positive plans for the future. To address youth unemployment our plan is for young people with work capacity to be either earning or learning. The government are introducing a range of assistance measures to help with training and education costs. We are not giving young people the option to jump into welfare when they leave school. We want to encourage young people to have fulfilled lives, because we believe that the best kind of welfare is a job. That is not only because you will earn more than you would on the dole, but it is because it gives young people the necessary skills to succeed in the workplace and to have rewarding careers.

If young people cannot find a job straight out of school, we will have a number of alternative pathways to find work which includes the \$20,000 Trade Support Loans for those undertaking apprenticeships. In discussions I have had with one of our wonderful education providers, the Australian Industry Trade College,—and we are working with them to open a campus in Beenleigh—I have learnt that they take students in grades 11 and 12 and tailor a school curriculum to line up with the requirements of employers. Ninety-five per cent of the students that have gone through that particular school have graduated with their QCE, but, far more importantly, with a job and with an apprenticeship. This funding will help those students pay for their course fees at this particular school.

There are options out there. I think it is instructive to note that the Australian Industry Trade College came out of a Howard government program. Nothing those opposite have done for the last six years has assisted this. It is only this government that will provide a future for the young unemployed in our community. *(Time expired)*

Mr CONROY (Charlton) (15:55): It is a great MPI to talk on and it is a very important one, although I disagree slightly with one sentence in the MPI. I think the government does have a plan for jobs. Unfortunately, it is to destroy them. The member for Wakefield alluded to this earlier. If you look at the auto industry, before the election the industry said, 'If you cut assistance to our industry, we have to leave.' What did this government say? 'We know better. We're going to cut \$500 million.' Then what happened? Holden leaves and takes Toyota with them. That is 50,000 direct jobs gone and another 200,000 indirect jobs under threat daily, because this government had a plan and that plan was to destroy jobs.

If you look at what they are doing in naval shipbuilding, they are kissing goodbye to 5,000 high-skilled, nation-building, defence shipbuilding jobs that are vital to our national security. If you look at SPC, one of the government's own MPs questioned the honesty of the Prime Minister and the Treasurer—quite rightly. As we saw before the election there was not a worker in a high visibility vest that the PM could not get near fast enough. He loved them. Since the election I have not seen him at a factory, and I have not seen him have the courage to go to a factory. He has not been to Alcoa, he has not been to Holden, and he has not been to Toyota. He has not had the guts to visit any of them and say why his \$500 million cut is ending their industry.

Let us look at what the government have done since the election. They have cut the \$1 billion Aussie jobs plan that would have really helped to diversify the economy. The Prime Minister claims that he wants to be the infrastructure Prime Minister. Well, how about supporting the Australian Jobs Act which said that with every large project in this country you had to give Aussie companies and their workers a go first? It is now gone. If you look at the government's \$2 billion of cuts to skills and training, that is gone. There are huge attacks on TAFE and huge attacks on Tools For Your Trade which are all gone. The response from the government member is typical of what their attitude is—when in doubt blame the jobseeker; when in doubt make it harder to get training, make it harder to get Newstart and blame them; when in doubt blame the workers. It is a classic response.

I have heard a few statistics quoted from the other side and I have a few as well. For example, since this government came to power the unemployment queue is longer by 23,000 people. That equates to 100 people a day being added to the unemployment queue. The previous speaker said that, under Labor, unemployment was the highest in over 15 years. Well, you have already broken that. There are 23,000 additional people on the unemployment queue. Even more worrying, there are nearly 17 million less hours of work per month in the market sector. So, those who are lucky enough to have a job are working less. That is a huge impact. Youth unemployment in the eight months the government have been in power in terms of statistical collection has gone from 12.7 per cent to 13.1 per cent, which is a very significant increase in such a short amount of time.

One area I want to touch was the government's great shield. People may remember that before the election they hid behind their little pamphlet 'Our plan—real solutions for all Australians'. Whenever Mr Abbott got a hard question he just said, 'Don't worry, I've got my pamphlet that provides all the answers.' There was also the six-point plan that some of their candidates in Western Sydney had a bit of trouble with. If I go to the employment section of the pamphlet, what is the one graph that they choose to highlight? What is the one graph that demonstrates how worried they are about unemployment? It is the long-term unemployed

where they have a graph that shows the unemployment queue. What has happened since they have come to power? Since they have come to power long-term unemployment in this country has gone up by 20 per cent in eight short months, that is 30,000 more long-term unemployed people than before they were elected. It is so much that I have had to draw an extra symbol on the graph. It is so out of scale with the graph that they took to the Australian people. This shows that the government are all talk and no action.

This is an incredibly important topic. We are talking about the future of Australians. We are talking about the future of young people and trying to give them a chance to have gainful employment, where they can raise a family and contribute to Australian society. All we get from the other side is glib slogans, empty three-word slogans. Their actions are cutting \$1 billion from the Australian jobs plan, cutting \$2 billion from skills and training, cutting other forms of support, attacking child care and ripping away any support for Australian job seekers. All we get from them is blaming the job seekers—blaming the young people trying to find work in the member for Wakefield's electorate, the member for Gellibrand's electorate and my electorate of Charlton. When in doubt, they blame young people and they blame job seekers. It just demonstrates that they are not fit to govern this country.

Mrs PRENTICE (Ryan) (16:00): When I read today's MPI, I had to seriously question what document those opposite were actually reading. They seem to have picked up the ALP propaganda scare folder. It is quite obvious that they have not even read the coalition policy documents or, indeed, the budget papers, or are they away in their own parallel universe yet again? The alternate Labor universe is where they pretend that the carbon tax actually reduces greenhouse gas emissions and does not drive up the cost of living. The alternate Labor universe is where the cost of doing business as a result of the carbon tax and the 20,000 new pieces of regulation under Labor does not increase and, in fact, it means that small businesses are forced to cut staff, costing Australian jobs and contributing to the rising unemployment level. The alternate Labor universe is where changing the rules for employment services—thereby removing the financial incentive to find the unemployed a part-time job, even if they wanted one—does not in fact leave thousands of Australians jobless and the hospitality industry crying out for part-time casual staff. The alternate Labor universe is where those opposite remain blind to these facts: an average of 67 Australian manufacturing jobs were lost each day under Labor since 2008—that is one manufacturing job every 19 minutes on their watch; and in 2011 the member for Lilley promised, until he was blue in the face, to create 500,000 new jobs over the following two years, when in fact, two years later, Labor missed that target by more than 200,000 jobs. The alternate Labor universe saw unemployment rise to its highest level in 15 years.

How in this alternate Labor universe does cutting the Australian Defence Force Gap Year, the ADF's most successful recruiting program, improve training opportunities for young people? How does repealing the Green Corps program, which provided valuable vocational education opportunities, help job seekers and training opportunities for young people? How does abolishing the Australian Building and Construction Commission help job seekers, where malicious strike action with ulterior motives drives up the cost of doing business? The industry has been in decline over recent years due to Labor's policies pandering to the unions. How does suffocating a once-strong industry create employment opportunities and skills

training for Australians? The answer is simple: it does not. The alternate Labor universe is some mythical, topsy-turvy world where they live far, far away from reality.

The member for Cunningham demonstrated that Labor is still living in this alternate universe when she talked about the government's decision to cease apprenticeship access. If she wants to talk about job outcomes, the access program was delivering a meagre 26 per cent job outcome under her watch despite spending more than \$100 million on this program every year. We are about target outcome focused programs. Thankfully, on this side of the House we do not live in a state of chronic psychosis and blissful ignorance. No—on this side we are well and truly aware of the cold, hard facts about the state of unemployment and education left behind by the previous, Labor government. That is why we are determined to repeal the carbon tax and reduce the burden of red and green tape on individuals, businesses and organisations. That is why the coalition is deregulating universities, which will see opportunities for 80,000 additional places in sub-bachelor degrees such a diplomas, advanced diplomas and associate degrees. Commonwealth funding has been expanded to support people studying these courses. The coalition government has expanded Commonwealth funding for bachelor degrees to all registered higher education institutions, not just universities.

We have introduced the largest ever Commonwealth Scholarships Program, creating more opportunities for students with low socioeconomic backgrounds from regional areas to enter tertiary study. Apprentices will now be eligible for Trade Support Loans, helping with the cost of their training and the purchasing of the tools for their trade. Streamlining of the Industry Skills Fund and a commitment of \$476 million will see 200,000 targeted training places over four years in areas of need. The coalition is boosting the number of older workers participating in the workforce through the Restart initiative. Businesses will receive up to \$10,000 for employing workers older than 50.

These are just some of the initiatives the coalition government is taking to improve opportunities for job seekers and training opportunities for young Australians. We have a proud history on this side of the House of improving the job market, allowing businesses to do what they do best, boosting employment and seeing the next generation trained and educated to strive in an increasingly competitive market. It is time that Labor stopped their delusions of false accomplishment and let the coalition government get on with the job.

Mr PERRETT (Moreton) (16:05): I have been listening closely to the contributions from those opposite—not from within the chamber but in my office. I would like to commend the member for Ryan for one thing, and that is the maroon scarf around her neck. However, I condemn her and the people that she is sitting with for the heavy burden they have sadly put around the necks of young Australians. We were led to believe before the election that the Prime Minister, the member for Warringah, would fight for Australian jobs. He has a record of being a fighter, a boxer, but, sadly, we have seen so many jobs go offshore—jobs that will never come back—particularly in manufacturing, when he said that Australia would always have a manufacturing sector. He has neglected it on his watch.

In fact, my opponent, the member for Warringah's candidate, promised an LNP commitment that there would be a jobs forum in the electorate of Moreton within 100 days of gaining office. Nearly 300 days in and there is still no jobs forum, despite me writing to two ministers about it and asking them to keep their word. On the south side of Brisbane, most of the electorate of Moreton has a youth unemployment rate nudging 15 per cent. Sadly, we are

also seeing cuts in the TAFE sector in Queensland. John-Paul Langbroek is committed to closing one in three TAFEs—it is a horrible fact to acknowledge on National TAFE Day, but that is the reality facing Queenslanders. As we have heard from other speakers from other states around this nation, they have all been impacted—and they will be impacted further by the short-sighted decision to cut \$2 billion from schools and training programs.

We have a government that is happy to commit to that Queensland government policy of 10 years ago of 'earning or learning', yet they are ripping money away from programs that actually provide support to young people in apprenticeships and to help them get into employment and education. We should be responding to the issue of youth unemployment by investing in young people, not cutting them off when they most need help.

On National TAFE Day I acknowledge that, over the last 40 years, TAFE has emerged as one of the top vocational education systems in the world, as the traditional master and apprenticeship scheme has changed and evolved to reflect the modern world. So why does Queensland state government policy not recognise TAFEs achievements—its contribution to our society and the incredible skills of the teachers who work there? Instead they have decided to savagely cut investment in TAFEs.

Last year the Newman Queensland government announced details of reforms which will make all public funding contestable. It will remove all assets from TAFE Queensland, introduce HECS student loans to make students pay even more for training, and restrict access to places at TAFE for many students. In fact, the recent Queensland budget announced that campuses will be opened up for use by for-profit providers and 38 TAFE colleges look likely to close.

We need more skilled workers. We have employers calling out to people from around the world to come over on 457 visas because they cannot find enough skilled workers in Queensland and other parts of Australia. We need more plumbers, more electricians, more carpenters and more fitters and turners. The Labor government helped 21,000 Australians access an apprenticeship through the Kickstart initiative. Thanks to Labor, senior high school students across Australia have better access to trade training centres. However, we have also seen TAFE fees soaring in many places. It has disastrous consequences when these fees go up, particularly for poorer families—and especially when someone is the first person in their family to go on to higher learning.

In Queensland we have seen a crazy situation where some fees have now increased tenfold, or 1,000 per cent, which is way beyond the reach of ordinary working people. For example, a Diploma of Sustainability course in Cairns went up from \$439 in 2013 to more than \$6,000 this year. This information is from Curtis Pitt, the state member for Mulgrave. Her son's ambition is to work in film and television and the fee for that course rose from \$3,000 in one year to more than \$20,000. Those fees make such courses out of the reach of ordinary Australians, particularly poorer Australians. Despite the empty words of those opposite, we are not seeing an improvement in long-term unemployment or in opportunities for young people.

Mrs SUDMALIS (Gilmore) (16:10): This government stands for employment solutions to work, not for employment dissolution to welfare. Gilmore's unemployment rate was the fifth highest in Australia, at 9.3 per cent, when Labor left government last year. Those opposite cry crocodile tears over budgetary reallocations. The redirection of taxpayer dollars is an obvious

result of the failed program measures of the last Labor government, when an extra 200,000 people were looking for work. Those opposite should be ashamed. Our current unemployment is the legacy of six years of Labor government that promoted handouts, bonuses and carbon tax compensation without any sense of a return from the recipients, with no proper audit and certainly with no measure of delivery outcomes.

Those opposite have absolutely no idea. To condemn a young unemployed person to a life of welfare dependence is the very pathway to a lack of self-esteem, progressing to social isolation, depression and possibly antisocial behaviour. The plan to encourage re-engagement through volunteering is a proven method of revitalising people and growing their self-confidence.

This government is getting on with the job of repairing the cracks that the Australian Labor party left in our economy. We are getting on with the job of restoring business confidence, creating one million new jobs and getting the budget into black. It is those on this side of the House who truly care about employment and Australia's future prosperity, rather than welfare horizons as far as the eye can see.

Gilmore is one of just 18 trial sites for the government's revamped and revitalised Work for the Dole scheme. During the next few months, over 800 local job seekers will have the opportunity to learn new skills, get work ready and contribute back to the community that has helped them get on their feet. With over 6,000 unemployed in my electorate, I am focused on bringing new opportunities and better skills to our people.

The government's 20,000 Trade Support Loans will help restore the prestige of an apprenticeship and help our local youth in Gilmore get through the tough years that a trade apprenticeship brings. These loans will allow apprentices to buy tools or a vehicle, or to simply keep their head above water. Our scheme offers incentives for apprentices to complete their training with a \$4,000 discount on their loan when they complete their apprenticeship. This actually supports TAFE education—which, by the way, is predominantly funded by the state government.

After all, why should a plumber, an electrician, a builder, a baker or any other kind of tradesperson be treated any differently to a university graduate? Without a builder to construct our homes, our offices and our city infrastructure, we would not have universities in the first place. In many towns across Australia, especially in rural and regional Australia, the highest income earners you will find are the builders, the miners, the plumbers and the bakers—as it should be. It is time to restore the prestige of an apprenticeship and that is just one thing this government is doing to get Australia, and our unemployment rate, back on track. Labor's so-called support for manufacturing and workers has to be questioned when associated jobs were lost at a rate of 67 a day. That equals one job lost every 19 minutes; what a disgrace. Industries like the Shoalhaven Paper Mill or the Port Kembla steelworks used to employ tens of thousands of people between them under the last coalition government. Since Labor's election in 2007, we are now lucky to see that total more than 1,000.

We are also investing in older Australians with our \$10,000 Restart grant for businesses who employ workers over 50. This is a strong incentive to employ some of our wisest and greatest assets in the Australian workforce. The electorate of Gilmore has one of the highest numbers of these wise residents in the entire country. We have over 20,000 age pensioners who make up a strong, experienced and mature workforce and we are proud of that fact. This

initiative will be part of our efforts to reduce our chronic local unemployment, as well as the Green Army project, which is an amazing initiative. This government is in the business of creating a strong economy and keeping jobs for Australians. I am in the business of fixing Gilmore's unemployment rate.

There have been many occasions in the last 12 months where I have spoken in passionate terms about the devastating effect of the Labor Party's carbon tax on regional employment. Those opposite have no concept that for a small, local, family owned business the huge increase in electricity cost causes them to think twice about employing young people for part-time employment. They simply cannot afford it. It was easier to just do it themselves so they could stay ahead financially, and so employment for young people chronically dropped. I was in business for almost 20 years. I know full well how important work experience and work confidence is for a new employee. Having employed more than about 150 people in a period of 20 years, I know exactly what skills they need. We do not do young people any favours by not encouraging them to start volunteering or to get their initial work experience. Ultimately, the efforts of these initiatives and the efforts of this government will lead to a much greater potential for growing paid employment for every unemployed person.

The DEPUTY SPEAKER (Hon. BC Scott): Order! The discussion is now concluded.

COMMITTEES

Infrastructure and Communications Committee

Membership

The DEPUTY SPEAKER (Hon. BC Scott) (16:15): The Speaker has received advice from the Chief Opposition Whip nominating Ms MacTiernan to be a supplementary member of the Standing Committee on Infrastructure and Communications for the purposes of the committee's inquiry into infrastructure planning and procurement.

Mr TURNBULL (Wentworth—Minister for Communications) (16:16): by leave—I move:

That Ms MacTiernan be appointed a supplementary member of the Standing Committee on Infrastructure and Communications for the purpose of the committee's inquiry into infrastructure planning and procurement.

Question agreed to.

BILLS

Asset Recycling Fund Bill 2014

Asset Recycling Fund (Consequential Amendments) Bill 2014

Second Reading

Cognate debate.

Debate resumed on the motion:

That this bill be now read a second time.

Mr VARVARIS (Barton) (16:17): I am very pleased to be speaking on the Asset Recycling Fund Bill 2014 and the Asset Recycling Fund (Consequential Amendments) Bill 2014 today. This initiative is a bold and necessary component of Australia's infrastructure future. The bills propose that the government can sell public assets, such as Medibank, with

the resulting proceeds going towards much needed infrastructure investment projects. The Asset Recycling Fund is scheduled for commencement on 1 July this year. The coalition is proud to be the government that is actively responding to our infrastructure crisis. The last six years have seen infrastructure growth all over Australia stagnate under procrastination and delay. The coalition, under our two infrastructure leaders, the Prime Minister and the Minister for Infrastructure and Regional Development, is making an historic investment in the budget this year to get on with building Australia's infrastructure.

For too long, our infrastructure needs have not kept up with population growth. This has detrimental effects for Australia as a competitive international player, for economic certainty and for the lives of fellow Australians. Congestion on roads bearing the heavy burden of traffic is costing our economy \$15 billion a year, and weak productivity growth from a range of factors is threatening the stability of our future living standards. Infrastructure development and implementation is top priority for this government. Years of procrastination and delay threaten current and future economic prosperity. The undeniable truth is that we must act now. We have to break the complacency that was paralysing our infrastructure growth and resolve the infrastructure backlog. The coalition is getting on with the job, as per our election promise, of building the roads of the 21st century by committing to existing projects. We will not be wasting further time and funds on consultation and analysis while not actually rolling anything out.

I think what Macquarie Group Executive Director, Jim Miller, said previously really homes in on this point:

We have this inertia where everyone is pointing to each other. The Commonwealth is pointing to the States; the States are pointing to the Commonwealth. Meanwhile we haven't achieved anything.

This is the differentiating factor between members on this side of the chamber and those opposite. Instead of leaving such important decisions solely to other parties to figure out how to get the project going, the coalition's budget figures constitute a historic infrastructure investment and prove that we have listened to stakeholders and gotten stuck into the job of building the roads and transport of the 21st century within just eight months of being in government. The critics might say the coalition is merely committing to existing projects by the Labor government. But, ultimately, there is a big difference between commitment and action. The coalition is about action and getting the job done.

I note from the recent Infrastructure Australia report that urgent reforms are needed to address our growing population in all areas of Australia. Sir Rod Eddington, Chairman of Infrastructure Australia, said:

Focusing on the right reforms will help us to use existing infrastructure more efficiently ... and involve private players more in the ownership and management of traditionally publicly owned assets by recycling capital to fund new infrastructure ... These reforms, however challenging, will leave Australians better off—with more capable Governments, better planned infrastructure that meets their needs, and more sustainable, affordable transport options.

The good news for Sir Rod and for Australians across the nation is that a core element of the government's Economic Action Strategy is the commitment of an additional \$11.6 billion in the budget for the Infrastructure Growth Package. I also wish to refer to the draft report of the Productivity Commission produced in March of this year which notes:

Efficient public infrastructure plays a key role in a competitive and productive economy and the ongoing funding and financing of infrastructure development in Australia is therefore of critical importance.

I proudly support the \$5 billion contained in the budget to establish the Asset Recycling Initiative, which will provide incentive payments to states and territories that sell assets so that proceeds can be reinvested to fund essential infrastructure right around Australia. This is a win-win scenario. This record level of investment in infrastructure by a Commonwealth government reflects our resolve to get things done, because that is what we were elected to do. Delaying infrastructure is harmful to the national interest and will ultimately impede long-term economic prosperity.

In my electorate of Barton, residents are already benefiting from the actions of an effective government. Through smart investing and modes of financing, stage 2 of WestConnex is set to begin early next year, with the Commonwealth and state governments working together. This is an \$11 billion project that will greatly benefit the constituents and motorists in my electorate. The project received a \$1.5 billion commitment from the coalition to the state of New South Wales and a further \$2 billion as a concessional loan to accelerate the delivery of stage 2 by up to 18 months. This innovative reform of finance is the type of creative financial solution we have needed for a long time, and it has taken a coalition government to deliver it.

The WestConnex is one of the largest transport infrastructure projects in Australia. The project will deliver 33 kilometres of new and upgraded motorways linking Western and South-western Sydney with the city, Sydney Airport and port precincts. It will remove traffic in that motorists can bypass busy CBD streets and go underground. An estimated 3,000 trucks use these existing roads daily and this development will mean their travel times will be reduced and the traffic burden placed on local roads will ease.

Beyond addressing motorist needs, the WestConnex will deliver more than \$20 billion dollars in economic benefits to New South Wales with a further 10,000 jobs created during the construction period. This is an outstanding testimonial to what an efficient infrastructure government can achieve. Projects like these can continue to operate right around the nation with the onset of the Asset Recycling Fund.

Initiatives like these are essential to reducing infrastructure construction costs and address any barriers to private sector financing. The last six years of the Rudd-Gillard-Rudd government have seen our infrastructure stagnate with high congestion on local roads. The Productivity Commission's draft report on public infrastructure highlighted poor project selection and poor planning as some of the major constraints on Australians receiving the infrastructure they need, and that is very disappointing. If we are to prosper and create economic certainty for all Australians now and into the future, we must get on with delivering the roads, ports and means of transport for all Australians immediately.

The budget constraints now and into the future mean we are facing infrastructure deficits exacerbated further by the previous five record deficits under the Labor government. Further, we have layers of bureaucracy that stifle infrastructure growth and development—for example, nearly 600 different local, state and territory governments along with Commonwealth government and infrastructure departments. This is creating inefficient and slow development from ideas to reality, meaning our projects take a long time to get off the ground and therefore become unattractive to potential investors.

The coalition is committed to working constructively with state counterparts to address needs and move projects forward in a timely fashion. The Asset Recycling Fund will tap into potential private investor funding to alleviate the burden on traditional government revenue. Members of the opposition are against user-pay models, but infrastructure can only be funded through either increases in tax, increases in borrowings or user charges. Because of the large debt and deficit we are in and the tax revenue languishing from changes to demographics, asset recycling is a viable and necessary option to address our chronic infrastructure shortage. Unless a government is innovative and prepared to confront the challenges that lie ahead, Australia will continue to face a chronic undersupply of infrastructure. Everyone has to contribute to these investments because there simply is not a surplus of money.

The coalition fully recognises this, and we are committed to tackling these challenges head on. Members of the opposition may counter by saying these are all the things they have done whilst they were governing. Unfortunately, their track record speaks otherwise. As mentioned earlier, the WestConnex project is not new, and Labor had the chance for years to do right by the people of Barton and New South Wales. But it never kicked it off.

Further west of the WestConnex, the Parramatta-Epping rail link was delayed by seven years until a coalition government came into power. Another infrastructure fiasco was the National Broadband Network, costing in the billions and still not having reached their targeted numbers well and truly after the initial rollout phase. Any government that spends the hard-earned dollars of taxpayers is accountable for the outcomes of their investment. These projects should ultimately enhance the lives of constituents and respond to their needs.

To further highlight the enormity of support for this bill—which should illustrate the dire straits we were left in with regard to infrastructure—states and territories all signed the National Partnership Agreement on Asset Recycling at the Council of Australian Governments meeting on 2 May this year. This signed agreement with state and territory counterparts means that for every dollar of government investment it will harness a return of \$8 for infrastructure revenue. The Asset Recycling Initiative will leverage close to \$40 billion of new infrastructure investment from the states and territories.

This unanimous support for the agreement demonstrates that state and federal levels of government can work together. Ultimately, the real outcomes of the coalition's record spending on infrastructure investment aside from roads, rail and urban transport is that people benefit by having more time back in their personal lives. We must not forget that initiatives like an asset recycling fund which goes on to fund important road projects and improve logistics has a very real benefit in terms of human value for all Australians. Less time spent on congested roads means more time at home and with family. Fewer heavy vehicles in the CBD means urban transport can get from A to B faster, carrying passengers who spend less time stuck in traffic and more time doing the things they enjoy. Weekends can be freed up for personal time as opposed to waiting in traffic.

The big winners of the coalition's infrastructure spend and Asset Recycling Initiative are the people and families that make up our society. Giving time back to people and families who are already time poor is important, and this will be achieved with the coalition's growth package. I commend the bill to the House.

Ms CHESTERS (Bendigo) (16:28): In rising to speak to this bill I want for a moment to pay credit to the government for their creative writing skills and the name of the Asset

Recycling Fund Bill 2014. How do they come up with this stuff? Operation Sovereign Borders, Enhancement Removal Program for Regional Post Boxes, Asset Recycling—do they sit around? Is there a whiteboard? Is there a competition amongst the backbenchers? How do they come up with this stuff? At the end of the day, asset recycling is purely and simply privatisation. It is the sale of public assets so private enterprise can make a profit from them. It is not anything new; it is straight out of the modern Liberal playbook.

In short, this bill intends to provide an incentive for state governments to privatise their assets and then recycle the proceeds into new infrastructure projects. As I said, this is not new; this is what Liberals and Nationals do when they get elected. They sack public servants and sell off public assets as quick as they can. It is a throwback for many Victorians to the era of Jeff Kennett. In office, Jeff Kennett immediately instituted budget cutting measures and a privatisation program. In fact, Jeff sacked over 50,000 public servants. In his first three years of office, he closed 350 government schools, cut 7,000 teaching jobs and sacked thousands of school cleaners on Christmas Eve. Kennett also sold off billions of dollars worth of Victorian public assets. And he did this, he claimed, because of a budget emergency—again, language straight out of the Liberal Party handbook that we hear again today in this chamber. Kennett privatised state owned services, including electricity and gas utilities, the ambulance service and prisons as well as other services. The sale of gas and electricity raised \$29 billion when it was sold to private enterprise.

Whilst nobody disagrees that in the short term this money did go into the budget, the longer-term economic cost to the people of Victoria still raises questions about whether this sale was worth it. Putting electricity generation and distribution into private hands neither reduced the price of electricity nor helped the broader public interest. Since privatisation, electricity prices to the consumer have gone up by 50 per cent—and to think that members opposite are upset about the price on carbon. Where is the critique of the cost of privatisation? Who led the revolt against Kennett, and who is leading the revolt against this government, but people in regional communities? Regional communities were the first to vote Kennett out. They were the first to stand up and say that they did not support the sale of public assets. They did not believe that they would get good services in the bush if public assets are privatised.

And I share their fears. That is why I support the amendments moved by Labor in the House and in the Senate that will require as a precondition for the spending of Commonwealth funds on the asset recycling initiative (a) an Infrastructure Australia assessment of the new infrastructure that includes a published cost-benefit analysis and (b) the tabling of a disallowable instrument for each privatisation or reinvestment transaction. It is important for our communities that we ensure that there is strong oversight when it comes to the sale of our public assets. Regional Australians fear the fire sale of public assets, because where is their representation? Where are the Nationals on this? In opposition they are quite happy to say, 'We'll stand up for the bush', but the moment they get elected into government they crumble to the city based Liberals when it comes to public assets. They flounder and agree with silly terms such as 'asset recycling' and agree with the Liberals in their agenda to sell off assets. I call on the members who represent regional communities to stand up and to support Labor's amendments, because these amendments are the only ones that will truly ensure that people in the country will be represented when it comes to their public assets. If

the states seek to gain from the sale of public assets or the assets recycling program it should be subject to the measures as outlined in Labor's amendment.

In the state of Victoria there are not many assets left after Kennett's big privatisation bender of the early 90s. But there is one: there is still the Port of Melbourne. And on that particular one, only a week ago Jeff Kennett actually argued that the state government should proceed immediately to sale and that not selling it was 'politically dead'. Well, politically dead is not a good enough reason for the sale of a public asset and is another reminder of why it is so important that we have oversight when it comes to the sale of our public assets. Whilst the port remains one of the last significant public assets on the Victorian books, it is important to note that the Victorian government has made noises publicly about this program, and in this House we have not forgotten it. They are so concerned about this particular program that they have actually made a submission to the Productivity Commission. The Victorian government is so worried that Victoria could be disadvantaged under the plan because so many public assets were sold off in the 1990s that in their submission Victoria argued that the privatisation push of the Kennett years has left the state with less scope to benefit from this measure. They argue that any such incentive payments must also provide financial rewards for past efforts in selling off public assets. Is this state government for real? Once you have sold them off they are gone. What do they not understand about how the market works? Yet they are arguing that they should be rewarded for their past efforts.

These comments are not surprising from a government that is becoming increasingly chaotic and increasingly dysfunctional. Just to touch very quickly on an example of how dysfunctional this government has become in my area of Bendigo, it appears that if you want to get funding right now from this government all you have to do is ring up the local paper—a very good paper, the *Bendigo Advertiser*—and if they run a front-page story about your particular issue then within days you will get a visit from the Premier and a visit from the education minister promising funding. That is exactly what we saw happen to the Kalianna Special School this week and exactly what we saw happen to the Annie North project. And good on them for speaking out about the lack of investment from the Liberal government in the state of Victoria. But it is a bad way to do policy if local schools and local organisations have to be on the front page of their local paper to get funding. The secret is out now, and watch every front page of the *Bendigo Advertiser* and watch the state government throw money desperately trying to win the next state election. It is another reason that it is so important that these amendments are adopted. These decisions about infrastructure should be independently assessed and recommended by Infrastructure Australia.

We all know that the Liberals are obsessed with Melbourne metro based transport projects, leaving electorates like my electorate out in the cold when it comes to decent infrastructure funding. We have our own fair share of projects—regional infrastructure projects, roads projects and rail projects that we also need funding for. Yet the Libs and the Nats in the state of Victoria continue to champion a dud tunnel, the east-west tunnel, with little precious funding left available for vital regional infrastructure and rail projects. This one project demonstrates why it is so important that Infrastructure Australia should be involved in the approval of any major projects. This is one project that we have heard of today in this House and that we have seen reported in the media that lacks the transparency around the decision making that is required for major infrastructure projects.

Instead of allocating the \$8 billion in funds to our regional highways, arterial roads and local roads that are falling apart and riddled with dangerous cracks and potholes, the money has been allocated to what has been described as a dud tunnel. The tunnel does not solve the congestion problems of Melbourne. There are very few people in Melbourne who need to go from east to west. People in the east and the west need to go to the city.

There is no design yet, or even a mark on the map, showing where this tunnel will pop out. Why? Because we have a state election, and who wants to be the sitting MP who has to go around door knocking saying, 'My government has decided to knock down your house so that the tunnel can pop out in your backyard.' This is the problem with policy decisions that are made on a whim, and it is another reminder about why we have established Infrastructure Australia and why these decisions should be independently assessed by Infrastructure Australia.

After the last election the Prime Minister was reported in *The Age* as saying that he did not even need to see the business case for the East West Link. The journalist went on to report in *The Age* that over \$1.5 billion in funds would go to this tunnel without the Prime Minister even seeing the full business case. How is that a good way to do good governance and ensure that taxpayers are getting value for money?

The government is making this advance payment to the state of Victoria to help fast-track the project and make their budget look good before the next state election. Is that how desperate the Liberals have become to prop up a dysfunctional and chaotic state government. If there were one example that demonstrated that there is a need for greater transparency, it would be the East West Link project of Melbourne. There are so many major regional infrastructure projects that need urgent attention, and not just to help families get from A to B but also to help our products get from the north of the state to the ports. The Mildura freight rail project is one that comes to mind. Other projects are the Calder Highway upgrade to the north, completing the Calder Freeway upgrade to freeway standard the whole way from Melbourne to Bendigo, and the Bendigo Airport upgrade. These are just a few of the many projects that could benefit from regional infrastructure funding. Instead, the Liberal obsession with Melbourne means that these projects are delayed.

But where are the Nationals? Standing on these roads and at the airport during the election period, Mr Truss was happy to visit Bendigo Airport during the election period, but since the election he has not been back. He did not even have the time to meet with the council, who he met during the election period, when they were here a few weeks ago. These vital projects are standing still because the government has its priorities wrong when it comes to infrastructure funding. These problems are being ignored in favour of Melbourne projects.

Good road and rail links are critical to supporting regional communities. If our farmers are to get their product to market they need a decent regional infrastructure system. Right now this government is not prioritising it in the regional parts of Victoria. The only major transport project that Central Victoria will benefit from in the next few years is the Regional Rail Link, which was funded and started by former federal and state Labor governments. Yet I note that in a few months Denis Napthine and Warren Truss will probably be there cutting the ribbon to say, 'Job well done.' Well, it is not a job well done for the Liberals and Nationals, because they were not the ones who allocated funding to it. They were the ones who simply sat back and watched money that Labor allocated in government to see the building of this project.

They have an opportunity right now to start planning for the next regional rail project, the Mildura freight rail upgrade. But we have not yet seen this government prioritise that project.

Without the amendments moved by Labor, asset recycling is a bad deal for states. Given that the federal government already provides at least half the funds for many projects, where does the 15 per cent incentive sit when it comes to the 50 per cent allocation. There is a problem with the maths when it comes to this particular bill.

I urge the members of the House to support Labor's amendments, because only through these amendments will we actually get genuine transparency and ensure that, if there are sales of private assets, the funding goes towards projects that really will make a difference to Australia and, in particular, regional Australia.

Mr SUKKAR (Deakin) (16:43): I was really pleased to follow the member for Bendigo in her contribution to this debate, because the member for Bendigo spoke at some length about her opposition to the state coalition government's policy in respect of the sale of the Port of Melbourne Corporation. There were a couple of minutes there where the member for Bendigo spoke stridently against that proposed sale. I suppose the problem for the member for Bendigo is that she should probably speak to the state Labor opposition leader, Daniel Andrews, who, in November 2013, committed the Labor Party, if elected, to sell the Port of Melbourne Corporation. So there we have it. The member for Bendigo has repudiated sensible state Labor party policy, where they were brought kicking and screaming to accept that the sale of the Port of Melbourne Corporation would be very positive. So, Member for Bendigo, I think you have a little bit of explaining to do when we head back to Victoria. I also suspect that it is another case of saying one thing in Canberra and another thing when we all head home to our electorates.

Before I start my contribution on the Asset Recycling Fund Bill 2014, I want to assure the member for Bendigo that nobody in Victoria—certainly nobody in the outer east of Melbourne where the seat of Deakin lies—refers to the East West Link as 'the dud tunnel'. She might be concerned about the inner-city Greens and the internal Labor Party fights that will happen with respect to—

Mr Fitzgibbon: On a point of order, Mr Deputy Speaker: you cannot preface your remarks by saying, 'Before I get to the bill I want to say this,' and claim you are being relevant to the bill. The member, by his own admission, is not being relevant to the bill.

The DEPUTY SPEAKER (Mr Craig Kelly): There is little bit of latitude.

Mr SUKKAR: I commend the member for Hunter for trying to save the member for Bendigo, but nothing will save her from the woeful contribution she just made.

People in the eastern suburbs of Melbourne, in my seat of Deakin, greatly appreciate the Asset Recycling Fund Bill which we are here to debate today. Let us remember that this is an agreement that the federal government was able to strike with every single state government, including state governments of the other political persuasion. So I find it very surprising that the amendments being sought here are not being repudiated by those opposite. This bill, and the Asset Recycling Fund, is a key component of ensuring that we meet our commitment to give Australia the infrastructure of the 21st century—something we spoke about ad nauseam during the election campaign and something we have spoken about ad nauseam since forming government.

What sets us apart from the Labor Party is that we do not send out endless media releases or make endless announcements. I do not follow New South Wales politics that closely, but—gee whiz—I can recall that many infrastructure projects being announced three, four or five times. Even in my own state the Labor Party does it. There is no shame. They will announce the same infrastructure project time and time again—without any credible way to fund it. The Asset Recycling Fund will ensure that we have the means to deliver on our promises.

The fund is designed to provide incentives and support for our state and territory governments to sell their existing assets and invest the freed-up capital into new productive infrastructure—infrastructure that will provide the foundations for a more productive economy. I could not believe the member for Bendigo—she was almost rewriting Labor history when bemoaning privatisations. I think we need to sit her down with former Prime Ministers Hawke and Keating. Perhaps she can educate them on the mistakes they made when implementing their very important privatisation agenda. It shows you just how far the once great Labor Party has retreated from what it was.

The Asset Recycling Fund will start with an initial commitment of \$5.9 billion. This money comes from uncommitted amounts in the Building Australia Fund and the Education Investment Fund and will be managed by the Future Fund Board of Guardians. The Asset Recycling Fund builds on earlier coalition government measures to create future funds—thanks, as we know, to former Treasurer Costello—to benefit current and future generations by providing long-term investments in our future economic development, not just spending money with the next election in mind. These are not short-term measures. They are for the long-term benefit of the nation.

In the 2014-15 budget, the coalition government, unlike Labor, invested a fair dinkum \$50 billion into key infrastructure projects. I have been very gladdened to read that that \$50 billion investment will support more than \$125 billion of construction activity once you take into account private sector and other sources of funding. In other words, a \$50 billion commitment by this government, which is unprecedented, unlocks an additional \$75 billion of private investment.

Over the last few years, much has been made by members opposite about the need for investment in infrastructure projects. Every question time, it seems, the former infrastructure minister interjects in some sort of desperate attempt to salvage some kind of legacy—but I can tell him that that legacy has been shot out of the water, so he should just give up. We on this side of the House will deliver on our promise of modern infrastructure. It is a key part of our Economic Action Strategy to boost jobs along with investment. Again, it was something we spoke about ad nauseam before the last election.

Building the roads of the 21st century is a crucial step and I am very proud that prior to the election, through advocacy from Victorian federal members—or federal candidates, as I was—we were able to secure a \$1½ billion commitment in relation to the East West Link. This is an unprecedented investment in crucial infrastructure for Victoria. Again, the member for Bendigo referred to it as 'the dud tunnel'. She should probably speak to the former Labor state government and former Labor Premiers John Brumby and Steve Bracks, because the East West Link, the most crucial infrastructure project in Victoria, was first identified by the former state Labor government through their Eddington review in 2008. The member for Bendigo has effectively repudiated Daniel Andrews, the current opposition leader; the last

two state Labor premiers of Victoria; and two great prime ministers—Bob Hawke and Paul Keating. I think that shows you exactly what has happened to the Labor Party.

In addition to the \$1½ billion that was committed pre-election, we recognised, in order to unlock Melbourne's west and to provide a second river crossing in Victoria, that stage 2 of the East West Link needed to be accelerated too. Clearly stage 1, with our \$1½ billion commitment, will kick it off and get it started this year. But the additional \$1½ billion for stage 2 is recognition that, in order to have an entirely integrated road system in Victoria, that second river crossing—in addition to stage 1 of the East West Link—is going to be absolutely necessary. So there we go. We have \$3 billion committed by this government to ensure that the East West Link, stages 1 and 2, starts immediately.

Another huge advantage for the Victorian economy—not just once the road is completed, because we know there will be massive benefits for businesses and commuters—is that during the construction phase of stages 1 and 2 of the East West Link over 6,000 construction jobs will be created. That is why responsible union leaders in Victoria have been desperately making pleas to the state Labor Party to get behind the East West Link. I suspect that secretly they wish it happens. They want the hard decision taken away from them. I can promise the Labor Party that, yes, we will make the hard decision. In fact, it is not that hard; it is a very positive announcement for Victoria. There will be 6,000 new jobs during the construction phase of the project.

What is the big problem with the East West Link? The problem is, for residents of Deakin, Aston and Menzies and people who live in the eastern suburbs, the Eastern Freeway effectively ends at an inner-city street at Clifton Hill. This project will ensure that Deakin residents commuting to the airport, across town for work in the West, or even into the inner north or the CBD, will no longer have to sit on the Eastern Freeway for hours on end. A stark example of that is that every Sunday afternoon, when I am making my way to the airport during a sitting week, I sit on Alexandra Parade at the end of the Eastern Freeway for the better part of half an hour. This is on a Sunday afternoon. So I absolutely appreciate it when my constituents complain to me about the time they spend on the Eastern Freeway.

This is a huge fillip for the Victorian economy, it is a huge fillip for jobs growth and, importantly for the residents of Deakin, the East West Link will ensure that the eastern suburbs are no longer forgotten and that the eastern suburbs have the infrastructure they need—not only for small businesses but also for everyday mums and dads. Quite frankly, the time you spend on the freeway often determines whether you get home to bathe your children, give them a kiss or read them a book before they go to bed. It is real life for these people. If we are able to save mums and dads—and all family members—time commuting, there are productivity benefits but there are also deeply-felt personal benefits for everybody.

The Asset Recycling Fund is the culmination of an historic agreement between the Commonwealth government and the states, including Labor states. Clearly, there is bipartisan support for it, if you put aside the endless opposition we get from members of the federal Labor Party. It makes sense. Recycling assets and ensuring that those funds from privatisations are contributed to productivity-enhancing infrastructure should not be anything new. There should not be anything particularly novel to members opposite, except that it is very positive. If it is novel to those opposite, then they should read the legislation and consider it, because it makes complete sense.

If asset recycling means that rather than having endless media releases, endless photo opportunities which the Labor Party was so good at for six years, we start delivering projects—we have men and women on the ground with projects actually happening—it will be a huge fillip for the broader national economy, not just for the Victorian economy, and will have long-term benefits on the economy through more efficient freight movement and productivity of our citizens.

I congratulate the Victorian state government for working hand in glove with us, in respect of our investment in the East West Link, because it has indicated to the Victorian people that when you have state and federal governments who do not endlessly squabble, things can be delivered. Ultimately, my residents in Deakin want to see action. They want to see things happening. They do not want to see blame shifting from one level of government to another. The \$3 billion we are committing to the East West Link—and countless other infrastructure projects around the country—will be a huge shot in the arm for the Victorian and national economies. I therefore commend the relevant minister for this historic Asset Recycling Fund and congratulate him for being able to negotiate this with each of the states.

Mr CHAMPION (Wakefield) (16:58): I was somewhat shocked to hear the member for Deakin say the word—not using the words 'asset recycling'. It slipped out; he could not help it; he could not keep it contained. The word 'privatisation' slipped into *Hansard*. He wandered off the focus-group tested 'asset recycling', the Orwellian attempt by the Liberal Party's spinmeisters. They thought privatisation sounded bad: 'We'll call it asset recycling.' So we get this Orwellian bill. It does not have one dollar extra in infrastructure. All it does is link what was already in the budget in infrastructure spending—under Labor—to a privatisation scheme.

Of course, Labor is not against the selective privatisation of some assets. Indeed, in the Hawke-Keating years there were some privatisations—Qantas and the federal airports come to mind. We have always taken a selective view, a public interest view, a public good view, of this issue. The problem with those opposite is that they always approach privatisation as a matter of ideology.

Labor's two proposed amendments to this bill are, firstly, to allow Infrastructure Australia assessment of new infrastructure as productivity-enhancing projects, and that includes a published cost-benefit analysis; and, secondly, the tabling of a disallowable instrument for each privatisation and reinvestment transaction. That is for very good reason, because there are sensible privatisations and then there are what the Liberal Party do, which are ideological privatisations.

We see an inability of the language in this bill—and indeed in the language used by this government—to just be honest and talk straight with the Australian people. It is one of their government's problems in terms of the co-payment. We saw the member for Hume getting in a bit of strife today. It is one of the Prime Minister's problems. It is the reason he now has to write to pensioners across the country, presumably to right some wrongs, to fix up some communication issues. This bill is about the encouragement of states to privatise their assets willy-nilly. There is a 15 per cent reward. There is a smaller contribution than states normally put into infrastructure, which is normally either 50 per cent or 80 per cent. The government is putting in a small reward so that some state governments go on a privatisation frenzy—not in

the public interest, not selectively looking at assets in the public interest, but simply selling things off willy-nilly.

We know what Liberal state governments do when they get any sort of encouragement in this area. I can tell you what happened in South Australia. In the nineties we saw the Olsen government sell many assets that the state had, willy-nilly. They sold the state TAB for \$50 million. That sounds like a good outcome, except that it earned \$50 million a year. They sold it to the Queensland TAB. Apparently there is some risk involved in gambling revenue, so they got that one off their books. That privatisation continues to plague the racing industry in my state to this day. To this day it is regretted. It was a foolish privatisation. It was a privatisation which was in no way in the interests of the taxpayers of the state of South Australia. When the ideological test is applied, we get some pretty bad outcomes.

The Olsen government also leased our electricity assets. This was not just unpopular; it also did not live up to the expectations. An article by Tory Shepherd in *The Advertiser* on 21 February this year carried the headline, 'ETSA sale cost South Australia \$2b as prices soar, says damning report on privatisation'. That report was by Professor Quiggin, who is quoted as saying, 'South Australia is really Exhibit A in privatisation leading to higher prices.'

I would just warn those opposite that it is all very well to be a cheer squad for these sorts of privatisations, but I can assure them that often the rhetoric catches up with you when reality hits. There are other reports, such as one by Dr Phillip Toner from the University of Sydney in 2012, in which he noted, 'South Australia, which has a fully privatised electricity industry, has the highest prices of all states.' He also noted, 'New South Wales electricity prices increased largely due to a massive increase in capital expenditure from the mid-2000s.'

It is an interesting point about New South Wales power prices. We know that power prices are a big issue for the public—a very big issue indeed. I would not blame any person across the country for being worried about electricity prices. But most of this is about privatisation or, in the case of state owned assets, in the preparation for their eventual privatisation. In John Quiggin's report *Privatisation of Queensland electricity assets: A preliminary evaluation*, he notes:

In South Australia, privatisation was advocated in the 1990s on the basis that it was necessary for participation in the National Electricity Market. Far from reducing prices, the result was to raise them to the highest levels in Australia.

This was due in part to massively increased distribution charges. As the SA Essential Services Minister, Lew Owens noted in an interview with ABC Stateline (2003):

The simple explanation for that is in addition to the wholesale energy price you have to add the network charges for the poles and wire businesses.

They are dearer in SA because the assets were revalued back in 1996 prior to privatisation and locked in by legislation.

That is a very important observation by Lew Owens, who was the Energy Regulator in South Australia. In the run-up to the privatisation of electricity assets, state governments typically fatten the pig before market today. They do that by gold-plating the infrastructure and by raising the prices that consumers pay. That is how South Australia ended up not just with the highest prices in Australia but, as was reported on 21 March 2012 in *The Advertiser*, 'South Australia's power prices set to become the highest in the world says Energy Users Association of Australia'.

Dr Jensen interjecting—

Mr CHAMPION: We hear the member opposite interjecting. They had a pretty fair go in terms of those power prices at the time. They were out there every day beating up on the straw man that was the carbon price, but of course the main culprit in those price rises was network charges; it was the cost of poles and wires being passed on to consumers. That is a direct result of the privatisation of what was a natural monopoly—the poles and wires. This is noted in a more recent report of February 2014, and in another one by Dr John Quiggin, *Electricity privatisation in Australia: A record of failure*. He notes on page 12:

In some cases, governments have sought to increase the sale price of assets by raising costs to consumers in the lead up to privatisation, or by allowing price increases after privatisation.

You cannot blame the entities that buy these assets for trying to gouge what are natural monopolies. Those opposite come into this chamber and talk about asset recycling; what they really mean is privatisation. They put in place a bill that has not one extra dollar for infrastructure and yet they claim the infrastructure is a result of the privatisation. Then they make all sorts of claims about how these things will benefit taxpayers and consumers, who are one and the same. I can tell you that we have heard these tales before in the South Australian context. We have seen dramatic and detrimental effects on taxpayers and consumers. That is why you cannot be too much of a cheer squad for privatisation; why you cannot be too much of an ideological advocate for privatisation. You have to apply rational thinking to it rather than just charging down a particular path. You have to be selective, when you are dealing with state governments, about what you will reward and what you will not reward. That is the reason for Labor's amendments.

This is an infrastructure con in so many ways. We hear the Prime Minister and others talking about him being the 'Infrastructure Prime Minister'. If you look at my electorate, that is almost certainly not the case. The electrification of the Gawler to Adelaide rail line is a very important project for moving into town commuters who live in the outer suburbs of Adelaide or in the town of Gawler, which is a large regional centre, and many people come in from the Barossa Valley and further up the track, such as wheat belt towns like Mallala and Kapunda, where I grew up. The rail project would be efficient and sensible. It would help people, would take cars off the road rather than putting cars on the road and would give people a far better commute. I lived in Gawler some years ago, and I drove to town every day. I can tell you it is not a pleasant commute; you spend a lot of time in the car. It is much more pleasant to go along on a train where you can read, relax and have a bit of time out and not focus on the traffic. That project was cancelled by the Abbott government. They do not want anything to do with public transport no matter how much sense it makes. That is a blow not just to my state but to jobs in my state and to the northern suburbs of Adelaide, which has been the victim of so many of this government's decisions, especially in terms of the automotive industry. We see the impacts of the Treasurer chasing Holden out of the country—something I talked to the House about once before. Now we see the impact of them cancelling important economic infrastructure for the state of South Australia—

Mr Pasin interjecting—

Mr CHAMPION: The member for Barker visited the Barossa Valley recently he cannot work out that the very people who live there use the trains in Gawler. He comes in here and he yells and barks and bleats, but his government—the government he is a part of—has

cancelled this important project. I am reliably informed he has told his Liberal Party preselectors that he is going to be a minister within two terms. That is what he has claimed to the good preselectors of Barker. I hope that he fulfils that—perhaps he can knock off the member for Mayo and put this project back on track. He will be a hero to South Australia but, if he cannot, I hope his preselectors come after him. I cannot imagine a more joyous thing to do.

To conclude, this bill is in so many ways a complete con. It does not put an extra dollar into infrastructure. It does not put one single extra bit of tar or roadway down that would not have otherwise been put down. It takes the word 'privatisation' and then substitutes it with 'asset recycling', an Orwellian term that is designed by a Liberal Party focus group. This bill hides the fact that in so many areas this government has turned the clock back, particularly in public infrastructure and particularly in my electorate and in South Australia. Like so many things that this government does, it is a complete and utter sham. Only Labor's amendments can make this bill any better.

Dr JENSEN (Tangney) (17:13): The difference between Labor and Liberal philosophies is the difference between good enough and never enough. The Asset Recycling Fund Bill will turn lazy assets into hardworking assets, increasing returns and securing our children's quality of life well into the future. The country is in a mess because the Labor government battered her with a mining tax, a carbon tax, pink batts, school halls, the NBN and so on. Today, this responsible coalition government has to think smarter about how we all do business. Interest payments on Labor's debt are \$1 billion per month—or \$2,000 annually for a family of four. It is time to stop beating up on the country and time to start getting excited about her prospects. The Asset Recycling Fund is an exciting first step in paying down the debt and clearing off the Labor deficit legacy.

The Commonwealth will provide states and territories with incentive payments of 15 per cent of the sale price of privatised assets with the returns to be re-invested into new priority infrastructure projects. The Commonwealth funding program is capped at \$5 billion. The positive interest on the fund alone will make a significant contribution to paying off the monthly national credit card bill. However, more importantly, the asset recycling bill provides proof that this government is living up to its word to give hope, reward and opportunity to the Australian people and to deliver the roads of the 21st century. It is exciting to think that inert capital of underperforming assets will become liquid and available to the marketplace. This freed-up capital will inspire the genius of the market to deliver real solutions of those desperately short of 21st century infrastructure.

Let's not fool ourselves about what this bill is and what it does. This bill is liberal because it believes in incentive—it gives states incentives to take a long, hard look at everything they own. Every person on the street knows that a good return is dictated by risk and reward. The most stinging point is that there are those in Labor ranks capable of questioning the central premise of what we are debating today—namely, if our state and federal asset is chugging along, producing a nominal net return of two per cent—is that good enough?

Let me speak here of the specific good from this legislation for my electorate of Tangney and for Western Australia. The Perth Freight Link is made possible through this bill. This is a comprehensive plan to get heavy-goods vehicles from the port to the airport. The Perth Airport and surrounding areas serve as a major passenger and freight network hub for the

Perth metropolitan area. The need for this project has been driven by the expected doubling of passenger air travel and the road freight task over the next decade, coupled with proposed consolidation of the Perth airport terminals. Figures I have suggest 11 per cent annual growth for 2013 in use of runway 21, the southern runway of Perth Airport. Further traffic will be generated by industrial developments in the southern part of the airport and in the surrounding areas of Kewdale and Forrestfield and from commuter traffic in the eastern and south-eastern suburbs of Perth. The Perth Freight Link will stop the nonsense of stopping at 33 sets of lights, as is the current situation. The importance of Perth Airport cannot be overstated in the Western Australian context: think of the FIFO worker, the online shopper and the high-value-add exporter.

One aspect of this project that interests me greatly is the envisaged public-private dynamic. For the first time the Commonwealth and Western Australian governments will be seeking opportunities for private sector co-contribution towards a major road project. The Perth Freight Link has an estimated cost of \$1.6 billion, with \$925 million contributed by the Commonwealth. Private sector co-investment will ensure maximum value is achieved from taxpayer dollars with minimal impact on the federal budget.

With industry and government investment, Perth Freight Link is expected to establish the Roe Highway as the preferred east-west freight link in Perth. To support and sustain a growing population and economy, developing freight links that clear congestion and ease pressure on existing roads will provide significant productivity uplifts for Perth. Increasing the productivity of our workforce is the only way to secure our current standard of living, and to ensure our global competitiveness.

Perth Airport is growing. For example, based on figures of total departures between 2007 and last year, Perth Airport has grown by 61 per cent. Western Australia demands and deserves a clear and well-thought-out plan not just for this decade but for many decades to come. It is expected that Perth Freight Link will be opened by 2021.

WA government estimates indicate that the Roe Highway extension will deliver benefits of \$5.20 for every dollar invested; and the Stock Road and High Street improvements will provide \$1.70 in benefits for every dollar invested. This game-changing project would never have been delivered under the previous Labor government, which remains opposed to this vital freight link.

But the good news for WA does not stop at the Perth Freight Link. The coalition government is also delivering the Perth Airport Gateway, the Swan Valley bypass, the Great Northern Highway upgrade, North West Highway upgrades, as well as Tonkin Highway upgrades.

In sum, this bill introduces incentive and asks the states: 'Why are you holding this asset?' and 'Is it really necessary?' The aim of this bill is that we turn that lazy two per cent into a strong six per cent return. This will enable us to pay down the Labor debt and stop paying the \$1 billion-a-month interest payments on that debt. Not only this, but in turn, it will provide a springboard of capital from which new companies, ideas and ventures can be attained. This coalition government believes in free enterprise, believes in ideas and believes in people. So the liquidation of lazy assets will be transferred to a pool, a fund as set up by this bill, and moneys can be added and attached by interested parties and individuals.

Initial funding will come from the uncommitted funds in the Building Australia Fund, \$2.4 billion, and the Education Investment Fund, \$3.5 billion, that were established in 2009. Further contributions will come from the sale of Medibank Private and other potential privatisations. Through the hard work, dedication and vision of the Prime Minister, Treasurer and Finance Minister, this pool of moneys, joined as it surely will be by other moneys, will be able to provide people across Australia with the roads of the 21st century. That is the plan. It was a key part of a document called 'Our Plan—Real Solutions for all Australians'. We launched our plan in 2013 and now in government we are executing that plan—keeping our promises to the Australian people, as we said we would. This is what good governments do, and Labor will never understand that We said we would stop the boats, and we have. We said we would reduce red tape, and we have. We said we would fix the budget disaster, and we are. This bill will not fix everything overnight, but what an important first step it is. It is, in essence, a pure marker of enabling legislation. It is creating incentive and cutting waste—that is what this bill is about; that is what the Liberals are all about.

Labor would never dream of putting something like this before the House. It is akin to cutting off their right arm, and that is the arm from which they eat the union's cake. There is no-one in this place who can honestly say that a commercial enterprise can stay fit by eating cake. State assets have always been less competitive, more regulated, less effective and less efficient than their private sector counterparts or comparisons. In brief, as we have seen time and time again in this place, the Labor Party are incapable of taking the hard decisions. The Labor Party are congenitally incapable of putting Australia's interest ahead of their own party political interest. Shame, Labor, shame.

We face a significant challenge. The previous government delivered five budget deficits, totalling \$195 billion. Their last budget was another \$123 billion worth of projected deficits. We have implemented some structural savings in this budget, which will start low and slow and which will build over time. What we are looking to do in this bill is to sell assets which, whether in public hands or in private hands, will continue to provide services to the Australian community and which we believe the private sector would provide more efficiently and more cost effectively. We will reinvest the proceeds from the sale of those assets. We will recycle, if you will, by investing them in new productivity enhancing infrastructure. So we have got infrastructure, existing assets, which we can sell and which will continue to provide benefits to the Australian economy and to the Australian community. We think the private sector would be able to do it better and we would be able to invest the proceeds from those sales in strengthening our economy into the future.

In the final analysis, it is about smarter choices and hard decisions. 'Smarter choices' means being cognisant of the extremely benign global monetary environment and the cheap money policies being enacted across many OECD countries. Smarter choices means knowing when to 'hold'em' and when to 'fold'em'. When talk of tapering is on the table, it might be time to make hay. Sell at the top of the market; this could be as good a price as we will get. Lazy logic says that you should keep depreciating the dirty old rust bucket until it falls over, because it still throws a two per cent return. It might cost a tonne in between but it still throws off two per cent. Labor's lazy logic says that we should keep these unproductive, uneconomic assets because we own them now, and we always should own them, because we always did. This is absolutely perverse. It is a lazy logic born of a fundamental distrust of the free market.

It is a lazy logic born of a fundamental distrust of the Australian people. As a wonderful warrior woman once said:

The only problem with socialism is that you eventually run out of other people's money.

As this bill, the Asset Recycling Fund Bill 2014, will support the Asset Recycling Initiative, provides incentive payments to states and territories for the sale of assets if the proceeds are reinvested in productivity enhancing infrastructure, it is critical that we hurry up and pass this bill. This fund will expedite strategic and nationally significant infrastructure. To quote that famous Irish Liberal, and Leader of the Irish Home Rule Party, Charles Stewart Parnell:

No one can say to his nation, 'Thus far shalt thou go and no further'.

Similarly, I challenge any Labor member here today to look their constituents in the eye and say that they purposefully opposed this bill, that they purposefully opposed progress and the building of new roads in their electorates. This great nation will march on. It must.

The Liberal plan is ready and we are acting on our mandate. Our solid and terrific mandate is to see our Real Solutions plan enacted and to return hope, reward, and opportunity to all Australians and to build a safe, secure Australia. We will succeed. We will succeed because history always sides with those with better ideas, and ultimately those with the right solutions. Those right solutions for fixing Australia's deficit and disaster are the Liberal's Economic Action Strategy—a strategy we outlined in the Real Solutions documents all those months ago. Real results do not have to be really hard. All it takes is for Labor to give up their lazy logic and back our plan to get Australia back on track. We have done it before, and we will do it again.

Mr THISTLETHWAITE (Kingsford Smith) (17:28): The Asset Recycling Fund Bill 2014 and related bill are very bad bills. Once again they are a great example of 'Howardian' language. This is the language of the Howard government, which used to give titles to bills which meant the complete opposite. I am reminded of the More Jobs, Better Pay Bill, which was, of course, a title given to a bill that actually cut unemployment benefits. I am also reminded of Work Choices. Wasn't that a wonderful use of Howardian language for the naming of a bill—Work Choices, whereby the most vulnerable in our society were given no choice? They were forced into taking contracts and conditions that cut their award wage.

Here we have it again in the Asset Recycling Fund Bill 2014. When I saw this title, I thought: 'Gee, that's an interesting title for a bill. I wonder what this bill is about.' I read the explanatory memorandum and then I saw it—privatisation

This is exactly what this bill is about: privatisation. I thought to myself, 'why can't they just say that this bill is about selling government assets—selling assets owned by the people of Australia?' But no—because this government are all about deceit. They are first-class—tick—when it comes to deceit of the Australian people. It was Tony Abbott, now Prime Minister, who said before the election, 'no cuts to education, no cuts to health, no changes to pensions and no cuts to the ABC and SBS'—yet that is exactly what has been done in the current budget. What is worse is that the Prime Minister says that these are not broken election commitments, and that there is no deceit at all of the Australian people. Well, the Australian people would be horrified to know that the Commonwealth is encouraging the states to sell assets that are owned by the taxpayers of Australia, and offering a financial incentive for them to do so—a 15 per cent payment on the sale value, which has been described by Chris Aulich,

a professor of public administration, as a 'bribe'. There is an expert in public administration and in the sale of public assets describing what this government is doing as a bribe—and that says it all, about this government's approach to infrastructure development in Australia.

These assets—electricity, gas, water, transport, health, and education assets—are not owned by the Abbott government; they are owned by the people of Australia. They are government assets that deliver government services. They return dividends to the Australian public, which allow them to invest in schools, in roads, and in education. In my state of New South Wales over the last couple of years, the energy assets have been returning \$1 billion in revenues to the people of New South Wales—and that money has been used to upgrade hospitals, to build new schools and to upgrade schools. To think that these assets that are owned by the Australian people are going to be sold—importantly, without any due diligence and without consideration of what is in the national interest; just so that a government can secure a 15 per cent payment, or a bribe, as described by Chris Aulich, on the asset—is somewhat horrific. It is akin to someone selling the family home to get a 15 per cent windfall, and then renting for the rest of their life and, over time, paying more for an asset that they once owned. It does not make any sense. Governments should not be paying other governments to sell assets that are owned by the Australian public.

These two bills, the Asset Recycling Fund Bill 2014 and the Asset Recycling Fund (Consequential Amendments) Bill 2014 represent the complete failure of this government to develop any plan to invest in infrastructure for the nation's future. Labor believes that the federal government should take a leading role in working with states and territories to fund nation-building infrastructure projects, including setting government standards to allow decisions to be made in the national interest, not according to a political cycle. Labor will be moving amendments in the House which would ensure that the Building Australia Fund requires that the minister may not recommend a proposal for Commonwealth funding unless the minister has considered advice from Infrastructure Australia as to the merit of the project and, particularly, as to its contribution to enhancing our nation's productivity. That is the basis on which Australia should be making investments in assets on the back of the sale of other assets.

Further, we will move an amendment requiring the finance minister to table a disallowable instrument, for each privatisation or re-investment transaction that the government deems eligible for the incentive payment, as a precondition to the payment of Commonwealth funds. This is to ensure that there is some due diligence to this process. We cannot allow a blank cheque for this government to do deals with states, and to allow those states to completely sell off assets without any sort of due diligence being done—with the carrot being provided of a 15 per cent windfall on the asset sale price. It is almost immoral—to think that a government would make such an encouragement, in a piece of legislation such as this, to sell off assets that have been owned by the Australian people for centuries and have returned dividends that fund additional government services.

Given that the federal government often provides at least half of the funds for many projects, the replacement of direct support of that nature with a 15-per-cent incentive that allows the federal government to withdraw from the historically large commitments that were made by Labor is a backward step. It is a sneaky and underhanded withdrawal from proper scrutiny of investment and planning for infrastructure in this country. This is an initiative that

should sit on top of—it must sit in addition to—the high level of federal commitment under Labor to funding nation-building projects in road, rail and other nationally significant infrastructure. The federal government's refusal to fund nation-building urban passenger rail projects remains a major failure. These should be funded even-handedly, following independent advice from a transparent decision-making body. Failure to do so distorts state decision making and leads to suboptimal productivity outcomes. The Abbott government is on very shaky ground when it comes to investment in infrastructure. An article in *The Sydney Morning Herald* on 12 June reports that:

The Abbott government has been accused of pork-barrelling after analysis of the budget's infrastructure spending revealed Coalition electorates are favoured for new money by a ratio of three to one.

A Fairfax Media analysis of the Abbott government's 2014 budget has calculated that, of the new projects announced and funded, just under three-quarters were in Coalition electorates.

But it does not end there. The *Herald* goes on to report that, in comparison, the majority of projects which lost federal funding in the 2013 election—because of course we know the government reduced the amount of expenditure on infrastructure—were in non-Liberal electorates, such as the Metro Melbourne Rail Link in Victoria.

This politicisation of infrastructure is sad and petty. It is also harmful to our nation's development and, importantly, it is harmful to productivity-building infrastructure in this country. Labor is happy to stand on its record with respect to investment in infrastructure; in fact, we are quite proud of what we achieved as a government in the six years that we were investing in infrastructure. Our record, and the facts, speak for themselves. When Labor came to government, Australia as a nation was 20th in the world—20th in the OECD in terms of spending on infrastructure as a proportion of GDP. By the time we left government, Australia was No. 1 in terms of the amount of money spent on infrastructure as a proportion of GDP—a great indication of Labor's investment in infrastructure. We lifted the funding from \$132 per Australian to \$225 per Australian. We created Infrastructure Australia to research and to rank proposed infrastructure projects based on their potential to add to economic productivity; and we delivered a national port strategy and a national freight strategy.

Let us have a look at what the coalition has done since they have come to government. Almost all of its package is re-announcements of Labor-funded projects. I had to laugh in question time yesterday when the Minister for Infrastructure and Deputy Prime Minister was up here talking about so-called new projects that had been invested in by this government. Of course, he cited the Port Botany rail freight project, which happens to be in my electorate, and which I happen to know is almost completed. It is almost finished—it is being built as we speak, but the Deputy Prime Minister claims this as a new infrastructure project being invested in by this government. That is a great symbol of the approach of this government when it comes to infrastructure and the claims they are making, and of the deceit they are perpetrating on the Australian people.

This government also refuses to invest money in public transport, dumping Brisbane's Cross River Rail project, the Perth public transport package and the Melbourne Metro, and is in the process of gutting Infrastructure Australia by giving the minister the power to exclude classes of infrastructure from its consideration and to prohibit the publication of research. This point was confirmed by Infrastructure Australia representatives just two weeks ago in a Standing Committee on Infrastructure and Communications hearing into public infrastructure

in Australia. In that hearing they confirmed that the minister is now able to direct Infrastructure Australia not to look at a particular proposal—which may be in the nation's best interests, which may improve productivity and which may be a passenger rail program—just because the minister feels that way. That is not the way to develop infrastructure and to develop the productivity of our economy.

Labor doubled the roads budget to \$46.5 billion, and upgraded 7,500 kilometres worth of roads. We lifted local government roads grants by 20 per cent. The coalition has committed to Melbourne's east-west rail link and Sydney's WestConnex project without a cost-benefit analysis. Here they are saying 'Infrastructure Australia plays a valuable role, it should be involved in assessing the value of infrastructure projects; it should apply cost-benefit analysis principles'. Certainly when I was a member of the Senate the finance minister used to make quite a deal of the importance of a cost-benefit analysis before any government project is undertaken—and here they are in defiance of their own election promises and in defiance of their own rhetoric when it comes to assessing infrastructure.

They have shamelessly re-announced Labor projects such as the Gateway North in Brisbane and the Bruce and Pacific highway upgrades. If you drive up the Pacific Highway these days, you will find the Bulahdelah bypass has just been completed. You will go through the Kempsey bypass, you will see the Ballina bypass which has just been completed, and you will see the Woolgoolga bypass being constructed. These are all projects that Labor funded and put in place, and that Labor is building. I used to laugh, because I used to be the duty senator for that particular area, and I would go up there to open various stages of the Kempsey bypass, and Andrew Stoner, the deputy leader of the government in New South Wales, was always there claiming that this was a New South Wales government-invested project and trying to steal the media associated with the project. That must be something that runs in conservatives' blood in this country, because that is exactly what has occurred again. The disease has spread to Canberra, because that is exactly what is occurring with infrastructure and this government—they are stealing the credit for projects that were put in place and that were built by Labor governments and trying to claim them as their own.

In rail, Labor committed to more investment in urban rail infrastructure than all of its predecessor governments combined since Federation—\$13.6 billion invested in rail projects by the Labor government, which says it all about our commitment, particularly to passenger rail projects; and \$3.4 billion in the rail freight network over six years. We also rebuilt more than one-third of the network—4,000 kilometres of track. So these are bad bills. They are dressed up as asset recycling bills when in fact they are justifying privatisation of assets that are owned by the Australian people. It is a deceit perpetrated on the Australian people in the name of privatisation.

Mr EWEN JONES (Herbert) (17:43): I rise with great pride to speak about the Asset Recycling Fund Bill and the Asset Recycling Fund Consequential Amendments Bill. We went to the election in 2013, and 7 September saw us elected as the government for Australia. We took four main promises to that election. No. 1 was to axe the carbon tax. That should be the easiest thing in the world to do, because we had bipartisan support—Kevin Rudd lined it up and shot it dead. It was gone. He had laid it down and put it to death. That would be the easy part. So we came in here and we passed the bill. Funnily enough, we asked the member for Hughes, who was in the last parliament, if he was ever under any misconceptions about our

position on the carbon tax—we had always said it was going to go. But Labor, of course, had a few views on that sort of thing. When we came in here, Labor said they were going to terminate the carbon tax. But when the Minister for the Environment, Greg Hunt, stood up and presented the repeal bill, Labor voted against it—and they are still voting against it. So, whilst it has been passed in here, it is sitting over in the other place. But I will give that one a tick.

Our second big one was to stop the boats. It has been six months without a boat. With a little bit of steel in the spine of the minister involved, he stood up and meant what he said. He went to the party room and he sold us on what we were supposed to do—and we have stopped the boats. We are actually shutting down detention centres in this country at the moment, so we can give that one a big tick.

The third one was to build the roads of the 21st century, and that one is on its way. I do not think there is anything surer than Warren Truss with the bit between his teeth. Jamie Briggs, the Assistant Minister for Infrastructure and Regional Development, has been all over the country telling us what we are going to do, how we are going to do it and the amount of money we will be spending. I was on the record in 2010 admitting and conceding that Labor spent more on infrastructure, including roads, than the Howard government did. I was on the record saying that. We will spend more than the Labor government did, just as the Howard government spent more than the Hawke-Keating government. The Hawke-Keating government spent more than the Fraser government. The Fraser government did not spend more than the Whitlam government, though—no-one spent more than the Whitlam government!

The fourth promise was to fix the budget. That is on its way. That is what the budget is all about. Our first budget is responsible. Everyone's shoulder is to the wheel. We have a national narrative for where we as a country want to go. We want to go back to the days when we lived within our means. I have always said that no business returns to profit by shutting its doors. Similarly, no federal government budget returns to surplus by shutting down the economy. It is a delicate balancing act that we have to have.

There was still a real growth in spending in this budget of 2.7 per cent. Those opposite will stick to their mantra of spending growth in real terms needing to be two per cent. They had to cut another 0.7 per cent further just to get to where they wanted to be. They said for the last six years that spending would be cut to two per cent growth in real terms. They never actually achieved it. Of course, they also said that they would bring the budget to surplus a number of times. I am an auctioneer and I can count pretty high and pretty fast but—by jingo!—there is a bit of work to be done to try to keep up with the number of times they did that.

How do we keep the economy moving? How do we keep the economy going? How do we make sure that we do not stall the economy? An example is in Townsville, where we have state support for the ring road. The coalition government have brought forward the second part of that project. We want it done in one fell swoop because the local contractors want to make sure that the work is being done. That sort of tenacity and forward-looking and forward-thinking management by your minister and assistant minister on infrastructure spending is something that should be held in high regard. Instead, it is met with derision from the other side.

The Queensland government faces probably the biggest task in this country after nearly 20 years of Labor rule. It has a massive debt and deficit issue, far greater in real terms than the Australian government. If you talk to Queensland Treasurer Tim Nicholls, he understands the challenge. The capacity of state governments over generations to earn and increase their own income has been wound back. Tim Nicholls, the state Treasurer, will tell you straight away that he does not like stamp duty and payroll tax but, if you take those away, he will not collect any money to bring into the state coffers. It must be very tempting for state governments, though, because they are faced with debt and deficit problems, to sell assets and simply retire debt. That would be a very tempting thing to do—to simply retire debt and try to get rid of the Labor memory as quickly as possible. This is what these bills address. It is about the benefit. It is about having an asset and what comes of that asset. Yes, we should be retiring debt. But, no, we do not want to stall the economy. There should be a pay-off and there should be benefit for it.

When Treasurer Joe Hockey was in Townsville he was asked what he needed to see. He was asked what, if he were to be the nation's Treasurer, he wanted to see. He said, 'I want to see cranes in the sky. I want to see dozers pushing dirt. I want to see work being done, because we have to build stuff. We have to make sure that we are being productive and producing infrastructure.' It is not just infrastructure. Anyone can build school halls. It needs to be infrastructure that provides greater access for trade and commerce. That is what we need. That is where we want to be focused.

When Andrew Robb was in Townsville he said not only do we have to be spending more money on infrastructure but we have to think about how we fund it. Every country in the world has an infrastructure deficit. So we have to try to figure out how best to address it. There is no way in the world that a government can just come straight out and spend the money. Maybe those opposite could! But no government with any sort of responsibility could just come out and spend the money to get our infrastructure up to date. So how do we maximise the best terms? How do we do the most we can for our dollar? It is by engaging in the private sector and engaging foreign capital. That is how we have to do it. The Asset Recycling Fund Bill is part of our response to that. These are the positive measures that we as a country and government will take to make it more alluring and profitable for state governments of the day who hold these assets to reinvest in their states and in their local communities.

There are some technical aspects of this bill I would like to walk through. The Asset Recycling Initiative taps into private sector investor interest in established brownfield assets—those are established assets, such as ports or electricity companies, with proven earnings—in order to fund new infrastructure projects. You will find that companies such as superannuation firms do not want to invest in greenfield sites because they would be risking the superannuation of our workers forever. Where something has a genuine business case, that is what superannuation firms will invest in. They will not invest in greenfield sites.

The Australian government is establishing the Asset Recycling Fund as a dedicated investment vehicle for providing financial assistance and incentives to states and territories to create new infrastructure that boosts economic growth. We are boosting economic growth in Queensland. In Townsville, say, if the state government was to sell the Townsville port and part of that money went into investing in new infrastructure, that could lead to new

commerce, which would lead to more people moving to Townsville, leading to people buying cars and building and buying houses, and there would be stamp duty and registration—the money churn that goes through the community.

The Asset Recycling Fund will be established from 1 July this year. This will allow funding to flow to infrastructure priorities and promote productivity and generate economic growth. The infrastructure growth package will build Australia's infrastructure for the 21st century. In the budget the Abbott government delivered a record \$50 billion for infrastructure investment commencing with an initial \$5.7 billion and the government is committed to adding to the fund over time.

If you speak to the trade minister when he travels overseas, he says that he hosts roundtables and at those roundtables they have serious investors and all sorts of infrastructure discussions. What they want to know is whether Australia will change the rules. We had lots of investment here in the mining boom and then suddenly we brought in the mining super profits tax which turned into the mining rent tax—it's the vessel with the pestle, not the chalice from the palace! It was just a bit of a hodgepodge of bills and that sort of thing which led capital investment to flee overseas. Andrew Robb, the Minister for Trade, has been told that if we are serious we will provide the ground rules and those are the rules under which we want to invest. What he is trying to say to those people overseas is that we are serious. The Prime Minister, the foreign minister, the defence minister and the trade minister were all overseas last week with key clients, key countries around our region and around the world, and they were saying that we are open for business. We are speaking with a coherent message.

The Asset Recycling Fund will support the Asset Recycling Initiative which will provide incentives for states and territories to sell existing assets and invest in new infrastructure that supports a more productive economy. That is the key here. This sends the message that Australia is open for business all the way through. This historic agreement with the states has the potential to raise close to \$40 billion of new infrastructure funding around the country. That is what we have to be doing here.

The fund's purpose will be to have an explicit purpose consistent with government's investment in productivity enhancing infrastructure, so it will not just be about building marine parks or shutting down fishing industries or anything like that. You will not be able to use it for that. The establishment of the investment fund will allow capital amounts to be invested by the Future Fund Board of Guardians to earn interest that will also be available to fund investment in infrastructure. This funding comes from uncommitted money in the Building Australia and Education Investment Fund—\$2.4 billion from the Building Australia Fund and \$3.5 billion from the Education Investment Fund. The Asset Recycling Fund also allows for the new fund to be credited with proceeds from the sale of Medibank Private and with the proceeds of any further privatisation initiatives.

The key here is to look at who is looking after us. We have a bit of a history when it comes to putting money away. We have got the Future Fund which was looked after by Peter Costello at the time. He put the money there to start off with. That has gone pretty well with money in the bank to make sure that public servants have their superannuation paid for and guaranteed, and that is a pretty serious investment.

Payments to states and territories will be made through the COAG Reform Fund. Once again, there are lots of checks and balances all the way through there. The project funding for the Asset Recycling Fund to cover payments to states and territories through COAG Reform Fund will require the approval of the finance minister following recommendations made by the Treasurer or the Minister for Infrastructure. So the Asset Recycling Fund will have Future Fund Board of Guardians. The Treasurer and the infrastructure minister will have the responsibility for ensuring that funds that pass through the COAG Reform Fund special account and the infrastructure portfolio special account are expended in a manner consistent with the purposes of the fund as set out in the legislation.

We have a track record when it comes to these things. In places like Townsville we need infrastructure spending. We need to make sure that it is funded. We need to be able to fund it as well as we possibly can and get as big a bang for our buck as we possibly can. When it comes to Townsville, we are delivering on infrastructure at our university. We are delivering \$42 million for the Australian Institute of Tropical Health and Medicine. We have got the ring road going through—another \$160 million—and there is the investment brought forward of \$120 million for the Joint Logistics Hub at Townsville under construction as we speak. There is the Vantassel Street bypass. It was approved in 2010. It was supposed to start but we had a flood in 2011 so the federal government pulled funding for flood relief in Townsville and put it into flood relief in Brisbane. That is what Labor's infrastructure minister did. That is what Labor's infrastructure minister thought of North Queensland when it came to infrastructure there.

All in all I am very happy with what is happening here. I think that we have to be smart with what we are doing and I think that with the leadership we have shown here and the management that we will put in place, this is a great move for Australia. I thank the House.

Mr CONROY (Charlton) (17:58): I am pleased to make a contribution on the Asset Recycling Fund Bill. In beginning I would be remiss not to comment on the contribution from the member for Herbert who lectured this side about stable ground rules and predictability—this from the party of regional rorts; this from the party that changed infrastructure legislation to take away from an independent expert body, Infrastructure Australia, the ability to grant tax concessions for designated infrastructure investments and grant those powers to the Deputy Prime Minister who presided over the regional rorts affair. The hypocrisy and the chutzpah of The Nationals on regional rorts and infrastructure investment is beyond belief. But I will give it to the member for Herbert: he said all that he said with a straight face, and I respect his ability to do that.

I am pleased to make a contribution on these bills, and the purpose of these bills—let's make no bones about it—is to encourage state and territory governments to privatise assets and recycle the proceeds into new infrastructure. Labor is moving two sensible amendments to the bills. The first requires that the minister may not recommend a proposal for Commonwealth funding unless they have considered advice from Infrastructure Australia as to the merit of the project, especially its contribution to productivity. The second requires that the finance minister table a disallowable instrument for each privatisation or reinvestment transaction that the government deems eligible for the incentive payment as a precondition for the paying of Commonwealth funds. In relation to the substantive nature of these bills, Labor believes that the federal government does need to provide leadership in collaboration with our

states in funding nation-building infrastructure projects. Government standards are important in this process in ensuring that decisions on investment are made in the broad national interest and not in the interests of political parties. The work of Infrastructure Australia is critical in this regard, and I will elaborate on this further in my contribution.

Labor recognises that asset recycling can be beneficial in certain circumstances and not in others. It is the obligation of the individual state and territory governments to make these determinations in consultation with their communities. The federal government of course already makes a very substantial contribution to many infrastructure projects, and Labor is of the view that it is a retrograde step to replace the substantial direct contribution with a simple 15 per cent incentive. If you are going to have a 15 per cent incentive, that cannot be an excuse for the federal government to retreat from infrastructure funding in other ways. Labor believes that this new asset recycling approach must be in addition to the very substantial levels of federal government funding in nation-building projects. Anything less will have a dire consequence for economic growth and prosperity in this nation. It is also worth noting the record investment in infrastructure that occurred under Labor—and this was delivered without state governments privatising their public assets to pay for it.

All sides of the House agree on the fundamental importance of infrastructure investment to the Australian economy. It is of vital importance that governments invest in roads, rail, ports and airports. The World Economic Forum's Global Agenda Council on Infrastructure makes the very important point that the cost of building infrastructure is vast but the cost of failing to make these investments is incalculable. The OECD correctly identifies that upgrading infrastructure drives competitiveness, boosts trade and promotes economic growth. So, investing and building new infrastructure as well as improving existing infrastructure is fundamentally important to growing our economy and improving productivity. And of course the completed and upgraded infrastructure assets deliver enormous benefits for the economy and our society as a whole. The OECD has also noted that new ways of infrastructure financing are needed. And, as I have said previously, asset recycling can be an appropriate vehicle to fund new assets and infrastructure.

Labor has proposed amendments that enhance this purpose. These are having Infrastructure Australia assess the new infrastructure as 'productivity enhancing' and the requirement to table a disallowable instrument for each privatisation or reinvestment transaction. These ensure that this asset-recycling vehicle is appropriate and is in the national interest. And it is important that we include Infrastructure Australia in this process, because, since its creation in 2008, Infrastructure Australia has made a very important contribution to the way the federal government makes decisions on infrastructure investment. In the year Infrastructure Australia was created, its chair, Sir Rod Eddington, said of the new body:

It introduces a bold new approach to identifying, planning, funding and implementing infrastructure of national significance across Australia. It also introduces rigorous and robust economic analysis of infrastructure investments prior to government decision-making.

It is disappointing therefore that the current government is seeking to undermine its effectiveness and operation. It is clear that the Deputy Prime Minister wants a return to the days of infrastructure investment decisions being made on the basis of coalition electoral advantage and not the broader national interest. If the federal government is to pursue this

asset recycling model, it is essential that Infrastructure Australia remain involved in the process. The amendments we are proposing ensure that it does.

The amendment, which will ensure that, before approval, Infrastructure Australia provides an assessment that the new infrastructure is 'productivity enhancing, including publishing a cost-benefit analysis, greatly strengthens the bills. In speaking on the asset recycling bills, it is relevant to highlight Labor's approach to infrastructure investment and what we have seen from the coalition since they have come to government. Those of us on this side of the House are rightly proud of our record of achievement in infrastructure investment. Because of this record investment, Australia has gone from being ranked 20th out of 25 in the OECD to being ranked second in terms of spending on infrastructure as a proportion of gross domestic product. This is a great achievement. It is an achievement that the last Labor government and the then Minister for Infrastructure should be rightly proud of. And it is a very important statistic: because of Labor's investment, Australia is ranked second among the nations of the developed world in terms of infrastructure investment.

And let's look at what the results of that investment have been. The roads budget doubled to \$46.5 billion; local government road grants were lifted by 20 per cent; \$13.6 billion was invested in urban rail infrastructure, more than all Labor's predecessors combined; and \$3.4 billion was invested in the rail freight network. As well as these investments, the fundamental importance of infrastructure to Labor can be seen in the fact that we appointed the first-ever dedicated Minister for Infrastructure and created Infrastructure Australia.

Now, let's compare Labor's record with what the Abbott government has done in just nine months. They are re-announcing projects that have been funded by Labor; they are refusing to invest money in public transport; they have cut almost \$1 billion out of financial assistance grants to local councils for roads; and they have cut \$52 million to reserve a corridor for high-speed rail on the east coast and shut down the high-speed rail advisory group. What a pathetic start from a man who wants to be known as the infrastructure Prime Minister. And it is no surprise, because those on the other side have form on this issue. This is the coalition that delivered the regional rorts affair. We cannot forget the cheese factory that was funded and closed down, the rail line that burnt down, the half-million-dollar grant to Coonawarra Gold for a project that was never built, and my personal favourite: the pet food factory that never opened. Think of all those pets that are going without food now because of the regional rorts affair! And that is the track record of those on the other side. They have not met a barrel of pork that they have not wanted to get their hands into.

This is important in the context of infrastructure in my region of the Hunter. On speaking on this issue, we need to be very conscious of the needs of the Hunter Valley, which is a high-growth region and provides a very strong economic contribution to our economy. The Hunter benefited greatly from the previous Labor government's historic infrastructure commitments. The Hunter Expressway is the biggest infrastructure project ever undertaken in the region. The \$1.7 billion expressway, funded by Labor, has recently been opened. Its benefits are significant. It cuts travel times between Newcastle and the Hunter Valley by up to 25 minutes and provides an easier and more direct route to the Port of Newcastle for heavy vehicles.

The coalition's neglect of the Hunter is apparent in the recent budget. In the budget lock-up, when local Hunter journalists enquired about infrastructure funding in the budget for the Hunter, Treasury officials referred them to the Hunter Expressway project. These officials

were apparently not aware that the Hunter Expressway was funded by the Labor government in the 2009-10 budget, and had been open and operating for several months. This demonstrates the complete lack of commitment to Hunter infrastructure from those on the other side. When they were questioned about it, the only project they could point to was a \$1.7 billion project funded and built by Labor.

That is not the only important piece of infrastructure in my region that we should be discussing. The Glendale Transport Interchange is the most important infrastructure need, not only in my electorate of Charlton, but for the whole of the Hunter Region. Close to \$40 million has been invested in this project from all levels of government. I am proud that although the infrastructure concerned is primarily the responsibility of the New South Wales government, the previous federal Labor government has invested \$12.5 million towards the project. This funding is being used to complete major road works in preparation for the construction of the Pennant Street Bridge and rail overpass. This is a very large project that will take a considerable amount of time and resources to complete.

The second stage of the interchange will require further significant funding. Unfortunately it appears that no additional funding was allocated to this project in the recent New South Wales budget. The New South Wales Liberal government has already committed some of the proceeds of the privatisation of the Port of Newcastle to light rail infrastructure in the inner city of Newcastle. However, the residents of western Newcastle and western Lake Macquarie, which I represent, are equally entitled to an allocation of funding from the privatisation. Given Glendale is the most important infrastructure project for the Hunter, it would be inexcusable for the state government not to direct further funding to complete the interchange.

The Port of Newcastle was sold for \$1.7 billion, in excess of double what the Liberal government thought they would get for it, yet they are recycling less than \$350 million of that to the region. It is only fair that the Glendale Transport Interchange, the most important piece of infrastructure in the region, is built with the proceeds from the port, a port built on transport of goods that have come from the western suburbs of Newcastle, from West Lake Macquarie and from up the Hunter Valley. Residents there will directly benefit from the Glendale Transport Interchange. If this is an example of asset recycling under the coalition I am very worried about what they will do in future, because it demonstrates again that they have only contempt for the Hunter and only pay lip-service to the region.

The high-speed rail is another example of this contempt. High-speed rail is a fair way off in terms of being economical, but Labor did the right thing in government. The member for Grayndler allocated \$52 million to feasibility studies and put together a working group to look at preserving a corridor. These are all important projects which mean that when high-speed rail becomes economical on the east coast we will be ready to move. This will be a revolutionary project for the east coast and my region in particular. If it were feasible to commute daily to Sydney in less than two-and-a-half-hour to three-hour each way, that can only be good for my region. It would grow the economic base and the population and really secure the future of Australia's sixth largest city.

But the coalition have thrown all of that away by abandoning this effort. They should be in a position where they understand that advance planning is incredibly important. The Badgerys Creek announcement this year, welcomed by people on my side, could proceed only because in the 1980s the visionary Hawke Labor government preserved the land, did the planning and

set aside the zoning of the land so that the project could go ahead when the time was right. Those on the other side take no lessons from history, unfortunately.

Another area where they show contempt for my region is the Resources for Regions program run by the New South Wales Liberal government. It is another example of asset recycling, which is what we are debating in this bill. The Resources for Regions program aims to support regional and rural communities affected by mining by addressing infrastructure constraints. Local government areas that are identified as being mining affected communities are eligible to apply for funding from the program. The New South Wales government recently added the local government areas of Cessnock, Maitland and Newcastle to the list of councils eligible for funding. Late in the process they are only adding Cessnock, Maitland and Newcastle to this program for mining affected areas. I cannot think of any local government areas that are more the heart blood of mining than these areas, except for one, which is the Lake Macquarie City Council LGA, which is yet to be added to this list. I am proud of the fact that there are six operating coalmines in Charlton. I would, however, ask the New South Wales government to explain how a council that has six operational mines within its boundaries is not a mining affected community. Perhaps the Hunter Liberal MPs can explain this to my constituents. It is outrageous that Lake Macquarie Council is not eligible for this program, and it again demonstrates that the Liberal Party only pays lip-service to the Hunter Region.

To conclude, Labor is of the view that in certain circumstances asset recycling can have merit, but of course state and territory governments have to determine this with their communities. The amendments moved by my colleague the member for Grayndler improve and strengthen the bills. The involvement of Infrastructure Australia in assessing productivity enhancements is important and vital to avoid the regional rorts we saw under the last coalition government. Having a disallowable instrument means that this parliament has the final say on how Commonwealth funding is allocated. God forbid those on the other side who want to support the privatisation of a hospital.

I can assure my constituents that whatever the fate of these bills, and whatever the future intentions of the New South Wales government are, I will continue to lobby for improved infrastructure in Charlton, most particularly the Glendale Transport Interchange, the most important infrastructure priority in all the Hunter region.

I commend the amendments to the House.

Mr COLEMAN (Banks) (18:13): I am very thrilled to speak on the Asset Recycling Fund Bill 2014, a very good piece of legislation. I will start by responding to some of the remarks of the member for Charlton. He is always a colourful contributor in this place. The problem with the previous government's approach in this area, as in so many others, was to announce a whole lot of projects and do absolutely nothing about funding them. We have seen this right across the board, but nowhere more so than in infrastructure.

The list of projects is a list of infamy. In Western Australia, there was the Great Northern Highway and the North West Coastal Highway—neither were funded by Labor. In South Australia, there was the APY Lands road network—not funded under Labor. In Queensland, there was the Cape York regional package—not funded. In New South Wales, there were a number of projects: Bolivia Hill, Mount Ousley, the Tourle Street Bridge duplication and, close to the member for Charlton, the Scone level crossing—all unfunded projects. One of the

first things this government had to do in this infrastructure space was fund these projects. It is all well and good to put out a press release, to stand at the relevant intersection, shake hands with someone and say, 'This is going to happen,' but unless you actually fund the project, it cannot happen. The alternative to funding it is to just borrow more money and increase the debt level of this nation. That of course is something we would not countenance. So there is a very clear contrast.

The bill we are discussing today is a very good piece of legislation. In a very practical way it encourages the states to recycle their assets and to invest in new productive infrastructure. The fund has some \$5.9 billion in it—a very substantial amount indeed. The fund will provide additional funding of 15 per cent when a state seeks to invest in an infrastructure project after recycling an asset. The combination of that 15 per cent incentive with a fund of about \$6 billion means that, if the fund is fully utilised, there will be \$40 billion of additional infrastructure investment. This is important because these are big, expensive projects and it is not always easy to find the funds to make them happen. A 15 per cent incentive will be very effective in pushing projects across that line of viability, projects that otherwise might not have happened.

Rather than creating a whole new bureaucracy, setting up a new department or setting up lengthy negotiations with the states, the Asset Recycling Fund provides a very simple signal to the states: if you are willing to invest in important capital expenditure, we will stand there right beside you and provide a 15 per cent incentive. That will be critical because, as I said, many projects are just short of that line; 15 per cent will tip many of them just over it.

Infrastructure is important economically because it is the economic gift that keeps on giving. Once you put in place a critical piece of infrastructure—whether it is a road, a port or any other similar facility—once you make that difficult decision to invest, in many cases, many billions of dollars, that piece of infrastructure is then there for the long run. If it is a road, say, it delivers for you on day one, it delivers for you a year down the track, it delivers for you a decade down the track and it delivers for you many decades down the track.

Think about some of the iconic infrastructure in our nation's history. Think about the Sydney Harbour Bridge, for example. What an extraordinary piece of infrastructure that is. In the 80-plus years since its construction, it has generated incalculable economic benefits for the people of Sydney and for the nation more generally. Then there is the Snowy Mountains scheme, another well-known example. Closer to the present day, there is the M4 highway in Sydney. Imperfect though it is—and we are going to fix that with the WestConnex—it has undoubtedly had an enormous impact in opening up Western Sydney to economic growth. We have seen many business precincts pop up along the M4. That would not have happened had the road not been there. With those business precincts—with the warehouses and the factories—come the jobs. Ultimately, why do we care about economic growth? We care about economic growth because economic growth means jobs, and infrastructure means economic growth. That is why it is so important.

There is no question that infrastructure is important. I suspect even those opposite would acknowledge that basic point. But those opposite have shown an inability to take the really tough decisions in this space. There has been no harder or more important decision in infrastructure than the decision to build an airport in Western Sydney. Western Sydney has been crying out for an airport for decades. The original identification of the Badgerys Creek

site occurred back in 1969. I was born in 1974, so for my entire life there has been a proposal to build an airport at Badgerys Creek. We all know that there are complexities associated with building a new airport. As a consequence of those complexities, the project did not get approved. It did not go forward. It took the Prime Minister, with his vision of infrastructure for the nation and for Western Sydney, to bite the bullet and make that hard decision.

Frankly, I think the vast majority of people in Sydney know we had to do it and know it was the right decision. There is a strong level of community support—and so there should be. Badgerys Creek is going to be a huge economic boon for Western Sydney. There will be 4,000 jobs in construction. That is great, but of course construction only goes on for so long. What is arguably more important is the ongoing economic benefit—the ongoing infrastructure improvements, the productivity improvement, the fact that you will be able to get freight into Western Sydney more quickly and at lower cost. What does that mean? More freight comes in and so you get more economic activity in Western Sydney, with more material moving through those warehouses. When more material moves through those warehouses—because it can move around so efficiently—what happens? More jobs. That is why it matters.

The best forecast is for an extra \$60 billion in GDP by 2060. That is an important figure, but these figures can sometimes be a bit abstract. What does it really mean? It means a huge number of new jobs for Western Sydney. It also means that for Kingsford Smith Airport—a loyal servant of the nation for many decades—there is a reality about what it can and cannot do. It can only grow so far. The approval of a second airport means that we all recognise that Kingsford Smith has a logical capacity. That capacity will be reached fairly soon and Badgery's Creek will help to fill the void.

Badgery's Creek is accompanied by the Western Sydney roads package. This is a critical development. Bringelly Road, Northern Road and Elizabeth Drive are all roads that have not kept pace with the growth of Western Sydney. My colleagues the member for Macarthur and the member for Lindsay, whose electorates are directly involved in this, have been articulate advocates for the need of an upgrade of that infrastructure. A \$3 billion project will be great for the area.

It is also great to see the cooperation of the state government. The Commonwealth is providing some 80 per cent of funding for the Western Sydney road project, and the state is providing 20 per cent. This is a good common-sense example of governments rolling up their sleeves and getting things done. That is what the people of Western Sydney and Australia generally want to see.

Closer to my electorate, the government has made a very important infrastructure commitment in stage 2 of the WestConnex. Most critically for my electorate, this means the duplication of the M5 East. The M5 East can be incredibly frustrating to drive on. It is only two lanes. This will make four. It is the main arterial road from the south-western part of Sydney into the city—from the Beverly Hills interchange, which is in my electorate; the duplication going towards the city. Best estimate from the department is that it will save 25 minutes for people travelling to the city in peak hour. That is an enormous benefit from a productivity perspective and from a family-life perspective, because it means people get home quicker at the end of the day. That can only be a good thing. So there is great cooperation with the state government.

There is a \$1½ billion direct injection from the Commonwealth and a concessional loan of \$2 billion, which has really helped. As we discussed before, with these projects, it is often about tipping them over the edge and making them happen, and that \$2 billion concessional loan has got WestConnex and the M5 duplication over the line—so much so that the development will start next year and the project will be completed within five years. These are lengthy projects, and that is a very good time frame.

WestConnex will be a tremendous benefit and is consistent with the government's overall approach to getting the economy moving again. We see a similar situation in environmental approvals, where the Minister for Environment has stepped forward and provided approvals for some \$400 billion of projects that were sitting idle under the previous government in a maze of indecision, red tape and bureaucratic malaise. The Minister for the Environment last year, prior to Christmas—one of the first things he did on taking office—stepped in and said, 'These are critical and massive job-creating projects, and we are going to enable them to happen.' At the end of the day, that is the critical role of government: enabling things to occur in the economy. The government has great limitations on what it can do regarding direct intervention in the economy, and so much of that is best left to the private sector. What we can do—and what we are doing, through this infrastructure package—is enable private-sector investment.

We are not used to that in my state of New South Wales, because in 16 years we had a state Labor government. We had more announcements about infrastructure than the births, deaths and marriages page. There were all sorts of things that were going to happen. I have to say, we did as a populace, the people of New South Wales, become a little cynical. The Parramatta-Epping rail link was announced with much fanfare; we literally lost count of the number of times. There were so many hard hats, so many fluoro vests, so many announcements and so much happening. At the end of the day, people will judge governments on their results—as they should—and the infrastructure results in New South Wales, in that sorry period between 1995 and 2011, were just appalling. That is why it is so great to see the emphasis on infrastructure, from the New South Wales government working hand in hand with the Commonwealth, in this asset-recycling area.

One of the fundamental commitments of the government prior to the election was to build the roads of the 21st century. We know that we need that. We know that for too long difficult infrastructure projects have been put in the too-hard basket. This government, through a combination of direct investment, incentives for states to invest and getting rid of arbitrary and excessively regulated approval processes so as to allow the private sector invest, is going to build the roads of the 21st century. WestConnex is a critical one for my electorate and this bill will assist in that tremendous government initiative.

Mr NEUMANN (Blair) (18:28): I am speaking in relation to the two bills before the chamber: the Asset Recycling Fund Bill 2014 and the Asset Recycling Fund (Consequential Amendments) Bill 2014, which would create the Asset Recycling Fund, the ARF. This would provide financial assistance and incentives to the states and territories to invest in infrastructure. It is the result of a national partnership agreement reached by the first ministers of the states and territories on 2 May this year.

The bill proposes that the Commonwealth provide states and territories, which privatise their assets and recycle the proceeds into new productive infrastructure, an additional 15 per

cent of the reinvested sale proceeds to the cost of new infrastructure. It must be remembered that there is no new money here. It does not contain any new funding at all. In fact, it puts aside a bucket of money—\$2.4 billion of uncommitted funds from the Building Australia Fund and \$3.5 billion of uncommitted funds from the Education Investment Fund. In listening to speaker after speaker from the coalition, you would think that billions and billions of dollars in new money was being rolled out in this fund, but it is just a recycling of federal government funds which we created when we were in government.

The government said they intend to make further contributions to the Asset Recycling Fund from the privatisation of Medibank Private and other privatisations, unnamed. We created the Building Australia Fund, the BAF, and the Education Investment Fund, the EIF, to fund land transport and education infrastructure respectively, and those funds were doing precisely that. The proposed ARF has similar governance provisions to those of the BAF and the EIF, as managed by the Future Fund.

We do not believe these bills in their current form adequately maintain the governance standards that we introduced for the BAF and the EIF. The shadow minister, the member for Grayndler, has circulated proposed amendments that relate to governance standards, with proper cost-benefit analysis published by Infrastructure Australia and a disallowable instrument requirement for the Treasurer so that greater parliamentary oversight is a precondition of payment of Commonwealth government funds.

Concerns about this legislation were raised in the Senate Finance and Public Administration Committee inquiry by the Australian Technology Network of universities: Curtin University, University of South Australia, RMIT University, the University of Technology Sydney and Queensland University of Technology. They teach about a quarter of a million students in higher education campuses around the country. They looked at this legislation and expressed some concern about it and about the winding up of the BAF and the EIF, especially as 59 per cent of the initial funding for the ARF comes from the Education Investment Fund, which those universities have benefited from in the past. We know that higher education is going to be more expensive under this government. The ATN asked: if the purpose of the ARF closely aligns to the purpose of the Building Australia Fund, without proper public transport spending, what protection will there be for future higher education research and education related infrastructure spend? There was no response from the government to that.

I recall a coalition policy at the last election—a so-called five-pillar economy—about research in higher education and world-class education. What they are doing here is taking away money from those areas. But that is to be expected from a government that does not even have a science minister. And anything to do with climate change or research or innovation or creativity seems to get abolished. If it is a body, organisation or group that is doing some public service, some social and economic good, and it has any of those terms in it, it was abolished in MYEFO or indeed in the budget. These bills are silent in relation to future research and education related infrastructure spending. It is typical.

We heard those opposite criticise us about infrastructure. We have a proud record with respect to infrastructure. I can recall many occasions in the last six years, in the time I have been in this place, where coalition members voted again and again against infrastructure spends, whether it was the necessary funds for recovery after the floods in South-East

Queensland and the cyclones in North Queensland or the nation-building response we had to undertake as a result of the global financial crisis—which those opposite think is a myth, a bit like the Loch Ness monster. We had to spend that money to keep 250,000 people in jobs and to keep the economy going and avoid recession. Again and again we put forward bills in this place in relation to an infrastructure spend to keep jobs in place, to help rural and regional areas and urban areas with rail, transport, infrastructure for councils and regional and local community infrastructure funding. We proposed the nation-building economic stimulus, with the BER. In the last six years in this place, those opposite, who were critical of us in government, voted against all those things.

When we came into power in November 2007 we massively increased the infrastructure spend. We were ranked 20th and by the time we left office we were ranked No. 1. In dollar spends we lifted infrastructure from \$132 to \$225 per Australian. For Queensland it was even better. We reversed the blockages on productivity and infrastructure the coalition government refused to address—ports, road, rail. They did not fund an urban rail project north of the Tweed; there was nothing in Queensland. When we were in government we spent more money on urban transport than was spent by every government in the history of the Commonwealth of Australia. We saw it as a priority to get people to commute to their places of work by public transport rather than by car. It is good for the economy and it is good for the environment. We doubled road funding to \$46.5 billion. We upgraded 7,500 kilometres of local roads. We increased grants to local governments through Roads to Recovery by 20 per cent. In my area, Ipswich City Council got \$6.5 million in Roads to Recovery grants—more than they had ever seen before.

It was not just that. As I said, we committed \$13.6 billion to urban rail infrastructure. We saw that as a priority. We invested heavily in the national rail freight network—some \$3.4 billion over six years. We rebuilt more than a third of the whole network. We are talking about more than 4,000 kilometres of track. We invested \$64 billion in infrastructure and we committed tens of billions of dollars to further nation-building if we were re-elected. We also faced the terrible disasters that I referred to not just in Queensland but in Victoria and other states, including the fires and floods in Western Australia. We addressed those issues. We ended the utterly shameful pork-barrelling that those opposite undertook. The ANAO report on regional ports was quite damning of the Howard government.

We started investing in regional and rural communities. We set up Infrastructure Australia to get rid of inefficiency and increase efficiency in the economy, and we put a priority on jobs and productivity. The Abbott government have ignored my electorate since they have been in power. The Abbott government never talk about the last section of the Ipswich Motorway, and the Howard government refused to build it. The Ipswich Motorway was the most important road project west of Brisbane. We spent \$3 billion to upgrade from Dinmore to Darra. Up to 100,000 vehicles a day can travel on that road at the most congested times. We are talking about 100,000 vehicles a day potential. What did we do? It was planned, designed, built and opened under a Labor government. It was not just about turning up for a photo opportunity—it was done. You can drive on it any day of the week. It is important. The service roads took 25 per cent of the traffic off the Ipswich Motorway. When the coalition voted against the Ipswich Motorway project west of Ipswich, the Blacksoil Interchange, we funded it. We partnered with the then state Labor government and that project, the Ipswich

Motorway, created and sustained up to 10,000 jobs during the global financial crisis. There were 300 jobs created and sustained on the building the Blacksoil Interchange—\$54 million there. To the credit of the LNP state government in Queensland, they have come to the party and that project will be opened later this year. That is critical for the 40,000 vehicles a day and the commuters in rural and regional areas not just in Ipswich and Brisbane but in Toowoomba, the Lockyer Valley and the Scenic Rim and Somerset regions. We, under a Labor government, did what the coalition government refused to do.

My concern is that this 15 per cent—it will not be 75 per cent; it will not be 50 per cent—will be the basis of Commonwealth government infrastructure contributions in the future. That is what I expect will happen. This government has abandoned whole areas. The Prime Minister is very good at saying that he is the Prime Minister for this and that. For example, he is the Prime Minister for women, but he has very few women on the front bench over there; he is the Prime Minister for Indigenous affairs, but he will cut \$534.4 million in programmatic funding for health, education, justice and other programs for Aboriginal and Torres Strait Islander people; and he is the infrastructure Prime Minister, but he cuts rail projects, like the Brisbane Cross River Rail project in Queensland and the rail link in Victoria. The government see that as a state responsibility. They keep rolling out projects such as the inland rail freight project, saying they are their projects. We were funding them. They are a continuation of what we were doing. There are no new dollars in this bill. It is a fake and a fraud. They are claiming projects that are being built but that the Labor government designed, budgeted for and funded.

This legislation is really about a right-wing privatisation binge typical of coalition governments. We see that in Queensland, my home state. We have seen the most despicable, disgraceful propaganda by the LNP and Campbell Newman on a \$33 billion privatisation binge they are about to undertake. It did not do Anna Bligh and the Labor government much good when they tried to privatise assets in Queensland, so I do not think it will do Campbell Newman and the LNP government much good when they go to the polls by March next year. The consultation was not genuine at all. It was bogus; a predetermined consultation process. The majority of Queenslanders by the public response, even on the dummy website, the bogus website, opposed it. A recent poll found that 47 per cent of respondents would be less likely to vote for the Queensland LNP government if they continued their drive towards privatisation of state assets. They spent \$6 million of Queensland taxpayers' money on an elaborate consultation program that was called Stronger Choices, and it was a flop. The people did not want it. They did not want to privatise assets, but the LNP decided to do it anyway. Organisationally, if the LNP in Queensland had any integrity, it would front up with a cheque for the taxpayers of Queensland from their own campaign coffers and put it back into consolidated revenue.

This was an LNP propaganda campaign with a fancy website and incessant ads. When I was travelling around the country, I found the ads everywhere interstate. As a shadow minister, I was travelling in different states and would see the ads on TV channels. They were not even directed solely to Queensland. There were fliers in the mail. We even saw information kiosks in my electorate at the Riverlink Shopping Centre in North Ipswich which referred to a so-called \$80 billion debt and annual interest costs—it was untrue. It was simply misleading and an overtly political campaign. It was completely misleading. The budget

papers in the Queensland government reveal that the gross debt under Campbell Newman has increased by \$14.6 billion—or \$833,000 per hour under the state LNP government.

In my electorate, in Ipswich, unemployment has gone up from 5.3 per cent to 12.3 per cent under Campbell Newman. So much for asset recycling. They privatised by stealth. They did not tell the people that they were going to undertake privatisation. There are organisations and bodies in Queensland that have been privatised repeatedly, but the government has undertaken these big campaigns to privatise the big stuff, such as the big energy companies.

There is \$33 billion on the table. The people do not want this legislation. There are amendments that need to be considered, and the shadow minister will put them. This bill has real flaws. The whole privatisation commitment of this government is about an ideological right-wing, free-marketeer, buccaneering system. It will not be copped by the public in Australia. If the Queensland government thinks it can get away with that, wait until March next year and we will see how they go.

Mr FLETCHER (Bradfield—Parliamentary Secretary to the Minister for Communications) (18:43): I am pleased to speak on the Asset Recycling Fund Bill 2014. This very important bill will establish the Asset Recycling Fund, which is a dedicated vehicle to facilitate investment in new infrastructure. It will operate by providing financial incentives to state and territory governments to sell existing assets and to reinvest the sale proceeds into additional infrastructure. I want to cover three points in the time available to me tonight. Firstly, Australia's infrastructure has significant deficiencies, and there is a backlog of projects which need to be commenced. Secondly, these deficiencies are of considerable public policy importance and, thirdly, this bill establishes a mechanism which will help to facilitate investment in new infrastructure.

If I turn firstly to the proposition that we have a significant deficiency in the state of our infrastructure in Australia it is no exaggeration to say that this is one of the common themes of public policy commentary in Australia today. We can look at numerous sources of data; for example, the World Economic Forum's 2010-11 Global Competitiveness Index ranks Australian infrastructure at 22nd out of 139 countries. However, as Infrastructure Australia pointed out, when you look at the measures that are more relevant to Australia, our ranking is in the 30s and 40s. Our total capital stock expressed as a proportion of our GDP is below the average of OECD countries, and the position has been getting worse with public investment in infrastructure as a proportion of our GDP declining in recent years. These figures confirm the anecdotal impressions that many of us would get as we go through the shiny new airports in many Asian countries. We are being eclipsed in Australia by the infrastructure spending of many developing countries, such as China and the Middle East. All of us, I am sure, have had the experience of travelling through a modern, large, well-planned airport in Asia—I can mention Hong Kong airport opened in 1998, Bangkok opened in 2006, Singapore's Changi or numerous airports in China.

It is somewhat depressing to return to Australia and disembark at Kingsford Smith Airport with its rabbit warren of successively-added gates and the unedifying experience of being forced through the duty-free perfume and cigarettes before reaching the overcrowded immigration control area. The unflattering comparisons do not stop at airports, as anyone who has used either urban or long-distance railways in Japan or China or Singapore knows only too well. According to a 2010 report by the OECD,

Australia faces a shortfall in infrastructure which could worsen with the demand pressures exerted by the mining boom, population growth and environmental concerns.

Similar conclusions were reached by Engineers Australia, an organisation which prepares a comprehensive annual scorecard of Australia's infrastructure position. Its 2010 report card ranks some critical sectors as 'poor' and the overall position in Australia as merely 'adequate'. A report a couple of years ago by Infrastructure Partnerships Australia cites estimates of Australia's 'infrastructure investment task' as ranging from \$455 billion in a 2008 report by ABN Amro to \$770 billion estimated by Citigroup. The recent Productivity Commission draft report into public infrastructure, issued earlier this year, cites a range of other estimates, including a \$300 billion estimate by Infrastructure Australia in 2013. So it is clear that there is a range of bodies opining that Australia has a significant infrastructure shortfall. There appears to be a broad consensus that this shortfall has arisen over quite a number of years, due to continued underinvestment.

Let me turn next to the proposition that this is a matter of considerable public policy importance and something that government and, indeed, the community ought to be very concerned about. The consequences of this under-investment are being felt in many areas of our economy and our society: the growth in exports from Australia is placing strain on our ports; there is congestion in our cities exacerbated by population growth and changing demographics; our electricity infrastructure is under pressure; and there is continuing investment needed to support key industries, including mining. There are a range of other reasons for the lack of investment in infrastructure and, therefore, the deficiencies in infrastructure are putting increasing pressure on our economic performance and on our social wellbeing.

There is a clear and direct link between infrastructure and our national productivity performance. One of the best historical examples to explain the connection between infrastructure and productivity is the investment made by the US government in the interstate freeway system in the 1950s. This was originally justified as a defence measure, but it had huge productivity benefits, because it reduced the delivery times for goods and expanded the geographic area within which any one company could cost effectively supply customers, and therefore increased the intensity of competition to the benefit of consumers and to the benefit of overall economic efficiency. There is quite a considerable economic literature on the productivity spin-offs from the US interstate freeway system.

Sir Rod Eddington in 2011, as the chair of Infrastructure Australia, noted that:

Productivity has slowed as a direct result of infrastructure shortfalls—time lost in travel, delay at ports, lost production due to water restrictions.

So the economic case for increased investment in infrastructure is a very strong one, but there is also a strong equity and quality of life case to be made. John Kenneth Galbraith, the well-known US economist—actually born in Canada, for the pointy heads—in the 1950s coined the term 'Private Affluence, Public Squalor' to convey the idea of a rich society which under-invests in its public infrastructure. His point was that this harms social cohesion and results in a society which fails to reach its full potential. If congested roads mean that you face a longer travel time to work, you are wasting time sitting in traffic, rather than being with your family or in pursuing other activities meaningful to you. That wasted time obviously has a substantial economic cost, particularly when multiplied by the millions of people in the same position,

but it has a very real social cost as well. Therefore one of the most important things governments can do to improve the quality of life of the people they serve is to deliver good quality infrastructure.

Let me turn therefore to the proposition that this bill lays out an effective mechanism to facilitate investment in new infrastructure. It is an effective mechanism which recognises that much of the day to day work of planning and, indeed, funding major infrastructure projects occurs at state government level but that there is an important role for the federal government in supporting the states in the work that they do. It is the mechanism contained in this bill to address that issue and to support and encourage the states which is a particularly noteworthy piece of public policy innovation.

The measures in this bill and the scheme which will be established are, in my view, very much in the tradition of some of ideas argued by the well-known Yale University economist Robert Shiller, who a few years ago wrote a book called *Finance and the Good Society*. His argument, essentially, was that the reputation of finance as a sector has not been that good following the 2008 financial crisis; but that, in fact, on reflection, the role of the finance sector is of the first importance in delivering economic and social welfare. To quote from one particular book review which summarised the argument, the reviewer noted that Shiller:

... makes a powerful case for recognizing that finance ... is one of the most powerful tools we have for solving our common problems and increasing the general well-being.

One of the examples that Shiller gives is the importance of mortgages—the fact that through the invention of this financial instrument it becomes possible for most people to afford a home, even though very few of us are in a position to pay the full capital cost of a home when we first we want to buy. I would argue that, consistent with the notion that clever financial thinking can deliver important social benefits, the essence of this bill is to establish a fund which will be used to offer incentives to the states to recycle their assets. It recognises that the states—all of them—have significant assets on their balance sheets, many of which can be sold. At the same time, the states and, indeed, the nation face a very large task in funding all of the new infrastructure that is required. Therefore, if we can recycle the existing assets, if we can monetise those existing assets, and take the proceeds to fund the provision of new infrastructure assets there is a very significant social welfare benefit to follow as a consequence. The mechanism set out in this bill to achieve that public policy objective is to establish the Asset Recycling Fund, and this will be a dedicated investment vehicle with a focus on providing financial incentives to the states and territories to create new infrastructure.

The Asset Recycling Fund will be managed by the Future Fund Board of Guardians. It is important to note that this board of guardians has a proven track record in managing investment portfolios in the public interest. It has been responsible for the management of the Future Fund. In 2006, the balance in that fund stood at \$64 billion and, as at 31 March this year, it stood at \$97 billion. So it is a significant achievement in managing that particular fund, and that expertise is now to be deployed to manage the moneys that will make up the Asset Recycling Fund. The initial balance of this fund will be \$5.9 billion and there will be further credits to come into the fund in the future. It will be used to help fund investment that expedites nationally significant infrastructure; it will also fund payments to local and territory governments under the Roads to Recovery program. This is a mechanism to unlock the

balance sheets of the states to target investment in productive economic infrastructure. It is consistent with and facilitates the delivery of the government's Infrastructure Growth Package announced in the 2014-15 budget.

The Abbott government has come to power with strong commitments in relation to infrastructure, and this bill lays out a specific and effective public policy measure to give effect to the policy commitments that we have made. On this side of the House, we believe that delivering modern infrastructure is a crucial part of the government's Economic Action Strategy to boost economic growth and prosperity, increase productivity and create thousands of new jobs.

The Asset Recycling Fund will be seeded with \$2.4 billion from the Building Australia Fund and \$3.5 billion from the Education Investment Fund. Over time, it is likely that there will be sources for additional funds to come into the Asset Recycling Fund—for example, should there be Commonwealth assets which are privatised. The consequence of the moneys being put into this fund is that they will then be available to be paid to state governments under incentive arrangements, which will in turn encourage the states to look for opportunities to monetise existing assets and to take the proceeds from those assets and reinvest them in vitally needed infrastructure—infrastructure in road, in rail and in other areas. This can in turn deliver not only the economic efficiency and productivity benefits that I have spoken about and for which infrastructure is so important but also those vital social benefits, because people are required to spend less time in their car and so have more time left to spend with their family or doing other things of importance to them.

I conclude with the observation that the question of refreshing and renewing Australia's infrastructure is very much on the national public policy agenda. There is widespread agreement that our infrastructure is deficient and there is a backlog of projects which need to be commenced. The Abbott government is getting on with that work, and this bill establishes an additional public policy mechanism to underpin that work by establishing a significant fund which will allow moneys to flow to infrastructure priorities to improve productivity and generate economic growth. There are great economic and social benefits to be captured for our nation if we can find the best ways to fund and build the world-class infrastructure we need, and the mechanism set out in this bill is an important way of achieving that public policy objective.

Ms RYAN (Lalor—Opposition Whip) (18:58): I rise tonight to speak on the Asset Recycling Bill 2014 and related bill. Governments everywhere are exploring the possibilities that asset recycling may deliver. In a high-growth electorate such as mine and having met with the National Growth Areas Alliance this morning, I am acutely aware that the provision of infrastructure is vital.

During the time of the previous Labor government, Lalor and many other growth corridor electorates did benefit from infrastructure investment. In Lalor, specifically, funding was provided through local councils for community centres, libraries and local road project. There were also capital investments into TAFE and university. The rollout of the NBN commenced, and our local hospital received funds to expand facilities. All of these investments were much needed in our high-growth area. Locally, we benefited from major infrastructure investment. The federal government contributed \$3.2 billion for the regional rail link, set to increase rail access for both business and passengers—a project that will deliver economic benefits to

Victoria. This project, currently underway, is being delivered ahead of time and on budget. Those working on this project should be rightly proud of that achievement. And why is this project being delivered in this cost-effective and timely way? Because of Labor's initiatives during its term in government—that is why.

When Labor came to power in 2007, it inherited an infrastructure mess; it was more than an infrastructure mess really—it was an infrastructure disaster. The current infrastructure minister was there during the Howard days, so he will not find it difficult to remember the Regional Partnerships Programme rort scandals. We on this side well remember the millions of taxpayer dollars wasted on projects in regional areas—projects that had dubious merit. The word profligate has been thrown around this chamber much in recent days by those opposite; in error, I might say. But here we have a clear history. So what are some of the memories of the coalition government's infrastructure disaster? Projects like the cheese factory in Wangaratta which was awarded \$22,000 in government assistance—despite the fact that it had shut its doors. That one comes to mind, as does funding provided to an ethanol plant in Gunnedah: taxpayer funding was provided, but it actually produced no ethanol. The minister must also remember the \$600,000 federal government grant given to struggling Queensland company Beaudesert Rail—against the advice of corporate administrators, and in breach of the program's own criteria. These examples are not a ringing endorsement of the coalition's capacity to handle infrastructure. Back in 2005, the Business Council of Australia acknowledged how cracked the Howard government's infrastructure funding system was, and called for a massive overhaul. As part of their Infrastructure Action Plan for Future Prosperity, the council reported:

...that the current state of Australia's most fundamental infrastructure – supporting all elements of the transport network, energy and water supplies, and the basic facilities to support growing and spreading urban communities – is in urgent need of reform, repair and expansion.

They went on:

We are at the crossroads in terms of infrastructure development as a result of poor institutional arrangements and policy choices. Changes are required to alleviate current capacity constraints, and provide additional capacity to support high growth in the years ahead.

Let me repeat that, Deputy Speaker: 'as a result of poor institutional arrangements and policy choices'; 'changes are required'. This was after, or during, the years that the coalition were in charge of this country. And so, as is always the way, it was Labor who acted on the failures of that system. It was Labor who were determined to create an infrastructure funding system where government could make decisions based not on lobbying but on hard evidence about a project's worth; about a project's value to the community—and not on the basis of an electoral strategy. It was Labor who announced that, if elected to government, we would create a statutory body to create a balanced and strategic blueprint for future funding, and that is what we did with the Infrastructure Australia Act in 2008.

Infrastructure Australia was created to enact evidence based decision making; to deal with policy and regulatory matters; to drive reform on legal, tax, planning and infrastructure finance; to evaluate the business cases of projects and project financing options, including private-public partnerships; and to review the adequacy of Australia's infrastructure, identify the gaps, and prioritise the nation's projects. Its first task was to undertake a nationwide audit of Australia's infrastructure, and then to form a priority list for the future. Only infrastructure

projects which met a minimum rate of return—determined through rigorous cost-benefit analysis and review—were recommended. With Infrastructure Australia, Labor showed leadership by investing in nationally significant projects and by ensuring lasting reforms. Let us not forget that it was under a Labor government that infrastructure spending grew from \$132 to \$225 per Australian. It was under Labor that Australia rose to No. 2 in the OECD rankings by the scale of the investment made in fixed capital. And it was under Labor that the total annual investment in our nation's roads, railways, ports, energy generators, water supply facilities and telecommunication networks hit a record \$58.5 billion in 2011-12, equivalent to 4 per cent of GDP. We on this side of the House invested, not to gain cheap political points but because, after years of inaction under the Howard government, it was what this country needed. Key to all of this was Infrastructure Australia, because their informed, evidence-based analysis and advice ensured that we were investing in the infrastructure that would drive national growth and productivity. But informed, evidence-based analysis is not what the current government is about.

Along with some of my colleagues, I met this morning with representatives of the National Growth Areas Alliance, an alliance of local councils that serve high-growth communities around Australia. This alliance, which understands infrastructure needs and which has put considerable time and effort into preparing reports for government, has received no feedback on its submissions. I repeat, this alliance has provided government with valuable information and it has received no feedback. What does this tell us about our current government? It tells us that the coalition government seems intent on making decisions that have no basis in well-developed planning, and that they are not intending to listen to groups from across this country. Take, for example, my home state of Victoria: in the recent federal budget, over \$3 billion was allocated for the second stage of the East West Link. One billion of this will flow into Victoria's coffers in just a couple of weeks. In a recent senate estimates hearing, it was revealed that this project has no business plan. You heard correctly—no business plan. The project has not been examined by Infrastructure Australia. It was also revealed that the estimated cost-benefit ratio was lower than the proposed upgrade for the Western Ring Road, a project that was not funded; indeed, a project to which some current funding is now being redirected. There are no detailed plans for the east-west project and no details about the land or houses that will need to be compulsorily acquired, and no information about the road's final alignment. There is no detail about where this tunnel will come up; no detail about when it will see the light of day. There are no details about whether the road will be tolled.

The state government provides hollow words about the benefit to the people in the west of Melbourne, but those who live and work locally are having trouble making any kind of accurate analysis due to the lack of detail. This project is years away from being shovel-ready, but this federal government has seen fit to allocate \$1 billion to the Victorian government. Something about this does not feel right. The chat around town is that the federal government made these funds available due to its nonsensical rule about not funding rail infrastructure. The original Metro rail link, a project that was planned and researched over many years with a strong endorsement from Infrastructure Australia, has now been junked in favour of the current Metro light plan. Transport is a big issue in my electorate. In fact, Wyndham City Council is running a campaign to 'get Wyndham moving', because people in my electorate are commuting to work for two or more hours a day, whether it be by road or rail. To fund a

project that there is no detail for and to plainly ignore the Metro rail link project, which has been endorsed by experts, is a slap in the face for my community.

So back to the asset recycling bill. Asset recycling can have merit in certain circumstances. I suggest that merit can be determined through careful and detailed planning and deep consultation with the community. This bill, however, does not seem to have those checks and balances at its core. This bill also has the potential to dilute the historically high level of federal commitment to infrastructure funding, a level achieved under Labor. At the recent meeting between Joe Hockey and the state and territory Treasurers, it was reported that Victoria left the meeting 'very disappointed'. The Victorian Treasurer, Michael O'Brien, pointed out that this asset recycling plan has very little benefit for Victoria, as the state has very few assets left to sell. Victoria sold off many of its key assets during the Kennett years of the 1990s. Michael O'Brien indicated he was disappointed the state would receive no credit for the hard decisions of the past. Apparently, the federal Treasurer made it very clear he was not prepared to look backwards.

Last year *The Melbourne Review* ran an article discussing the benefits of privatising the Port of Melbourne. It makes the case for asset recycling in a positive way, but it also provides this caveat:

Victoria's competitiveness and wealth are inextricably tied to the health of our infrastructure ... With considered investment in projects that are genuinely economically sound, the process of commercialising Victoria's public assets would enhance our state's growth immensely.

There are three words that stand out in that statement: 'genuinely economically sound.' This government wants to be known for its infrastructure. Many a time we have heard the Prime Minister say that he will be the Prime Minister for infrastructure, as if saying it will make it happen. If that is so, and if this government wants to be remembered for successful infrastructure projects, then this government needs to heed advice such as that given out by *The Melbourne Review* last year.

The asset recycling program appears to offer very little for Victoria. It appears that, as this government refuses to look backwards at the asset sales that have occurred in Victoria, Victoria will miss out on infrastructure spending under this bill. I also have some very real doubts about the way this government is interacting with Infrastructure Australia, and whether they are taking into account the evidence-based information that they are being given in the decisions they are making. Nothing I have heard in this chamber gives me confidence that this bill will ensure good service and good infrastructure for Victoria, or good service or good infrastructure for growth corridors nationally. In particular, I have very little faith that this bill will deliver for my community in Lalor.

Dr GILLESPIE (Lyne) (19:12): I rise to talk about the Asset Recycling Fund Bill and the consequential amendments bill. The value of infrastructure and productivity to individuals, communities, cities, states and nations is the essence of this bill. Some people do not quite understand what asset recycling and unlocking the value of assets means, so I will explain that process. Infrastructure, whether it be road infrastructure, telecommunications, dams, ports, rail lines, hospitals, schools or utilities, delivers improvements in lifestyle, in amenity and in production. The better that infrastructure is, the better the productivity. In particular, transport links and telecommunication links need to be fast and efficient, because if they are not fast and efficient everything becomes more expensive. The old saying that 'time is money' really

does apply in this space. The longer it takes our producers to get products to market, the more costs increase, and our competition gets an advantage. The less competitive we are, the less income there is for our nation and citizens. Poor infrastructure that is not efficient means more expense, so our products become more expensive, which in turn means our competitors get an advantage. That is really important, because one in five jobs comes from trade internationally. Increasing our productivity means that people will end up paying less for goods and services. Poor productivity means goods and services become more expensive, so the cost of living goes up. Productivity gains bring the cost of living down. People are not connecting productivity gains with cost of living, but that is what we as a nation have to do.

The second thing that this asset recycling addresses is unlocking value. Unlocking value means realising the value of one's asset. The states have many assets that hold value for them, but that value is not realised in a financial sense. In the early years of our Federation, and subsequently, the world economy and the Australian economy were quite different to what they are now. Many initiatives that we had—such as establishing major utilities and energy systems, transport bodies such as Qantas, banks such as the Commonwealth Bank and the state banks and things such as the old GPO, which became Telecom Australia—were bankrolled and run by governments. But both state and federal governments have vacated that space to a degree already. Most of these exits have been spectacular successes. You only have to look at what has happened to the Commonwealth Bank since it was sold off by the nation to see that. You only need to look at how Telstra has grown over the years since it was sold off to see that.

Initially, the scope, extent and capital required government involvement, but now we have a different world. We have huge amounts of capital available in this country both in private banks and in super funds that private enterprise could marshal. If the value of these assets were realised enormous amounts of infrastructure could result. Private enterprise now has the capability and the finances to run energy systems. It has demonstrated that time and time again. Previous governments have used the realisation of things such as Telstra and the Commonwealth Bank to pay off huge national debts. You only have to look at the debt that was left behind by the Keating government to see that. The asset sales—Qantas, the Commonwealth Bank and Telstra—delivered most of the reduction in debt. Look at what happened with the Commonwealth Serum Laboratories. Private enterprise used that intellectual capital and expanded it around the world. We now have a world leader in that as well.

This is why our Asset Recycling Fund has been created. It has been created to facilitate financial incentives for the states and territories to sell or lease their existing assets so that they can realise a financial windfall and reinvest that in their own new infrastructure. The Asset Recycling Fund will be created by rolling the funds from the Education Investment Fund, the proceeds of the Building Australia Fund and the proceeds from the sale of other assets, such as Medibank Private, into this fund. The fund will be administered by the managers of the current Future Fund. We should have a lot of confidence because when that was created it was at about \$60 billion and now it is worth over \$94 billion. So they do a good job at it. National partnership agreements, both in asset recycling and infrastructure, will guide this through the COAG process.

How does this initiative work? What is its value to the states? The value is that the Commonwealth passes to the states from this fund an extra 15 per cent on the value of their realised asset. So it is an incentive program for them to do that, but it is not just done willy-nilly. The asset recycling initiatives must demonstrate a clear net positive benefit to the states and the nation and enhance long-term productivity and the productive capacity of the economy. Also, where possible, the private sector should be involved to leverage the public sector money that is going into the project and add it to private capital as well. This leveraging of \$50 billion of federal capital, added to state capital, together with private capital investment should support funds of up to \$125 billion.

This is for solid state infrastructure. It is not the back-of-the-poster infrastructure that is delivered willy-nilly, such as the pink batts fiasco or the overpriced school halls fiasco where instead of the Keynesian economic multiplier effect we had an economic dividing effect. Good, solid taxpayer money went into overpriced and very ineffective school halls. It was the odd school infrastructure project that delivered value for money. These projects that we are encouraging the states to be involved in will deliver long-term, solid infrastructure. There will not be any 'cash for clunkers' in this scheme.

We will have real, lasting infrastructure, such as the Pacific Highway duplication, which will start soon in the Lyne electorate and head further north to the Queensland border. It is going to deliver, because all of the products that we ship in and out of the Lyne electorate will be coming and going on efficient freeways. It is going to reduce travel times, making transport costs cheaper. It is going to bring more tourists into the Lyne electorate. We have this huge, burgeoning south-east Queensland market of potential tourists who will come further south if they are not caught in traffic jams and on single-lane, winding and dangerous highways. You can see what has happened with the freeway coming through the Tweed down to Ballina and Byron Bay; it has opened up exponentially to the south-east Queensland market. We want it to keep coming down to Coffs Harbour and then down to Port Macquarie. Already the tourism market in our area has changed because of the duplication south of the electorate from Sydney. We now have not only week-long tourists, we also have people who come for three days or two days because it is within a three- or four-hour zone of Sydney, or even closer if you are coming up from Newcastle or the Central Coast.

As for other solid infrastructure that will be delivered out of this fund, we have the Roads to Recovery funding. In the Lyne electorate we have a lot of very poorly maintained roads which certainly can do with the Roads to Recovery funds that they are going to get out of this process. \$16 million of federal money—up to \$17½ million if you include the GST—is coming out of this to fund repairs to the Bucketts Way. If you add the Thunderbolts Way, which is another linkage into the Gloucester Valley, there is another \$3½ million, so that is about \$20 million of road infrastructure delivered locally into areas in the Lyne electorate.

These will not be like the school halls and the pink batts infrastructure that disappeared into the ether. This will be lasting infrastructure which will deliver long overdue benefits in the local economy as well as the state-to-state commerce that I have mentioned with the Pacific Highway. So I commend this bill to the parliament because of all the potential benefits that will flow from asset recycling. The state government in New South Wales will be able to deliver new schools and new hospitals because of the benefit they will gain from recycling the

value of the money that they realise out of this asset recycling process. I commend the bill to the House.

Dr LEIGH (Fraser) (19:24): The Harvard philosopher Michael Sandel once said that he was for a market economy but not for a market society. I think that is a good way of characterising the differences between the two sides of the House on the question of privatisation. The perspective of the Liberal and National parties has always been a theological belief in the value of privatisation. Those on that side of the House believe in a market society. They believe that inherently privatisation is always good.

Those of us on this side of the House take a much more pragmatic view to privatisation. It was the Hawke government that privatised Qantas and the Commonwealth Bank, but it has also been Labor which has stood up against bad privatisations. We have to admit in a debate like this that there is such a thing as a bad privatisation. Privatisation of the British rail network is a classic example, a privatisation which ended up with consumers bearing higher prices and getting inferior services. So when we are considering privatisations, it must be on a case-by-case basis. Yes, we should look at the revenue that flows from privatisation but we also need to consider the situation of the asset. Is it a natural monopoly? Is it the kind of thing where there is going to be contestability in the market? Is the asset itself a natural role for government or is it something where we might expect the private sector to get more efficiencies? These are the questions that this side of the House asks on an issue like privatisation.

At the heart of this Asset Recycling Fund Bill is the notion that an incentive payment of around 15 per cent of the value of the asset multiplied by the share of that sale price that is invested by this state into certain other assets should be returned to the state as an incentive payment. But as a number of University of Queensland economists, Flavio Menezes and John Quiggin chief among them, have highlighted, it is quite unclear whether this incentive payment is of appropriate size. One of the things it depends on is whether companies are in fact going to pay company tax revenue which is of that scale.

Let me step back for a moment. The notion of paying an incentive payment has at its heart the principle that a government entity does not pay company tax. Once the asset is sold to private investors, they begin to pay company tax. The Commonwealth gets company tax and returns a portion of that to the state. But that argument only holds if the company actually pays a reasonable rate of tax. If it has very large deductions, and we have seen some of the potential loopholes in the company tax system arising in the debate over the base erosion and profit shifting, then it is not going to be the case that the Commonwealth gain in company tax is 15 per cent of the sale price of the asset. We need to be very clear that this is only a very small share of what states have had ripped away from them by this Commonwealth government—\$80 billion ripped out of schools and hospitals as a result of this latest budget—and it will be a very small share of that which states see returned to them in the form of this incentive payment.

The idea of an incentive payment is not new. It has been floating around in the ether of Treasury and Finance for nigh on two decades just waiting for a buyer. The idea found a gullible buyer in the form of the Prime Minister and the Treasurer who, when they walked into office, bought an idea which had been considered and rejected by the Keating government, the Howard government, the Rudd government and the Gillard government. So

you cannot help thinking that the Abbott government is somewhere in the position of someone who finds themselves having inadvertently purchased the Sydney Harbour Bridge. They have bought an idea which so many others had rejected. And the reason they have bought this idea goes back to that Michael Sandel distinction between a market economy and a market society.

If you believe in a market society, if you believe that the private sector always does things better than the public sector, then invariably you are going to be tempted to pay states to privatise. But if you take a more pragmatic approach to privatisations, as we on this side of the House do, then I think you are much more likely to be sceptical of privatisations, to want to see the business case for a privatisation, to take the view that if it does not stack up on its own merits then the federal government should not be paying the states to privatise an asset that they would not otherwise have privatised.

Debate interrupted.

ADJOURNMENT

The DEPUTY SPEAKER (Hon. BC Scott) (19:30): Order! I propose the question:

That the House do now adjourn.

Tertiary Education

Ms VAMVAKINOU (Calwell) (19:30): I rise to emphasise the importance of investing properly in universities and tertiary education and ensuring that access to higher education is determined by ability and not family income. I do so because it is one of my key commitments as a Labor member of parliament. I do so because I have had an overwhelming number of pleas to defend and extend our support for universities from my constituents. I do so because access to quality higher education is one of the most fundamental requirements for ensuring equality of opportunity and fulfilment of personal potential. And I do so because it is one of the most fundamental foundations for a progressive, dynamic and growing economy and nation.

Sadly, this government's first budget ignores all these factors and instead marks the end of fair and affordable higher education, and it is a betrayal of Australian students and their families. This budget will mean spiralling university fees for young people and demonstrates that the government has broken its promise not to increase fees or to cut funding to higher education. Not only has university funding been cut but student debt will skyrocket. Women and students from lower-income families, as the people of my electorate understand all too well, will be the hardest hit as they are made to shoulder a larger burden of university costs.

These measures will be disastrous for our nation as a whole but they will cause a disproportionate amount of pain and disadvantage in my electorate in particular. In an area where families struggle to cover the costs of everyday life, where low-skilled jobs are becoming ever harder to find and keep—in part because of this government's contempt for the Australian manufacturing sector—affordable access to tertiary education is a vital key to the future for so many young people. It is not surprising, therefore, that I have been overwhelmed by the number of calls, messages and letters I have received from my constituents, anxious about the future of tertiary education under this government. Our investment as a nation in higher education is not only vital as a means of giving young people, regardless of background, the tools for productive, creative and rewarding careers but also vital to our

future as a clever, competitive and productive nation. Our health as an economy and as a just society depends on the quality of our knowledge, our research and our innovation, much of which is developed in universities, research centres and other higher institutions.

We have heard a great deal about 'lifters and leaners' from this government, about the end to the age of entitlement and other such cliches to justify the withdrawal of the Commonwealth from the bulk of its responsibility to build and maintain a fair, progressive and inclusive society. It has been argued that the burden of spending cuts must be fairly shared across the community. But we need to be careful that a sector as vital to this nation as tertiary education and research is not made to shoulder an unfair burden in this regard. Universities are already struggling to provide teaching and support. It is inevitable that further cuts will translate into staff reductions, larger class sizes, axing of subjects and whole courses, and, of course, cutting back on research.

Under the previous Labor government, despite the pressures and debates about adequate funding models, we were at least clear in our support for university education. Greatly increasing the number of Commonwealth supported places and encouraging greater participation in tertiary education by students from disadvantaged backgrounds has always been central to the Labor Party. If the parliament agrees to the current government's proposed changes to HECS fees and student support, we will seriously undermine the ability of students from disadvantaged communities to attend university.

My electorate of Calwell, one of the most disadvantaged in the country, also has one of the lowest rates of tertiary education participation. The funding cuts to universities and changes to HECS would obviously exacerbate this worrying trend and further entrench generational disadvantage. I speak for a great many Australians in my electorate and elsewhere in saying that proper levels of investment in our greatly valued tertiary institutions are imperative if we are to be a fair, competitive and clever country.

Durack Electorate: Wiluna

Ms PRICE (Durack) (19:35): I spent a very cold night on the edge of the desert last week when I met with various stakeholders and residents in one of Western Australia's most remote towns, Wiluna—and may I say I had the best sleep I had had in 18 months. Wiluna was once a thriving regional hub and is where my mother spent her childhood. Sadly, times have changed, and Wiluna is often now forgotten, particularly by government.

Wiluna is located 1,200 kilometres from Perth. Its closest regional centre is Kalgoorlie, some 500 kilometres away. When you look up the word 'isolated' in the Australian dictionary, the town of Wiluna would best meet its description. According to 2011 census data, 1,150 people live in the town. However, this data is largely skewed due to a large proportion of fly-in fly-out miners and medical staff and a general underrepresentation of Aboriginal peoples in official records. It is a town often characterised by chronic homelessness, poor health and wellbeing, alcoholism, violence, poverty and poor education outcomes. However, despite the challenges this town faces daily, I was humbled by the residents' tenacity and their desire not only to improve the town but to see it thrive.

Although Wiluna is listed as 'very remote' on the Accessibility/Remoteness Index for Australia, the town has largely been forgotten in its delivery of key services, such as housing, welfare and road infrastructure. Its isolation means that the town has very little access to

goods and services or opportunities for social interaction. Meekatharra is often referred to as its sister town, despite being about 180 kilometres away on the Goldfields Highway. The connection between these two towns is vital, particularly for the provision of medical services, with the Meekatharra hospital delivering key emergency and outpatient care in the region.

For all other medical services Wiluna relies on FIFO doctors and other medical professionals at the Ngangganawili Aboriginal Health Service Community. NAHS plays a very important role in providing comprehensive primary health care services to Wiluna and surrounding areas, but the importance of having access to hospital services, particularly in a town that has prevailing health concerns, cannot be taken lightly. It is also important to note that NAHS is the sole provider of medical services to the town, and aids both Indigenous and non-Indigenous people equally, making it a very unique organisation, being funded equally by the state and federal governments.

Wiluna is situated on the edge of the desert at the gateway to the Canning Stock Route and Gunbarrel Highway. It should be a key tourism access point. However, due to the prevalence of very dangerous road conditions, Wiluna is often bypassed by tourists, further reducing its future economic viability. In particular, the upgrading of the Goldfields Highway between Wiluna and Meekatharra is vital for the town's future. It is currently the only section of the state highway that is largely unsealed, creating adverse impacts on safety due to dust and road conditions, on access to the town, and on its amenity and transport efficiency. It has seen many fatalities and numerous accidents.

The Goldfields Highway is considered a key strategic freight, tourist and inter-town route, yet little has been done to seal this section of road, which floods in minor weather conditions and blocks all access to the town. The need to upgrade the road between Wiluna and Meekatharra has been accepted by the Western Australian state government for well over a decade, with \$70 million promised to seal the road in 1998. Sadly, this never eventuated. In 2012, \$20 million was however dedicated by the state government and the main roads department for the construction and sealing of passing lanes and floodways, but this was only for very small sections.

Having an entire town cut off from medical services is simply not acceptable in today's society. Medicines are often transported from Meekatharra via mail using this unreliable and unsafe transport route. I will be pushing for my state and federal government colleagues to make this road a priority, by ensuring Wiluna's collaborative voice is heard.

Thanks to NAHS CEO Richard Whittington, Shire of Wiluna CEO Andrea Nunan, President Jim Quadrio, Gillian and Malcolm Marchant from the Gunbarrel Laager Traveller's Rest and Art Gallery Manager Heather Charlton, together with Bernie Weller and Greg and Fran Weller, for helping me to organise this trip. I thank them for their hospitality.

Budget

Ms OWENS (Parramatta) (19:40): It is not just the unfairness of the budget that hangs around the neck of the government, nor the canyon between what they promised prior to the election and what they delivered. It is also that when you try to work out why they have been so savage in cuts to the vulnerable, yet so generous in other areas, it is almost impossible to

see any reason. It is the contradictions in this budget as well as the unfairness and dishonesty that cause such outrage.

They say they are concerned about the number of people who will be on the pension in 2050, but they delay the very increases in super that would reduce reliance on the pension, resulting in more people needing the pension. Then they reduce indexation of the pension itself. They say they are concerned about health care costs, but rather than try to keep people healthy and out of the medical system, they cut funding to preventative health, making it more likely that people will need to see a doctor, and then when they do they slug them with a GP tax. If someone delays visiting a doctor as a result of the GP tax and gets more sick down the track, they have cut funding to hospitals.

They say they are building the infrastructure of the 21st century, yet they have walked away from a high-quality NBN and spend their time re-announcing road projects that were funded or even begun before they were in government. They have cut all funding to urban rail projects, so if you live in the city you are more likely to have to drive, and when you do, they charge you more for the petrol.

They say they want young people to work, yet they have cut the youth programs that help get vulnerable young people back into school or work. Then, when they cannot get back on track, they slug them with a six-month delay for the dole. They removed the cap on fees so that universities can charge whatever they like, supposedly so that there will be more places, but in doing so they put the cost out of reach for many people—more places, but less affordable.

They say they are about getting women into work, and they introduce an expensive paid parental leave scheme, but at the same time they reduce assistance for child care for the low- and middle-income families. They increase support for time off, but effectively reduce support for returning to work after parental leave.

They say they are open for business and they say they are about growth, but they downgrade the growth figures, trash-talk the economy and cut the very things that make us grow, including support for commercialisation, innovation, science and R&D.

They say they want to reduce debt, yet they happily increase family debt through student loans and brag about giving trade support loans to 16-year-olds who are still in school. Apparently, government debt is bad but all other debt is good.

They say they are about small government, yet they abolish the bodies that bring state and federal responsibilities together and thus push the tasks back to be duplicated by eight governments. They make federal government smaller by making state and territory governments bigger. Less cost for them, more for everybody else.

They say that we all have to do the heavy lifting, but poorer families carry the biggest burden and could lose up to 15 per cent of their disposable income in four years time. They say they are about bringing the budget back under control, yet in question time in the last sitting week even the Treasurer acknowledged that the fiscal consolidation achieved in his first budget is less than that of previous Labor governments—a mere 1.1 per cent of GDP over three years—even compared with his own massaged MYEFO. Relative to what the Minister for Immigration and Border Protection confirmed were the last independent projections in PEFO, the deficit is actually bigger over the forward estimates, not smaller.

They say they are about reducing debt, yet remarkably the budget fails to arrest the rise in net government debt, which is forecast to be higher as a share of GDP in 2017-18 than it is today. They say the budget had to be repaired, yet as a proportion of GDP they are a bigger spending government than Labor was in its previous three years. The spending of 24.6 per cent of GDP averaged over the last three years of Labor will rise to an average of 24.9 per cent over the forward estimates and in 2017-18 will still be 24.8 per cent, which is higher than that of the last Labor government.

They say all the pain is about fiscal consolidation, but their own figures show it is fiscal expansion, not consolidation. They say they are about reducing taxes, yet the tax-to-GDP ratio will rise from 21.4 per cent in the last full year of Labor to 23.2 per cent over the forward estimates, making them a higher taxing government than any Labor government back to 1970.

They say it is tough love, but there is certainly no love—and, while it is tough on the vulnerable and on low- and middle-income earners, they have made no discernible dent in the bottom line. Tough love, but for what outcome? It is a budget of extraordinary contradictions. It is a budget of pain for no purpose. It is very much all pain and no gain.

Edith Cowan University

Mr GOODENOUGH (Moore) (19:45): With 24,000 students, Edith Cowan University is the cornerstone of the Joondalup Learning Precinct—a leader in the fields of research, innovation and enterprise initiatives. I acknowledge the exemplary work of Professor Margaret Jones, Director of the Office of Research and Innovation, and Neil Butler, Community Partnerships Adviser, in promoting three leading research institutes based on campus.

ECU's Security Research Institute is one of the leading cybersecurity and digital forensic groups in the world, recognised for its expertise in human, physical and aviation security. The institute consistently delivers quality outcomes in computer and digital forensics, network and wireless security, information warfare, physical security and risk management. The institute was recognised in 2009 by the Australian Computer Society as a centre of expertise in security. The group's other achievements include a digital forensics tool developed with the WA Police to assist with cybercrime, preliminary crime scene investigation, disaster victim identification and evidence tracking.

Established in 2003, the university's Electron Science Research Institute has grown into a world leader in fundamental and applied research in nanophotonics and materials science. Rapidly establishing a reputation for excellence in new functional materials, optoelectronics and microfabrication research, the institute has worked with industry to develop a suite of novel prototypes, including a multilaser optoelectronic plant identification sensor engine for the agri-bio industry; magneto-optic thin films of world record visible range performance; an energy-producing transparent glazing system; and, most notably, 10 gigabit per second chip-to-chip optical interconnects, which earned the institute's director, Kamal Alameh, the 2007 WA Inventor of the Year award.

Edith Cowan University's Health and Wellness Institute houses an innovative multidisciplinary research team in exercise medicine dedicated to investigating the extent to which exercise can be employed in cancer management to materially improve patient outcomes. The group's unique convergence of clinical patient care, exercise oncology and

innovation in health interventions has underpinned their achievements in cancer research. Most notably, their multifaceted research program has been the direct result of work in prostate cancer, enabling direct translation of their research findings into practical outcomes for patient benefit and the design and implementation of clinical and community based cancer survivorship programs.

Research is supported by a high level of collaboration between cancer specialists with distinguished international reputations in the fields of clinical exercise science, radiation oncology, urology and molecular biology. Collaborative partnerships with leading clinicians at several major metropolitan hospitals and universities, nationally and internationally, have expanded the pool of multidisciplinary expertise. During the past five years the institute has recorded over 150,000 patient contacts. Ongoing research will further support the community, with the institute examining the role of exercise in various areas, such as men receiving therapy for prostate cancer; neoadjuvant chemoradiation in patients with rectal cancer, breast cancer and related lymphoedema; cancer patients with advanced bone metastatic disease; patients with lung cancer and mesothelioma; and depression in later life.

In summary, continued support, recognition and investment by the federal government will allow these exciting fields of research and innovation to flourish, creating a wide array of career pathways and providing the highly skilled and educated workforce required to build a stronger economy.

Autism

Ms CHESTERS (Bendigo) (19:49): Tonight I share with the House a desperate plea for change from my community. Parents at Bendigo schools are calling for increased funding to help deal with the growing number of students with autism going through the mainstream schooling system.

I will share with you a couple of local stories. A mother of a 12-year-old boy on the spectrum said that not enough is being done to cater for students with autism in our schools. She said that her family has been through hell and back, fighting the education system to get the appropriate strategies in place so her son can cope with school. She does not blame the teachers but rather a lack of understanding about autism. She says that she knows her son can misbehave and she is not saying that he is easy to deal with. But what he is going through, as a young man, is just heartbreaking—and our system should be there to support him. Along the way, Michelle has been told her expectations for her son are too high. But, she says:

To me this is ridiculous, because I have met police officers and solicitors with autism and, if they can do it, it just proves that, with the right education balance, with funding within our system, anything is possible for these children.

And Michelle is right.

Many schools in my electorate have spoken out about not only the challenges but the benefits associated with having children with special needs in mainstream schooling. Classroom aids, further special needs training for teachers and individual learning plans are just some of the areas that they say need extra funding to help students with autism in Bendigo. Most schools admit that a lack of government funding is putting a strain on their school and on their school budget—and they are right.

Camp Hill Primary School Assistant Principal, Chris Baker, said that whilst there are challenges, children with autism are also helping to foster a greater understanding and acceptance amongst the students. He said it can be really positive to have students, but he also said that they are lucky enough to have an autism coach funded by the education system. That is the problem. Schools should not have to be lucky to get the resources they need to support the students. St Joseph's Primary School Principal, Nick Taggart, agrees that funding is creating problems but he said his school is doing what it can to ensure that everybody's needs are met. Nick is right. Funding continues to be a challenge at these schools. Every school council, every principal, I met with has said there is a growing funding crisis in their budget to help students with autism in their school community.

I have heard stories of students being locked up in principals' offices. I have heard stories of students being restrained because they have had a meltdown in the classroom. I have heard stories of students being sent home after two hours of schooling, and students being left at home and not being able to access main stream schooling, because they simply cannot find a school that will accept their child who has autism.

This may be considered the pointy end of a system that is struggling. It is becoming an increasing issue, with parents speaking to me in my office. Families with older children on the spectrum are finding that waiting lists are growing and that life is becoming increasingly hard for their children. Further, specific funding required for students with autism is tightening, meaning fewer students are benefiting. Quite often, if children are not diagnosed early enough, they miss out on a package and then packages for older children are fewer and fewer. With five to 10 students with autism in most public and Catholic schools in the Bendigo electorate, it reminds all of us of why we need Gonski and why the election promises broken on budget night—the trashing of Gonski—has really hurt the schools in Bendigo.

Students with disabilities were forgotten on budget night. The government has broken its promise to students with a disability to deliver the Gonski loading for 2015. The budget failed to outline any new funding for students with a disability. It is not fair that these students, their families and schools, in Bendigo, go without. The community is fighting back, and I will fight with them.

Foreign Policy

Dr HENDY (Eden-Monaro) (19:55): I am rising today to make brief comments on some foreign policy issues. This week the Prime Minister returned from what I regard as a highly successful overseas trip, involving visits to Indonesia, Europe, Canada and the United States.

The first duty of any Australian government is to secure its borders and that means ensuring strong defence capabilities and maintaining strong, constructive and stable international relations. The trip began with a visit to Batam Island to meet the Indonesian president, Susilo Bambang Yudhoyono. The last government left Australia with a legacy of distrust vis-a-vis our relationship with Indonesia. The live-cattle export-ban fiasco was the icon issue. However, there were other problems as well and the Prime Minister and Foreign Minister have had to do a lot of fence mending so that our relationship with our near neighbour can get back onto an even keel. That was done in spades at this recent meeting, and the Prime Minister has gone a long way to getting it back on track.

From that series of meetings, the Prime Minister travelled to Europe to participate in the anniversary celebrations for the D-day landings of 6 June 1944. Some 2,500 Australians, mostly airmen, participated in that watershed event and 18 paid the ultimate sacrifice. The commemoration of the allies' triumph on D-day is also a significant part of Australia's history and the part we played in defeating Nazi and other fascist aggressors in the Second World War.

The Prime Minister also took the opportunity to visit and pay respects at the grave sites related to the terrible battles of the Somme and the last days of World War I near Villers-Bretonneux. A number of years ago I also visited Villers-Bretonneux and attended the magnificent but tremendously sad Australian war memorial, near the town. While in France, the Prime Minister was able to have important meetings with the President of France, Francois Hollande; the Chancellor of Germany, Angela Merkel; and the Prime Minister of Great Britain, David Cameron. They are the three principal leaders of the European Union which, taken as a whole, is our biggest trading partner and the cultural beacon for the overwhelming majority of the Australian population.

From there, the Prime Minister had very warm and constructive meetings in Canada with its Prime Minister, Stephen Harper. Amongst other things, Prime Minister Harper praised the Australian government's policy of abolishing the carbon tax. In the United States the Prime Minister's trip was a triumph. Not only did he have meetings with President Obama and other senior figures in the administration—such as Treasury secretary, Jacob Lew, and Defence Secretary, Chuck Hagel—but also he met key congressional leaders. For example, he met the two most senior Democrat and Republican senators, respectively—Senator Harry Reid and Senator Mitch McConnell. He also met the two principal leaders of the US House of Representatives—Speaker John Boehner and Democrat Minority Leader, Nancy Pelosi. He also met the Federal Reserve chair, Janet Yellen, and the IMF managing director, Christine Lagarde.

The meetings with the President were very important and ranged over trade, defence, intelligence and energy-efficiency issues. The US complimented the Australian government on increased Defence spending in the recent budget and Australia reiterated its support for the US's ongoing 'pivot' to the Asia-Pacific. The issue of China was raised. As the Prime Minister has said, we must welcome China's economic success. However, as I have previously noted, Australia must not resile from condemning any unilateral actions that jeopardise peaceful resolution of territorial disputes in the South China Sea and the East China Sea.

Equally, the talks covered the aggressive behaviour of Russia in the Ukraine. Again, this is an area where unilateral action has not been conducive to regional security. The Prime Minister also discussed recent developments in Iraq, where Sunni militants are posing an increasing threat to regional security in the Middle-East. The President has said that barring putting troops on the ground no other options are off the table. The Prime Minister has noted that as a strong ally Australia is in close consultation with our US partners. Let us hope that military action can be avoided.

Deputy Speaker, this burgeoning crisis simply highlights the importance of our strategic alliances and Australia's engagement in key world events, not least through our membership of the UN Security Council. It shows the Australian people that Defence and international relations are in safe and sure hands.

Debate interrupted.

The DEPUTY SPEAKER (Hon. BC Scott): Order! It being 8 pm, the debate is interrupted.

**House adjourned at 20:00
NOTICES**

The following notices were given:

Mr Pyne: To move:

That paragraph 3 of the resolution agreed to on 15 May 2014 relating to the appropriation bills be varied as follows:

(3) at the conclusion of the proceedings on Appropriation Bill (No. 1) 2014-2015,

(a) separate questions being put without further debate on the motions for the second readings and any further motions necessary to conclude consideration of the Appropriation Bill (No. 2) 2014-2015, Appropriation (Parliamentary Departments) Bill (No. 1) 2014-2015, and Appropriation Bill (No. 5) 2013-2014; and

(b) then the question being put without further debate on the motion for the second reading of the Appropriation Bill (No. 6) 2013-2014, and then the bill being considered in detail for a period not exceeding 15 minutes, at which time any questions necessary to conclude the detail stage being put, and any questions being put without further debate on any further motions necessary to conclude consideration of the bill; and

Mr Pyne: To present a Bill for an Act to amend the *Fair Work (Registered Organisations) Act 2009*, and for related purposes.

Mr Billson: To present a Bill for an Act to deal with matters related to the indexation of fuel excise and customs duty, and for related purposes.

Mr Billson: To present a Bill for an Act to establish the Fuel Indexation (Road Funding) Special Account, and for related purposes.

Mr Macfarlane: To present a Bill for an Act to repeal the *Australian Renewable Energy Agency Act 2011*, and for other purposes.

Wednesday, 18 June 2014

The DEPUTY SPEAKER (Hon. BC Scott) took the chair at 09:30.

CONSTITUENCY STATEMENTS

Isaacs Electorate: City of Greater Dandenong

Mr DREYFUS (Isaacs—Deputy Manager of Opposition Business) (09:30): I would like to congratulate the City of Greater Dandenong, which last night in Parliament House was presented with the National Award for Local Government in the category of Multicultural Australia—Strength in Diversity. The National Awards for Local Government are an annual celebration of Australian local government achievements. Through the awards, the Australian government celebrates local government projects that are innovative, deliver better outcomes for communities, have the potential to be rolled out across the country and make a meaningful difference. In particular, I would like to congratulate Mayor Jim Memeti and Councillors Youhorn Chea, Angela Long and Matthew Kirwan, who, together with Jackie Gatt, the council's officer, were in Canberra to receive the award for the council's 'Racism. Get Up. Speak Out' program. It was a pleasure to see them all here.

At a council meeting on 26 June last year, the Greater Dandenong City Council unanimously pledged support for the National Anti-Racism Strategy's campaign 'Racism. It Stops with Me.' The campaign, launched by the Australian Human Rights Commission in 2012, has been underpinned by key research findings which suggest that one in seven Australian says that they experience discrimination because of their colour or background; approximately one in five Australians says they have experienced race hate talk, such as verbal abuse, racial slurs or name calling; around one in 10 Australian says they have experienced race-based exclusions in the workplace or social events; and more than one in 20 Australians says they have been physically attacked because of their race.

The campaign, embraced by the City of Greater Dandenong in the form of its 'Racism. Get Up. Speak Out' program, aims to raise awareness about racism and its effect on individuals and communities; give individuals and organisations tools and resources to take practical actions against racism; and empower individuals and organisations. It was for this bold and innovative campaign that the council won its national award last night.

In addition, I note that, on 29 April this year, the City of Greater Dandenong made a formal submission opposing the Abbott government's attack on the provisions of the Racial Discrimination Act, provisions that protect our communities against racist hate speech. I congratulate the council for emphatically rejecting Senator Brandis's view that 'people do have a right to be bigots'. In its cover letter, the council said:

As a Victorian municipality with sixty per cent of residents born overseas, the City of Greater Dandenong celebrates diversity and proactively seeks to address local racial discrimination. ... Anti-racism is a matter of strong sentiment in this municipality.

The council also pointed out:

Within Greater Dandenong, those most affected by this amendment would include Aboriginal and Torres Strait Islanders, people from culturally and linguistically diverse backgrounds and members of certain religious groups, many of whom experience discrimination on a regular basis.

I again congratulate the City of Greater Dandenong council for the local government award they won and for their strong opposition to the government's proposed changes.

Dawson Electorate: Medical Workforce

Mr CHRISTENSEN (Dawson—The Nationals Deputy Whip) (09:33): I rise to speak about the issue of doctor shortages in the Whitsundays. It seems strange that such a beautiful area and one of the greatest tourism destinations in the world cannot seem to attract enough local GPs. But that is the situation, and I have spoken about the impact of this issue on several occasions in this place. Today I want to focus on some good news and suggest a better path for tomorrow.

The Whitsundays have now been declared a district of workforce shortage, which opens the door for foreign-trained doctors in the Whitsundays to apply for an exemption under section 19AB(3) of the Health Insurance Act 1973. As a result, we hope to see one of the doctors who has left the region because of issues there, Dr Solgi, return to the Whitsundays with his wife, Shiva, who is also a doctor. She had to leave because she was not allowed to work in the same practice with her husband because of the restrictions that will now be removed because of this DWS declaration. As I said have said, they have not been able to do that because of the restrictions in the act, restrictions which could only have been overcome with this DWS. So the declaration is welcome for the overworked doctors currently operating in the Whitsundays and for the residents who need and deserve proper health care.

But I do question the process by which these declarations were made. I note the Department of Health website outlines the information used in making these determinations, including:

The latest Medicare billing statistics, which account for all active Medicare billing and therefore give an accurate indication of the geographic distribution of doctors across Australia ...

I am afraid that does not give an accurate indication at all. The data is converted into full-time equivalent doctors to work out a ratio, which caters for many doctors working part time but does not account for few doctors working far too many hours. Dr El-Baky, from 121 Medical Centre in the Whitsundays, advised me yesterday that his practice had 30,786 patients on the books, cared for by himself and two part-time GPs. That figure only includes patients who have presented in the past two years, which suggests the formula is not working in the real world.

The department's second source of information is ABS census data, which is supposed to give an indication of the geographic distribution of the Australian population. That census, a snapshot in time, is a poor indication of how many people are in need of a doctor in an area where tourism is the biggest, and almost only, industry. International tourists get sick, but they are not covered by Medicare. In the Whitsundays, with only a small resident population, they see 600,000 interstate visitors a year. If 10 per cent of those visitors need to see a doctor on their holidays, that is an extra 60,000 patients. The Whitsundays see a high turnover of doctors at the Proserpine Hospital, and, with their Medicare provider numbers attached to the region, it creates an impression that there are a lot more GPs than there actually are. So this flawed data does not account for the reality. I think the system needs to be reviewed or the minister given power to intervene. *(Time expired)*

Domestic Violence

Mr WATTS (Gellibrand) (09:36): I rise to speak again in this place about the stain of men's violence against women, and family violence more generally in our community. It has been just over one month since I last spoke about family violence in this place, after the community of Sunshine in my electorate was shaken by the murder of Fiona Warzywoda. While the media headlines have abated, it is important that we do not forget the ongoing scourge of family violence in our community, that we do not forget that what White Ribbon calls the 'dark secret of Australian society' still lingers silently in the homes of our family, our friends and our neighbours across the country.

Extrapolated from 2013 data, since I last spoke in this place there would have been at least 5,000 further incidents of family violence in Victoria. There would have been over 1,000 breaches of intervention orders, where we have failed to protect those in our society who most need it. Given that incidents of family violence in Victoria continue to rise, these extrapolations are likely to be conservative. Community legal centres in Victoria have reported that family violence currently accounts for over 50 per cent of the work of their lawyers. This is particularly true for Melbourne's west, where services addressing family violence have noticed a 35 per cent rise in demand for their services in recent years.

This debate is one that is too important to let slip from yesterday's headlines into obscurity, into the file of problems often acknowledged but rarely acted upon. That is why, with other members in Melbourne's west, I am organising a forum with members of our local communities and stakeholder groups to ensure that the issue is firmly kept on the agenda. We are talking to the communities of Hobsons Bay, Brimbank, Maribyrnong and Wyndham to share ideas and to coordinate a response so that we know what is needed to prevent the incidence of family violence in Melbourne's west from rising any further.

That is why I welcome the announcement by the Victorian Leader of the Opposition, Daniel Andrews, to create a royal commission into domestic violence under a future Andrews government in Victoria. This announcement was one that brought tears to the eyes of victims of domestic violence in Victoria. It is an acknowledgement that a holistic response to family violence is required, ranging across health, housing, education, employment, policing, justice and our community services. But it is also an acknowledgement that a government response must be given the highest possible priority by government, to ensure that change will be both effective and permanent. Daniel Andrews should be commended for having such bold vision on this issue, and his leadership should be supported by all of us at the federal level.

I speak today to reaffirm that family violence must stay on Australia's national political agenda. Long after the headlines have died down and the crowds of mourners from the latest tragedy have dissipated, there are still family members who are piecing their lives together after the loss of a mother, a sister, an aunt or a daughter. It is for them, and for all the women and girls in our society, that we must make sure that efforts to address domestic violence do not abate. We must do all that we can to ensure that the light of political attention remains on the dark secret of family violence in our society.

Battle of Cocos

Mr SIMPKINS (Cowan) (09:39): I welcome the opportunity to speak today on an issue that I am sure you are very keen on as well, Mr Deputy Speaker Scott. We are rapidly

approaching the 100th anniversary of the declaration of war for World War I. In the early months of the war, in 1914, a very important battle took place, which we should keep in our minds, particularly those of us from Western Australia, although it took place a fair distance off our shores. I refer to the engagement between the HMAS *Sydney*, a light cruiser, and the German cruiser the SMS *Emden*.

At the start of the war, the German East Asia Squadron were ordered back to Germany to act in Europe. They left behind the *Emden*, which was going to act as a commerce raider. In the first two months of the *Emden* operating independently, some 25 ships were sunk in the region, and others were damaged. At one point, on 8 November 1914, the captain of the *Emden*, Karl von Mueller, decided that they would disable the Australian transmission station on Direction Island in the Cocos (Keeling) Islands group. Just before a landing party of about 50 troops were able to achieve that, a distress signal was sent out. It was very fortunate that the convoy of the first Australian troops on their way to Egypt, accompanied by the HMAS *Sydney*, was nearby, and *Sydney* was able to be dispatched to the Cocos (Keeling) Islands.

At 9.15 on the morning of 9 November 1914, *Emden* was engaged by the *Sydney*. It was disabled by the *Sydney* and later in the morning surrendered. It was a great win for the Australian Navy. Whilst 160-odd Germans were killed, four Australians were killed and 16 were injured on the *Sydney*. It was the first real win of the Australian armed forces in World War I. On 8 and 9 November this year, on the Cocos (Keeling) Islands, there will be a great commemoration of this most important event in Australian military history.

Bendigo Electorate: Kalydeco

Ms CHESTERS (Bendigo) (09:42): I rise today to raise the case of two constituents living in my electorate—27-year-old Brett Bell and six-year-old Amelia McCrohan—and their families. Both Brett and Amelia have a rare form of cystic fibrosis. Both spoke to me about their wishes and their calls on the government to work with the manufacturer of the very important life-saving drug Kalydeco. Kalydeco was listed on the PBS in November last year, but it was listed with quite strict recommendations. Because of those recommendations, it is still not available in this country. I support the calls for the government to reinvest funding that has been made available through price disclosure in the PBS. This funding that has been made available to the government through price disclosure should go towards funding new medicines such as Kalydeco.

Kalydeco does radically change people's lives. That has been demonstrated in the United States and countries in Europe. All Amelia and Brett are calling for is for Australia to have the same requirements for the drug Kalydeco as those countries do. What does it mean for young Amelia, who is six years old? This drug could mean, if she starts taking it now, that she could live life like a normal six-year-old and could go on to live a long life. Right now, the life expectancy for someone with cystic fibrosis is low. For some, it is to their early teens. For some, it is to their late 20s. That is it. They have a life where, once they hit their late teens, they start to get quite ill. It must be so frustrating for Amelia's parents to know that there is a drug available in other countries that could help their little girl. All they want is for her to live a good life. Knowing that this drug is available in other countries and not in Australia is quite frustrating for them. So I call on the health minister, Peter Dutton, to work with Vertex and PBAC to avoid getting bogged down in price negotiations and bring about the listing and

delivery of this drug Kalydeco so that the sufferers of this particular form of cystic fibrosis can receive the support that they need.

Bradfield Electorate: 40K Foundation

Mr FLETCHER (Bradfield—Parliamentary Secretary to the Minister for Communications) (09:45): I am pleased to rise to pay tribute to the impressive work of the 40K Foundation, an organisation which was established by a man named Clary Castrission, who grew up in my electorate of Bradfield. Just a few weeks ago I was able to attend an event held at the home of Dr Rick and Amanda Porter in Gordon in my electorate where there was a briefing provided to supporters of the work of the 40K Foundation.

This extraordinary organisation was conceived of by a group of young Australians and was triggered by a visit that some of them took to India. They were struck by the poverty that they came across there and, with the enthusiasm of youth, they decided they would fund the construction of a new school. In fact, they came up with the name 40K because they estimated that building the school would cost \$40,000. The school has been built in a community outside of Bangalore. It ended up costing some 10 times more than their initial estimate but is now operational and serves over 200 children. It is called the Banyan school.

The work of Clary Castrission and the other young Australians involved in the 40K Foundation in achieving this is really quite remarkable. But they have not stopped there. They are evolving what they are doing towards being a social enterprise which works to deliver educational opportunities to children in India who otherwise would not get them. Their current model is to deliver teaching in English and mathematics into a range of villages in India. They use tablet computers to deliver the education. They have a model where they find somebody in each village who can help with the administration but who does not do the teaching because the teaching is provided by the device and by the children teaching themselves.

The other thing they do is charge a small amount to parents for children to have this educational opportunity because they want to provide something that is sufficiently valued by the parents that they will pay a small but material amount for the education of these children.

It is a very impressive venture conceived by a group of young Australians, many of them from my electorate of Bradfield, that began as a purely charitable operation. It is evolving into a sustainable social enterprise applying business principles to address a social problem—in this case children in India not getting the education that would change their lives. It aims to provide that education for a tangible and significant number of children.

Kennedy Electorate: Ethanol

Mr KATTER (Kennedy) (09:48): I rise to give notice that the little tiny party that I represent will be moving in the state parliament in Queensland for the introduction of ethanol. We will be moving exactly the same legislation that was moved by the LNP when they were in opposition in Queensland. So in opposition they were all for ethanol but when they get into government they are against it—a rather fascinating proposition. It could only be termed cowardice and betrayal of your electorate if you say that you are for it and get up and give all the speeches. Our state leader has informed me that he will be standing up and giving the same speech that was given by the LNP spokesman when he was moving the legislation, when he was in opposition.

But for an exercise in arch hypocrisy, I can assure the members of parliament representing ethanol areas that every one of their newspapers will be carrying an article saying: 'Are you, Mr Member of Parliament, going to vote for this legislation or not?' It is over to you. You have a state election on in five or six months time and let all the people know.

Why is this so relevant, particularly in the sugar industry areas and in the area of Dalby? Because, as you are well aware, Mr Deputy Speaker, in the sugar industry we get \$420 a tonne if it goes into an ethanol stream; we only get \$320 a tonne if it goes into a sugar stream. These figures are all available because the government has just completed the \$2.5 million study, the Pentland Project—announced last week. It is the government's own figures I am quoting here.

Why is every country on earth on ethanol? Every single one of the European Union countries signed up for 15 per cent. These places are all on ethanol: India; China; Indonesia; Thailand; Philippines; all of the Americas, with the exception of Venezuela; all of Central America; all of the North American countries; all of the South American countries. The entire world is on ethanol except for the oil producing countries and Africa and Australia. Why are they all doing it? The reason they are doing it is in this report. *(Time expired)*

Aston Electorate: Roads

Mr TUDGE (Aston—Parliamentary Secretary to the Prime Minister) (09:52): Traffic congestion in Melbourne, and in my electorate particularly, is getting worse every year. We all know the situation of being stuck in traffic, looking at the cars in front of us and feeling as if we are not moving anywhere. This clearly has a social impact on families, because it means time away from home. But it also has an economic impact. It is estimated that traffic congestion in Melbourne costs \$2.7 billion and that will rise to about \$6 billion by 2020 if ameliorating action is not taken.

Fortunately, action is being taken at both state and federal levels. I would like to take this opportunity to outline some of the initiatives which will particularly impact residents in my electorate. Residents of my electorate, like other outer suburban electorates, are particularly impacted because a lot of the population growth is in those areas, and because there are so few other public transport options.

The first initiative I would like to mention is the East West Link. We have now put in through the federal budget an extra \$1.5 billion, bringing the total contribution to \$3 billion towards the East West Link. That will take not only pressure off the Eastern Freeway and provide routes across to the western parts of Melbourne; it will also take pressure off the Monash Freeway which so many of constituents in the southern parts of my electorate use.

Secondly, I want to mention a few local roads that I have made commitments to fight for. I would like to update the House on those. I will begin with Napoleon Road. That is one that has been badly in need of an upgrade. I am pleased to report that the budget allocated \$81,900 in black spot funding to make significant improvements and add four turning lanes to Napoleon Road, which will increase the safety and amenity of that road. I would further like to suggest that Police Road needs to be extended through to Churchill Park Drive. I mentioned this during the campaign and I have begun some discussions in relation to this. It is a difficult and complex problem because there are so many stakeholders—different councils

and various levels of government are involved—but it is something we need to progress in order to take pressure off Bergins Road.

I continue to press for the most dangerous part of the Stud Road bus lane to be removed—between the Burwood Highway and Boronia Road. And, finally, I continue to press for the Rowville rail, which is a project that is badly overdue. Fortunately, we now have the feasibility study—the first and second stages—in, and progress is being made.

South Australia

Ms RISHWORTH (Kingston) (09:55): I rise today to talk about an issue that is of great concern to me. I am pleased that I have been joined by my South Australian colleagues here in the chamber, because I know it is of deep concern to them. My concern is about this government's lack of vision for jobs in South Australia. This government has shown a complete contempt for South Australia and for the jobs in our state.

It should be no surprise that in this budget there is no new money for jobs. You only have to look back at how this government has approached South Australian jobs to see how they abandoned Holden and the car manufacturing industry in South Australia. This government abandoned not only Holden but every single one of the component manufacturers in South Australia, with a token effort of \$20 million to try and help component manufacturers adjust. That is not enough money to help with the many thousands of jobs in auto components manufacturing.

In addition, this budget contains more cuts to jobs, which does not fill South Australians with any confidence. In the budget it was announced that 140 people who work in the Health Workforce Australia in South Australia will have their jobs cut. Indeed, people are being made redundant as we speak.

The jobs of some of our top military scientists and engineers based at the Defence Science and Technology Organisation in Adelaide are being cut. Many jobs are now at risk. We also need to add this government's decision not to commit to building ships in Australia. The government is not committing to the 12 submarines which are so critically important to jobs in South Australia. That puts at risk the jobs of approximately 1,100 workers currently working at ASC in Adelaide; it also puts at risk potential future jobs—the jobs that could come from a boom in submarine building in South Australia.

This government has shown contempt for South Australia and for jobs. I am appalled. I am glad the minister has just come into the chamber because I call on the government to seriously consider the impact that their decisions and this budget is having on jobs in South Australia and on future jobs in South Australia.

This government is telling young people to either earn or learn. Where is their industry plan to ensure that jobs in South Australia grow? Where is their plan for future manufacturing in South Australia?

The South Australian government is taking the lead on this, and I call on the federal government to be upfront and to partner with the South Australian government and the South Australian people to promote manufacturing and jobs in South Australia. Please do not abandon South Australia in their time of need.

Surf Life Saving Central Coast

Mrs WICKS (Robertson) (09:58): Today, I rise to acknowledge the incredible work done by thousands of lifesavers right across the Central Coast community. There are 15 clubs on the coast, including eight in my electorate of Robertson, and they form an army of red-and-yellow volunteers, who, in the past 75 years, have helped to make the Central Coast beaches among the safest in the world. Lifesaving on the Central Coast has been around for 68 years, now.

I was delighted to learn of this season's statistics from Surf Life Saving Central Coast: 956 lives saved, 37,322 preventative actions taken, more than 1,000 first aid cases, and no lives lost. There are more than 8,000 members on the coast, with 2,000 patrolling the sand and the water for around 94,000 hours every season. Every single member is deserving of praise but today I want to make mention of a number who received awards at the Central Coast's Life Saving Awards of Excellence on Saturday night. They include Robert Powell from Umina, Assessor of the Year; Jane Davis from Ocean Beach, for Trainer of the Year; Lynn Smith, who won the Administrator Award; and Peter Lambeth, who received the Lifesaver of the Year Award.

The Ocean Beach club also won the patrol championships and first aid awards. Avoca Beach had two major winners: Damien Benson, Coach of the Year, and Kevin Bootle, who collected the President's Award. From Terrigal, Cath Wilson won the award for SurfCom Operators, Tim Schofield was Open Athlete of the Year and Paul Lemmon was Masters Athlete. Junior Lifesavers of the Year were Jackson Heinze from Terrigal and Jasmine Darwin, who is based at Umina Surf Life Saving Club. They are both outstanding young people of our future. Champion Lifesaver awards were given to Jemma Smith, Teigan Miller and Jack Waining from Umina; and Jason, Jordan and Shelley Smith from Ocean Beach. The overall point score for the Champion Lifesaver Award went to Avoca, and Umina won Club of the Year. Special mention must be made of the President of Surf Life Saving Central Coast, Stuart Harvey, CEO Chris Parker and also Marie Ward and Jonathan Donnelly for their hard work and support for our community.

In relation to the Terrigal club, I declare an interest. My husband and I have recently joined and we were honoured to complete the bronze medallion a couple of months ago. We have joined a patrol and, I have to say, it is one of the most rewarding experiences I have had. The sense of teamwork and connection and desire to make a difference is something that really binds the surf-lifesaving volunteer community together.

Volunteers on the Central Coast beaches and, indeed, in New South Wales and right around Australia give of themselves tirelessly, week after week, month after month, year after year, with one aim in mind: to keep our local residents safe, to keep our beaches safe and to keep the thousands of tourists who visit the Central Coast safe in the water over summer and on the weekends. Today I pay tribute to all of our surf-lifesaving volunteers for what has to be one of the most honourable roles you can have—that of seeking to serve and to save lives.

The DEPUTY SPEAKER (Hon. BC Scott): Order! In accordance with standing order 193 the time for constituency statements has concluded.

BILLS**Appropriation Bill (No. 1) 2014-2015****Consideration in Detail****Industry Portfolio**

Proposed expenditure, \$4,202,817,000

Debate resumed.

Mr IAN MACFARLANE (Groom—Minister for Industry) (10:01): Thank you for this opportunity to discuss the substantial, significant budget for Australian industry. This budget sets out a policy framework for Australian industry, manufacturing, energy and resources, skills and training, and science not just for the forward years but for the decades ahead. It sets a clear path to sustainability, new investment and jobs growth, and provides new opportunities in markets for Australian ideas and products. Our approach underpins a new era for Australia which faces up to our challenges, embraces our strengths and accepts our responsibility for forging a new direction. We have the opportunity to reposition Australian industry towards the jobs and sectors of the future, while increasing the opportunity to advance value-adding manufacturing. This future will be built around new ways of sharing knowledge and know-how and greater links—I emphasise: greater links—between science, research and industry itself. In fact, we will be putting science and research at the centre of the Industry portfolio.

This budget represents the hard work of a government that will not shirk its responsibility to restore the nation's finances after Labor's debt and deficit disaster of the last six years; but it is also a budget that signals a clear new direction for Australian industry towards a future of new opportunities, new markets, new jobs and a new era of confidence in our ability and integrity. We have made it clear that no longer will industry policy be based around handouts, bandaids solutions and throwing around taxpayers' money willy-nilly without any strategic focus or long-term benefit to the nation.

Australian businesses are characterised by a world-class standard of entrepreneurship. We have a stellar record of sparking great ideas and turning those great ideas into real-world applications. We do our Australian businesses a great disservice if we advocate a handout or government led-mentality. The government's role is to create the right policy framework and settings to unleash the creativity, ingenuity and practicality of Australians and their businesses. We have a role as a government to be the catalyst, not the gatekeeper.

We are investing in national productivity gains and skilled workers of the future through a \$1.9 billion Trade Support Loans scheme which will encourage apprentices to take up a trade but, far more importantly, to finish that trade. Fifty per cent completion rates are simply not acceptable, particularly for young people who need a future that is secure with the training they need. We want to turn out people who can take real jobs and have a secure future. We are putting in place a skills and training network that delivers the trained workers that Australian businesses are calling out for, not simply training young people for the sake of training.

As I mentioned, the government will be putting science and research at the centre of industry policy, and we are developing a strategic approach to science policy which will adopt a whole-of-government outlook to ensure that all portfolios work together to focus on our

resources and delivering future jobs. That is all portfolios of government, not just my own very diverse portfolio.

The budget includes an investment of \$1.4 billion in the resource sector, centred around the \$100 million exploration development incentive, which is otherwise known as a flow-through shares scheme, something the Labor Party promised but in six years of government never delivered. We want to make it crystal clear that we support the energy and resources sector. It is one of our economy's most significant job drivers, and the private sector investment and national revenue of our country depends on it.

Beyond the big headlines, of course, we also want to support our communities by getting rid of the carbon tax, the mining tax and red and green tape. We want to stop the constant tax grabs we saw from those opposite during their time in government that attacked the resources sector as if it were an ATM, never giving it any credit or security for its future. Our government is about forging new links between industry research and science, and that is exactly what we will do.

Mr GRAY (Brand) (10:06): I thank the minister for his introductory comments. The partnership between resources and science is important, and in Australia we are blessed with some of the great institutions that do support the interaction of science and our resources sector. The most important of those, we believe, is Geoscience Australia. I ask the minister to outline to the House the impact of the budget cuts on Geoscience Australia and its interactions with its counterpart organisations in the states and territories.

Geoscience Australia provides a significant body of precompetitive data that helps inform explorers and the industry on the prospectivity and, most importantly, helps to drive the exploration sector in the most meaningful possible way. The discovery of the Gawler Craton occurred out of the PACE program in South Australia, which grew out of the insights that have grown from Geoscience Australia. Geoscience Australia's role in supporting science in understanding the interaction of water and coal gas extraction is something in which our community has a great deal of confidence. Geoscience is not simply a Canberra based organisation. It is a world-leading organisation that has been consistently supported by successive governments, so I am enthusiastic to understand the minister's views and intent behind the cuts to Geoscience Australia.

We also have in our country at the moment a significant and growing issue on the east coast, and that is gas supply—the extraction of gas from coal seams to support the domestic gas supply needs of the east coast. I would like to know from the minister what the Commonwealth is doing to assist that industry to grow. We hear many poorly-thought-through arguments that associate the export gas industry with increasing prices on the east coast. We know our gas prices are being internationalised, but the renovating impact of that LNG investment, in particular in the minister's home state of Queensland, has had a significantly beneficial impact on gas supply. But there are clouds over how advantageous that resource could be for Australia and the lack of willingness in some jurisdictions to see that gas extracted in a safe way. I stress the word 'safe' because that relates organically to my previous question about Geoscience Australia.

These things are connected not just by ideas but they are connected organically—the foot bone connects to the shin bone connects to the knee bone. Good science, through Geoscience Australia, gives our community confidence that we know what we are doing. Good science

underpins community confidence that gas extracted from coal seams can be done in the best possible way. On this side of the House we strongly stand for good science not as a dalliance but for good science underpinning good industrial and environmental management practices.

I would like to hear from the minister specifically about the cuts to Geoscience Australia—how those cuts will improve the operation of Geoscience Australia; and the measures that the government will practically take to assist increased gas recovery from the east coast into our pipeline network in the east coast to drive our domestic markets?

Mr IAN MACFARLANE (Groom—Minister for Industry) (10:11): Can I thank the member for Brand for his questions and also of course for his contributions when the Labor Party was last in government towards supporting the resource sector. He was at times a lone voice there but he punched well above his weight. So I thank him for that. He gave the resources sector some glimmer of hope in what was a very bleak time for them when, as I say, the Labor Party treated the resource sector as a punching bag and source of money or an ATM whenever they ran short.

In answer to his specific question in relation to Geoscience Australia, as the member for Brand knows, I am a great supporter of Geoscience Australia—and he was when he was minister and Martin Ferguson before him. We have moved to ensure that, in terms of their long-term appropriations, they have a very secure and solid future. I will confirm, however, that there was a \$27-million reduction under section 31 funding from \$62 million in the 2013-14 budget to \$35 million in 2014-15. There was also a \$1.937-million efficiency dividend imposed on Geoscience Australia.

More to the question, though, we do not expect there to be any long-term impact on Geoscience Australia. There have been some voluntary redundancies that have been taken, but as part of the overall efficiency which we need to achieve from our departments, Geoscience Australia is certainly able to assist in that regard. I have total confidence that Geoscience Australia has the resources it needs to do the job that Australia needs it to do. It is a pre-eminent organisation globally, it is well respected internationally and we certainly need to make sure that it continues to do that work.

In regard to coal seam gas and the way that industry is progressing in eastern Australia, I have played an active role in trying to assist that industry to overcome some of the myths and blatant lies that are spoken about it. Along, as I say, with members from the opposition, we have from time to time needed to explain to our colleagues exactly what is going on in that industry. It is an industry which has enormous potential. As you, Deputy Speaker Scott, know more than anyone else in this parliament, it can bring about enormous beneficial change in the communities it is involved in. In your electorate of Maranoa and in my electorate of Groom, we have seen 4½ thousand farmers sign up to coexistence agreements with coal seam gas operators. I will give an example of the impact of that for individual farmers. I am sure Peter Thompson will not mind me mentioning his name again, or this number, which he stated in public. One of the Deputy Speaker's constituents, Peter Thompson, and his wife, Nikki, have said publicly that they will receive \$6 million from coal seam gas companies in return for allowing those companies to operate on their properties. The reality is that that \$6 million is without any investment from the Thompsons or any requirement for the Thompsons to be involved in any work or labour or any risk in terms of capital investment. It is changing the whole economic and social landscape of that region.

Farmers are cooperating and science is being heavily involved to ensure that the underground aquifers are not affected. The cooperation that has been going on between the state government, the local governments, people like Ray Brown from the Western Downs shire and, of course, the Commonwealth government has been exemplary. Unfortunately, that is not the case in other states. At the moment, we are seeing a moratorium in Victoria. Perhaps after the election, again with some encouragement from the Commonwealth government and some assistance from both sides of the House federally, we can encourage some development in that regard. In New South Wales I am more pessimistic. I am unsure how we can progress that issue. I have made a number of attempts, and I did, for a short time, consider a coal seam gas working group to assist there. But I have abandoned that idea.

Mr PITT (Hinkler) (10:16): The coalition is committed to driving business competitiveness by supporting business improvement and promoting economic growth through commercialisation of new ideas. I want to ask about the government's commitment to industry policy—more specifically, the delivery of the new Entrepreneurs' Infrastructure Program through a single business service initiative. Mr Deputy Speaker, as you would be aware, unemployment in my region increased to over nine per cent under the previous Labor government, during the Rudd-Gillard-Rudd years. It is absolutely essential that we do things to help the economy in the regions, so, Minister, I ask you to list the programs and the new initiatives that the coalition government is providing for industry to help drive competitiveness and create jobs of the future. Also, focusing on the Entrepreneurs' Infrastructure Program, would you tell me the rationale for the creation of this new and innovative program? What are the primary objectives and components of the program? How much funding will it receive? What progress is being made in the establishment of the EIP?

Mr IAN MACFARLANE (Groom—Minister for Industry) (10:17): I thank the member for Hinkler for his question. I know that, in the short nine months that he has been there, he has had an enormous impact in terms of encouraging new businesses and new industries to that region. He has certainly ensured that businesses in Hinkler—or potentially in Hinkler, or if he can steal them from anywhere else—are aware that he is more than welcoming of new businesses in his electorate. He is making sure that the 'open for business' sign is well and truly illuminated both here and overseas.

In answering the member for Hinkler's questions, I will say how important it is that we continue to see businesses established and that we attract not only businesses from Australia but also foreign investment. Innovation in Australia is a very, very high priority for this government, as it was last time I held this portfolio, between 2001 and 2007. We want to invigorate people to commercialise their good ideas. A good idea is worth nothing until it is turned into a commercial opportunity, until it is turned into a job opportunity for people—and, in this case, the people of the seat of Hinkler in particular.

We are investing more than \$2.25 billion in industry programs over the forward estimates, and this will deliver real outcomes and real jobs. We are certainly not abandoning the industries that those opposite would want you to believe we are. In terms of supporting industries, we have stood behind industries, we are adjusting industries and we are offering industries new opportunities.

The range of programs to assist that innovation, create jobs and provide a streamlined and focused approach to industry policy include, as the member mentioned: the Entrepreneurs'

Infrastructure Program, some \$484 million manufacturing worth of funding; the Manufacturing Transition Program, some \$50 million worth of funding; the growth fund to assist those involved in the auto industry to transition to new long-term jobs, a total of \$155 million of which the Commonwealth government contributed \$101 million; the Prime Minister's National Industry Investment and Competitiveness Agenda, which will be announced in the months ahead; and the Industry Skills Fund, which, again, is a very important area in giving business the skills they need and their employees the skills they need to be competitive in an evolving and developing industry framework, some \$476 million. Some might say the Trade Support Loans is the jewel in the crown of the training support area, some \$1.9 billion of trade support loans. People wanting to do apprenticeships and certain traineeships will be able to access loans of up to \$20,000 interest-free and adjusted with CPI annually.

The response from industry once we explained the Trade Support Loan scheme to them has been excellent. I was actually out in my electorate last Friday doing that and the response was overwhelmingly positive. The cost of providing those loans interest-free is around \$480 million in the forward estimates. As well as that, we have got: the Geelong Region and Melbourne North Investment Fund, some \$54 million and we are well through that; the Tasmanian Investment Fund of \$11 million; and the Automotive Transition Transformation scheme for the auto industry, exclusively for the auto industry, some \$550 million.

The member asked about the Entrepreneurs' Infrastructure Program. The new program, aimed at supporting the commercialisation of good ideas, establishes and delivers a straightforward, proactive and effective approach to industry policy through a substantive and more efficient implementation platform which is known as the single business service. It will provide market and industry information and advice to business. It will offer business management advice and skills. Experienced private sector business advisers will give access to research and innovators to re-engineer business operations. It will also connect them to supply chains and potential markets as well as commercialisation advice.

Mr GRAY (Brand) (10:23): Thank you for your observations about Geoscience Australia. Could I ask you to be more specific. You referenced almost \$30 million in cuts to Geoscience Australia. You may need to take this on notice, but just how many jobs have been axed in Geoscience Australia? What were the skills that were lost? What work areas have been affected? What is the ongoing program of graduate recruits into Geoscience Australia? These things are important as I know the minister would understand a healthy and vital Geoscience Australia does require consideration of its structures, of its work programs and of its future skill base.

I would also like to ask the minister about the review of the Renewable Energy Target. Minister, we understand that review is taking place chaired by Mr Dick Warburton, a fine Australian and a very significant Australian business leader. I have had the pleasure of meeting with Mr Warburton to discuss that review. But if the minister as the Minister for Energy could advise the House on when we can expect the report of the review on the RET that would be great greatly appreciated. If a date and a time cannot be provided then at the very least give an indication of when we can expect that review to be presented because of the importance of the month of August and the casting of the renewable credit numbers for the next year.

Mr IAN MACFARLANE (Groom—Minister for Industry) (10:24): I thank the member for Brand for his question. I will take parts of his question on notice. In terms of the specific skills that have been removed, I will give the member for Brand the detail of that but I will have to take that part of his question on notice, as I will the part on the graduate program. It is my understanding that there is no effect on the graduate program, but I will supply him with further detail in regards to that.

In regards to the actual staff movements, as of 30 May 2014 62 staff have departed Geoscience Australia. By 30 June this year a total of 76 employees will have departed. By the end of December this year a total of 85 employees will have departed. Five employees have elected to seek redeployment and have commenced their retrenchment period. Nine staff have been offered voluntary redundancies and are yet to indicate their preference to exit or seek employment. Existing and projected average staffing levels at Geoscience Australia are 716 in the year 2013-14 and 620 in the year 2014-15. As I said, though, I am entirely confident that there will be no effect on the capacity of Geoscience Australia.

In response to the member for Brand's question regarding the Renewable Energy Target, I take this opportunity to remind the House both of the coalition's commitment to renewable energy and, more importantly, of the fact that we are the fathers of this scheme. We established the Mandatory Renewable Energy Target. Senator Robert Hill, who was the environment minister at the time, implemented this. It has given an enormous boost to the implementation of renewable energy in Australia. We have seen projects built around Australia off the back of the scheme. In terms of Australia's percentage of renewable energy vis-a-vis the rest of the world, we can certainly hold our heads up.

In regards to the member for Brand's specific question about the review, he is quite right: Dick Warburton is an excellent choice as chairman as someone who has enormous respect in the business community as he has been involved in business a very long time and has been very successful at it. He and his equally as qualified committee are currently considering the impacts of the Renewable Energy Target on Australia's competitiveness and our ability to continue to maintain a target for renewable energy going forward. It is my understanding that the committee will release their modelling towards the end of this month and that they then will work from that point to prepare the report for government, which we would expect to receive some time after that—perhaps in the next few months.

I do not expect the government to be long in responding to that review. In terms of my own time lines, I need to hand down an energy white paper this year. I need to be able to be confident that, firstly, the Labor Party has seen the error of its ways—and it is still not too late yet—and will support the rescinding of the carbon tax. I need to see the carbon tax dealt with before I can have any forward concept on where energy policy is going in Australia. Hopefully that will occur in the next sitting of the Senate in early July. I also need to know where the government intends to set its policy in relation to renewable energy. We expect to see a response to the renewable energy review sooner rather than later, perhaps by the third or fourth quarter of this year.

Mr PITT (Hinkler) (10:29): My second question is also on the Entrepreneurs' Infrastructure Program. I want to ensure that the minister is aware of some of the absolutely valuable additions from the Hinkler electorate to manufacturing. We are the biggest producer of heavy vegetables in Australia. All of our agriculturalists know that farm gate returns are

simply not high enough so we need those value-added products to increase not only productivity but the return to our farmers to make them viable. Inside my electorate, Minister, we have opportunities for macadamias and sweet potatoes. We already have organisations like Austchilli with David and Trent De Paoli. They are a major exporter of chilli, basil and avocado products all over the world. These secondary level manufacturers help our local producers.

The other thing the minister may not be aware of is that the Bundaberg port is completely underutilised. The opportunities in Bundaberg and in the Hinkler electorate are quite simple. Land is cheap. We have lots of it. There is a lay-down area in Bundaberg as big as the Brisbane port. We could build container ports, build industry or do anything but we need that seed funding to help those things along. Certainly it is low risk. We are below the Barrier Reef and are in a low cyclone risk area. There are opportunities there.

The Bundaberg Foundry, for example, located in Bundaberg just celebrated 125 years of manufacturing. It is still there but it is under pressure from the carbon tax and from red and green tape. They are struggling. Electricity costs are up \$1 million. Minister, if you can name a foundry in Australia that is making \$1 million a year, I would be very interested.

The Entrepreneurs' Infrastructure Program is incredibly important. Minister, further to my last question on the government's commitment to industry policy and, more specifically, the delivery of the new Entrepreneurs' Infrastructure Program through the single business service initiative, will you advise what the government is doing to ensure that there is smooth transition from the closure of existing programs to the launch of the new Entrepreneurs' Infrastructure Program? Is there a date by which the program will be functioning? Is the government on track to meet that date? How will businesses, particularly SMEs, interact and gain access to the new Entrepreneurs' Infrastructure Program—businesses like Hervey Bay seafood and the Hervey Bay scallop, who could certainly do with an automated shucking machine even though something that would work functionally has not been built yet? How does this new initiative simplify the process for business to seek support? What has the reaction been from major stakeholders to this budget measure?

Mr IAN MACFARLANE (Groom—Minister for Industry) (10:32): I again thank the member for Hinkler and say how impressed I am by the support he gives businesses in his electorate and his knowledge of the issues that they face. I have had the opportunity to visit the city of Bundaberg on numerous occasions. In fact, I remember going there when I was quite young and I remember my attraction to it when I was an older person—fortunately, I managed to break that habit and I do not drink Bundaberg Rum anymore. It is a great product and I certainly do not bemoan it. It has made Bundaberg very famous. The member for Hinkler asked me about the Entrepreneurs' Infrastructure Program.

Opposition members interjecting—

Mr IAN MACFARLANE: I hear interjections from the other side about handouts. I think we need to be very clear about these programs and how they work. They work to give businesses a hand up and not a handout. I know the Labor Party are infamous for spraying money around with gay abandon and very little purpose. One of the great problems we have had since we took government is dealing with the band-aids they had applied to various industries. I can ask them what commitments and long-term benefits they achieved for the

millions of dollars they gave to Alcoa or for the millions of dollars that they gave to GMH to stay in Australia.

Our programs are specifically targeted at producing results. The government's decision to implement the new Entrepreneurs' Infrastructure Program took into consideration the existing status of all current programs that are planned to be phased out of operation. It was almost a grab bag of programs, some of which you, Mr Deputy Speaker, would be shocked to know actually never came into operation. Money was allocated, announcements were made, launches were relaunched but nothing ever happened. I know, you, particularly, Deputy Speaker Scott, would be shocked by that, knowing the value of money! The reality is, though, that we are going to ensure that there are well-targeted programs. To ensure that no business misses out this government has made provision for Commercialisation Australia to operate through until 31 December 2014 and deal with all applications formally lodged before the close of business in 2014.

Additionally, Enterprise Connect will run on a business-as-usual basis until the end of this current financial year and any small- to medium-business owners that were dealing with either Commercialisation Australia or Enterprise Connect will be able to be transferred across to the new Entrepreneurs' Infrastructure Program from early in the new financial year to ensure there is a seamless transition.

The member for Hinkler asked me about the start-up dates in relation to the Entrepreneurs' Infrastructure Program. In line with 2014-15 budget commitments, the Entrepreneurs' Infrastructure Program will operate from 1 July 2014. Its interaction with SMEs and access by SMEs is very simple: business will be able to gain access and interact with the Entrepreneurs' Infrastructure Program in person, on the phone or via the internet or email. Throughout this month of June all details of the program will be placed on the Department of Industry's website.

I was asked how this program works in comparison to previous programs. The reality is, as I have just mentioned, there was when we inherited government an overlapping plethora of small grants and entitlements that were not targeted towards any specific outcome. We are sitting about getting the economic settings right, getting rid of red tape and equipping business by giving them the market, information and skills they need. We must remember that Labor's legacy is one of indecision and change. In the last three years, in fact, there were 14 ministers through the former Department of Industry, Innovation, Climate Change, Science, Research and Tertiary Education—and you wonder why small business was glad to see them go.

Mr WATTS (Gellibrand) (10:37): I have a number of questions for the minister about the impact of the budget on the auto manufacturing sector. I do thank the minister for inviting me to attend with him the Altona Toyota manufacturing plant in my electorate. I genuinely thank him for that. I am just regretful that future invitations will not be able to be extended for members for Gellibrand, as the Toyota plant will be ceasing operations in future as a result of the actions of this government.

A recent report from Adelaide University stated that Australia was expected to suffer a fall in national employment of around 200,000 as a result of the planned closure of auto manufacturing between now and 2017 and that the greatest job losses will be in Victoria, with an estimated decline of close to 100,000 jobs. How can the minister justify over \$1 billion in

cuts to the automotive industry in the budget when the government is well aware that these cuts are putting hundreds of thousands of Australian jobs at risk?

The automotive firms and component manufacturers have repeatedly advised the government of the serious consequences of cutting funding from the Automotive Transformation Scheme at what is an already difficult time for manufacturing and supply chain workers. So why is the government cutting over \$900 million from the Automotive Transformation Scheme when the minister is well aware that, if passed, these cuts will intensify the financial pressure on the hundreds of firms in the supply chain, firms which have already factored ATS funding into their long-term business and investment decisions?

According to the Prime Minister's announcement, the government's so-called \$155 million Growth Fund has been set up for firms and employees in South Australia and Victoria affected by the closure of local manufacturing operations. In April this year an independent study projected that auto closures would result in over 32,000 jobs lost in New South Wales, over 30,000 in Queensland, as well as over 11,000 in WA and almost 500 in the Northern Territory. This is on top of the 23,000 jobs at risk in South Australia and almost 100,000 jobs in Victoria. Economic modelling forecasts a negative annual shock of \$29 billion or more by 2017.

Can the industry minister please outline how this so-called growth fund will have any chance of helping auto workers in New South Wales, Queensland, WA and the NT, not to mention how, with just \$100 million in Commonwealth funding, this program will have any impact on the 200,000 jobs at risk on a national level.

Mr IAN MACFARLANE (Groom—Minister for Industry) (10:39): I thank the member for Gellibrand for his question and assure him that, if there are future opportunities—and there should be between now and 2018—for visits to the Altona plant, I will invite him. He did, after all, get the best start to life that anyone could get in Australia, by being born in Toowoomba, and I am sure that, deep down somewhere, there is a lot more good that we can make of that. His choice in politics may have been dubious, but I am sure his heart is made of gold.

Regarding decisions made by Australian car manufacturers to cease operation, I draw to point the member for Gellibrand's assertions that our government was in any way responsible for those decisions, most particularly the decision of Toyota. Having known the Toyota management for as long as I have, dating back to 2001, when I was the minister for industry then, I can assure the member for Gellibrand that the government were given very clear indication by Toyota that, in spite of everything we had done and would do, they had made their decision to close. That decision was extremely difficult. The heads of Toyota, both here in Australia and Japan, came up to Canberra especially to talk to me about that and to also meet with the Prime Minister and explain that decision, but it is a simple fact that, in relation to manufacturing cars in Australia, it is virtually impossible to compete. It needs to be remembered, and perhaps lamented, that the industry arrived at the point under the previous Labor government where it required \$5,784 per vehicle, plus tariffs, to continue to operate in Australia.

I am an optimist. I have spent a lot of time in farming, where you have to be an optimist. In fact, I was a farmer longer than I have been a politician. If I looked at a component of my farming operation where taxpayers had to contribute that proportion, which is almost 15 and,

in some cases, 20 per cent of the value of the vehicle, I would say, 'There is no hope.' Unfortunately, though, as I say, we lament it, there was no way in which Toyota, Holden, Ford and Mitsubishi—some of whom made those decisions when the Labor government was in power, some of whom made them since we came to power, but the result is the same—could continue. They all arrived at the same conclusion, and that was that the industry could no longer manufacture vehicles in Australia without long-term, substantial government-taxpayer funded subsidies. Unfortunately, because of the complete and absolute mess that the Labor Party left the finances in, the money that we would be paying the auto industry would have to be borrowed by taxpayers from overseas, and that is just sheer insanity. So, whilst we lament that the car industry has made those decisions, we as pragmatic, rational people understand why it made those decisions.

To assist the industry—and our understanding is that there are substantial numbers but certainly nowhere near the numbers that the member pointed out in that report; let us say the numbers are somewhere between 20,000 and 25,000 people to find new work—we have established a \$155 million growth fund in conjunction with the South Australian and Victorian governments and the auto industry. There will be \$30 million made available for a skills and training program to assist workers to find new jobs outside the industry. There will be a \$15 million automotive industrial structural adjustment fund, a \$20 million automotive diversification fund for component manufacturers to go into other areas, a \$60 million next-generation manufacturing investment program to bring new businesses to those regions and a \$30 million regional infrastructure fund to put new regional infrastructure in for communities.

Mr CHRISTENSEN (Dawson—The Nationals Deputy Whip) (10:45): Thank you, minister, for your statements here this morning. I would ask a couple of questions. One is in relation to ARENA. I understand that a billion dollars worth of taxpayer funds have been committed to nearly 200 ARENA projects across a suite of renewable energy types. I am aware that a billion dollars of government funding has been matched with a further \$1.8 billion, I believe, taking the investment in renewables to \$2.8 billion as a result of that program. In Queensland we have over \$55 million of ARENA funds that have been invested in six different projects.

The government has made it very clear, and rightly so, that we are facing a budget emergency careering towards \$667 billion worth of debt, right now resulting in a billion dollars of interest every month, which could blow out to \$3 billion. We understand that savings need to be achieved to return that budget back to surplus. What are your plans, as the minister, in relation to ARENA but more so in relation to the 200 projects that were supported under this program? I know that when those opposite were in charge of it there were certainly some high-level failures, probably due to lack of oversight by the former government of those projects. I know a couple of them are sitting at the bottom of the ocean. I am looking at how the government is going to actually deliver real, good outcomes for renewables with this investment.

I also want to ask—and I know the member for Hinkler has asked a couple of questions on it—about the great Entrepreneurs' Infrastructure Programme. It is a brilliant scheme as far as I can see, taking the best of all of the programs that were there and rolling them into one, so that it is almost one point of entry for industry and business. You know, minister—because you have been to my electorate a number of times and spoken with local businesses there—

about the downturn and the impact that has had on the local economy in the Mackay region. That downturn in coalmining has cost thousands upon thousands of jobs but has also seen a significant shift in the way business has to be done locally and what the local manufacturing industry is doing. They were always engaged with the mining sector, but now the taps have turned off somewhat they have to look elsewhere. I am interested to see how that Entrepreneurs' Infrastructure Programme will assist them in that transition to other industries. I think that is going to pay big dividends, just having had a look at the cursory information on it.

The other side might have been content with just leaving coalmining to wither and die, but I know that they are not our thoughts on the coal sector. We think it has a bright future. I notice that one of the significant policies you are going to be implementing is the minerals exploration tax incentive program. I am wanting to know a little bit about what the government is going to be doing to reboot the mining sector as well.

Mr IAN MACFARLANE (Groom—Minister for Industry) (10:48): I thank the member for Dawson for his question. Mackay is certainly a wonderful city. Its people are particularly wonderful. There is one in particular my daughter thinks is particularly, particularly wonderful, although he has moved to Brisbane—I have no idea why; perhaps it is to be close to my daughter. But, seriously, my daughter Kate spent some three years in Mackay. She enthused about the city, and more about the fact that it was a city that was prepared to take on the challenges. The region around it, of course, is well known. I am sure the member for Hinkler is aware that it is well known as a very prosperous cane-growing region. They have their good years and their bad, like the coal industry, but there has been a substantial industry built up around it.

I have had the pleasure of accompanying the member for Dawson to the Racecourse Sugar Mill, where there is an excellent renewable energy project going on. The cogeneration project relies, as I say, on the mandatory renewable energy target. I understand it also had some assistance from the government at the time. Prior to losing government in 2007 I had been up there and talked with their officials. So wherever you go you see great industries but you also see renewable energy industries.

ARENA has, as the member for Dawson alluded to, allocated in excess of \$1 billion for renewable energy projects in Australia. That is over 200 projects supported by taxpayers, with a further \$1.8 billion being leveraged from the private sector. So there is approaching \$3 billion in projects as a result of the renewable energy programs that have been put in place. Our government will absolutely honour those contracts. Where those projects go on and succeed, we will obviously applaud their success. If projects fail then obviously we will take that money back into the pot. But we certainly expect some great results from those programs that have already been funded under ARENA.

Those opposite have made many mischievous and incorrect claims, and I will address a couple of them later, if time permits. Contrary to the claims we hear from those opposite, Australia is not walking away from renewable energy. In fact, we as a government are very committed to renewable energy. As I said in answer to a question from the member for Brand, we were the government who began substantive funding of renewable energy and also established the renewable energy target.

By way of information, renewable energy is currently contributing around 10 per cent—perhaps more, in fact, depending on how you do the sums and analyse the economists' predictions—of Australia's energy mix and is assisting not only in ensuring energy security but also addressing some of the short-term peak demand loads, particularly on hot days in Australia, through the very significant rollout of solar panels. Again, that is a program that the coalition began in its last term.

I am asked about specific programs. I will just name a few. There are \$80 million worth of investments encompassing nine projects in the ACT; \$310 million invested in 49 projects in New South Wales; \$250,000 invested in a single project in the Northern Territory; \$6 million invested in a project in Tasmania; and \$140 million in nine projects in South Australia, which I am sure will please the member for Wakefield; \$84 million invested in nine projects in Victoria; and \$17 million invested in three projects in Western Australia. As well as that, there have been multiple scholarships and fellowships, totalling around \$90 million, awarded. Perhaps later in the session I might be able to highlight a couple of individual programs.

Mr CHAMPION (Wakefield) (10:53): Like the member for Gellibrand, I have also been on a tour of a car plant with the minister. I thank him for inviting me at the time, along with quite a few Liberal senators. The member for Hindmarsh was there as well. The rhetoric was somewhat different then, somewhat more optimistic about the car industry's prospects at that time. Sadly, that has proved not to come to fruition.

A government member interjecting—

Mr CHAMPION: A Labor government would have saved it. But I do not propose to redebate those issues or, for that matter, to give the minister an excuse to give us the lecture about industry assistance only to be followed by government backbenchers asking for grants or tax exemptions for particular industries. It is an interesting approach that the government takes.

What I am concerned about, and this is a genuine concern, is the \$155-million growth fund. I am concerned about its adequacy. Another of the things I am concerned about is obviously the closure of Holden components industry will devastate the northern suburbs of Adelaide, and Elizabeth in particular. I am interested to know if the minister, his office or his department have had discussions with the local councils of the City of Playford or the City of Salisbury. In particular, have they had any discussions about local projects like the City of Playford's sports precinct, which is interrelated with the proposal to have a health precinct at Lyell McEwin Hospital? Both these local projects would produce jobs for the local area.

When Holden closes, I am concerned we will have an empty site sitting down there on Philip Highway and it may well be empty for some time. I would be interested to know if the minister is having discussions with General Motors Holden about that site, about its future. I would also be interested to know if the minister has formed a committee with unions, local industry, Holden, the South Australian government and the federal department—as was done with Bridgestone—to help manage the process of skills acquisition of employees being made redundant at General Motors Holden or any of the component companies that supply it and to push job service agencies to get jobs for those redundant employees. It was a very important thing when Bridgestone closed. I would be interested to hear the minister's thoughts about that.

Most of my concerns are of a local nature. We can debate the events last year. I can tell you the effect of them will be catastrophic in my community. I really genuinely would like to hear the minister's thoughts about how my local community can be assisted out of this \$155-million growth fund. I do not think it is adequate and I have great fears that the money will be spent in places other than the northern suburbs of Adelaide, in places other than the communities affected.

Mr Zappia interjecting—

Mr CHAMPION: My colleague the member for Makin inquires how much will be actually allocated to South Australia. They are my concerns and I would be interested to hear by the minister's thoughts on them.

Mr IAN MACFARLANE (Groom—Minister for Industry) (10:57): I thank the member for his question. I plead guilty to being optimistic. As I said: farmer by nature, optimistic by nature. If you go into government, as I know the Labor Party does so regularly, and take a disastrous view of everything, be pessimistic and say it is a catastrophe then what will happen, of course, is what we saw under the previous government—the confidence of the community business community falls, consumer confidence falls, the economy spirals down and then the Labor Party drops back to its old form. There is no problem small enough that the Labor Party cannot throw a huge amount of money at to try and fix with no strategy, no outcomes, no guidelines et cetera. So when the Labor Party sees a problem, the first thing they say is 'throw as much borrowed taxpayers' money as you can possibly get your hands on at it as quickly as possible'. As the member for Dawson said, why do we wonder why we are heading towards \$667-billion worth of debt? Why do we wonder why in the six short years that Labor was in government they spent \$181 billion more than they earned? In their forward estimates there was a further \$123 billion in losses going forward. If they were a company, their shareholders would have shut them down if ASIC had not done it first.

I am asked about the Future Fund and how it will work and what consultations we have had with industry and the unions. As the member quite rightly identified, when it comes to solving the issues in relation to the car industry I am bipartisan in my approach. As he quite rightly said, I invited all those who are interested in being part of a solution to come along and see what we can do. The Premier of South Australia was there, and there were senators from both sides. As the member well knows, there were also trade unions there. I see trade unions as playing an important role in the transition of the car industry. I just hope that their leaders are more optimistic and more helpful than those who sit opposite and bleat and scream and call for us to throw more and more money at a problem.

There will be significant skills programs to assist those workers, and I know that the automotive companies will be involved. I have had extensive discussions with all three companies. I know that the programs that Ford is running, and the associated programs that are running in Geelong and North Melbourne to attract new businesses to those regions, have been very successful. I give the Labor Party its dues: they established that fund and set up a framework for it to work under. We, as a government, have ensured that the framework has been adhered to and that the corporate governance of those schemes has been successful.

We hope that we will have the support of the trade unions and the support of the South Australian government. And—who knows?—perhaps the opposition, when they realise that they are here to help the people they represent and not just whinge, will get behind these

programs. I am more than comfortable to have the unions involved in assisting. I know that some of the unions are involved very well. They have been positive. Yes, they have stood up for their members. As an ex-union leader, I know that that is what they should do. But they do need to accept the reality. Unlike those who sit opposite, at times I think the unions do understand. The best thing they can do for the workers in the car industry is to ensure that they transition to new and better jobs.

To answer the member's question, as we put together these programs within these companies I would welcome union involvement. I would welcome the involvement of the local federal members and the state members and senators if they think there are things in those programs, particularly about reskilling people, that we can do better. I would be happy to see them involved.

Mrs ANDREWS (McPherson) (11:02): I have a question for the minister in relation to vocational education and training, the reforms to that sector and also the establishment of the VET Reform Taskforce. But let me start by saying that I am very positive about the changes that are being proposed and being talked about in this sector. I could not be more pleased that this government has been especially proactive in the area of VET.

Our national competitiveness, in my view, and our productivity is very dependent on us having a very strong VET sector. We need to make sure that our workforce of the future has skills that make them job ready so that when they enter the workforce they are ready to be productive and to be contributors on the first day that they enter the workforce.

Across Australia our VET students deserve to know that they are receiving quality training and that what is being provided to them is going to meet their needs and will also meet the future needs of their employers. The providers need to know that they will be treated fairly in the provision of the training that they will be delivering to the sector. So we need to take this opportunity to put a magnifying glass over the VET sector and look at what reforms are needed to make sure that this sector is viable in the future. It is certainly no easy task, but I must commend the minister on the action that he has taken to date in that sector. He has been especially proactive and has set up a number of mechanisms where he can get support and input directly from those who know best—those in the industry. He has embarked on a consultation process, first hand, with the sector by establishing a number of workshops throughout the country to engage with the people who actually know best—training providers, industry representatives, employers and students—to find out what is needed to reform this sector in the future.

I attended workshops in Darwin and in Brisbane and also had the opportunity just recently to facilitate workshops with the member for Grey in Port Pirie and Whyalla, with the member for Forrest in Bunbury and also with the member for Robertson in Gosford. The workshops that were run were certainly eye opening. At each of these sessions in different parts of the country we heard of similar problems with the VET sector relating to the duplication in regulations and administration amongst jurisdictions; inconsistency in auditing; the capacity of the system to meet the current skill needs of the industry; and what was particularly concerning was what seems to be an increased focus on qualifications rather than the quality of the training in the sector and, as a result, the quality of the qualifications.

These sessions were not just about understanding what the issues are, they were also about finding ways for the sector to grow and to prosper. The outcomes—the information that came

from those sessions—have been forwarded through so they will be part of the changes for future consideration. I would certainly like to thank everyone who was involved in those workshops. I would like to thank all of the members for the work that they put in to make sure that those who attended were quite representative of the various parts of the sector.

So my question to the minister is: can the minister outline for members the action that the government is taking to ensure that the future of our nation is not just about building infrastructure and building the systems to support that but is also about building the skills of our people, particularly those in the VET sector?

Mr IAN MACFARLANE (Groom—Minister for Industry) (11:06): I want to thank the member for McPherson not only for her question but also for the great job, not only supporting my portfolio in the area of skills and training but, in fact, right across government. She is an incredibly hard-working local member. She has a great practical background from being an engineer by trade and she is one of those people who is set on producing outcomes. The member for MacPherson has certainly continued that attitude since she came into parliament. Again, I thank her for the work that she has done.

She is quite right: as she and I, my office and my department travel around Australia looking at the issues in relation to skills, training, traineeships and apprenticeships we are at times dismayed by the attitude of some people in relation to making sure that we are producing people who are employer ready. That is, people who are skilled up and ready to go into the workforce not only to secure a long-term future for themselves in their chosen profession—I am sure that that profession may change in time, and we all see that even amongst our families—but also making sure that when young people and mature apprentices, who play an important part in our training system, are turned out onto the street looking for a job that there is a job that they can go straight into.

The member for McPherson is right that there has been too much of an attitude—I am not saying that it is overwhelming, but I am saying it is prevalent—where there has been training for training's sake. There has also been an attitude that the only way you can go forward in this world is to go to university and get a degree. I remember very, very vividly the Labor Party giving Brendan Nelson an absolute flogging because he had the courage to say in the House, and I remember him saying it when he was the education minister, that a trade is worth every bit as much as a degree. I remember the Labor Party pillorying the then Minister for Education, Science and Training, Brendan Nelson, for saying that a trade is worth as much as a university degree. I assure those opposite that I believe that as well, and that the people on this side of the chamber believe that too.

An honourable member interjecting—

Mr IAN MACFARLANE: Well, if you believe it you should say it a bit more so that the young people in your electorate actually believe that their future can be achieved just as well as any university graduate's by being a tradesperson or trainee, getting a skill and filling an occupation. Do not give them false hope—we hear too often from those opposite that, if it does not go to plan, the government will just subsidise you or pick you up.

The member for McPherson has identified a key area that we will fix, and that is inconsistency in auditing. In fact, we see a whole opportunity within the skills space to streamline it. The member for McPherson and other members of my committee, which is

headed up by the member for Dawson, are working with us and with the people out there in the RTOs, the apprenticeship centres and the skills areas to make sure that we streamline this area so that, when we spend money, we actually get results. As I said earlier, in the area of innovation, when we came into office, we found a whole string of programs that in fact had money allocated to them but had never even been implemented. When I asked the department what these schemes did, they said, 'Minister, they haven't started yet, so we can't actually tell you.' What outcomes did they produce? Zero.

Any discussion on skills would be incomplete without me mentioning the government's introduction of Trade Support Loans. These loans, which I mentioned earlier, provide the opportunity for a four-year apprentice to borrow up to \$20,000 and, at completion, have \$4,000, or 20 per cent, of that loan written off as an incentive. To receive that loan interest free until he or she repays it is a huge incentive. In fact, it is worth probably over \$12,000, or more than double the previous Tools for Your Trade scheme. We see from this scheme tremendous support coming back from the trainee community. As I said, I saw it myself in my own electorate. This is a great opportunity for young people to do their trades and be successful.

Mr ZAPPIA (Makin) (11:12): Minister, firstly, thank you for your introductory statement. I have noted your response to the questions from this side. As you would probably be aware, manufacturing in this country has fallen in terms of employment percentage throughout Australia from about 26 per cent 50 years ago to around eight per cent at the moment. It is very likely those numbers are going to fall even further as a result of losses in the auto industry over the next few years, losses perhaps in the defence industry if decisions are not made sooner rather than later, and losses that will arise, I believe, from the Abbott government's cut to renewable energy programs in this country.

I note that in this budget there is about \$7 billion of cuts in higher education, science and research, industry and innovation, of which about \$3 billion comes from your own department. Given that we hope for a successful future in manufacturing—and I think there is a general consensus that that will be underpinned by advanced manufacturing—and given the Prime Minister's recent comments whilst overseas that science and innovation is effectively the key to our future, which I agree with, how can you justify not only the cuts to your own department of \$3 billion but the \$7 billion in cuts across the science and research organisations, which, undoubtedly, go to the heart of innovation in this country?

I heard your responses to questions from the member for Brand earlier on. In particular, you made the comment that you believe that Geoscience Australia still will have the capacity to function and to carry out its responsibilities. I ask also: with the cuts that that organisation is going to receive, in conjunction with my earlier questions how can you assure us that organisations like Geoscience Australia and other similar organisations that will be subjected to these cuts will be able to carry out the work that they do and support industry in this country as they do?

I particularly also note the programs that the previous government had in the way of direct industry assistance, which amounted to some \$800-plus million. Those programs have been cut by almost 50 per cent. I noted your comments about the entrepreneurial funding program, and I understand that, but the bottom line is: how do you justify all of those cuts and still expect that there will be able to give industry the support it needs both in science and

innovation and in direct assistance to be able to go into the future and perhaps rather than fall in numbers grow in numbers and grow in capacity?

Mr IAN MACFARLANE (Groom—Minister for Industry) (11:15): I thank the member for Makin for his question. Can I just say from the outset that, if he does not accept that there needs to be cuts to the budget, then is he continuing the old Labor way of continuing to run deficits? In my time in parliament I have never seen a Labor surplus. The reality is that there are members of this parliament who have never seen a surplus in their life from Labor. That is the reality. If the member for Makin says we shouldn't make cuts in this area he needs to now stand up and say where he will make those cuts. If he doesn't, we just assume that Labor will continue on their way with \$123 billion worth of deficits in the forward estimates, with the continuation of the debt blowing out to \$667 billion, and with the continuation of the pressure that that creates in terms of our economy. He knows and I know that that position is nowhere near sustainable.

I want to correct the member for Makin in terms of his statement that we have cut the science and research budget. We have not cut the science and research budget. Can I read for him from our budget papers that the appropriation available to the science and research areas, including science agencies such as Geoscience Australia and CSIRO, stands at \$5,849 million, and that the increase in the budget—~~increase in the budget~~—is in fact \$16.8 million. So even at a time where I accept we have to have some austerity measures, even at a time where I accept we have to refocus the programs that the previous government was operating, there is an increase. As I have pointed out on numerous occasions during this session, programs were never actually implemented. Some programs never got past the great launch and potentially relaunch and the great talk that went on about programs that never actually delivered a thing.

So, yes, we have cut some of those programs, and yes we have put in place a far more focused system of \$484 million for the Entrepreneurs' Infrastructure Program, a program where we take the best of Enterprise Connect and Commercialisation Australia and we put it into the Entrepreneurs' Infrastructure Program. This is a program where we make sure that we are giving business what they need to be competitive, to be innovative, to get into global supply chains, to be involved in the new industries and to give their workers sustainable jobs. On top of that of course we have got the industry skills program which further assists those businesses to ensure that they, the business, and their employees have the skills that they need to make the adjustments in front. That is \$1 billion worth of programs for innovation, for skilling, for competitiveness, for getting involved in new products, for collaborating with existing businesses—a set of programs that will ensure businesses the opportunity to be competitive in the long term.

But for the benefit of the member for Makin can I just highlight a few areas where we have actually spent new money in the areas of science and research. There is \$65.7 million to operate and maintain the CSIRO's new vessel, *RV Investigator*. I know those on this side of the chamber will not be surprised to hear this, but only the Labor Party could build a boat and not put any money in there to use it. So the boat was going to sit there at port—like a lot of their programs: set up with great fanfare, moored to the dock but not operate. We have actually put some money in to make sure that that boat gets out to sea and does something.

We put \$31.6 million into the operation and maintenance of the OPAL nuclear research facility. It is a great facility. It is making great advances in nuclear medicine, which is something we need to continue to do. We have put \$28 million into continued investment in Questacon through science for Australia's future to ensure that Australia's children are as excited as much by science as I am.

Mr WILSON (O'Connor) (11:20): Mr Deputy Speaker Porter, as a former Treasurer of the great state of Western Australia, you would well understand the importance of the resource sector. Minister, you would know that the mining sector contributes about 10 per cent of our GDP, directly employs 270,000 Australians and supports work and income for another 800,000. The Bureau of Resources and Energy Economics released their resources and energy major projects report last month that showed that in the last 12 months a record \$57 billion worth of resource projects had been finalised in Australia, with a significant increase in production. I understand this includes 215 million tonnes of iron ore, 43 million tonnes of coal and more than 1,100 petajoules of gas.

Over recent years it is clear that Australians have benefited from the jobs and growth flowing from the high levels of investment in the resource sector, but the Bureau of Resources and Energy Economics also reports that Australia's resource sector is moving into a new phase of sustained output and production following the peak of the current resources investment cycle. The resources sector will continue to drive our economy through this new phase, but it is essential that we do not become complacent. These production phase figures highlight the importance of setting the right policy framework to encourage future investment in the resources sector. There is a need for ongoing progress in removing barriers to investment in the resources sector to encourage investment and confidence, to get rid of the reams of red tape and remove tax slugs that compromise productivity and competitiveness. This output phase will last for decades, delivering sustained and substantial economic benefits for Australian workers and local communities as well as boosting national revenue. Minister, what is the government doing to ensure a long and sustainable future for the resources industry?

Mr IAN MACFARLANE (Groom—Minister for Industry) (11:22): As the member for O'Connor noted, both Deputy Speaker Porter and he took a vital interest in the development of the resources industry in their previous times. The member for O'Connor has a very strong interest in the resources sector not only because he is the member for O'Connor. Some people would argue that O'Connor is at the heart of the history of the Australian resources industry. The centre for that is in Kalgoorlie, which I have had the opportunity to visit. The Mining Hall of Fame in Kalgoorlie is certainly an apt reminder of the huge debt we owe to the miners and resource investors of Australia going right back to the 1800s.

I also congratulate the member for O'Connor for his transition to politics. He has a background a little similar to mine. We were both farmers once. I guess he is still more active than I am—in fact, I am sure he is; these are no longer the hands of a farmer. I am sure the member for O'Connor still delights in getting out in the paddock and driving the harvester or perhaps crutching a few sheep if he is having a really good day. I congratulate him on his transition to politics and for his advocacy not only for the industries in his electorate but for all members of the seat of O'Connor.

He was quite right when he talked about the importance of the resource sector. The resource sector contributes around 10 per cent of our GDP, employs over one-quarter of a million Australians and indirectly provides income to another 800,000, so over one million people rely on the resource sector for their income and their living. As I said earlier, the resource sector is heaving a huge sigh of relief that the coalition have come back into government and that we have relieved them from the burden of the last six years when they were used as a punching bag by people like the member for Lilley, who constantly attacked successful Australian resource figures. Then, when he had finished degrading their characters quite unfairly, he went on to empty their pockets with things like the ill-fated mining resource rent tax, which had about five iterations. In the end, as we know, it was a great tax introduced by the Treasurer that actually raised no money at all. It chased away billions of dollars worth of investment but did nothing.

The member for O'Connor asked me what we are going to do to support the resources sector. Apart from putting the 'open for business' sign up, apart from reducing red tape and green tape and introducing the one-stop shop, we are going to remove the carbon tax, which will give them a huge boost, and we are also going to remove the mining tax. It will be interesting to watch those people opposite vote against those measures when they know that the people of Australia want them removed and they know that the people of Australia depend on the Australian resource industry and industry in general being competitive.

The member for O'Connor also asked me what policy initiatives we are going to take, which gives me the opportunity to answer the latter part of the member for Dawson's question. We are going to introduce a \$100 million Exploration Development Incentive, previously known as flow-through shares. I think it was the member for Wakefield who said it was a subsidy. That just highlights how little those who sit opposite know about the resource industry. The exploration incentive allows individual entities, mum-and-dad Australians, to invest in the R&D, the research and development, of the resource industry in Australia. What better way is there to do it and say to them: 'If you put your money at risk then, just as we do in the research and development area where we provide a tax incentive for people to do that, we will provide you with a tax incentive to invest in one of Australia's great sectors, the resource sector.' So we are putting in place an Exploration Development Incentive and I look forward to returning to Kalgoorlie with the member for O'Connor where I campaigned with him and we promised that if we got into government we would introduce this scheme. Unlike those who sit opposite, we will do that. We will go back to the drilling sheds, where we stood with people who had put their whole livelihoods at risk to go out and explore for minerals, and we will say, 'We promised and we delivered,' unlike those who sit opposite.

Ms BIRD (Cunningham) (11:27): Minister, I am happy if you want to take these questions on notice to give as much opportunity as possible for people who want to ask you questions. I would like to get some information on the Industry Skills Fund that is in the budget papers. I acknowledge that its arrival has heralded the demise of \$1 billion worth of programs and I note that the minister indicated earlier that some of his thinking was informed by the fact that some of those programs both had not started and had no enrolments. One would think that would be a fairly logical consequence of not having started, but I would appreciate it if the minister could indicate which of the programs that have been cut had not started and which had had nil outcomes. Secondly, in relation to the replacement Industry Skills Fund, there are

industries listed as targeted in the budget papers, in particular, health and biomedical products, and I would like to know if that will also encompass skills programs with a broader health workforce. I am particularly interested in the emerging areas of employment opportunity into the future around issues such as aged care, disability care and the health sector care workforce in general. They had a significant take-up of the National Workforce Development Fund, so whether they are still going to be able to participate in the new fund would be useful information. I am also asking for that information in relation to the ICT sector, because the emerging ICT industry sector jobs have been important as well for many regional areas, including my own. How is the minister going to determine what exactly will be targeted under that program in terms of industry sectors?

The budget paper indicate that there are 121,500 training places and, it says, 74,300 support services, including mentoring and foundation skills. Is it intended to operate two separate programs for those numbers or is the 74,300 within the 121,500 and is it a joint program? What exactly is envisaged in that part of the industry skills fund? I am happy for you to answer those questions now or to take them on notice, Minister.

Mr IAN MACFARLANE (Groom—Minister for Industry) (11:29): I thank the member for her question and I will have to take it on notice, unfortunately. I thank the shadow minister for her positive attitude to the changes that are going on within this portfolio. I know there are areas she disagrees with but she is happy to sit down and talk about it. I am happy to supply all that information. The skills fund guidelines are still being finalised but when they are I will be happy to provide you with a full briefing.

Ms Bird interjecting—

Mr IAN MACFARLANE: Very soon is the answer to that, hopefully by 30 June.

Proposed expenditure agreed to.

Social Services Portfolio

Proposed expenditure, \$9,606,728,000

Mr NEUMANN (Blair) (11:31): One of the biggest surprises for the aged care sector coming out of the budget was the cessation of the aged care payroll tax supplement from 1 January 2015 as found on budget paper No. 2, page 189. It effectively ended the doctrine of competitive neutrality in the sector between the for-profit providers and the not-for-profit providers. It ripped away \$652.7 million over four years from the sector. It was a bit of a shock because there was no consultation or sector support for it. The CEO of Benetas, Sandra Hills, expressed in a letter to me on 4 June the following:

The greater issue is the impact that the removal of the payroll tax supplement will have on investment in the sector. Aged care in Australia must have a mix of providers to ensure we remain a competitive, innovative industry that offers the highest quality of services available. Removal of this payroll tax supplement will seriously threaten some providers resulting in less competition across the industry.

She goes on to outline her concerns about the impact on organisational cash flow, future investment, staffing, skills retention and artificial wage constraint.

I have a few significant questions for the minister. What modelling was undertaken into the impact on the aged-care sector of this budget measure on viability of providers, their profitability, jobs, workforce and investment? In particular, what has the modelling revealed

about the impact on independent providers, small providers and those in rural and regional areas? If no modelling was undertaken, why not?

I understand also there has been some redirection of the workforce supplement into some sweeteners for the viability supplement. Within a few weeks of the budget, leading aged-care services provided some details of the impact on specific providers including in regional Queensland, which saw that particular provider receive an additional \$2,900 in the viability supplement but lose \$100,000 to \$120,000 in the payroll tax supplement. I am sure they can provide you with the details.

I would be interested to know how you intend to deal with the significant impost on the sector. The inaugural report of the Aged Care Financing Authority from 30 June 2013 reports the average net profit before tax across the sector is just 5.6 per cent. How does the government expect the sector to remain viable with this further impost? Has the minister undertaken any specific modelling into the impact on residential pricing? If not, why not? If he has done modelling, what does that show?

I would like the minister to explain why the payroll tax supplement is being ceased on 31 December 2014. Why is it that the minister has actually ended the principle of competitive neutrality which has been accepted by both sides of parliament since 1988? I refer also to the comments of Louis Dudley, the managing director of Bupa care services, he said recently:

I have to go to each of the state governments now and discuss with each one, one at a time, which really is increasing red tape, and that's the opposite of what the government was trying to achieve nationally.

How does the end of competitive neutrality sit with the policy of your government in the reduction of red tape as well?

You would appreciate, of course, that, according to ACFA, we will need to build an additional 80,000 aged-care places over the next decade. This involves an extra \$25 billion, according to ACFA. You would be aware, Minister, that the surprise budget announcement actually forced one provider, Japara Healthcare, to halt trading. I wonder how you expect the sector to cope with the increased investment they need to build residential aged-care placements and capital infrastructure in the decades ahead.

Mr ANDREWS (Menzies—Minister for Social Services) (11:35): Payroll tax is essentially a state tax. States impose a variety of taxes, including payroll tax. So, effectively, this supplement was the Commonwealth transferring funds to the various states around Australia via the aged-care sector. It is this government's belief that states are responsible for their own tax measures, including payroll tax, and that this is a matter, therefore, for the states. On that basis, the Commonwealth decided that in future we are not going to supplement—we are not going to, in effect, provide a subsidy to—the states in relation to their taxes. That is a matter entirely for the states.

Mr LAMING (Bowman) (11:36): Minister, would you clarify something for many people in my electorate who have been receiving and expressing great concern about some Labor Party material that was circulated, focused on the pension in particular. I understand there have been some flyers put out by Labor Senator Cameron saying, quite inaccurately, that pensioners will lose the seniors supplement. That has now been clarified as not true in that they do not even receive this supplement.

Obviously, it is an appalling campaign and the misinformation has caused great concern. It really does reflect an opposition party with no ideas for the future, no clue, no platform of their own and no alternative budget. We know that pensions will continue to increase twice every year and into the future, even with the re-indexation changes in 2017 locking them into the cost of living, but the scare campaign evidently has had its effect. It has caused great concern about the impact on the pension supplement. Could you confirm the status of that supplement in the budget and whether it will be increasing at all in the future?

Mr ANDREWS (Menzies—Minister for Social Services) (11:37): I thank the member for Bowman for his question. Indeed, I have seen the flyer that he refers to. Indeed, I have it in my hand at the present time. This is a flyer which is authorised and printed by Senator Doug Cameron, 5 Raymond Road, Springwood, New South Wales.

Mr Laming: Is that the only Doug Cameron, or could it be—

Mr ANDREWS: I do not think there are two Senator Doug Camerons, no. Senator Cameron, who happens to also be the shadow minister for human services, I believe, put out this flyer, in which he said, amongst other things: 'Age pensioners lose \$876.20 per annum seniors supplement.' One would hope that the shadow minister for human services would actually know the facts of who receives what. Presumably, he has now sought to clarify that.

To come to your question, the age pension will continue to go up and so will the pensioner supplement. Indeed, in March of this year, the age pension increased by \$15.70 for singles and by \$11.90 for each member of a pensioner couple. That was three months ago. In three months time, in September, the age pension will increase again, as it will in March and September of 2015, 2016, 2017 and 2018—and I could keep going, but I will not take up the time of the chamber—continuing for years into the future. In addition to that, the pensioners will keep the energy supplement, which is up to \$361 per annum for singles and up to \$546 per annum for couples. In addition to that, if the Labor Party would finally see some reason and allow the repeal of the carbon tax, pensioner households would be also better off as a result of that measure passing the Senate. In addition to that, the pension supplement will continue into the future. Currently that is worth up to \$1,635.40 for singles and up to \$2,464.80 for couples. The pension supplement will also increase in future.

So in relation to pensioners—contrary to what the Labor Party around the country is seeking to mislead people about—pensions will continue to increase in March and September of each year, not just this year but each year into the future. The pension supplement will continue to be paid and that, too, will increase. As I said, the pensioners will keep their energy supplement of \$361 per annum for singles and \$546 per annum for couples, and if the carbon tax is repealed there will be an average benefit per household in Australia of some \$550. That will vary according to the configuration of the household, but none the less that would be an advantage for pensioners as well.

A division having been called in the House of Representatives—

Sitting suspended from 11:41 to 12:02

Mr ANDREWS: Now, I can just wrap up in summary by saying that for pensioners, the pension will continue to increase. It will go up twice a year in March and September of each year. The pensioner supplement will continue and pensioners will continue to get paid the

energy supplement. And if the Labor Party would get out of the way they would have a major saving through the repeal of the carbon tax.

Ms MACKLIN (Jagajaga) (12:02): I just draw the minister's attention to the remarks that he made on Gold Coast ABC radio, where it he actually said that he is making changes to the pensioner supplement and is actually seeking to remove it. So either the minister does not know what he is talking about—

A government member interjecting—

Ms MACKLIN: I am actually quoting the minister on ABC radio on the Gold Coast. Now, obviously—

Honourable members interjecting—

The DEPUTY SPEAKER (Mr Randall): Order! The member for Jagajaga is on her feet and she is entitled to be heard in silence.

Ms MACKLIN: The minister has already indicated that he does not understand the budget, and he has just tried to say, as he said in question time this week, that pensioners are better off under this government. I have to say to the minister that that will come to haunt him. The Assistant Minister for Social Services, Senator Fifield, actually said in Senate estimates just a little while ago, 'The decision to cut the indexation of the pension was put in place in an effort to slow the rate of pension increase.'

I am sure the minister is aware of the report done by the Australian Council of Social Service that shows that pensioners will be around \$80 a week worse off over the next 10 years. That is \$80 a week over 10 years and, of course, that is because, as the minister himself knows—

A government member interjecting—

Ms MACKLIN: I will just remind the minister of a quote I have from him from the *Hansard* of 20 September 2011 about the importance of using male total average weekly earnings to index pensions instead of using the CPI. At that time the minister—though he was not the minister then—said, 'This enabled pensioners to keep ahead of cost-of-living increases.' Exactly right. The minister got it back in 2011. Now, of course, what we see in the budget papers on page 203 is that the government is going to take \$449 million off pensioners. That is what the budget papers say, and this was confirmed just yesterday by Senator Cormann when he said that the budget cuts will result in a cut to the pension.

The question to the minister is: who is right—the budget papers, which say a cut to the pension of \$449 million; Senator Cormann, who says that the cuts will result in a reduction in the rate of increase to the pension; or Senator Fifield, saying that the cuts to the indexation of the pension have been put in place in an effort to slow the rate of pension increase? I would suggest to the minister that all of those comments by his colleagues are correct. What is the minister going to say to correct the misleading comments that he made on ABC radio and that he made in the parliament this week?

Mr ANDREWS (Menzies—Minister for Social Services) (12:06): The honourable member opposite should quote the entire radio interview and not excerpts from it, because if she quotes the entire radio interview she will see that I pointed out when I came back to that matter that it was the senior supplement. So she should be more accurate in what she says. I

ask this question rhetorically: if it is good enough for the Labor Party when in government to index family tax benefit part A by the CPI why is it not appropriate to index pensions and other payments by the CPI as well? There is a great deal of hypocrisy—

Ms Macklin: I rise on a point of order. This is an opportunity for us to ask questions about the budget. The point of order is that these budget papers—which is what this is all about—says that there is a cut of \$449 million. That is a cut to the pension, and it is time the minister faced up to it.

The DEPUTY SPEAKER: The member for Jagajaga is reiterating the question; it is not a point of order.

Mr Nikolic: Mr Deputy Speaker, if I could, I would like to respond. Yet again, the member for Jagajaga stands up with these ridiculous debating points.

The DEPUTY SPEAKER: Resume your seat, Member for Bass. That is not a point of order either. Does the minister wish to continue?

Mr ANDREWS: Yes. First of all, she is inaccurate about the quotation in relation to the radio interviews. Secondly, the Labor Party come in here feigning indignation about indexing payments to the CPI when they themselves in government, when—

Ms Macklin interjecting—

Mr ANDREWS: the person on the other side interjecting was the relevant minister, indexed family tax benefit part A by the CPI. That is the reality.

Ms Macklin interjecting—

The DEPUTY SPEAKER: Minister, please resume your seat. This is not going to satisfy any elicitation of information if we have a continual argy-bargy across the chamber.

Ms Macklin interjecting—

The DEPUTY SPEAKER: Member for Jagajaga, you have asked your question. I ask the minister to resume when there is silence.

Mr ANDREWS: The Labor Party and the member who was just speaking continue to argue mischievously that this government are going to cut pensions, that we are reducing pensions. Can I point out to the honourable member opposite that, in March this year—and as far as I recall we were in government in March of this year—the age pension increased by \$15.70 for a single pensioner. How can an increase be a cut? This reminds me of Lewis Carroll—this is *Alice in Wonderland* stuff coming from the honourable member opposite. In Labor language, a \$15.70 increase for single pensioners is somehow a cut and an \$11.90 increase for each on a couple pension is somehow a cut. Go out on the street and ask ordinary Australians, 'If we give you an extra \$11.90, is that an increase or a decrease?' The reality is it is going to be an increase.

Honourable members interjecting—

Mr Pasin: Mr Deputy Speaker, I rise on a point of order. I am new to this place, but even I have learnt the rule that we are not to use props in this place or the other place.

The DEPUTY SPEAKER: I have already ruled and asked the member for Jagajaga not to continue using props, and I hope she takes that admonition.

Mr ANDREWS: What was the indexation for the \$11.90 increase for each pensioner in a couple and the \$15.70 increase for single pensioners in March? CPI, the consumer price index. The increase that occurred in March occurred according to the consumer price index. We are saying that in the future we propose to index this, as the Labor Party did when in government, for family tax benefit part A according to the consumer price index. The Labor Party are running around this country trying to scare pensioners by saying that there is going to be no increase in the age pension. There was an increase in the age pension three months ago and there will be another one in another three months time. This great lie from the Labor Party will be found out when pensioners get their next increase in September.

Mr NIKOLIC (Bass) (12:11): Before I ask the minister a question I want to reflect on the member for Jagajaga's recent visit to Launceston where she continued her all-scare-and-no-substance campaign about concessions for pensioners—subsequently found to be false with the Premier of Tasmania saying that the Commonwealth contribution was only relatively small and would be covered in full. She talked to pensioners in Bass about pension cuts that were not true. Yet again we saw the member for Jagajaga engaging in her mendacious campaign, which is all scare and no substance. We see it on display again.

Honourable members interjecting—

The DEPUTY SPEAKER (Mr Randall): Order! We have a question coming. He has five minutes.

Mr NIKOLIC: If I could just thank the minister. During almost all of the 43rd Parliament I was a full-time candidate down in Bass and his door was always open to talk about issues of substance. One of the issues we talked about and that I campaigned strongly on before the last election that always attracted a great deal of interest in northern Tasmania was indexation of the income thresholds for the Commonwealth seniors health card. I can recall talking to large groups of people, including with people from the Association of Independent Retirees. There was a great deal of interest in this issue.

The minister's office staff were always very welcoming and were ready to provide us with details in relation to these matters. I was able to report to the Association of Independent Retirees that the coalition had made a very strong commitment to index the income thresholds for the Commonwealth seniors card. If I recall correctly, we made the same strong commitment at both the 2010 and 2013 elections. How refreshing to see that that promise has translated to a budgeted measure in this year's budget. This measure improves the lives of many Australian senior citizens and it does so in a way that is intended to be fair, clear and consistent. I know the government is being as generous as it can be at this time, given the wider national social context of strong fiscal restoration and recovery.

Ms Macklin interjecting—

The DEPUTY SPEAKER: Member for Jagajaga, please!

Mr NIKOLIC: It is necessary that we engage in a process of strong fiscal recovery, especially after a government that delivered \$191 billion in deficits in their six years of government and \$123 billion of deficits projected across the forward estimates. We borrow \$1 billion every month just to pay the interest on our debt. That is why we have to engage in that strong process of fiscal restoration and recovery.

Our indexation promise is reflective of a government that has both a heart and a strong social conscience. It is matched by a strong desire to help, assist and support all seniors, both pensioners and self-funded retirees alike. Our decision to index the Commonwealth seniors health card is important in my electorate of Bass but will no doubt resonate across the nation. Does the minister have any estimate of how many people will specifically benefit from this measure and how many new cardholders the government expects over the years as a result of this measure?

Mr ANDREWS (Menzies—Minister for Social Services) (12:14): I thank the member for Bass for his comments and his questions. Indeed, it was my pleasure to spend some time with the member for Bass during the time leading up to his successful election. I wish him great success and longevity in continuing to represent the constituents of Bass. I look forward to working with him for many years into the future to ensure that the good citizens of Bass are well and truly represented in this place.

Yes, I can say to the member for Bass this measure has been budgeted for. The estimates are that by 2018 there will be nearly 27,000 additional cardholders because of these measures. It is interesting the Labor Party is very silent on this measure. There is reason for that—in their whole six years in government they did not index it once. No wonder there is silence coming from the other side.

Ms Macklin interjecting—

The DEPUTY SPEAKER: The member for Jagajaga's comments are unhelpful.

Mr ANDREWS: So 27,000 additional cardholders benefit under this measure. This is something which is to the advantage of many senior Australians and something which, I am sure, the member for Bass and the other members of the chamber—on this side at least—are very proud of.

Mr NEUMANN (Blair) (12:16): I was recently in the member for Bass's electorate and about 100 people were worried about things like senior supplements, age pensions and aged care. There were 100 people in the Launceston town hall. I do not think there would be many votes for him at the next election when it comes to those people.

My question is to the minister on aged care. Minister, one of the first things you did when you came to power was to disable—

Honourable members interjecting—

The DEPUTY SPEAKER: Order! Member for Blair, I cannot hear your question. There is disorder. I would ask everybody to be silent so we can hear the member for Blair.

Mr NEUMANN: the workforce supplement, which had been accessed to the tune of about \$100 million by aged-care providers. The supplement was for consultation and negotiation in dealing with aged-care sector to make sure that we had the workforce of the future with adequate remuneration for nurses, carers, IT professionals and administrators of the aged care-sector. Minister, one of the first things I would like you to do is explain how you will address the growing pressures in the aged-care workforce. We assume you know about the 2010 intergenerational report which showed we need a 300 per cent increase in workers to care for our ageing population by 2050. There are low wages, a lack of career pathways and a lack of professional development being experienced by the sector.

I am eager to know how your government intends to ensure the workforce is there. We see a 25 per cent turnover in this sector; about 96 per cent of the people working in the sector are 45 years of age and older; and about 75 per cent are from migrant backgrounds with 35 per cent having lived in Australia for only five years or less. Minister, would you please explain how giving the workforce supplement to aged-care providers with no conditionalities on salaries, professional development, career paths or training will have anything to do with addressing these alarming workforce concerns? Ian Yates, from the Council of the Ageing, stated:

Giving aged-care providers back the aged care workforce supplement over five years will do nothing for the development of the aged care workforce.

Minister, in February this year you met with stakeholders in what was the forerunner to the aged-care sector committee. You said you would undertake a stock take of workforce development projects. I ask the minister to provide details of that stock take and outline which projects have been cut in the budget, which you intend to propose to cut and which will remain. How will you address these specific concerns and additional pressures the sector is experiencing in regional and rural areas?

I would also like the minister to outline what alternatives to removing all conditionality were considered by the government. What recommendations did the aged-care sector committee make to you? Further, Minister, you answered none of my questions on modelling concerning the aged care payroll tax supplement and addressed none of the issues I raised previously except to say that payroll tax was a matter for the states. In fact, your government has breached the long-held bipartisan approach to the issue of competitive neutrality in the aged-care sector in an unsurprising move, I would say, because your government has had no regard for the aged-care sector since it has been elected.

Mr ANDREWS (Menzies—Minister for Social Services) (12:20): The honourable member opposite has a very short memory. As I recall—and I was about and he was not—it was the Howard government that actually moved the very substantial changes to aged care in Australia. It took it out of a cottage industry and into the modern, sophisticated sector that it is today. I encourage the honourable member opposite to have perhaps a closer check with the history of what has happened in this regard.

Coming to the question of the Aged Care Workforce Supplement, I can tell the honourable member opposite that the five years from 2013-14, \$1.5 billion will be redirected to providers through a number of measures. Firstly, a 2.4 per cent increase in care subsidies and grant payments for eligible aged-care programs from 1 July 2014. All programs previously eligible for the workforce supplement will receive this funding. These increases are on top of normal indexation and will replace payments that would have been available under the previous workforce supplement.

Secondly, a 20 per cent—

Mr Neumann interjecting—

Mr ANDREWS: Does the honourable member want to listen to the answer or not?

Mr Neumann: I want to know what answer you are—

Mr ANDREWS: I suggest you just be quiet and I will give you the rest of the answer!

A 20 per cent increase to the viability supplement will be provided to improve the capacity of over 950 services in regional, rural and remote areas to provide quality aged-care services. All services currently receiving the viability supplement will receive this increase.

Thirdly, additional payments will also be made to providers who committed to wage increases under the previous workforce supplement and who are financially disadvantaged by the re-purposing of this funding and, fourthly, for funding already paid for the workforce supplement in 2013-14 through the transitional arrangements. The government will also roll the conditional adjusted payment paid in residential care into basic care subsidies, including Aged Care Funding Instrument care subsidies. Providers will continue to receive the 8.75 per cent as part of the basic subsidy but will no longer need to complete the annual declaration or annual staff training statements.

We will strengthen and expand the positive aspects of the cap by ensuring that all providers in programs that will receive the 2.4 per cent funding increase will now participate in the National Aged Care Workforce Census and Survey, which occurs every three to four years. And from 2015-16, financial reporting and programs receiving the 2.4 per cent funding increase will be reviewed and, where relevant, strengthened based on advice from the Aged Care Financing Authority. For 2014-15, providers will be still be required to provide financial statements as per current arrangements.

As to the workforce requirements, this government is well and truly aware of the workforce requirements. The basic foundation of this budget is one which actually recognises the ageing of the population in Australia. It recognises the ageing of the population in Australia, and that is going to have a very significant impact on this country. Not only are there going to be larger numbers of older Australians, largely more dependent than those who are in the workforce, there is also going to be a shrinkage of the growth of the workforce in the future. If you look at the major measures in this portfolio, for example, the measures to take the pension age up to 67 by 2023—which I admit the Labor Party was moving to—and to continue that trajectory to 70 by 2035 are a recognition of the ageing of the population.

When the age pension was set in place in this country over a century ago—and there were questions about this earlier—average life expectancy was less than 60. As I recall, it was about 55 for men and about 59 for women. So this is recognition, if you like, of the major demographic shift—the seismic shift in the demography of this country—which will occur over the next 10 or 15 years. That is why we are doing things as we are in relation to the age-pension age in this country.

It is, equally, why we are saying to people under 30 that 'we expect you to earn or learn'. If you do not meet the exemptions, which means you are not a full-time parent, or you are not incapable of working for 30 hours or more a week, or you are not in training or in a range of other exemptions—in other words, if you are capable of working full-time—then we expect that you are in a job. But if you are not in a job and you are under 30, and you are not within the exemptions, then because of this demographic shift our expectation is that you should be in training to get the job that you can have in the future because we will need every worker we can find in the future. So far as the aged-care workforce is concerned, that is something which is continuing to be monitored by the expert advisory committee, which advises Minister Fifield in that regard.

The DEPUTY SPEAKER (Mr Randall): As we are moving from the Social Services section of this portfolio at 12.30 to the Human Services segment, out of goodwill I call the member for Franklin, and the first person to be called to speak on Human Services will be from the government side.

Ms COLLINS (Franklin) (12:25): My questions relate to both, with a bit of a crossover, if that is okay. My question is about the Newstart measures for the under 30s, how they are to apply and what is going on with this measure. I am particularly concerned about the revelations in Senate estimates where the social services department confirmed that, with penalties, some people will actually be up to 11 months with no payment whatsoever. Can the minister confirm that that is the case and explain to me how those penalties have come about and how we end up with 11 months with no payment?

I am also very particularly concerned about how this would apply to, say, a young woman under 30 who does not meet one of the exemptions but who finds herself in the early stages of pregnancy. Will she be exempt or will she face somewhere between six and 11 months of no payment whilst she is pregnant? What sort of analysis has the department or the government done of services that these people will need to rely on? I understand that there is some emergency relief money that has been quarantined but that this is not new money or additional money; it is actually existing money within the budget that has been put aside. What sorts of services and support are in place for these people to survive from six to 11 months with no money, particularly pregnant young women who may be caught up in this measure? We are very concerned on this side of the chamber about how this will apply and I would appreciate the minister giving a detailed and frank answer.

Mr ANDREWS (Menzies—Minister for Social Services) (12:27): As the honourable member opposite points out, there are a range of exemptions that apply to this earn-or-learn measure: those with a work capacity of less than 30 hours a week, principal carers or parents with 35 per cent or more care of a child, part-time apprentices, Disability Employment Services clients, and stream 3 and 4 job seekers under employment services. They are the ones who have the most difficulty in obtaining a job. So, as I said, this applies primarily to people who are capable of working full time—they are capable of working more than 30 hours a week.

Ms Collins interjecting—

The DEPUTY SPEAKER: Order! The member for Franklin has asked her question.

Mr ANDREWS: There are provisions that relate to pregnant women at the present time. As I recall those—but I am happy to come back to the honourable member with more detail—they relate to the six-week period prior to giving birth, where there are exemptions in relation to the obligations of a person in those circumstances. Those provisions will continue to apply, but, if there is any further detail I can provide to the honourable member, I am happy to provide it after this.

The DEPUTY SPEAKER (Mr Randall): It being almost 12.30, the Federation Chamber will now consider the Human Services segment of the Social Services portfolio in accordance with the agreed order of consideration.

Mr NIKOLIC (Bass) (12:28): I again follow up with the minister on the Commonwealth seniors health card. The indexation of income thresholds for the card is obviously something

that seniors advocates have been calling for for a long time. I am very pleased that the measures have been finally put into the budget, something that those opposite had six years to do and never did. These measures will benefit seniors every year into the future.

One other issue that has been brought up consistently within my electorate is the portability of this card. Many self-funded retirees travel overseas to see friends and family and, despite the fact that they do not receive income support payments, they are still limited to six weeks before their card gets cancelled. That means that they have to reapply. It is a fairly long, bureaucratic process, I am told, and results in some administrative overhang that, frankly, many think is not necessary. I would be interested to know: has the government considered the matter of extending the portability period of the Commonwealth Seniors Health Card in this budget?

Mr ANDREWS (Menzies—Minister for Social Services) (12:29): Again, I commend the member for Bass for his interest on behalf of constituents in his electorate in relation to this circumstance. Indeed, we have had representations about this matter and have taken those representations into consideration. As a result of that, we have announced some changes in the budget. Indeed, as I recall, one of the bills that were introduced into the parliament this morning covers this matter. Portability will be increased from six weeks, as it currently is, to 19 weeks in the budget legislation. That is more than a threefold increase in the portability time, going from six to 19 weeks, and that will commence from 1 January 2015. So, from the beginning of next year, there will be this increased portability period which will benefit those people in that situation. It promotes greater certainty in their circumstances, and it reduces red tape for the government, so it is a win-win situation both for those who are the recipients of this increased portability and for the government in terms of reducing red tape and the bureaucracy in relation to this matter. It acknowledges the contribution that self-funded retirees have made to this nation, the fact that they have saved and worked throughout their entire lives. Self-funded retirees are a minority of the people in retirement in Australia. That is the reality of the situation. This is a modest measure, indeed, but nonetheless a measure which seeks to recognise their great contribution over a long period of time.

Dr CHALMERS (Rankin) (12:31): I want to clarify some matters for a lot of people in my electorate who will be showing up at Centrelink offices and other government offices throughout the electorate. I have a low-SES community, and a lot of people show up in person, so this has relevance to the Human Services part of the portfolio as well as the Social Services part of the portfolio. I remind the minister that ACOSS described this budget as a budget to divide the nation, and I also remind him that this year there has been a really substantial drop-off in consumer confidence. Part of the reason for the drop-off in consumer confidence was that the minister was running around the country, really from Christmas onwards, talking about some sort of welfare crisis in the country, and a lot of people in my electorate certainly take deep offence at that.

Mr Nikolic interjecting—

Dr CHALMERS: There is not a budget crisis either. These sorts of matters are probably beyond the member for Bass, Deputy Speaker, but let me try and explain it to you anyway.

Minister, I am interested in particular by the HILDA Survey that was put out by the Melbourne institute very recently, which showed that all the language around the welfare crisis in this community is rubbish. It was just designed to scare people, to concoct this budget

emergency that does not exist, this big con, so that you can swing the axe harder at people in my electorate by constructing this fake emergency, this welfare crisis. I remind him that HILDA said that, in 2001, 23 per cent of working age people in Australia received a welfare payment each week. In 2011, that had dropped to 18½ per cent. That is one fact. The other fact is that welfare spending in Australia accounted for just 8.6 per cent of GDP in 2013, compared to the OECD average of 13 per cent.

So my first question is: why does the minister think he knows more than the credible people who put together the HILDA Survey? On what planet is this minister more credible than the people who put together the HILDA Survey? That is my first question. The second one relates to this whole thing—and, again, people will be fronting up to offices that he, as the minister, administers and asking this question. They heard the Prime Minister say that there would be no changes to pensions. Of course, there were. And now they hear the minister say and they hear the Prime Minister say that the pension has not been cut. My second question to the minister, then, is: if the pension has not been cut, why do you claim on page 203 of your own budget papers—

Mr Nikolic interjecting—

The DEPUTY SPEAKER (Mr Randall): Member for Bass, please!

Dr CHALMERS: This bloke should have someone read the budget papers to him. I am happy to do that. The quote is:

The Government will achieve savings of \$449.0 million over five years by indexing pension and equivalent payments and Parenting Payment Single by the Consumer Price Index (CPI).

If there is no cut to the pension, where are you getting this \$449 million from? If that figure is wrong, will you issue a correction?

Mr ANDREWS (Menzies—Minister for Social Services) (12:34): There is a crisis all right. It is the crisis that your former employer, the member for Lilley, left this country in. That is the reality of the crisis—a debt of \$667 billion. Talk about a crisis—\$667 billion.

Dr Chalmers interjecting—

The DEPUTY SPEAKER: Member for Rankin, you have asked your question.

Mr ANDREWS: Were you the chief adviser for voodoo economics to your previous employer?

Dr Chalmers interjecting—

The DEPUTY SPEAKER: Member for Rankin, you have asked your question. If you want an answer, allow the minister to answer.

Mr ANDREWS: So far as the age pension is concerned, I refer the honourable member to page 69 of the portfolio budget statement, which shows, in relation to the age pension—this comes back to the member for Jagajaga's questions as well—under, 'Expenses for income support for seniors', age pension 2013-14, \$39 billion; 2014-15, \$41 billion; 2015-16, \$44.5 billion; 2016-17, \$47.5 billion; 2017-18, \$49.5 billion. In other words, it is going from \$39 billion to \$49 billion, end of story.

Dr Chalmers interjecting—

The DEPUTY SPEAKER: Member for Rankin, I did ask you to give the minister courtesy. The minister has concluded.

Mr PASIN (Barker) (12:36): Unlike the Labor Party, who believe that the best form of welfare is welfare, the coalition believe that the best form of welfare is a job. A job brings something to a person's life that welfare can never do. It brings responsibility, accomplishment, social encouragement and, of course, financial benefits. These facts are true for all Australians and, in particular, for people with disability. Australians with disability experience significantly lower workforce participation rates than Australians without disability. This means that Australians with disability do not get to experience the benefits that a work life brings to one. Part of the reasons for this is that the DSP has been designed, effectively, as a set-and-forget payment. People with a disability apply for the DSP, they get it and then we forget about them.

I was pleased to see in the budget that the government is taking action to ensure that people with disability on the DSP are no longer forgotten. The members opposite asked me about my constituents. Unlike some of the members opposite, I came to this place directly from the real world. I used to act invariably for people at the lowest end of the socioeconomic spectrum. I spent the majority of my professional life working for people on legal aid. I want to give an example of one such constituent, whom I have maintained an excellent relationship with, whom I had the pleasure of acting for in Mount Gambier. For current purposes, I will fictionally refer to him as 'Vince'.

I was acting for Vince in the Mount Gambier Magistrates Court. Courts, like this place, are open to the public and to other people about to appear before magistrates. On this occasion, I was presenting a guilty plea on behalf of Vince. Amongst other things, I made clear to the magistrate Vince's mild intellectual disability and that he was on the disability support pension. Vince was built like the proverbial. In the gallery at court, awaiting proceedings, was a significant employer in Barker. After I finished on that day, I got a phone call from this employer, who said, 'Tony, that lad of yours that you acted for today—does he want a job?' I said, 'Of course he does, but you've heard both his legal predicament and the issues with his intellectual disability.' This employer said to me, 'Tony, I'm happy to offer him a job.' I am pleased to report that that individual, many years later, remains in that employment. From time to time, we catch up and he says to me, 'You know, I never thought I'd work. I thought I'd be on the disability support pension my whole life.'

This is an example of two things: some people who are on the disability support pension, particularly people under the age of 35, as Vince was, have the capacity to work, but, more importantly, it indicated to me that there are employers who are ready, willing and able to offer employment to people with disability and give to them the dignity of employment that I referred to. So, Minister, I ask this question: could you outline the government's policy to improve the social and economic participation of people with disability in our community?

Mr ANDREWS (Menzies—Minister for Social Services) (12:39): I thank the member for Barker for his question, and I commend him on his humanitarian outlook, which I have been very impressed with, both in terms of his past life as a lawyer in Mount Gambier, and in the qualities that he brings to his representation of the people of Barker. Indeed, I recall that during last year's Pollie Pedal I had a forum with the Prime Minister and with a number of disabled people and young carers in Barker. One of the announcements in the budget—of bursaries for young carers—directly arose out of that meeting that we had in Mount Gambier in the member's electorate just on a year ago.

Representations like those that the member for Barker brings to this place about real issues concerning real people are things which we in this government are listening to, and we will continue to do so. I was in the electorate of Logan in southern Brisbane last week, where I saw a very impressive operation employing disabled people, where a person who had worked in the abattoirs there had set up a commercial lawn-mowing business. All the people employed in that commercial lawn-mowing business are disabled. In that operation he employs something like a dozen or 15 people driving commercial lawnmowers. He has vast contracts throughout the area for councils, parks and gardens, and things like that. All of those young people, under the age of 35, had moved from being on the disability support pension, onto full-time employment. That just shows that, if we have the desire, there is a way in which we can assist many disabled people.

When I meet with disabled people around this country—as we all have, over a long period of time—they invariably say that they would like to work. People want to participate. They want to be part of the life of this country. They want to be part of the economic life of this country. So we need to find ways to encourage them to do that.

One of the measures in this budget is aimed directly at doing that. We are talking about young people under the age of 35, who are on the DSP and who are capable of working more than seven or eight hours a work—so they can do some work—who are not manifestly disabled. We are not referring to people who quite clearly cannot work but people who are capable, maybe, of doing some part-time work. In the past there has been a requirement that they have a participation plan but there was no requirement for them to follow it up. There was no requirement to go and do some work experience if that was what was in the participation plan. There was no requirement to undertake some form of training if that was what was in the participation plan. So in this measure we are proposing that people on DSP, under 35, who are capable of doing some part-time work, should have a participation plan and that we should follow up that participation plan with them. In that way we would encourage them to get into work if that is what they are capable of.

This is not going to affect their DSP, so they will still have that safety net. I remember the changes we made back in 2005 in relation to DSP. One of the things that people were concerned about was that if employment did not work out for them the safety net would still be there. That is something which I think is very important in this regard.

Ms ROWLAND (Greenway) (12:43): The items I would like to raise, please, relate to clarifying the status and delineation of some specific grants that fall within the minister's purview. As I am sure the minister is well aware, some of these programs have moved between portfolios—possibly between Human Services, Social Services and Immigration.

I have had the pleasure of travelling around many parts of the country visiting a range of migrant resource centres and settlement service providers, and I am sure we all agree that these organisations do outstanding work in our community, particularly in helping new arrivals establish themselves in our community. These organisations give the new arrivals not only a sense of inclusiveness but a very real connection to their new country. The strong message I am receiving from many of these organisations is that there is currently a lack of clarity or certainty in relation to some specific grants in the settlement and multicultural services space in particular. I have conveyed these concerns to the minister's parliamentary secretary. The response I received was pre the budget, which is why I am seeking an update

now. I wrote to the parliamentary secretary on 1 April stating that several multicultural organisations and migrant resource centres had contacted me expressing concern about the future of the Settlement Grants Program. I asked if the parliamentary secretary could confirm that the Settlement Grants Program was safe and would not be removed or have substantial amounts of funding cut from it in the upcoming budget. I said this information would be greatly appreciated so these organisations could be assured this program would continue to operate. The parliamentary secretary replied on 7 May. The primary paragraph in that response said: 'As you would be aware, the Australian government is committed to reviewing all spending across government. As soon as the Department of Social Services is in a position to provide advice on the future funding arrangements it will do so without delay.'

I note there was a document that was released with the budget and that the Department of Social Services and the government are working on new ways of delivering grant funding in a range of areas. But I am sure, as the minister will appreciate, this uncertainty is not beneficial to many of these organisations around the country who are trying to plan for the future, including for their existing staff and their future staffing levels. So I am seeking some clarity on these matters that can be communicated to these people. As an example, I note the Settlement Council of Australia commentary on the budget. The council said in a newsletter that its members were eagerly awaiting the announcement of the federal budget this year to gain clarity on the funding of settlement services within the portfolio of the Department of Social Services. DSS yesterday, in line with the budget announcement, released information entitled 'DSS Grants—A New Way of Working', which I have alluded to. The council says there are significant cuts to the Strengthening Communities program, which was concerning, and refers to DSS program information on the settlement services within the new grant arrangements with the grant structure including longer grant terms, simplified reporting and acquittal processes.

The DSS website states they will be offering extensions to the majority of existing service providers with agreements due to finish by 30 June 2014. The feedback I keep getting is about people not knowing, beyond that date, about what is going to happen from that time forward. The Settlement Council's newsletter says the council looks forward to working with the government and DSS to understand and implement the new grant arrangements within the settlement sector. It also says greater security of funding will enable the settlement sector to continue to build on the proud record of the world's leading service delivery to newly arrived migrants and refugees. I would reiterate those remarks.

My question to the minister is about the Strengthening Communities line item in the budget. Can the minister detail all the specific grant programs and funding items impacted by the \$33 million cut to the Strengthening Communities line item as stated on page 98 of the Social Services portfolio budget statement? As I said, many stakeholders are saying it is not clear to them what individual line items are included in that funding envelope so that they can plan for the future, particularly beyond this financial year.

Mr ANDREWS (Menzies—Minister for Social Services) (12:48): What we have sought to do with program grants is to reduce the number of areas so that a smaller number of areas include all the various program grants in the future. In relation to settlement services, they will continue. Indeed, the funding for future years will be greater than it has been for this year, which you will see if you look again at page 98 of the portfolio budget statement which

you referred to. Settlement services are safe as part of the change bringing settlement services and multicultural matters from the immigration department into the Department of Social Services. This is the new structure, if I can be permitted for a moment to show this to the honourable member, and we can provide a copy of it if the honourable member does not have it. It shows quite clearly that settlement services is part of this new structure. What we are trying to do is to reduce red tape to cut down and make more efficient the way in which programs are operating.

My recollection is that the grants round under DSS will open on 19 June this year, so there will be the opportunity for organisations to apply for grants under that. Part of what we are trying to do, not immediately in every area but over time, is to have grants that go for a longer time in terms of years so there is a great deal more certainty for the organisations and the staff employed by those organisations in the future.

Ms ROWLAND (Greenway) (12:50): Thank you for that, Minister. My question was that I would just like to know—

The DEPUTY SPEAKER (Mr Randall): You cannot have supplementaries.

Ms ROWLAND: My question was what the specific items—

The DEPUTY SPEAKER: No, sorry. You cannot ask a further question.

Ms ROWLAND: It is the same question.

The DEPUTY SPEAKER: No, you have asked your question in your time.

Ms HENDERSON (Corangamite) (12:50): The National Disability Insurance Scheme is arguably one of the most significant programs in the history of the Australian government. It is with great celebration in my community in Geelong and in Colac that we have begun to roll out the NDIS.

In fact, I was in Colac on Friday and visited the new office of the Colac National Disability Insurance Scheme and I met with the National Disability Insurance Agency area coordinator, Schree Barry. It really is wonderful to see the investment that is happening in the Colac community and across the Greater Geelong region in my electorate of Corangamite. I am a passionate supporter of the NDIS and this government is a passionate supporter of the NDIS. We have supported the NDIS at every step of the way and we remain committed to rolling out the NDIS in full.

It really is fantastic to see that already the NDIA and the scheme that underpins the NDIA are helping some 2,700 people in the Barwon region in the trial that is being conducted in Barwon. In Colac alone there are about 340 people who have done their plans and are in the process of having these important disability services delivered, obviously, to people with a disability and their families.

This is making a profound difference. There are six people working in Colac and there are another five people to come. The *Colac Herald* did a terrific little article about the new office that is opening today, and that is a great investment. So there is great excitement in Colac about the investment that the federal government is making in the National Disability Insurance Scheme.

Of course, it was with great pride on 30 April that Prime Minister Tony Abbott, along with Premier Denis Napthine, officially opened the new national headquarters of the NDIA. The

NDIA will generate about 450 direct jobs in total for Geelong by 2019-20. Already there have been some 125 jobs created and that number is expected to rise to 300. So not only is this a wonderful scheme for people with a disability, their families and their carers; it is also wonderful for jobs in our region—it is so positive for jobs in our region.

Already we are seeing what a difference this is making. A number of weeks ago I visited Kids Plus Foundation in Geelong. This is a wonderful agency, giving help to young children and to babies, principally those with cystic fibrosis and other similar conditions. Up until recently they have had no government funding and now with parents coming along with their NDIS packages under the trial they are getting incredible help. So it is wonderful to see what a significant difference this is making in the Corangamite community and across the Greater Geelong region.

And let us not forget that from 1 July 2014, NDIS trial sites will be in place across all states and territories except Queensland. Queensland will join the NDIS in 2016. New NDIS trials in Western Australia, the Australian Capital Territory and the Northern Territory will assist around 14,000 people with permanent and significant disability, and more than 35,000 people with disability will be assisted through the NDIS trials. Once fully rolled out, the NDIS will assist around 460,000 Australians with a permanent and significant disability, at a cost of \$22 billion. So this is a wonderful initiative. I am so proud that we are funding this program and that we are getting on with the job of looking after people with a disability.

I ask the minister today to confirm the government's commitment to the NDIS over the forward estimates and confirm that this is a fully funded policy. Can the minister also confirm that the government has reversed the previous government's decision to apply the efficiency dividend to NDIS support packages and the second development fund?

Mr ANDREWS (Menzies—Minister for Social Services) (12:55): I commend the member for Corangamite for her great interest in the NDIS—the National Disability Insurance Scheme. The location of the NDIA—the authority which is responsible for the scheme—is in Geelong. Her electorate of Corangamite includes part of the great city of Geelong, a very impressive and booming city in Victoria as far as a number of these sorts of services is concerned. Her consideration for this is something which is very significant.

The member for Corangamite talked about Colac. I travel everywhere by bike, and the last time I was in Colac I was on my bike as well. Indeed, I met with a group of carers and a group of people interested in disability there. We met at one of the motels in Colac on a Saturday or Sunday morning. There was a large group of people there who were very concerned about these issues regarding disability. On that occasion the Prime Minister and I spent some time with them listening to their stories and what they were concerned about. This was at a time before the NDIS had actually been thought of and brought into operation. It is for those sorts of people, their families, their carers and their friends that the NDIS is a scheme whose time has come.

I pay tribute to the previous government for their commitment to the NDIS. This is something that has been bipartisan in Australia. It is one of those things which happens only every so often in this country where a major social change has come about. We are in the throes of the implementation of it. It is going to take a number of years. The honourable member talked about the trials which are occurring in the Barwon region in Victoria and elsewhere around the country. The whole purpose of those trials is to provide us with the

information that can help us to roll out this scheme in a way that will work for the people that is aimed to work for.

The Productivity Commission identified some hundreds of thousands of people who this was intended to apply to. The reality in Australia is that, if you are injured as a result of a vehicular accident, state accident compensation schemes around the country apply to those people. But, if you have a disability through some other cause—through no fault of your own—the reality was that you were not in the same situation as an individual or as family and friends of people injured in that sort of accident. This is aimed at providing equality of treatment, if I can put it that way, and equality of outcomes in terms of the care that can be provided for people who have a disability.

This is a very important development and it is going to take time. There is a parliamentary committee that oversees this process, which the Labor Party, the coalition and others are involved in, because we believe—and we argued this for a long time in the parliament—that this is too important to just be the subject of partisan politics. That is why when we were in opposition we threw our support behind this proposal and that is why now in government we are fully committed to the rollout of it.

The member for Corangamite mentioned the efficiency dividend. The reality is that there was an efficiency dividend applied to the NDIS and this was something which we thought was inappropriate in relation to a commitment to rolling out this scheme. In this budget, the efficiency dividend of \$44.9 million—which was effectively a cut to the NDIS—has been reversed. I think that is a clear indication that this government is fully committed to the rollout of the NDIS.

If anybody anywhere in Australia ever suggests that the coalition is not committed to the NDIS, they are, frankly, telling porkies. We are committed to the NDIS. We will see it rolled out. We do not underestimate the difficulties involved in the rollout of this scheme. That is why the trial sites are so important to provide the learnings for us over the next few years as to how this can best work. Already there are some results in from the first couple of quarters from various trial sites around the country. Some of those results have been mixed. What we have to learn from that is whether or not, for example, the results which are not as good as we might have thought are simply a product of the start-up of a new system and whether or not these things will be ironed out over time or whether they are longer term issues that need to be addressed in terms of how the system is put into operation. But I assure the member for Corangamite, who is a great supporter of the NDIS, and all members of this House and the parliament and the people of Australia that the coalition is 100 per cent committed to the implementation of the National Disability Insurance Scheme.

Proposed expenditure agreed to.

Proceedings suspended from 13:00 to 15:59

Education Portfolio

Proposed expenditure, \$1,329,516,000

The DEPUTY SPEAKER (Mr Ewen Jones): The question is that the proposed expenditure be agreed to.

Ms KATE ELLIS (Adelaide) (16:00): To clarify, I understand that we will be covering higher education, schools and early childhood in the next hour and a half. We propose that we

will commence with higher education for the first 45-odd minutes before moving to schools and child care.

We have a number of questions to put to the minister about these appalling attacks on our university and higher education sector. Of course, the Australian public know all too well that they were promised no cuts to education, but in higher education alone we know that this package is such a shambles that it is cutting some \$5.8 billion from higher education. We also know that, whilst the education minister repeatedly refers to expanding opportunities for 80,000 extra students, there is no new funding for 80,000 new students—not at all. What the government is planning to do is extend government subsidies to more students by spreading less money more thinly across a greater number of students. This is a preposterous policy position which the minister has put forward. We certainly welcome the opportunity to reiterate some of the concerns which have been raised in the sector but also to ask some questions on how this will be implemented.

I want to share some of the views not just of students, parents and grandparents but of vice-chancellors within the sector already. We know that they have come out in waves against these higher education changes, arguing particularly that these changes will hurt their students. The Vice-Chancellor of the University of Adelaide, in the great electorate of Adelaide, which I am so lucky to represent, says that aspects of these changes are unworkable, they are unduly harsh and:

The compounding interest here [means] we might deliver debts to students of \$70,000, \$80,000, \$100,000 and no-one here wanted that.

We have also, of course, seen the HECS architect, Dr Bruce Chapman, warning that changes could lead to profiteering and stating:

If universities have price discretion they will all take it ... and could actually end up charging more than what it actually costs—

to deliver that education.

The University of Canberra's vice-chancellor, Stephen Parker, said:

I also think it is unethical for a generation of leaders who by and large benefited from free higher education to burden the generations behind them ...

The Swinburne University vice-chancellor trashed this package when she said:

Deregulation will inevitably lead to much higher fees for our students. Over time, full fee deregulation will lead to a higher education system characterised by the 'haves' and the 'have nots'.

There are many, many other stakeholders who have given damning appraisals of this ludicrous policy put forward by the education minister, but I will not take up the time of the chamber at this point to share all of these many quotes. What I will instead do is ask some questions of the minister, which I hope that he will be able to address in his next contribution.

How does the government justify higher education deregulation in the face of so much opposition? Has the government done any modelling on the impact of deregulated higher fees on students and on the broader economy here in Australia? Does the government envisage universities will use the international student fee rate as their maximum rate and has this been included in modelling? If some universities charge much higher fees than other so-called less prestigious universities, does the government concede that this will lead to a two-tiered system and price students out of certain universities? Doesn't this challenge Australia's current

system of fair and equitable access to education? It is unthinkable that the government can, on the one hand, argue that some universities' fees may go up and, as they like to keep saying, that some universities' fees may go down and, on the other hand, not concede that this leads to our national system becoming a two-tiered system at least. I would like to know whether this is the minister's view? And, if not, what modelling has been conducted on the Australian education sector, in Australia, that he can fall back on to guarantee that that will not be the case?

Mr PYNE (Sturt—Leader of the House and Minister for Education) (16:05): I think the shadow minister's opening remarks were not so much a question as they were a political statement. But I will pick up some of the things that she said in her speech. I am sure then that members of the coalition might want to make a contribution and I will respond to those as well.

The shadow minister asked a series of loaded questions. Let me explain a little bit about the education package in the budget. First of all, there are no cuts to education in this budget—none whatsoever. Over the next four years, higher education increases every year to the point where we will have \$900 million more in spending over the next four years in higher education. And there are some elements of the new spending proposals that the shadow minister did not touch on. Obviously, we were met with several funding cliffs when we came to power. The National Collaborative Research Infrastructure Strategy was one of those funding cliffs where Labor had extended the scheme for 12 months and it was an ending program. We were faced with letting that program end or finding the money in the budget to continue it because of the very good work that NCRIS does. I am sure that the member for Adelaide would agree that NCRIS is a very worthwhile scheme to support research infrastructure. I and, I am sure, the member for Adelaide, have visited some of the outstanding examples of where NCRIS is making a difference to research in Australia.

Well, we found that money and we continued to fund NCRIS into the future. We did the same thing with the Future Fellowships program, a program that typically is for mid-career researchers, to ensure that once they have passed through the early stages of being a researcher we do not lose them overseas, poached by excellent universities around the globe—that we can continue to use the skills that they are developing here in Australia. Anyone who attended the Prime Minister's Science Awards at the end of last year would note that a number of the winners were mid-career researchers who had benefited under the Future Fellowships scheme.

Labor again—

Ms MacTiernan: This won't lead to their mid-careers because you have cut off the resources—

Mr PYNE: There seems to be a stranger in the House, Mr Deputy Speaker. I do not recognise the member for Perth from her posters in the last election campaign. I do not think that she would want to be involved in any misleading or deceptive conduct cases. I think she would find herself to be on the wrong side of the law.

Ms MacTiernan interjecting—

Mr PYNE: Well, really, Alannah—have you seen those posters of you from the last election campaign? They look nothing like you!

Ms MacTiernan interjecting—

The DEPUTY SPEAKER (Mr Ewen Jones): Order!

Ms MacTiernan interjecting—

Mr PYNE: And the—

Ms MacTiernan interjecting—

The DEPUTY SPEAKER: Order! The member for Perth! This is the Federation Chamber! The member for Adelaide was listened to in quiet and silence and you can listen to the answer in silence, thank you very much.

Mr PYNE: I would have thought that the member for Perth would want to hear about the Future Fellowships program. I am sure she supports the Future Fellowships program, because I would imagine that UWA—

Ms MacTiernan interjecting—

Mr PYNE: You have UWA in your electorate? UWA is probably in the member for Perth's electorate. It might be the member for Curtin's electorate, but I am sure she supports mid-career researchers being supported. And I am pleased to say that in the budget process I was able to secure the funds to keep the Future Fellowships program going into the future.

So, to clear up the first of the member for Adelaide's assertions about cuts to higher education: spending on higher education increases in this budget. The total higher education research international and agency spending over the next four years is \$48.3 billion, and it is increasing by \$900 million. That is an enormous investment by the federal government in higher education and research because we very much value higher education and research.

We have, of course, as part of the budget introduced higher education reforms. There are eight key elements and I will touch on a couple. I would have hoped that the member for Adelaide would support the expansion of the demand-driven system to the sub-bachelor courses—the diplomas and the associate degrees—because that is a new spending measure that is costing the government money. It is costing us \$371.5 million over three years. That will give, typically, low-SES students—first-generation university goers—an opportunity to go to university and to get that pathway into an undergraduate degree that will give them the chance to earn 75 per cent, on average, more over their lifetimes because they have a higher education qualification. So that is just one element of the budget measures. As my time has expired, I might turn to the others the next time I get an opportunity.

Ms MacTIERNAN (Perth) (16:10): I have a couple of questions I would like to ask the minister. It is about the funding cuts to the subsidies for different programs. I must say that I was quite stunned to see the extent of the cuts of the subsidy for both engineering and science. Both of these undergraduate courses have now sustained cuts of 28 per cent. That seems to be a very peculiar position to adopt at a time when I think we would all acknowledge that we need to really ramp up the skills that we have in the nation in engineering and in science. If we are to be a successful nation into the future we are really going to need to skill up in those particular areas. Could you tell us just what your thinking was and what you think the impact might be from these very, very significant cuts to those particular disciplines—bearing in mind that I think you would understand, Minister, that science graduates do not necessarily generate massive income. It is not as if we are going to be seeing enormous earning potential.

Indeed, with the 457 visas, even Australian engineering graduates are having trouble earning a decent living these days. I am really concerned about that. I would like you to address what you think and what impact you believe this will have on people electing to go into those areas and indeed the provision of those courses by universities.

You were talking of the work you have done to increase the mid-career opportunities for graduates. Could you give us more explanation of why then you have so extensively ramped up the cost of the PhD and master's by research? We have seen a cut to that area of \$173 million. I understand that this now equates to very, very significant increases in costs to those PhD students. Okay, we have put a little bit of money into the mid-career, but what I am concerned about is that we have really made it much more challenging for people to come in and do undergraduate degrees in science and engineering and then at that next level—those that want to go on to masters and doctorates—are now seeing their fees increased substantially. That is obviously going to be a disincentive and disabler for those people who are not independently wealthy, like so many of the minister's colleagues, apparently. I would ask that you would address those two issues.

Mr PYNE (Sturt—Leader of the House and Minister for Education) (16:13): The member for Perth asks about what I think will be the impact on universities of the government's deregulatory approach in the budget. The member for Perth has to understand that this is an entire package of reform. There are elements of it in which the taxpayers will be making savings. So the Commonwealth Grant Scheme will be reduced by 20 per cent. That is definitely true. There have to be trade-offs in the budget for expenses to the taxpayer versus savings to the taxpayer. So while we are, as I said before, increasing spending on things like NCRIS and Future Fellowships and the demand-driven system being expanded to the sub-bachelor courses and of course the Commonwealth Grant Scheme being expanded to the non-university higher education providers, there will be a cut of 20 per cent to the Commonwealth Grant Scheme across the board. I refer the member to the fact that I have established two working groups. One of the working groups will be giving advice to me in the coming weeks about the technical aspects of the clustering arrangements that she talked about. I am looking forward to getting its response.

Ms MacTiernan: So you actually don't know what the impact will be.

The DEPUTY SPEAKER (Mr Ewen Jones): Order! You have asked your question.

Mr PYNE: The impact of the government's reforms to higher education will be that more young people will get the opportunity to go to university—a lot more, at least 80,000 more. That was the question asked by the member for Perth, and that is the answer. Eighty thousand more people will get to go to university and get the opportunity to improve their standard of living, their health, their longevity and their sophistication, if you like, through education, and they will get a 75 per cent, on average, increase in income. The taxpayer provides, at the moment, about 60 per cent of the cost of educating a student. The student provides about 40 per cent. After our reforms, the impact will be that we will be asking students to contribute about 50 per cent of the cost of their education. As Fred Hilmer, from the University of New South Wales, said, the government will not set these fees. The government will not decide how the universities determine their budgets, their costs and their fees. The universities will decide that.

The member for Perth wants to continue to infantilise the universities. She wants to continue to run the universities from Canberra in terms of the demand-driven system. She probably wants to return to the old system of caps on undergraduate courses. She wants to tell the universities how much they can charge and how many students they can enrol. The government's view is that we want to give universities the freedom to make these decisions themselves, to set their own fees and to enrol the number of students that they want in sub-bachelor courses and undergraduate degrees. The effect of that is a massive reform of higher education that will have two very significant impacts. Firstly, it will let more young people into higher education. This will particularly help low-SES families and first-generation university goers, because they typically use the sub-bachelor courses as a pathway to an undergraduate degree.

The second big impact, which the Labor Party is also opposed to, is that it will give our universities the chance to achieve excellence. It will give our universities the chance to compete with their Asian competitors, the Asian universities, which are improving in quality all the time. We have an international education market, which at the moment is worth \$15 billion per annum. It was \$19 billion under the Howard government. Labor managed to shrink that to \$15 billion—quite an achievement in a growing economy—because they do not really support international education. We want to see our universities compete with their Asian counterparts. Five years ago, there were no Chinese universities in the top 200 universities in the world, in the Shanghai Jiao Tong index—none. There are now five universities from China in the top 200. Of the Australian universities, one more has entered the top 200, but all the others' rankings have fallen.

If we do not give our universities the chance to achieve excellence, to compete with their Asian competitors, our international education market will fall and it will dry up. I am not prepared to be the minister that knows that danger is looming and not do anything about it. So I have made the decision to reform higher education to give more students the opportunity to go to university and to free our universities to be the best they possibly can be and to have the best quality higher education system in the world.

Ms SCOTT (Lindsay) (16:18): I have a question for the Minister for Education. Firstly, I would like to give some context for the minister. As the minister would be aware, Lindsay is home to the University of Western Sydney, consisting of 40,000 students across six campuses, with its chancellery housed within my electorate of Lindsay. This great university prides itself on its vision:

To be a university of international standing and outlook, achieving excellence through scholarship, teaching, learning, research and service to its regional, national and international communities, beginning with the people of Greater Western Sydney

I am sure you can see many parallels with what the minister is achieving in the budget.

UWS is a very responsible university. It wants to encourage people right across Western Sydney to learn and to enrol in tertiary education and has broadly welcomed the government's measures. As a response to the intense scare campaign conducted by those opposite, UWS has felt compelled to provide further confidence to their student community and has publicly come out to say that they will be freezing and grandfathering course costs to the student community. However, I would like to know how the minister's budget measures will overcome other potential barriers to accessing a tertiary education.

I would also like to advise the minister that Lindsay is the fourth youngest electorate in Australia. It is predominantly made up of many young, aspirational and hardworking families, working to provide a better future for their children, but there are elements of significant disparity in Lindsay. In Glenmore Park, for instance, in the south-west of the electorate, the median income for a couple with children is \$2,474, which is higher than the New South Wales average. Further, 33.5 per cent of people are attending some form of educational institution, be it primary, secondary or tertiary, and 11.1 per cent are currently enrolled in university or tertiary education. To the west of my electorate is North St Marys, about 13 kilometres from Glenmore Park. The average income there of a household with children is \$1,935, which is \$539 per week less than in Glenmore Park and lower than the New South Wales average. In North St Marys, 33.8 per cent of people are attending an academic institution. North St Marys is also home to a high school called Chifley College, which is the lowest SES school in the state: Chifley College Dunheven Campus has a lot of Aboriginal children and also refugee children and has many, many challenges. Only 5.1 per cent of this community go on to tertiary education. Let me repeat: in Glenmore Park, 11.1 per cent of people are currently enrolled in tertiary education; in North St Marys, 5.1 per cent. This is despite North St Marys being closer to the local university campus.

Minister, I understand that with a university education more opportunities become available and your earning potential is substantially higher. In fact, those students will go on to earn 75 per cent more on average than Australians who do not get a higher education qualification. I understand in low-socioeconomic regions there are a range of contributing factors and barriers to accessing education. However, with the disparity I have identified within my own electorate, I think there is a need to make a university education more accessible. Minister, the disparities between the two suburbs could not be clearer. My question is: how will the higher education reforms outlined in the budget increase opportunities for students in my electorate?

Mr PYNE (Sturt—Leader of the House and Minister for Education) (16:23): I thank the member for Lindsay for her contribution. I can remind her that it was not very long ago that I was out in Western Sydney opening the University of Western Sydney College. Peter Shergold, who is the Chancellor of the University of Western Sydney, is the chairman of one of the working groups that are advising the government on the legislative framework for the reforms that we handed down in the budget. He is doing an excellent job, as are all the vice-chancellors and educators who are assisting the government to bring about very far-reaching higher education reform. I can tell her that Greater Western Sydney will be one of the biggest winners from the government's higher education reforms.

One of the points that the member for Adelaide made before was that she tried to suggest that somehow we would be stopping young people from being able to access university through these reforms. What she failed to mention, but I know that the community understand already, is that every single student, whether in Greater Western Sydney or in Walkerville in her electorate, will be able to borrow every single dollar up-front for the fees that they will pay to go to university. No student will be denied the opportunity to go to university because of cost—not one—because every single dollar can be borrowed from the taxpayer under the Higher Education Loan Program, which used to be the Higher Education Contribution Scheme introduced by Labor—by Minister Dawkins in the Keating and Hawke years—when

they had some policy consistency and some policy responsibility. That means that no matter how wealthy you are or how poor you are, you will have exactly the same opportunity to go to university in this country. That is why our system is so very different from the system in the United States. To compare the two is a very false comparison and is extremely misleading.

It does shock me that, in the electorate of the member for Lindsay, Glenmore Park has 11.1 per cent and North St Marys has 5.1 per cent of people enrolled in tertiary education. The University of Western Sydney is an extremely important part of the economic and social fabric of Greater Western Sydney, with its six campuses and its very determined vision of spreading the benefits of university education to the demographic in that part of Sydney, which is a low-socioeconomic status demographic. Our reforms will mean that people in North St Marys who might not be as well prepared for university education as others and who typically use pathway courses into university will be able to do so because we are lifting the cap on those pathways courses, those diplomas and associate degrees. They will now be under the same demand-driven system as undergraduate degrees. It is costing the Australian taxpayer to bring that about.

We know that the people in Western Sydney typically use diplomas and associate degrees that might be offered at places like the UWS College at the University of Western Sydney to train themselves to get the skills that are necessary to then go on and earn an undergraduate degree. The Kemp-Norton report that I commissioned earlier this year and that was handed down a couple of months ago said that students who had done those kinds of pathway courses were much less likely to drop out in the first year of an undergraduate degree and that 24 per cent of students who had not done those courses dropped out in the first year of an undergraduate degree.

When I sat down to think about reform of higher education I decided that I wanted to establish an equitable higher education system that gave those people who were less likely to go to university a greater chance to go to university. When I was at school I assumed that I would go to university, and I did go to university because I went to an academic school and I had every single advantage that a young person could have. So when I sat down I did not decide to have a higher education system that advantaged people like me; I decided that I wanted a higher education system that advantaged people from low-SES backgrounds. That is why we are expanding the Commonwealth Grant Scheme to non-university higher education providers. That will help TAFEs educate more young people to get the same opportunities that I have had in life, to get the start that they need. That is the answer to the member for Perth's questions.

Ms KATE ELLIS (Adelaide) (16:28): Knowing that the minister has had a bit of trouble with some of the detail around the higher education policy—he is not quite clear on who it will affect and when it will affect them—I thought it would be worthwhile going through the cuts that are included in the higher education budget before asking the minister some questions on one particular one. We have seen in this budget some \$5.8 billion in cuts to higher education and university research: \$3.2 billion in cuts, by taking the scalpel to HECS, Australia's highly successful and internationally renowned income contingent contribution system; \$1.9 billion in cuts to universities by reductions in government core subsidies; \$202 million in cuts by indexing university grants to CPI; \$172 million in cuts to fund, promote and

reward universities for enrolling low-SES students; \$173 million in cuts for the training of Australia's research students, the scientists and academics of tomorrow; a \$75 million cut to the Australian Research Council; and a \$31 million cut to the national regulator.

The question I have is particularly about the consequences of these cuts. I want to focus on the \$3.2 billion cut from HECS.

It is clear the government does not know the consequences of this most radical transformation to our higher education system in Australia for 30 years, and we heard that in the minister's non-answer to the member for Perth's question about science and engineering students. We know that the government is flying blind when it comes to the impact of its higher education package on students and on their families. We know that the peak body, Universities Australia, has asked the government to rethink the design of loan repayments and its cuts to the sector. We also know that Bank of America Merrill Lynch chief economist Saul Eslake has warned of the consequences of higher interest rates on student loans, particularly for women. Mr Eslake said:

The prospect of repaying university loans whilst raising a family might deter women, while many other prospective students would weigh up the costs against the benefits of education.

He stated:

It would be irrational for people not to consider the cost in relation to their working life in the same way as when you borrow to buy a house.

The changes to HECS will have a compounding effect on students paying extra in fees plus extra in HECS repayments and will start them off on their working lives with a huge debt burden hanging over their heads, a debt burden which I have absolutely no doubt will deter many people from taking up the opportunity of higher education.

Universities Australia has modelled the potential costs of engineering and nursing degrees. They found that at the medium-fee increase scenario with a four per cent interest rate, an engineering graduate working full-time faces a HELP debt of between \$98,952 and \$113,169 and would repay it over a period of 20 to 25 years. This is compared with \$46,000 to \$49,000 debt and 14 to 18 years repayment under the existing arrangements.

We know when we look at a nursing graduate that the estimates are equally frightening. The changes to HECS will force university graduates to pay more and to pay sooner. The threshold will be lowered, forcing graduates to pay sooner but will be coupled with increases on HECS bills from higher degrees and increased interest rates. Modelling done on the changes has been published in the *Financial Review* showing repayment amounts and times will soar, with a typical female taking up to 25 years to repay an engineering degree.

My question to the minister is: will the government provide data based on the Australian higher education system's modelling which they looked at before taking such a radical reform process? Will they provide the data on the effect of the latest fee hikes which were announced in the budget? What will the effect be on Australian students and students who will not become students as a result of these despicable measures?

Mr PYNE (Sturt—Leader of the House and Minister for Education) (16:32): I listened carefully to the member for Adelaide's latest contribution. I must say, I find it hard to believe that she can reconcile a statement that we are cutting higher education with the facts that are found in the budget papers that clearly indicate that far from cutting higher education, we are

increasing spending on higher education by \$900 million over the forward estimates. And then I realised that it is possible that the member for Adelaide thinks that an incoming government simply spends on top of what the previous government did. It is possible that the member for Adelaide thinks—and she gave a litany of particular programs—that the new government keeps all the previous government's programs and then just adds its own on top of that, which would obviously be pretty costly.

In 2007, I think she will find that when Labor last, unhappily, won office for six years, they did not just leave the previous Howard government's policies in place and then just add their own on top. They removed many of the Howard government programs. The one in education that leaps to mind was the vouchers for literacy and numeracy. That was an extremely successful program for young people learning how to read and how to count.

Putting that to one side, it can only be reconcilable with her complete lack of understanding of how government works in Australia. I will not get personal because the member for Adelaide has tried to avoid being personal, but I would point out that she probably needs a bit of a refresher course in how government works. She also said that we were cutting the HECS scheme. I remind her that it is now called the HELP scheme. Putting that to one side, the Higher Education Loan Program is not a program that can be cut because it is a loan program.

Whoever turns up to ask for a loan from the taxpayer to go to university, and is given an undergraduate course, is able to access the loan program. That is why, while the current HELP debt for the Commonwealth is about \$30.1 billion, it will rise to \$51 billion or \$52 billion over the coming years. It is not a program that can be cut; it is a program that can be paid back at a fairer interest rate—for example, at the 10-year government bond rate rather than CPI, which is an indexation rather than an interest rate. It is not a program that can be cut, so whichever staff member gave the member for Adelaide that advice before she came into the chamber to contribute should probably be dealt with by her.

The member for Adelaide also talked about modelling. There is a lot of speculation around the fee rises or fee falls after deregulation of the higher education system. There is a lot of speculation; much of it is based on hysteria and scaremongering. I refer the member for Adelaide to the excellent statement by Fred Hilmer, the Vice-Chancellor of the University of New South Wales. He says:

It is up to universities, not Canberra, to decide what fees should apply to which courses.

He said about the very modelling the member for Adelaide cited:

The modelling released today by Universities Australia on the impact on fees of changes to cluster funding rates is based on a fundamental misunderstanding of the way the system works ...

The University of New South Wales is a member of Universities Australia, so it must have taken Professor Hilmer quite a lot of courage to publicly point out the massive failure in the Universities Australia modelling.

I refer the member for Adelaide to some excellent modelling that has been done, and which was in *The Australian* higher education supplement, which is at the back of the paper. In case the member for Adelaide does not know where it is in *The Australian* newspaper, it is after the business section. She will find it in that part of the newspaper. Andrew Trounson has written an excellent piece, in which he has suggested that fee rises could be as low as \$2,163 a year in those courses where fees do rise. So, before the member for Adelaide quotes the

speculative modelling or returns to the National Tertiary Education Union's modelling, she might like to go and have a look at the higher education supplement of *The Australian*. She will find there, that very good piece by Andrew Trounson.

Dr HENDY (Eden-Monaro) (16:37): As the minister knows, my electorate of Eden-Monaro is a rural electorate in the south-east corner of New South Wales. In our electorate we have some 10,553 primary school students and we have some 911,000 secondary school students. We have heard from Labor that there have been cuts to expenditure on schools in New South Wales and across the country, but my understand is that we are actually boosting expenditure on schools. I would be interested to know, over the course of the next four years of the forward estimates, how much school expenditure will be increasing in New South Wales. I would also like a general assessment of the spending on independent schools and Catholic schools if the minister has that data to hand. My understanding is that, as opposed to what the Labor opposition have been saying, there has been an increase in spending on schools in New South Wales for both state and private schools.

I know that you well know, Minister, that I was formerly the chief executive of the Australian Chamber of Commerce and Industry. As such, I am particularly interested in skills and training issues. I note that ACCI put out a 2013 pre-election survey in which they canvassed the opinion of employers on the state of the vocational education and training market. ACCI found that, even though the unemployment rate was relatively higher in recent years, more than in four in five, or 82 per cent of, businesses remain concerned with recruiting employees with appropriate skills, while 68.9 per cent of businesses were concerned with recruiting employees with a good level of literacy and numeracy. Further, ACCI found that businesses rated employee productivity performance as their second highest concern, and they noted:

This finding is closely related to the Cost of Training Employees which is rated as the third highest concern.

That was a survey done in May 2013. That is a legacy that the former Rudd-Gillard-Rudd government left this government to fix.

I am interested to know the nature of the integrated policy framework that we are putting in place with regard to vocational education and training to deal with these problems. I note, for example, that we are introducing what I regard as an excellent program of trade support loans of \$20,000 for apprentices. I would like to understand more fully from you, Minister, how that deals with the sort of legacy that we have had to fix in this budget for 2014.

Mr PYNE (Sturt—Leader of the House and Minister for Education) (16:41): I thank the member for Eden-Monaro for his contribution. I might start with his last question first, if he does not mind. Yes, we did inherit a very poor legacy from the previous government around the outcomes for students at school level then going on to have difficulty in vocational education and training—a very difficult legacy. In fact, the OECD PISA study released last year in December showed again that Australia has fallen not just in relative terms against the other nations in the OECD in literacy and numeracy but in real terms. This is a very fundamental problem. I do not blame any particular state Labor or Liberal government for that. This has been a decline over 10 years, but it happened at the same time as a massive increase in spending. There was a 42 per cent increase in spending in schools over 10 years; over the same 10 years, there was a significant decline in the outcomes for our students.

When we came to power, having seen that legacy, we set about doing a few very important things. We decided to focus on the things that really mattered—not just more money in schools, which Labor is obsessed with, but the fundamental root problems in schools in the outcomes for students. We identified those as being, firstly, an improvement in teacher quality. The OECD said that, in eight out of 10 reasons why a student does well or badly in Australia, the classroom to which they were allocated had the biggest impact. One out of 10 reasons was low SES and one out of 10 reasons was every other factor. So we wanted to address teacher quality, and what we can do at the federal level, of course, is address the training of teachers in universities. That is why we have established the Teacher Education Ministerial Advisory Group, to advise me about how to improve teacher training at university and do an international benchmarking study.

Ms MacTiernan interjecting—

Mr PYNE: We have seen the evidence that shows that, with independent public schooling, more autonomy at the local level has a real impact on the expectations of students about what they might go on to do. I have seen the member for Perth support many of the government's measures around direct instruction or around independent public schools and I am sure she would want to support that, but, rather than be distracted, we have put \$70 million aside to expand independent public schooling in Australia. I must say, we are close to securing all jurisdictions being able to take part in that particular program, because we want more autonomy at the local level.

We identified, as you did in your address, that the curriculum is an issue in schools. Rather than accept mediocrity or failure, we decided that we would have a deep look at the national curriculum by appointing two very eminent people to conduct a study of the curriculum and its robustness. We wanted to determine whether it is useful for students and whether it produces the kinds of outcomes that employers need in gaining skills and knowledge, because being at school is not just about gaining skills; it is about gaining both skills and knowledge.

And we want to improve the parental engagement in students' education. In Western Australia we have found that the more autonomy there is in a public school, the more engaged parents are with their children's education. Therefore, the Independent Public Schools Initiative really dovetails into our initiatives around parental engagement. The budget has \$1 million a year for ARACY, to assist us with good research and good methods to achieve better outcomes for students.

The member for Eden-Monaro also asked about the misconception that we have cut funding for schools. We have massively increased funding for schools—an 8.7 per cent increase this financial year; 8.9 per cent the following year, 8.9 per cent the following, and 6.6 per cent in 2017-18. We have increased funding. This stands in stark contrast to Labor in the Pre-election Economic and Fiscal Outlook, which cut \$1.2 billion from schools, which would have left Western Australia, Queensland and the Northern Territory short—Queensland by \$794 million, WA by \$120 million, and the Northern Territory by \$272 million. We have put that back into the system. In the member's state of New South Wales, spending will increase by 6.7 per cent, 7.8 per cent, 9.4 per cent and 5.7 per cent over the next four years. So New South Wales will be another big winner from the government deliberately living within our means, but being fiscally wise and full of rectitude.

Ms HALL (Shortland—Opposition Whip) (16:46): One of the less-known budget measures that have slipped through without much public attention is cuts, in the education portfolio, to published career resources. I am particularly concerned about the cut to the Job Guide and the fact that it is no longer being printed or on the website, and about myfuture. The Job Guide will be funded up to the 2015 edition, and myfuture will be funded up to December 2014. These job guides are invaluable resources for career and vocational counsellors, both in schools and in TAFE colleges. Back in the Howard government days, Dr Brendan Nelson, as Minister for Education, Science and Training, helped to bring in some really good policy reforms in the career development area.

Whilst on one hand this government say they are about creating jobs and opportunities for young people, they are taking away the tools that will assist in doing that. My question, Minister, is: what is the rationale for this? What are you putting in place to replace these really valuable resources, which I have used in a previous life? And how do you expect to help young people to find work and to undertake appropriate courses of study without having resources available for those people and for counsellors to provide counselling and advice on careers and education?

Mr PYNE (Sturt—Leader of the House and Minister for Education) (16:48): I thank the member for Shortland for her question. I am sure it is a well meant one, because the member for Shortland is a conscientious local member of parliament. The myfuture and Job Guide, which the member refers to, were left unfunded by the previous government beyond the 2014-15 financial year.

Ms Hall: They could have been refunded.

Mr PYNE: They could have been refunded—the member for Shortland is correct—but the government's decision was that myfuture and Job Guide would not be continued to be funded after 2014-15. We did that, firstly, because we are in a budget emergency which requires us to make difficult decisions about what should and should not continue to be funded. Secondly, we did that because, with respect to those two particular measures that some students use to decide their careers and their futures, there is a plethora of information now available for young people, particularly provided by the private sector. Therefore the question has to be whether the government should be spending taxpayers' money on myfuture and the Job Guide when the private sector has been filling that space extremely successfully for the last 10 years. For example, there is information about careers on state and territory websites—Victoria and Western Australia have their own dedicated career websites, two state government portals for advising young people about their careers. But other examples in the private sector include Seek, CareerLounge, My Career, Career Hunter, Student Edge, SkillsOne and Hobsons Course Finder. So there are many different places that students can get the advice that they need about future careers. Of course, young people these days use social networking, social media, to find out a great deal about the careers that they might wish to pursue. So I am confident that myfuture and Job Guide will be quite correctly replaced by the private sector filling that space, as they have already been doing in the last 10 years, and I think that where the private sector is doing a job equally or better than the government, it is the wrong use of taxpayers' funds to replicate what the private sector can do as well if not better.

Ms SCOTT (Lindsay) (16:51): My electorate of Lindsay is in the outskirts of Sydney. Being in the outskirts of Sydney one of the biggest challenges we have is that two-thirds of our working population have to commute every single day for jobs—one-third all the way into the city and one-third into greater Western Sydney. The Abbott government is already contributing a lot of resources and a lot of funding to assist the north-west and the south-west growth sector—\$3.5 billion in fact to actually build some major construction work that will be in the south-west of Sydney.

I also have within the electorate of Lindsay one of the colleges of TAFE New South Wales, Western Sydney Institute. The Western Sydney Institute of TAFE has some 94,000 students in it that they provide every year qualifications to within Australian frameworks. They all also offer open training and distance learning opportunities for people there as well. So as Western Sydney grows there is a growing demand on workplace jobs, actual jobs, that are going to provide solutions for people to be ready to go—vocational jobs. But the Western Sydney Institute of TAFE is also really wonderful in the way it works with the University of Western Sydney providing its crucial gateway courses. So people who have not necessarily got the best UAI can gateway from TAFE into university, which I think is a really fabulous initiative that these two training organisations do together—to provide vocational outcomes for people right across Western Sydney. When we look at all this together, my question to the minister is: why is the government extending Commonwealth subsidies to private universities and the non-university higher education institutions?

Mr PYNE (Sturt—Leader of the House and Minister for Education) (16:53): The member for Lindsay has identified a very excellent part of the higher education reforms that we are proposing, and that is to give more young people from areas like Western Sydney the opportunity to use different pathways into higher education. The Commonwealth Grant Scheme has been applied to the 39 universities for many decades. The government's decision has been that we want to expand that to the non-university higher education providers, many of which are very high quality and are offering as good if not better courses and career opportunities for young people. When we come to decide the amount that should be funded to those different institutions that are non-university, the percentage that we pay them might well be lower than what universities are paid. That is why we have a working group advising us on what, for example, that percentage should be, because universities do research. Being a university, one of the definitions is that they do research as well as teaching, whereas a lot of the non-university higher education providers, like TAFEs, do not do research but do teaching and do it very well.

The ones in Western Sydney, like the TAFE that the member for Lindsay talked about, will be big winners in the government's higher education reforms. They will be big winners because some of their courses will be funded under the new demand-driven system for diplomas and sub-bachelor courses, so there will be an injection of funds to TAFEs through that method. They will also be winners because, for the first time, they will be able to access the Commonwealth Grant Scheme, and that will give them an opportunity to get an injection of funds that way. Around Australia—certainly in my state of South Australia—state governments have been cutting TAFE funding. So they have very much welcomed the decision by the government to expand that.

I was very pleased to see in *The Australian Financial Review* on Monday an article by Tim Dodd about this very subject that the member for Lindsay raises, headed 'SA Labor backs coalition on higher education funding'. The article reads:

SA Higher Education Minister Gail Gago said on Saturday the federal government's plan to recognise and fund sub-bachelor degrees delivered by the SA TAFE system was welcome.

Of course, the same thing would apply to the TAFEs in Greater Western Sydney. The article goes on:

"The extension of funding of sub-bachelor program's to TAFE SA and other registered higher education providers provides an opportunity for TAFE SA to access Commonwealth funding for its diploma and advanced diploma courses on an equal footing with universities," she said.

"TAFE SA already works closely with a number of universities in terms of providing opportunities for students to transfer to university and have recognition for their studies in TAFE SA and the recognition and funding of these sub-bachelor programs delivered by TAFE SA is welcome."

This is not a Liberal minister. This is a minister in a Labor state government, in the state from which the member for Adelaide, the shadow minister, comes. I do not think they are from the same faction, though. I think Gail Gago is in the left and the member for Adelaide is in the right. I am not sure. They do not tend to talk closely in South Australia, but I am sure the member for Adelaide can inform us. In any event, this is a minister in a state Labor government who is supporting the federal government's proposals. Why is she doing that? Because they are good proposals. They are very good, and Gail Gago has worked out that what the government is doing is expanding opportunity to a great deal more students around Australia to get a higher education qualification. This will mean that students in Greater Western Sydney will have the chance to go to university, get a degree or a diploma or do a course, and then go on to earn 75 per cent more, \$1 million more, over their lifetime than people without a higher education qualification.

In the time available to me, I will not try and start a new subject, but I might get a chance to comment on it in a minute. There are many, many Australians who are pleased to support students at university by subsidising their education. At the moment, they subsidise it 60 per cent. As only 40 per cent of Australians have a university degree, that means that a great majority of the population are subsidising students to get the chance to earn 75 per cent more than them over a lifetime. It is a generous act on behalf of the Australian taxpayer. Rather than whingeing about it, the member for Adelaide should be thanking the taxpayers of Australia for the subsidies that they provide to students around the country.

Ms KATE ELLIS (Adelaide) (16:58): Can I just point out that we were, 15 minutes ago, due to commence questioning on the schools budget. On this side, we have a range of important questions about school funding, school cuts, youth programs, chaplains and the curriculum review. I know that this government have a shameful record on education. I know that they do not want accountability about this appalling record when it comes to education, but perhaps they could stop wasting time with these ridiculous dorothy dixers taking up every moment that is available.

Government members interjecting—

The DEPUTY SPEAKER (Mr Ewen Jones): Order, members on my right!

Ms KATE ELLIS: I will be asking the minister questions. We know that the budget outlines \$80 billion in cuts to schools and hospitals. Its estimates also reveal that \$30 billion of these cuts will come from schools. We saw that in this exchange between Senator Wong and Mr Ray, deputy secretary of Treasury, in an estimates hearing:

Senator WONG: Can you confirm that, with that figure, broadly you are looking at around 30 for schools and 50 for hospitals?

Mr Ray: It is a little bit under 30 for schools and a bit over 50 for hospitals.

So it is \$80 billion in cuts to schools and hospitals, confirmed by this government's own Treasury department.

Now, with school cuts, this means that the game is up for this government. The public service has confirmed the biggest-ever cuts to schools that we have seen in this nation, and we know that there will be devastating consequences: less disability support, subject choices drastically limited, school support officers and teachers' assistants cuts, sport and music programs cut, remedial support cut and class sizes increased. But the government has made these cuts without any understanding of the impacts. We know that Senate estimates revealed that despite starting work on its \$80 billion cuts to schools and hospitals before Easter, the government still has no idea of the impact on the classroom and had not done the work to look at the potential impact.

The education department could not say how many schools would close or how many teachers would be sacked or give any indication of the impact on students. It is absolutely frightening that the government would make the largest-ever cuts to our schools with no idea of the consequences.

Before the election, Tony Abbott promised that there would not be cuts to education but now it is clear that he simply does not care what damage these cuts will do. The government have walked away from the commitments that they have made time and time again, including the so-called 'unity ticket' before the election—and didn't they pull one over the Australian public with that!

What we do know is that the Liberal state governments have said that they do care about these huge cuts from the Abbott government. We have seen New South Wales, Victoria, ACT and SA all commit to meeting their responsibilities under the six-year Gonski agreements—something that this government has failed to do. We have seen New South Wales Liberal Premier Mike Baird say that education cuts were 'a kick in the guts'. He said:

... what services would they like us to cut you cannot outsource your problems to the states ...

Similarly, we have seen the New South Wales education minister, Adrian Piccoli, speak out against these cuts to education. We have seen the Victorian Treasurer, Michael O'Brien, say:

When we handed down the Victorian budget last Tuesday we put extra money into Victorian hospitals and extra money into Victorian schools. We didn't put that extra money in so that the federal government can take money out.

And we have seen the Queensland Treasurer, Tim Nicholls, say that the federal budget was an attack on Queensland's health and education services.

We have also seen the New South Wales Nationals' conference just last weekend call for the government to fund the full six years of the Gonski review. And we have seen these attacks to the indexation of schools, which the now minister himself said, in opposition, were

a 'frightening prospect'—to have indexation of three per cent. He is now happy to see indexation of just 2.5 per cent moving forward.

So my questions in relation to these huge funding cuts are: how many Liberal and National backbenchers have raised concerns about the breaking of the Gonski agreements and the \$30 billion cuts to schools? How can the government justify making \$30 billion in cuts to schools without any assessment of the impact they will have? Can the minister guarantee that no school will close as a result of these cuts? Or can the minister outline exactly how much worse off each school will be because of these cuts? On what evidence about the cost of delivering high-quality school education did the minister base the government's school-funding model from 2018, which will index funding at just 2.5 per cent? And can the minister justify a school-funding model that cuts funds to schools in real terms and which schools have warned will lead to reduced programs and quality, and higher fees?

Mr PYNE (Sturt—Leader of the House and Minister for Education) (17:03): I do not know where one begins with the member for Adelaide asking me dorothy dixer questions and then accusing the government of doing the same thing, because the consideration-in-detail process is supposed to be an opportunity to elicit detail out of the budget—out of the appropriations. The member for Adelaide has chosen to give set piece speeches in each of her contributions, with all the rhetoric that she could really save for *Q&A* or 7:30 or even in parliament speaking on the bills, rather than wasting the time of the Federation Chamber in consideration in detail by giving rhetorical speeches and not actually asking questions.

So if she has run out of time and not managed her time well it is because she has wasted the time of consideration-in-detail process by giving pointless and asinine speeches about the government's policies rather than actually asking questions. I suppose it is because she does not have as much experience in the opposition as she should have. But, nevertheless, I will attempt to help her with the misunderstanding that she has about how the school funding agreements work.

School funding agreements go for four years with the states and territories and the non-government sector—whether that is the Catholics or the independents. The forward estimates go for four years as well. So there is a coincidence: there is a four-year funding agreement; there are four years of forward estimates. Over the forward estimates, spending on schools increases very substantially. As I said in response to the member for Eden-Monaro's questions, spending in all schools, including recurrent and capital spending, over the next four years is: an 8.7 per cent increase in 2014-15; 8.9 per cent in 2015-16; 8.9 per cent, again, in 2016-17; and 6.6 per cent in 2017-18. So there are no cuts to school education in the federal government's budget. In fact, the opposite is true. We are increasing spending and we have our own programs such as: programs like the independent public schools initiative costing \$70 million; programs like the response to whatever the curriculum review hands down; programs like \$1 million a year to help us with parental engagement; and when the TEMAG, the Teacher Education Ministerial Adviser Group, hands down its report to me, funds have been set aside to be able to respond to that. So we are increasing spending.

The Labor Party's rhetoric is not matched by the reality of how they behaved in government. In the Pre-Election Economic and Fiscal Outlook, the previous minister, the now Leader of the Opposition, ripped \$1.2 billion out of schools. So, ironically, while the shadow minister pretends that they were funding a new school funding model, in fact in Western

Australia, Queensland and the Northern Territory they were defunding the school funding model. It took me as the Minister for Education not only to deliver a national agreement on the national school funding model over four years, bringing the Northern Territory, Queensland and Western Australia into the model, but also to find the \$1.2 billion so that the model would work. And I did so.

Beyond the next four years, the member for Adelaide likes to raise fantastic figures. I will tell her that in 2017 we will sit down with all the jurisdictions and renegotiate a new school funding agreement. That will lead to more money in 2018 and more money in 2019 because obviously spending will increase on schools in line with the CPI and enrolments. But I am not sure that the Labor Party can continue to pretend that the rivers of gold, the fantastic amounts of money that they used to talk about in government, will ever materialise, in spite of what the Leader of the Opposition said on 31 March in Perth in answer to a question from a journalist:

JOURNALIST: You have committed and you still will commit to the next election for those years five and six?

SHORTEN: Yes.

JOURNALIST: That will cost I think about \$7 billion additional is that what you're prepared for that?

SHORTEN: We budgeted for this when we were in Government and furthermore, what does it cost Australia if we short change our kids?

He likes that kind of rhetoric. Unfortunately, this was not followed up. On 22 May at Moonee Ponds he was asked: 'If you're bent on restoring this funding, what's the solution for finding the savings to provide it, or would it be deficit funded?' Mr Shorten said:

We'll reveal all our policies in good time before the next election.

So he has stepped away from that commitment.

Mrs PRENTICE (Ryan) (17:08): My question is to the minister. Minister, I am very fortunate to have an institution, namely the University of Queensland, in the electorate of Ryan. The university over the years has—

Ms Kate Ellis interjecting—

Mrs PRENTICE: We are on education. You wasted all that time. That is not my fault.

Ms Kate Ellis interjecting—

Mrs PRENTICE: Stop interrupting, you are wasting time again. You are deliberately wasting time. You do not want answers. Let me ask my question.

The DEPUTY SPEAKER (Mr Mitchell): Order! The member for Adelaide has had her chance. The member for Ryan has the call and will be heard.

Ms Kate Ellis: Excuse me, we divided up the time so that the first 45 minutes was on higher education and the second was on schools.

The DEPUTY SPEAKER: The member for Adelaide will resume her seat. The member for Ryan has the call, this is consideration in detail on education, and she will be able to ask her question—

Ms Kate Ellis interjecting—

The DEPUTY SPEAKER: in silence!

Mrs PRENTICE: I was saying, Minister, that the university has produced many outstanding graduates who are now leaders in their fields—in every aspect of business, governance and the different aspects of the lives that we lead. They are very impressive. The University of Queensland, through its research, is now in the top 10 per cent of universities in the world for the commercialisation of research projects. I would like you to elaborate, please, on that.

Mr Perrett interjecting—

Mrs PRENTICE: That interjection is just completely off the planet.

Ms Kate Ellis interjecting—

Mrs PRENTICE: I really object to the opposition deliberately wasting our time when we have serious questions. Minister, how are the policies and measures that you have introduced helping the University of Queensland rate even higher across the world?

Mr PYNE (Sturt—Leader of the House and Minister for Education) (17:10): I am glad that the member for Ryan finally got her chance to ask a question in spite of the interference being run by the member for Adelaide. The member for Adelaide knows that members of the government can ask any question they like during the 1½ hours of consideration in detail for education. She is welcome to divide up the time for higher education, schools and child care. She may well ask a question on child care, next, to the excellent assistant minister. But I would point out that she used most of that first hour asking about universities and then ran out of time for schools.

I am not the time manager for the member for Adelaide—that is a matter for her—but she does not get the chance, also, to tell the members of the government what they can ask questions about. If she casts her mind back to 7 September last year, she might notice that Labor did not win the election. That is why members of her party are sitting on that side of the House. So she gets to ask the questions that she wants to ask, and members of the government get to ask the questions that they want to ask. If she does not like the process she should not take part in the process, because there are lots of members of the government who would like to ask questions and would like to hear the answers.

The member for Ryan asked about the University of Queensland, an excellent university in both research and teaching. I can tell her that in the budget, research funding over four years, including for ARC and AIATSIS, is \$11 billion. So we are massively investing in research in this budget. I have spoken earlier in the consideration in detail about how we faced funding cliffs for the National Collaborative Research Infrastructure Strategy and the Future Fellowships program. I found money for both of those programs, in spite of Labor only funding them for 12 months. Those were more of the landmines that Labor left for the incoming government, because even they had worked out that the public had lost faith in them as a government. They left two funding cliffs in NCRIS and the Future Fellowships, and I found the money and funded it.

So we are actually investing more money in research over the next four years, and universities like the University of Queensland will benefit from that, because they have an excellent reputation in research. That is why I can tell the member for Ryan that Michael Gallagher, the Executive Director of the Group of Eight, gave an excellent speech at the EduTECH Higher Education Leaders Congress in Brisbane on 4 June 2014. I recommend it to

the member for Moreton because it was in his city. And I recommend it to the member for Adelaide, who might not have had the opportunity to read it. Right at the end of that speech—if she only wants to read one paragraph—on page 17 of 17, Michael Gallagher said:

The 2014 Higher Education Budget reforms are necessary. They are logical, coherent, sustainable, equitable and inevitable ... My guess is that the detractors of micro-economic reform in Australia's higher education industry will find themselves on the wrong side of history in resisting efficiency improvement and innovation, as they will be in opposing the redistributive measures of the package and, curiously, supporting socially regressive subsidies from general taxpayers to more advantaged segments of the community.

Unfortunately, I can tell the member for Ryan, that is exactly where Labor has found themselves in this debate. They have found themselves on the wrong side of history. They have found themselves supporting socially regressive subsidies from general taxpayers to more advantaged segments of the community. They have found themselves opposing the redistributive measures of the package, like the expansion of the demand driven system to the sub-bachelor courses, and the expansion of the Commonwealth Grant Scheme to non-university higher education providers and the Commonwealth scholarships fund. This is the biggest Commonwealth scholarships fund in Australia's history and will give many, many more students in both regional and rural Australia, as well as the cities, the chance to go to university.

Research universities like UQ will benefit substantially from what their own Group of Eight describes as a 'logical, coherent, sustainable, equitable and inevitable' package of higher education reform. It will allow them to put more effort and their own money into research and to determine the areas of research that they are best at and the courses that they offer that are their highest quality courses and fund and support those, rather than simply have every offering in order to be able to chase the revenue, which is how the previous government had established the university system. That is why these higher education reforms will make a substantial difference to young people from low socioeconomic status backgrounds in particular and allow universities like UQ to compete with their Asian counterparts.

Ms KATE ELLIS (Adelaide) (17:15): Knowing how desperate the government are to avoid accountability on schools and education questions, I am going to ask a range of questions on both schools and child care and ask that those which the government does not answer in this place be taken on notice.

My first point is around the school chaplains program. I note that the budget allocated \$245 million for the National School Chaplaincy Program but that this minister decided to declare that this funding would only be available for religious chaplains and that welfare officers and other qualified counsellors would not receive funding under this program. We note that there are many indications of the government's hypocrisy—firstly, that it talks about school autonomy on one hand and on the other hand says that it will not give principals the option of deciding that a welfare officer is best for them. How does the government justify cutting funding for qualified welfare staff that so many schools rely on? Has the government undertaken an impact assessment of this change? I also note that the minister was bragging about reducing compliance on these school chaplains. How will the government ensure that the program standards and safeguards will be maintained? Why didn't the government consult with school principals and parents before making this decision? How many schools will lose welfare officers as a result of this government's decision? If the government needs to take this

on notice, I understand, but can it provide a list of each school which previously had access to a non-religious welfare officer under this program?

I also have a range of questions around the almost \$1 billion in cuts to child care which this government has announced, including the \$157 million cuts to family day care. Why did the government refuse to consult with the family day care sector before deciding to axe this essential support, which Family Day Care Australia estimates will make families have to pay an extra \$35 a week in their family day care fees? What plans does the government have to make up for any loss of supply due to the cutting of these funds? Has the government undertaken any analysis on the areas of Australia that are most likely to be impacted by the changes? How will the government provide assurances that services have educators in areas where family day care is critically important?

Regarding the appalling changes to and attacks against the means-tested childcare benefit which this government is so proudly bragging will only impact people who earn \$42,000 or more, how can the government continue to push for a paid parental leave scheme that will deliver \$50,000 cheques to millionaires whilst cutting the existing childcare benefit that people who earn just \$42,000 a year rely upon? How will the government save \$230.4 million from these measures if it is continuing to try and argue that black is white and this is not a savings measure and a cut? I ask the government to provide the House with a breakdown of how this figure of 500,000 families that will be worse off as a result of this measure was calculated. If the government has done no such analysis on the impact on families of various income levels, will it at least now do it and provide it to the House as this bill goes through?

Regarding preschool, I notice that the government are backing away from support for universal access in our preschool system, citing that they do not want to undermine the Productivity Commission report, yet they are very happy to undermine and pre-empt that report when it comes to slashing childcare benefit and childcare rebate for hundreds of thousands of Australian families. I ask: will the minister guarantee the continuation of federal funding for preschools? Will the minister make a commitment to an ongoing partnership with state and territory governments to fund preschool programs?

I will also go to the Minister for Education when it comes to his attacks on all of the youth unemployment prevention programs which are so critically important in our schools at a time when the government is at the same time attacking Australians for being too reliant on welfare and threatening to leave young people with absolutely nothing to live on for six months. Why is it that every youth unemployment prevention program is being cancelled in his portfolio?

I also note the Prime Minister's recent comments about industry involvement in schools. I ask the government: if trades in schools and linking with industry is so important to jobs and Australia's future productivity then why are trades training centres and partnership brokers programs, which are providing an effective way of bringing industry in and of providing a pathway to work experience and employment beyond school, all being cut by this government that promised no cuts to education and seems to delight in delivering record cuts in that same portfolio? *(Time expired)*

Mr PYNE (Sturt—Leader of the House and Minister for Education) (17:20): I propose to not take five minutes so that the Assistant Minister for Education will have the opportunity to respond on childcare issues. I am hoping the member for Adelaide will regard that as a

helpful proposal because if she speaks again that means that the assistant minister will not get the opportunity to respond at all.

The shadow minister asked about Youth Connections. Youth Connections was a program that had 74 per cent of its participants aged under 17. It is therefore the responsibility of the states and territories to provide that kind of assistance that Youth Connections provided. It was duplicating effort. There are lots of great programs, Commonwealth programs, state programs and territory programs but it is not the Commonwealth's responsibility to provide them all. The states and territories have to take responsibility for the things that are their area of responsibility.

Too often the great chasm between Labor and Liberal is shown up in just this kind of example where, in Labor's world, the Commonwealth should pay for and do everything. If they have to borrow the money from overseas, they have no problem with that. In the conservative Liberal and Nationals parties' world, we need to live within our means and we need to pay back the debt. Areas that are properly the responsibility of the states and territories should be delivered by the states and territories. That goes for the school chaplaincy program as well.

The school chaplaincy program was initiated by the Howard government. It was a chaplaincy program. When the Labor Party came to office there was quite a tussle between Julia Gillard as the then Minister for Education and the Prime Minister at the time, Mr Rudd. Mr Rudd supported the chaplaincy program. Julia Gillard opposed the chaplaincy program. She wanted to kill the chaplaincy program. Kevin Rudd saved the chaplaincy program. The compromise between these two individuals was that it would be expanded to welfare officers and counsellors. Welfare officers and counsellors in schools are quite properly the domain of state and territory governments. Now that we are in government, we have returned the chaplaincy program to which original intention, which is a chaplaincy program.

If states and territories want to continue to fund welfare officers and counsellors then they are perfectly at liberty to do so. I would welcome them doing so but that is a decision that they should make and not be infantilised by the Commonwealth making these decisions on their behalf. I will end on that note and allow the Assistant Minister for Education the opportunity to respond.

Ms LEY (Farrer—Assistant Minister for Education) (17:23): I thank the member for Adelaide, the shadow minister, for her questions. I am happy to address some of the key points she has raised. The answers to all of those questions she raised around childcare benefit and childcare rebate could be found in the speech I made to the House both on the introduction of the bill earlier last week and the summing up speech this afternoon. I am happy to go over them again in the order that they were asked. I will address first the family day care matter.

It is interesting because the shadow minister was in fact the minister in 2012 when the Australian National Audit Office did an audit of the Community Support Program, which assists family day care. This was a program that was only in existence after 2006 following which it exceeded its budget allocation significantly year after year. In fact, it was spiralling out of control in excess expenditure. So the Audit Office highlighted problems and recommended a review. The minister, now the shadow minister, sat on her hands and did nothing. It was a part of Labor's mess that we had to clean up on coming to government.

The shadow minister asks about consultations with the secretary. I am happy to inform her that yesterday I had a very wide-ranging, productive discussion following on from earlier conversations, earlier discussions and earlier meetings between ourselves, the department and the sector. But I would like to let the shadow minister know that yesterday I had a particularly productive session with family day care stakeholders. The reality is that although this is a budget measure this year, this is not coming in for 12 months. There are no changes for 12 months and we will work together with the sector to support and to have strong family day care. With no changes for 12 months, the transition is workable, manageable and well-supported by the sector.

Remember that Labor did nothing to fix this problem. There were several problems that Labor did nothing to fix, but the main problem that we dealt with in the House today was the bill that we put through the lower House that paused the thresholds for the childcare benefit and the childcare rebate. Speaker after speaker, including the shadow minister in her question just now, referred to these changes as 'cuts'. In fact, they are not cuts. It is disingenuous, it is misleading and it is scaremongering to the parents of Australia to describe something that pauses a threshold, which is a level of income at which you qualify for a certain benefit, as a cut when it simply is not.

People listening to the member for Adelaide would assume that the hourly rates of child care benefit that they are entitled to in the various circumstances they have their children in are actually going to reduce. In fact, they are not. They are going to increase. That is because the quantum of that subsidy directly to the parents will continue to be indexed. The shadow minister knows that. In making political point after political point and rhetorical flourish after rhetorical flourish, she is in fact simply stating untruths.

The sheer hypocrisy of the stance that has been taken by Labor really is—and I know it is an overused word—breathtaking. That is because contained in the bill that went through the House today was the measure to pause the child care rebate. This was a measure that was introduced by Labor in its last budget. It was desperate to find savings. It knew that the sixth surplus that it predicted was not going to happen. There were six non-surpluses in a row. So it pulled savings out of midair—savings from everywhere. There were \$106 million in savings from pausing the child care rebate. They paused the child care rebate for six years, but they did not actually put the legislation through to effect that. We were left to do the dirty work and to pick up the pieces.

As I said in the House today, it gives me no pleasure to be bringing in the savings that we know, as a responsible government, that we have to make. It gives me no pleasure at all, but I perfectly understand that the job has to be done. By putting in place Labor's own measure—which it did not have the guts to legislate and then made excuses about—and another sensible, moderate measure that simply lasts for three years until we get the budget back under control, we are participating in putting Australia back on a sustainable path. If anybody is interested in the child care needs of the modern economy in which we all live and work, then they must surely be interested in the health of that economy, in the productivity of that economy, in the participation of women in the workforce, in the health of families and in the quality of child care for children. All of these things are front and centre.

I acknowledge that all members of the House want those things. We completely disagree on how we will get there. We absolutely take responsibility for the work that we are doing,

the Productivity Commission inquiry that we are having and the new policy ideas that will come in just a few months, which will look into bringing in legislation with new initiatives next year. There is an exciting future. I do hope that the shadow minister is not going to hold us back.

An honourable member interjecting—

Dr HENDY (Eden-Monaro) (17:28): I do not have four minutes! In Eden-Monaro, which is a rural seat, we have some 2,000-plus preschool students. That is 5.7 per cent of the population, so it is larger than the national average. I understand that, through the course of the last six years, childcare fees have increased by some 53.2 per cent overall. That is just a shocking figure. I want to ask the assistant minister what we are doing to rein in that sort of increase and what is the state of the Productivity Commission review?

Ms LEY (Farrer—Assistant Minister for Education) (17:29): In the interests of time and following on committees and considerations, can I say to the member for Eden-Monaro that I congratulate him on his representation of a diverse rural seat and acknowledge that the numbers of rural and regional members on our side of the parliament mean that we do understand the needs of rural and regional child care. It is going to be extremely important with our Productivity Commission review. I will specifically tasked the Productivity Commission to look at rural and regional models of child care that work.

Yes, it is a shocking legacy and really summed up, as the member for Eden-Monaro has, in one sentence: costs went up 53 per cent coupled with out-of-pocket expenses for families that went up 40 per cent. What a shameful legacy left by Labor. I am already working with my state and territory counterparts to reduce the regulation and red tape that surrounds child care operators and surrounds family day care, and out-of-school care and adds to cost but does not add to quality. We are focusing on the relationship between the educator and the child, the early learning, the nurturing, the care but not all the book work. We believe that that will help relieve the upward pressure on costs. We look forward to your participation in the consultations that the Productivity Commission will have in the weeks and months ahead.

Proposed expenditure agreed to.

Environment Portfolio

Proposed expenditure, \$1,723,004,000

Mr HUNT (Flinders—Minister for the Environment) (17:31): Let me make this point to begin with: the meta-position for this budget is framed by six consecutive deficits which had accrued to a total of \$240 billion of funds that were spent over and above that which the Australian government received in revenue. Just to remind the House: \$27 billion, \$54 billion, \$47 billion, \$43 billion, \$18 billion and \$49 billion. That is the massive national task against which this budget is framed. So each and every portfolio has had to work to find greater efficiencies. This portfolio has been part of that process.

Mr Perrett interjecting—

Mr HUNT: However, I am absolutely delighted that all up in a very difficult and challenging budget environment so as future generations would not have to pay back the consumption of this generation, we have been able to secure \$3.5 billion of new expenditure programs. There is \$2.55 billion for the Emissions Reduction Fund. This is a fund which will actually reduce emissions. It is about doing things where you pay on achievement. It is not

about the \$30 billion of funds which were paid out by the previous government without in most cases any test whatsoever. I will remind the member for Moreton that in fact there was \$9.2 billion being paid to zinc, aluminium, cement, general manufacturing firms with no strings attached by their government. The second thing is, they were paying—

Mr Perrett interjecting—

The DEPUTY SPEAKER (Mr Hawke): Order, Member for Moreton!

Mr HUNT: The second thing is they were paying \$5.5 billion to brown coal generators with no strings attached. I want to repeat that: they were paying \$5 billion to one small sector with no strings attached. That is probably the largest transfer of funds in Australian history to one small sector of the economy within one short period of time. There was \$1.3 billion of subsidies to the coal sector when they said that they were clamping down on emissions, none of which made sense. By contrast, the first of our major new expenditure items compares with a \$30 billion set of transfer payments from the Commonwealth to firms under the previous government. We spend \$2.55 billion, we withdraw a \$30 billion set of transfers from the Commonwealth to the private sector, which in almost every case were being done with no strings attached whatsoever.

The second of the significant areas of new expenditure is \$525 million over four years for the Green Army. This is a project aimed at achieving two simple things. Firstly, it is about ensuring that there is employment.

An opposition member interjecting—

Mr HUNT: Actually your side is giving bipartisan support, dummkopf. It is about ensuring that there is bipartisan support—

An honourable member interjecting—

Mr HUNT: I am pleased to hear that—for a program which provides employment and does good local environmental things. That could be boardwalks, riverbank restoration, riparian recovery, sand dune restoration or protection of threatened species, whether it is habitat restoration or breeding programs—practical things.

The third of the areas in which there has been a significant contribution in this budget is a global figure of more than \$500 million for two capital equipment programs—for the acquisition of a supercomputer for the Bureau of Meteorology, which is about better advice with regard to cyclones, floods and fires, and for the acquisition of a new icebreaker, which is critical national infrastructure not just for research but for upholding our position and maintaining our bases in our Antarctica, without which we would place at risk our sovereign claim over the Australian Antarctic Territory. Both of those items were unfunded. They were not given funding by the previous government. Both were overdue. Both have been funded. The final figure will be determined through a tender process, but I can safely say that, between the two, we have provisioned over \$500 million. All up, it has been a very effective budget round, against a difficult national backdrop.

Mr BUTLER (Port Adelaide) (17:36): I thank the minister for his opening, particularly his reference to the Emissions Reduction Fund. The Prime Minister in the parliament earlier this month, and during his trip to North America, in particular, sought to equate the Emissions Reduction Fund and the direct action policy of the new government to the Clean Power Plan announced recently by President Obama. Can the minister outline the similarities?

Mr HUNT (Flinders—Minister for the Environment) (17:36): I would be delighted to. The first thing is that the American program sets out a simple proposition: it allows us to reduce emissions without a carbon tax, without a cap-and-trade scheme, without an emissions trading scheme. In fact, the last time that there was an attempt to introduce such a scheme in the United States, when all three arms of the American system were aligned on a party basis—a Democrat congress, a Democrat Senate and a Democrat presidency—one of the leading Democrat candidates for the Senate, Joe Manchin, from West Virginia, took the cap-and-trade bill, tied it to a tree and shot it. That was really the last time that we saw any action in the United States towards a cap-and-trade scheme.

By contrast, what we see now is that the White House plan, which we endorse and support and value and appreciate, as a critical global contribution, takes a very different approach. It does not, to the best of my knowledge and reading, mention cap-and-trade, an emissions trading scheme or a carbon tax at any point in the documentation. I stand to be corrected, but on my reading that is a very clear position. Beyond that, what does it seek to do? It seeks to encourage two primary things. It seeks to encourage energy efficiency and the cleaning-up of coal fired power stations. Compare that with the carbon tax that we currently have in Australia. What you see here is a transfer of \$5½ billion from the taxpayer to the brown coal generators, largely within Victoria.

However, in the United States the system is very clear: they are seeking to clean up the power stations, to provide incentives to engage in gasification, drying, potentially carbon capture and, most likely, reuse. They are also looking at cleaner transmission. They are also looking at general plant efficiency. All of these things are precisely the outcomes which we are considering under the Emissions Reduction Fund. It will depend upon proposals that are the most cost-effective and the cheapest, but it is absolutely clear that the power sector is already looking at those sorts of options.

The other thing I want to say about the United States is: we have long said that you cannot have an effective functioning global agreement without an agreement between the US, China, India and the EU. So what we see in the United States is a fundamental step towards an agreement at the end of 2015 at the Paris UNFCCC conference. This is something to be welcome and embraced. But let us not kid ourselves that this is anything other than an alternative to a carbon tax. The White House papers could not be clearer that this is not a carbon tax. They do not make any mention of a carbon tax, a cap-and-trade or an emissions trading scheme.

The other point I want to make here is sometimes there is reference to China as if China had a broad based functioning carbon tax. Let me give three examples: the city of Shenzhen gives away 100 per cent of its permits for free—in other words, there is no charge; the city of Shanghai gives away 100 per cent of its permits for free; and the city of Beijing gives away 99.9 per cent of its permits for free. The difference between what we have here in Australia and what we see in China is the difference between a bowling ball and a pea.

Mr COLEMAN (Banks) (17:41): I am pleased to have the opportunity to ask a question of the minister this afternoon about the Bureau of Meteorology. I was pleased to hear him make reference to its important role in his opening remarks. The Bureau of Meteorology plays a critical role right across the nation. Australians of all walks of life rely on the bureau for their day-to-day weather forecast. Importantly, it also plays a role in forecasting extreme and

unexpected weather events and, indeed, emergencies which we see in our nation whether they relate to flooding or extreme heat—which can lead to fire—or other extreme forms of weather. The bureau plays a critical role in ensuring that Australians are aware of those events in advance to the greatest extent possible.

The bureau is particularly important in rural and regional areas where so much of the livelihood of rural and regional Australians is affected by the weather in farming and in the utilisation of our arable land. The bureau's advice of expected rainfall and temperature conditions is very important to the planning of those businesses.

It is also the case that, over the years, weather forecasting technology has improved from the early days where there was probably a very limited reliance on technology to now where in real time on the Bureau of Meteorology website you can observe the different forecasts as they pertain to different postcodes right around the nation in different regions. Again, the atmospheric conditions are so critical.

As our population is increasingly concentrated around large metropolitan areas, there is obviously an increased impact from extreme weather events because more people are affected by those events as they occur. The bureau's good work in forecasting those events is well known, which makes it one of the most highly respected institutions in the nation.

Against that background, I did want to ask about the government's efforts in computing technology. I understand that the government has made some moves recently to invest in supercomputing technology, and I am very interested to understand the likely impact of technology on boosting Australia's forecasting capabilities and the benefits that will be derived from that technology more generally.

Mr HUNT (Flinders—Minister for the Environment) (17:44): To the member for Banks, let me start by acknowledging his fundamental role as one of the lead architects of the Georges River recovery plan. Whilst he was a candidate, he worked hard to recognise that this was a fundamental local environmental issue. It is about the health of the river. It is about the health of the fringing communities. In particular, the green army program was announced at a Georges River site. We committed to a significant Georges River recovery plan and I am very hopeful that, in fact, the green army legislation will pass through the Senate, if it has not already, in the coming hours. The consequence of that will be that this program will be ready to roll out and the Georges River will include some of the first projects in the country.

Having said that, the broader challenge raised by the member is of forecasting for Australia's urban and regional communities. In Sydney itself, only some years ago there was a massive and catastrophic hailstorm. In Toowoomba and the Toowoomba Range, we witnessed the most tragic of flood events only a few short years ago. The lesson from that is that early warning and early intervention are absolutely critical. So we as a government have provisioned to acquire a new supercomputer. This will be the eighth supercomputer in the series since they first began to be adopted. The hope is that there will be two key steps over the coming two years. Next year, we are due to acquire new satellite capacity, and the following year we are due to acquire a new supercomputer. It was a project that was, sadly, unfunded. It should have been funded. It was overdue to be funded and there was a black hole in the budget. Nevertheless, we have made space in order to find that funding. We have funded it fully. The funding is set aside to ensure that, once the tender process is complete, the supercomputer will be acquired.

Why is it important? It is important for rural communities because it provides early warning in relation to fire, flood and cyclone. In particular, the fire authorities currently use the existing supercomputer to provide early warnings about wind shifts, which are absolutely fundamental to fighting the fire and even more fundamental to protecting the lives of people in particular communities and firefighters. In the end, there will be fewer lives lost, we hope, as a consequence of this. What is the capacity upgrade? It is a tenfold increase in capacity. That allows us to run more cycles, to look at more activities on a commensurate basis and to give earlier warnings—in short, more data, more frequently, more accurately. That is what the supercomputer is about. For our urban customers, for the population of Australia, they can see if there is the risk of flash flooding, as we saw, tragically, in Toowoomba. If there is the risk of a hail event, precautions can be taken such as placing cars undercover. We cannot stop all of the effects of weather, but we can give people the opportunity to mitigate. That is a quick summary. It is an important acquisition and, at the end of the day, it is about better data for Australians and about saving lives.

Mr BUTLER (Port Adelaide) (17:48): I ask the minister a couple of questions about the Emissions Reduction Fund. Firstly, can the minister point to any modelling, conducted either internally by the department or under contract by an external organisation, around the likely abatement achieved through the Emissions Reduction Fund and its contribution to the five per cent target? In particular, does that modelling distinguish between abatement that is or is not consistent with internationally agreed methodologies? Regarding the Carbon Farming Initiative legislation that the minister introduced to the parliament today as the vehicle for this fund, obviously this essentially expands the land sector specific framework beyond the land sector to cover a whole range of other sectors that the minister would like to see covered by the Emissions Reduction Fund, including household and community energy efficiency and a range of others.

The economics of the potential abatement from these other sectors will obviously be different potentially to the economics of the land sector, yet, as I understand it, the government's intention is to assess all of the sectors on the same lowest-cost model. I am just wondering whether the minister can outline how the government intends to deal with those cost variations between those different sectors; and how an average weighted price disclosure, which is intended to provide the price signal for potential bidders, will have any validity if the contracts are highly variable.

Mr HUNT (Flinders—Minister for the Environment) (17:50): I am delighted to answer the questions from the member for Port Adelaide. It is good to see him on his feet. He has not actually asked a question in 9½ months in question time, but I have not embarrassed him in public about that fact.

Let me deal with part 2 of the question first in relation to the Carbon Farming Initiative extensions. The answer is very simple: we are using the lowest-cost purchasing model. That is the way to purchase abatement, and we are shamelessly, clearly, openly, purchasing abatement on the lowest cost. That was what we said we would do on 2 February 2010 and we have never deviated from that model. We have continued that through to this particular approach, and the answer is very simple: the clean energy regulator will produce a weighted average price for abatement and the way that purchasing will occur will be up the cost curve. So, as volume needs to be purchased, each successive unit will be acquired and, then at such

time as the regulator has acquired all of the units which it needs to acquire, we will see a final price and that weighted average price is released. We are not differentiating by sectors and we have always said we would not do that.

As an example, if you have \$100 to acquire units, you could acquire on a differentiated basis two units at \$50, because you wanted to support a particular sector but you would only get two tonnes of abatement. Or you could acquire 20 units at \$5 per tonne, if that were the cheapest. We will without doubt, without question, be purchasing the lowest-cost abatement. That was always our intention and that is how you can get the maximum efficient result for Australia. I think that that is very important.

Secondly, it is important to put this in the context that the world has two primary approaches. One is a carbon tax based system which is, for example, the European system—although they have high caps relative to actual production. They have more than 100 sectors carved out as being trade exposed, and many have said that the net contribution to emissions reduction is likely to be minimal, if not negligible, between now and 2020 such as the head of Point Carbon's research desk—Point Carbon being, arguably, the leading trading house in relation to the European scheme.

The alternative scheme, the clean development mechanism, produces abatement as an offset, which is then purchased on a lowest-cost basis. At the moment there are about 1.4 million tonnes of genuine abatement credits which are available internationally. The evidence is clear that the clean development mechanism, which is a model for what we are doing here, has produced genuine, low-cost abatement.

The second half of the question was in relation to the Emissions Reduction Fund. I will point the member to the work of Energetics. I will also point the member to the fact that the white paper sets out expectations. The modelling on which that was based is also set out in terms of the budget. The budget sets out a projected cash flow.

The full \$2.55 billion will be available from day one. We have changed. We have made a policy change here: instead of the \$2.55 billion being phased over four years, it has all been brought forward and is all available from day one. A projected cash flow has been set out, which is based on, obviously, the analysis of the department. What we cannot do of course is release the projected price, because that is commercial-in-confidence and would prejudice a Commonwealth tender. That work has been done. It has been done not just by us in terms of analysis; it has also been done by firms such as Energetics. What does it mean? We will achieve our targets and will achieve them easily. Most significantly, we will achieve them without a carbon tax.

Mr IRONS (Swan) (17:54): Thank you, Mr Deputy Speaker. My question will be to the minister, and I am sure that you would be capable of answering the question, as you indicated earlier, but I will make sure I address it to the minister! It is in relation to the Swan and Canning rivers in Perth, but first I want to provide the minister with some context, obviously, on environmental issues in my electorate of Swan—environmental volunteering and some previous approaches to the environment in my electorate.

As the minister might know, Swan is like an inland peninsula, surrounded by rivers on three sides while on the eastern side there is a series of small lakes and swamps. It is a very environmentally sensitive area; it is a bit of a jewel in the electorate because there are not

many people who are aware of it. But I know that the minister has been down there; he visited it with me some time ago. I do appreciate that and the people of Swan appreciated his taking the time to come and look at that particular jewel down in the electorate.

The people of my electorate interact with the local environment all the time and environmental issues are therefore particularly important in the electorate. I do remember that one of the first times I went down to the Canning River regional area, we were in the process of releasing some swans that had been injured. An environmental group in Victoria Park had retrieved them, saved them and brought them back to health, and we went down one Sunday morning and released them back into the Canning River. The only real negative to that was that about half a dozen planes flew over the top as we were doing it and scared them! But at the same time, the high aircraft usage over that area does have an effect on the environment down there.

The wetland areas were degraded over time, which has created many issues. Some of the degradation that we are still dealing with today includes use as a rubbish tip, which was on Burswood Island; dumping of toxic waste at Castledare in Wilson—chemicals being dumped in the area; asbestos being dumped in the area; and all of this, obviously, was not helped by antisocial behaviour like the dumping of shopping carts from the Carousel shopping centre.

There has also been an issue with the introduction of non-native species and weeds, which have taken over large areas and which have caused problems for aquatic life in the river systems. They have also reduced the biodiversity. A serious example of this is the hydrocotyle weed, which is one of the things that I showed the minister when he came down and looked at the Wilson Lagoon. That was introduced to the river in the 1980s. For those who do not know, hydrocotyle is an imported pet weed. It was initially in fish bowls but it was released into the local river area, unfortunately. In the right conditions it can double its biomass in three days to a week, creating a green mat over the entire area—particularly on the Wilson Lagoon. Since then it has caused major problems, and periodically there have been very bad years of growth; for example, 1992 and 2013-14 have been extremely bad years.

SERCUL, which is one of the local volunteer environmental groups down there—I am sure the minister is aware of them—has in the past directed over \$77,000 to tackling the hydrocotyle over the past decade. The Two Rivers Catchment Group has directed \$27,000 as well over the same time, but a greater investment is needed to finally get on top of this issue because it is causing enormous damage to the environment down there. This was at the heart of our proposal to the minister for the Swan-Canning River recovery program.

Much of the work to remediate the environment will need to be done at the local level by local groups. And even when the funding is delivered the larger body of work also tends to be done at the local level. The majority of the action involves weeding, revegetation and removal of the hydrocotyle, which is a pretty difficult issue. I went down there myself with one of the Wilson Wetlands groups and with a group of schoolchildren from Wilson Primary School. I put on some waders and went out into the lagoon and removed some of the hydrocotyle in there. It is an extremely long process which will require a lot of time from the local environment groups.

In the past, the Howard government's appreciation of the need for environmental action at the local level has been a strong focus. The focus under Labor has been solely on climate

change and offshore credits, neglecting on-the-ground action down in the areas. This was epitomised by the reduction that NRM had in their funding under the last government.

But just to get on to the question: can the minister outline the government's Coastal River Recovery Initiatives program and the areas that will be targeted? And what funding has been allocated for the Swan-Canning rivers, and how will this improve the environmental health of the waterway?

Mr HUNT (Flinders—Minister for the Environment) (17:59): I thank the member for Swan for a comprehensive question. All up the government's coastal rivers recovery plan is \$9.3 million. Of course, there is \$1 million that has been allocated for the Swan-Canning River recovery plan. I will come to that in more detail in just a second. In addition, particularly with the member for Boothby here, there is \$1 million for the River Torrens. He was a champion and a fighter for that. I also note that the member for Bass, who is here, was an inveterate campaigner for the \$3 million for the Tamar River recovery plan. His river was dirtier than yours! So three of the key components of the national coastal rivers recovery plan are represented around the table in the chamber this evening. There was also \$3.3 million for Tuggerah Lakes for recovery there as well as \$1 million over four years for the Yarra River recovery plan.

Turning to the Swan and Canning rivers, there are three components which are addressed in the \$1 million. Firstly and most significantly is weed removal, eradication and revegetation, as set out by the member. The hydrocotyle, as you have shown me, is a fundamental problem. Both rivers can be threatened by it. Each river has lagoon systems where the water is not running so quickly. I have with you inspected the site and, seen the challenge and it was precisely because of those site visits and the support of the community and the state that we determined that this was a genuine and necessary problem. I know it affects electorates of all persuasions. The Labor-held electorate of Perth will also benefit significantly from this program, as it should. At the end of the day it is about maintaining and improving the health of one of our fundamental urban riparian assets.

The second component of the Swan River recovery plan is community education. It is about ensuring that the sorts of shopping trolley issues and urban pollution issues to which the member for Swan refers are mitigated—that they are reduced. The lessons around the country are very clear: if you engage your schoolchildren early, if you engage your secondary school students, then you can have an impact on the community as a whole. We cannot guarantee 100 per cent community compliance, because that is the nature of who we are and what we are as a society, but we can make a dramatic difference.

The third of the changes is in relation to community action, and that is supporting particular community groups to engage in on-the-ground physical work. It could be replanting, it could be riparian recovery, it may be the development of habitat for threatened species in particular along the Swan and Canning rivers.

Only a few short hours ago I did sign-off on a brief allocating the funds to the Perth NRM. But after consultation with the member, the significant condition which I had placed on it is twofold. Firstly, the condition is that there will be zero dollars used by the Perth NRM for administration—100 per cent of the funds, \$1 million of the \$1 million allocated, must be used for cleaning up river in the three ways outlined. That is a direct consequence of the

rightful demands of the member for Swan that every dollar goes to cleaning up the Swan and Canning system.

The second condition is that the allocations are notified to myself beforehand. That allows proper consultation and openly I say with the member here to ensure that he and other community representatives believe that all recipient bodies are appropriate bodies with full probity attached to them. We will, of course, do our probity checks but I wanted to make sure that there is a second line of defence. I thank the member. This program would not have occurred without the support of people such as the member for Bass, the member for Boothby and the member for Swan and this project would certainly not have occurred without the tireless and indefatigable advocacy of the member for Swan.

Mr BUTLER (Port Adelaide) (18:04): I want to ask the minister a couple of questions about the National Water Commission, which has been abolished under this budget. As the minister knows, this is an independent statutory authority that has been in place since well before the election of the Rudd government—I think for 10 years or so—that was set up as part of the intergovernmental agreement with COAG on national water issues. Its functions include triennial assessments of the performance of the states, implementing the National Water Initiative, advising and reporting on performance of the water industry more broadly under the National Water Initiative, delivery of the planning report card on the status of water plans that are in place across the country and delivery of national performance reports on the performance of both urban and rural water utilities. As the minister also knows, the Water Services Association of Australia and the Australian Water Association have both expressed grave concerns about the abolition of the National Water Commission.

Some of these questions were asked in Senate estimates without any clear answer. I wonder whether the minister can provide some more clarity around which functions currently undertaken by the Water Commission will be discontinued. For those that will continue to be undertaken, by whom will they be undertaken? If those decisions have not yet been made—if the minister is not able to answer those questions in detail—when will those decisions be made and announced to the parliament and, perhaps more importantly, to the sector and to the community? As I have outlined, the functions of the Water Commission involve very significant interaction with the states and territories but also with the water industry, represented by the two associations I referred to. I wonder whether the minister can detail the consultation undertaken with those bodies prior to the decision to abolish the water commission. Also, what discussions have taken place, in regard to those questions I have raised, with the states and particularly those party to the intergovernmental agreement, since the decision was announced to abolish the Water Commission?

Mr HUNT (Flinders—Minister for the Environment) (18:07): In response to the member for Port Adelaide's question, let me begin with two overarching principles: I began this discussion of the portfolio budget by framing it in the context of the \$240 billion deficit overrun which occurred over the last six years. This is done against the backdrop of an extraordinarily expensive national budgetary crisis which we have faced, so it is something that we have always intended to address and which we said we would address. The second background item here is that the Murray-Darling Basin Agreement has been completed. Much of the preparatory work for that has been done by the National Water Commission and we have seen, with the grand achievement of the Murray-Darling Basin Agreement having been

endorsed by all relevant states, that we now have an operating system which we can all be proud of.

The role of the National Water Commission—as somebody who was integrally involved in helping to establish it—was first and foremost aimed at ensuring that we would reach the Holy Grail of a Murray-Darling Basin agreement. That was its *raison d'être*, its purpose, its reason for existence. We have achieved that primary outcome. Institutions at a governmental level are not necessarily meant to live forever. It is sometimes a mark of their success that they have achieved their outcomes. In a government with over 900 different agencies, organisations or commissions, if they can then be slimmed down to a number which might well end up being half of that then I think that is a sign of success.

In this particular case, we think that the National Water Commission achieved its outcomes. The Murray-Darling Basin Agreement was a fundamental outcome. We are proud of what has happened. I particularly want to congratulate my parliamentary secretary, Senator Simon Birmingham, a senator for South Australia. He worked to complete the task which had begun at COAG in 2004 with the Intergovernmental Agreement on a National Water Initiative. That task has been significantly achieved.

In terms of the monitoring and reporting, I can make a statement to the parliament that the functions will overwhelmingly be adopted by the Department of the Environment. They will be brought within the relevant water unit. I think they are well-equipped and capable of handling those functions and will do that with great distinction.

Mr NIKOLIC (Bass) (18:10): Minister, can I first of all thank you for your commitments to the Tamar River. As I recall, the genesis of the three-year plan that has just been approved in the budget was on a famous day, 4 July 2012, on a very cold morning in Launceston, when there were good discussions with some key stakeholders that have resulted in the plan to deliver a healthier Tamar River.

I am mindful of the time limitations so I will quickly ask you about the status of the process to procure a new icebreaker to replace the ageing *Aurora Australis*. Can you outline the government's commitment in the budget to our Antarctic program, update on the status of the icebreaker and explain how the government's commitment to Antarctica will benefit Tasmania?

Mr HUNT (Flinders—Minister for the Environment) (18:11): To the member for Bass, let me make this point. Firstly, as I noted earlier, you were personally an absolute champion, an indefatigable champion, for the Tamar River recovery program. Secondly, as one of the Tasmanian team, the member for Bass, along with all others, advocated for the replenishment of the Antarctic program.

There are two parts to this: the capital acquisition and the research. The interesting thing is that the need for a new icebreaker was self-evident. The *Aurora Australis* is the best part of two decades old. It has really reached the end of its operational lifetime, which will be strung out for longer perhaps than it should be, but I am assured that all the safety protocols can be met. Nevertheless, we have needed for some years now a new icebreaker. In this budget we made the commitment to acquire a new icebreaker, and the funding has been set aside. There was a black hole—critical national infrastructure was not funded. It is now funded. The exact amount will be subject to a tender but, as I have said elsewhere and earlier, a global figure of

\$500 million covers the cost of the icebreaker and the Bureau of Meteorology's supercomputer easily.

What will this do? It will allow us to have a world-class research platform. It will allow us to have a world-class logistics and supply vessel. It will enable us to reinforce the bases at Mawson, Davis and Casey. In particular, it will allow us to ensure that our sovereignty is established beyond any point of doubt whatsoever. Under the Antarctic protocols and treaties, what is fundamental is usage, and if you are not maintaining a presence and usage then you place at risk your claim for sovereignty. For all those reasons, the new icebreaker is fundamental. But in terms of scientific research we could not have a more valuable fundamental platform.

This brings me to the second part of our commitment. There are three programs which we have endorsed which are going to assist with the long-term research and logistics capability of our Antarctic program and are all about establishing Tasmania as the global gateway for Antarctic activity. Firstly, we have reaffirmed the \$25 million for the cooperative research centre on Antarctica. Secondly, we have established the global gateway partnership between the University of Tasmania, the CSIRO and the magnificent staff at the Antarctic Division—all world-class researchers, but I am particularly proud of the researchers at the Antarctic Division led by Tony Fleming.

The third thing we have done is to provide \$48 million for the extension of the Hobart runway. That \$48 billion serves many purposes. It serves purposes for general commerce, general tourism and general trade within Tasmania, but in particular it equips the runway to be a logistics hub for activity in and out of the Antarctic. When you put the new ship, the new research and the runway together, this is the biggest single investment in Australia's Antarctic program in Australian history. This is a very important step forward. It is critical. It is the right thing to do for the environment. It is the right thing to do economically, because many other countries have expressed deep interest in having Hobart or Tasmania as their logistics hub for Antarctic activities. And it is the right thing to do in terms of our national strategic interest.

Just before I conclude, I want to thank all the members of the department and my office who worked on the budget. The department staff were led by Matt Whitfort. He and his team did an extraordinary job during the process of the budget preparation. Within my office, I want to thank my chief of staff, Wendy Black, and Tamay Rigzin, as well as all the other staff.

Proposed expenditure agreed to.

Agriculture Portfolio

Proposed expenditure, \$485,125,000

Mr JOYCE (New England—Minister for Agriculture and Deputy Leader of The Nationals) (18:16): This is my first roll of the dice in the Federation Chamber in this process of the budget. Agriculture has been a vital industry and will be a vital industry for where our economy goes. It is a statement of fact that, if we did not have an agriculture industry, then we would not have the nation that we currently see. This nation was in the past strongly reliant on its development through agriculture, and I believe that that is coming back to the fore again.

I have been extremely happy with the process that agriculture has been going through since we attained government. I feel there has been a real return to the Australian people because of that. I note with some interest that, in the quarter ending in March, we had a 19.3 per cent increase in agricultural income, and it was 19.3 per cent in the same quarter in the previous year. This shows a trend, and this trend is underwritten by a whole range of factors that we have been concentrating on intently.

One of the issues is re-establishing the live cattle and sheep trade in a form that is bringing real dignity back into people's lives. I was happy to see that in Western Australia the other day they were getting up to \$153 for sheep. This brings substantial change to people's lives, who get the dignity of a substantial cheque coming through the door on the sale of sheep. This allows them to reinvest in their property and brings dignity into their lives by allowing them to do some of the things that everybody else takes for granted—maybe it is renovations around the house, maybe it is buying themselves a new car.

This is the sort of outcome you would expect for people who go through the privations of living remote to many social services. If their job is one where they cannot get all the social services that one would expect, living in an urban environment, then we hope that the quid pro quo is a reasonable return for their endeavours. I am also happy to see that, in the timber industry, we are getting a large pick-up in the export of timber. We had a record number of live cattle moved in April, over 170,000. Prior to that—I think in the month before that—we had a record amount of frozen beef, 108,000 tonnes. When you stack all these things against each other, you can see that agriculture is not only starting to provide a real return to the people on the land but also managing to help our nation.

I will give one classic anecdote about that. Back in the month of January, we suspected that the nation would make a \$100 million loss, a \$100 million deficit. We actually made a \$1.4 billion surplus—a \$1½ billion turnaround. That was predominantly driven by agriculture. We had an excellent crop coming off in Western Australia—we got about 6.2 million tonnes of that onto the ships—and we had good outcomes in the live cattle trade, the live sheep trade and the export of frozen beef, chilled beef and chilled mutton.

Let me turn to some other areas. We have managed to finalise a free trade agreement with Korea, which has brought about a substantial reduction in tariffs, especially in the beef sector, and ultimately they will go down to zero. We have finalised a trade agreement with Japan, which has brought about a substantial reduction in tariffs. We are currently in the throes of negotiating the Chinese one. I have had discussions with the Chinese departments, and Minister Gao from China was here in the last fortnight. We were very focused on what we are doing there. Some of the increases in exports to China have been incredible. They have been 500 per cent in a year in some sectors. There has been an exponential increase in beef exports. These all augur well for a good outcome.

On the back of that we have also had to work closely on drought policy. We have been managing to deliver good outcomes on drought policy, good outcomes on infrastructure and great outcomes with the recent \$100 million further investment in research and development in agriculture. That basically takes our total to around \$700 million a year. I look forward to participating in this process over the next 45 minutes. We will see how we go.

Mr FITZGIBBON (Hunter) (18:21): This is the Minister for Agriculture's debut in this process, as he mentioned. I congratulate him on his tie. I do not know whether that counts as blue, but it is close enough. May the Blues have a great win tonight!

I advise the minister that this should be a pretty painless 45 minutes for him. The minister and I have talked often about our best endeavours to take a bipartisan approach to this portfolio. We together believe it is too important an area of public policy to be playing political games with. We are very conscious of the very short political cycle at the federal level—three years—and the need for long-term planning and certainty in this sector.

I am a little bemused though by the minister's own scorecard, claiming that everything that has happened in a positive sense in agriculture over the last 10 months has been due to the good work of the Abbott government. I challenge him throughout these 45 minutes to tell me how the rise in timber exports, the increases in frozen beef exports—and he mentioned that about four times—the bumper wheat harvest and the free trade agreements, signed or otherwise, are as a result of anything he has done.

He will of course claim some success in the live trade. He is always very keen to mention that. He mentioned that four times as well. I often think that for the minister if it does not moo it does not matter. This is a very diverse portfolio. I understand how important the beef industry is in this portfolio but there are other dimensions, Minister, to the agriculture portfolio, including forestry and fisheries, which you decided not to include in the name of the portfolio.

The minister can attempt to claim credit for all of these things but he will need to provide over the next 45 minutes some evidence of something he has done that led to the outcomes he has been talking about. Of course he will say that things have improved in the live trade sector. I have said many times that the pause in the live trade sector was unfortunate and I regret it. I would like to think that, if I were the minister at the time, there would have been other alternatives available to the government. I often also make the point that this country probably would not have the best animal welfare system in the world now—ESCAS—if it were not for the pause. It is doubtful that the industry would have ever embraced ESCAS if the industry had not been paused. Those opposite when they were in opposition always criticised ESCAS, but now in government whenever they are in a battle with those who have as their key focus animal welfare they invoke ESCAS as the great system that Australia possesses now as a defence against those charges.

I believe the government has got off to a pretty slow start in agriculture, and I am here to help in any way I can. I think the agriculture white paper, while possibly justifiable, presents policy inertia for the country at a time when we are really in a hurry. We have hundreds of reports on reviewing the industry, reviewing our outlook and reviewing where we need to go as a sector. I think it is just time that we got on with it rather than spend a year trying to reinvent all those reports through the white paper. I notice the member for Hume here. He is the author of one of those very good reports. Maybe if the minister had just spoken to the member for Hume, we could all have saved some time.

I am excited about the Agriculture portfolio and the agriculture sector. I believe that what I have described as the dining boom presents this sector with enormous opportunities. The extent to which we capitalise on those opportunities will depend on how hard we work at those aspirations. We do need strategic plans, proper assessments of where we are going, and

we need a big injection of infrastructure in our supply chains. The dining boom is not going to deliver for Australia because we are lucky. The dining boom will only deliver for Australia if we put in the effort, we have the correct strategic plans, we attract the investment we need in those supply chains and government policy is set correctly. Of course, it will not be just about larger volumes. It cannot be just about volumes. To pluck a number out of the air, we might be able to increase volumes threefold, but that will not bring us the dining boom as I aspire it to be. It is high yields and high-value products which will deliver off the back of the dining boom, and that is where we need to focus. R&D will be very important. *(Time expired)*

Mr JOYCE (New England—Minister for Agriculture and Deputy Leader of The Nationals) (18:26): I think it is important to reply in kind at the first available opportunity to what the shadow minister has brought about. Today one was the monkey grinder and the other was the clown—

An honourable member: Organ grinder!

Mr JOYCE: Right. But I do commend the shadow minister because I do believe that there is a general view that agriculture policy is similar to defence policy. It has to be consistent. We do not want wild oscillations of policy, because people on farms do not plan for three years, they plan for 30 years, and therefore we need consistency. I am sure the endeavours of both sides will be to make good decisions better rather than make holistic changes that create major uncertainty.

I would also like to commend the work that has been done over such a long period of time by John Cobb, who is here today. He has had very strong involvement at a personal level, owning a farm, in agri-politics and also in politics itself. However, I have to take up one thing straightaway. People ask: 'What are some of the major changes?' I will give you a major change between when the Howard government finished and when the Rudd-Gillard-whomever government finished. When the Howard coalition government finished, the budget in agriculture was \$3.48 billion. In the last Labor budget it was \$1.6 billion. So the Labor Party cut \$1.88 billion over their tenure. This is a substantive change for our attention. I look forward to the opposition's policy showing reinvigoration for that. How their policy addresses some of the issues rests a lot on the shadow minister's shoulders. One thing I do want is real competition—competition of ideas—because that helps progress where agriculture goes.

I can quickly point to some clear changes. When we came in, we had the concessional farm finance package, which I acknowledge the Labor Party drew up but they just never signed it off. Because it was never signed off, it could not be delivered. We had a package which was not signed off and was not actually designed for the people who were to use it. We had to completely recalibrate it. Because we wanted to get all the states and territories signed off, we had to go around to get them all to sign off. To the extent it was designed, it was inoperable, because it wasn't signed off by all the states and territories. We had to do that and we had to reallocate money. So we had the same amount of money, God bless them, going to Tasmania—that is fair enough—as we had going to Queensland. One area was in the middle of a drought and the other area wasn't suffering the privations of a drought. We did that. It was the coalition that did that, and the people are getting that money because we organised that.

The next thing is we also found money for water—that is definitely something that we did; \$10 million—and we have been receiving strong support in that policy initiative, because

people like the capacity of getting new watering points out on their place. That is something we did.

On 4 March we got the changes to the interim farm family payment, and now over 1,400 farming families who have been doing it tough have been receiving payments in excess of \$900 a fortnight. It is amazing when people say, 'You haven't actually done anything in agriculture. You haven't got any money out.' That is an awful lot of money and it has been going out, and we have been doing that. So we did that.

The free trade agreement to Korea was not signed off; we did that—that was another thing we did. The progress that has been made with the ag white paper, which was a clear statement by the coalition of their intent to have a holistic and very discerning view on where agriculture goes and create a policy format that becomes not a direction of the— (*Time expired*)

Mr FITZGIBBON (Hunter) (18:31): I will invite the minister before closing tonight to give the parliament an update on the white paper, the timing of the initial paper, the final paper and maybe some information about the process leading up to the completion of that document. I will ask the minister next time he gets to his feet to tell me exactly where. He has cited live trade, timber exports, frozen beef, bumper wheat harvests—and I assume he was referring to WA—and the free trade agreement. I ask him how what he describes as reconfiguration of the concessional loans package brought any of those outcomes; how additional money for water infrastructure, as he calls it, has brought any of those outcomes; how the family payment—and of course there has always been a family payment, Minister—has brought any of those five outcomes; and how the free trade agreement, which is not yet ratified, has brought any of those five outcomes you boasted about and claimed credit for tonight.

I have got so many questions to ask. I wasn't sure where to start but you have taken us to the concessional loans scheme, so it is probably as good a place as any. You said, Minister, that you reconfigured Labor's concessional loans scheme. It is untrue to say that the states were not signed up. There was one outstanding state, Western Australia, when I left office—and you do not need to look to your advisers; I can confirm that for you, Minister; I can assure you that that is the case. It is true that you took money off some states and transferred those amounts of money to other states—and of course the losers were the smaller states of WA, Tasmania and South Australia. You say that that was a ridiculous arrangement, because some of those states obviously were not suffering bad drought—partly true, Minister. But you have to recall that the concessional loans scheme wasn't a drought package; it was a drought relief package and, when it was constructed, the farm sector in Australia was not facing severe drought. It was never a drought package. Yes, if drought was one of the reasons farmers were struggling to deal with their debt, then that would feed into that process. So it is wrong to say that, Minister, and you know it is wrong.

My question to you specifically on this is: what methodology was used to determine which states would receive the amounts taken from the smaller states? What consultation was undertaken with the smaller states before that money was taken? More particularly, the money you took away was more than the money you distributed to Queensland and New South Wales—a substantial difference; \$40 million, if I remember correctly. You made a commitment that that \$40 million would be put back into the concessional loans system—that

is, the original concessional loans scheme. I ask you: has that money been put back; and, if not, do you still guarantee that that \$40 million will be returned to that particular package?

I take you to your package, Minister, what I call the drought concessional loans scheme, which you implied tonight is assisting farmers as we speak, but, as I pointed out in question time today, on my last advice—and I would be very surprised if it has changed—not one farming family or farm enterprise has been a beneficiary of that drought concessional loan package since its implementation. I remind you that you first announced that scheme late in February. We are now well into June and that has not been bedded down. You stand here and criticise the design of Labor's concessional loans scheme, which, as you know, is flowing to farm enterprises and farm families, and yet your own scheme is not flowing. So I would really appreciate answers to what I think are very, very reasonable questions.

On the issue of the transitional or family payment, you know that welfare payment has always been part of drought. It is the one thing that has survived the COAG reforms. You should not claim that that is a big step up by this government. We were happy to support the changes you made and facilitate them to the parliament, but you might tell me whether it is true that those who are in receipt of those payments are therefore denied certain social services under the rural counselling scheme. I was just outside Emerald last week and I was informed that people are being denied certain services under what is generally known as the rural counselling scheme because they have taken up the offer under that family payment arrangement. If you would confirm that for me, it would be very much appreciated.

Dr GILLESPIE (Lyne) (18:36): Australia is incredibly fortunate to have a very high status of freedom from a vast array of exotic pests and diseases. If any of those were to establish themselves here in Australia, it would potentially decimate large sections of our primary industry sector. You only have to look at the *Varroa* mite and the colony collapse disorder that has affected the bee industry overseas and the screw-worm fly, which exists as close as Papua New Guinea. There was an isolated outbreak in Wagga; fortunately, it was snuffed out. Karnal bunt is a fungal disease of wheat found in the USA, and there is a vector insect, the glassy-winged sharpshooter, which introduces Pierce's disease, can decimate the wine and grape industry and is afflicting the North American grape industry. Recently, we have had the Asian longhorn beetle, the brown mulberry longhorn beetle and Japanese soya beetles identified in some wood products. There were some press releases about it. You can see what potentially could have happened to apples, pears and stone fruits. Some months ago, a chocolate banded snail outbreak was also identified. So there are all these exotic pests and diseases.

Our overseas colleagues and trading partners say that a lot of this is just a beat-up, but really it is a major threat to our isolated flora and fauna. Minister, in light of these ever-present threats that exotic pests and disease pose to us, how important is it to get the correct government structures and governance in place for our national biosecurity efforts?

The DEPUTY SPEAKER (Mrs Andrews): I call the minister.

Mr Fitzgibbon: Madam Deputy Speaker, I am on my feet at the table. Why would you not be calling me?

The DEPUTY SPEAKER: Because the last time you jumped to your feet—

Mr Fitzgibbon: Madam Deputy Speaker, I am sorry. You must go government then opposition.

The DEPUTY SPEAKER: Excuse me, the last time you spoke you did not have the call. I had not given the call to you and you had spoken twice. I have given the call to the minister. Please resume your seat.

Mr Fitzgibbon: If you do not call me, Madam Deputy Speaker—

The DEPUTY SPEAKER: Resume your seat.

Mr Fitzgibbon: You cannot do this.

The DEPUTY SPEAKER: Resume your seat.

Mr Fitzgibbon: No, you must give the opposition the call on this occasion. You might want to seek advice from the clerks. I am happy to give you that opportunity.

Mr Joyce: Don't let them bully you, Madam Deputy Speaker.

The DEPUTY SPEAKER: I give the call to the minister to respond to questions so far.

Mr JOYCE (New England—Minister for Agriculture and Deputy Leader of The Nationals) (18:39): I intend to address some of the issues that were brought up by both the shadow minister and the member for Lyne. I have now been advised by the department that, when we had carriage of the concessional farm finance package, there were only three states—Queensland, Western Australia and Victoria—that had signed off on it. The statement made by the shadow minister of 'all but one' is incorrect. We had three. In the Commonwealth of Australia there are more than three states, last time I checked, so we had to get the others to sign off. We had to progress this deal. There is always an issue with picking up the paperwork from the Labor Party and trying to finish the job off. They never get there. It is always like a packet of poo tickets caught in the corner. You have to try to fix it up, sweep it up together and try to make some sense out of it.

What we also had was this complete confusion. Yes, there was a presumption that the number of farmers we had in Tasmania—and Tasmania is a great place—was the same as the number of farmers we had in New South Wales. It was an absurdity. After we got everybody signed off, we had to redesign the whole thing to make it work.

With regard to some states, and I refer to Western Australia, they placed conditions on how they were going to lend the money in that concessional farm finance package out. It did make it vastly more restrictive than other states, and it was difficult for those farmers to get access to it. So what did we do? When we got the \$320 million package through, we made it so that it was generic—so that people could get an equivalent loan in different states and territories. This is the sort of process you do to try to make a program work.

Moving on to biosecurity: biosecurity is terribly important. I think that, throughout the room, people understand that if we do not maintain our most competitive advantage—that is, our clean, green image—then we have real concerns. That is why, even in the last week, we have been on the front foot making sure we deal with the detection of three beetles. It might sound innocuous, but they were not George, Paul and Ringo. We had the longhorn beetle, the mulberry beetle and the sawyer beetle and these have the capacity to devastate our timber industry, as they have devastated Canada's. We have been on the front foot. We have been ventilating this issue. We have been making sure that we track it down. We have been getting

the quarantine in place and collecting all but, we believe, a few pallets that are around Adelaide. This is where we have to make sure we have the competencies in that field that are so apparent in the Department of Agriculture. I am happy; we stand behind that program and are making sure the Department of Agriculture has a front-line role in all the mechanisms of connection so that we can detect these issues.

If we had an incursion of foot-and-mouth disease, the person who brought it in would probably not even realise they had it. They could have been backpacking in Nepal. If they brought it in, we would have to shut down the beef industry, the sheep industry, the wool industry, live cattle exports—the whole lot. The whole lot would shut down. It is absolutely imperative that we keep up our image and we are doing that.

Mr FITZGIBBON (Hunter) (18:43): That was a filibuster, but I agree with the minister that our clean, green, safe image is our greatest competitive advantage. I challenge the minister when he is next on his feet to tell us what any initiatives of the government—this government—have added, in the course of the last ten months, to biosecurity in this country.

The minister likes to talk about concessional loans in the areas where he feels confident, and of course he has some advice about three states. My advice was different. We will have to agree to disagree on that, Minister. But you did not answer my specific question, so I am therefore going to come to some conclusions about the answers. You chose not to guarantee this House that the \$40 million would be returned to the original concessional loans package; therefore, I can only come to the conclusion that that money is back off to consolidated revenue and will be denied to the farm enterprises of this country.

You did not deny that no-one in this country is a beneficiary of your drought farm financing package so, on that basis, I assume the answer to that is 'yes'—that is true: no-one is yet a recipient. You did imply that it is all fixed now and ready to go but my advice is still is that it is only Queensland farmers that have access to that scheme, so if you are not prepared to tell me otherwise then I think it is reasonable for me to assume, and for farming families out there across the country to assume, that that is also true. I would invite you to answer those questions.

Of course, you did not advise me that consultation was undertaken with the smaller states before that money was ripped away from them so, again, I can only assume that you are confirming by your silence the assertion I have made.

I want to move on to research and development. I made the point at the end of my opening remarks that it is research and development and innovation that, more than anything, is the extension that will bring us the real opportunities in the dining boom. I do note, and I congratulate the government, for fulfilling its election commitment to put an extra \$100 million into R&D—over a four-year period, I should mark. But that is a welcome thing. I invite more detail from the minister about how that money will be spent, and I also ask the minister what the net effect of R&D is in agriculture, given that it seems he did enhance R&D spending on one side but cut R&D funding to organisations like RIDC—the Rural Industries Development Corporation—to organisations like the CSIRO and to various CRCs in this country. Indeed, this includes certain higher learning institutions. So I do ask the minister whether he can tell us what the net contribution to R&D in the agriculture sector will be as a result of those two sides of the formula.

I would also ask him about another very important area, and that is regional sustainability. It was a great disappointment to me that resource sustainability did not form part of his terms of reference for his agricultural white paper. I just do not understand how you can talk about agriculture's future in this country and the opportunities in Asia without talking about how we produce more food with the same limited and, in some cases depleted, people, land and water resources. That leads me to questions on a bill that has just been introduced today, and that is the government's Carbon Farming Initiative. He might want to address my primary concern in that area, and that is the likely noncompetitiveness of the agriculture sector when bidding for funding under that scheme.

I would expect, Minister, that there are many other areas of the economy which will be able to abate carbon much more cheaply and competitively than will the agriculture sector. Therefore, I am concerned in this reverse auction-type arrangement that the government proposes in the parliament, that the agriculture sector simply is not going to be able to compete for funding under the new Carbon Farming Initiative, and therefore will be cut off from assistance under that scheme.

In addition, I understand that the R&D component of the former regime will be reduced, if not abolished, further undermining the capacity of agriculture to secure credits under that scheme. So if the minister could help us better understand that, that would be very much appreciated.

Mr JOHN COBB (Calare) (18:48): Initially, I mostly want to speak on the APVMA, which is a semiautonomous body but which has the ability to affect agriculture profitability, efficiency, ability to export and what we allow to come into Australia enormously.

Twenty-five years ago Australia was the first place that chemical and veterinary medical companies came to get their products registered because if it was accepted here then it was accepted right around the world. It was efficient, it was fast and it was very well-respected. That has changed to an enormous degree. We are now the last place that chemical and veterinary medicines are brought to be registered. It must be remembered that we are not a big market in the scheme of things and a lot of companies feel that they do not need to cater for some of the things that we do need.

I realise that, and I appreciate the shadow minister falling in with us on the amendments to the legislation that got rid of the issue of having to automatically re-register chemicals on a time frame. That was ludicrous, and it is good to be shot of it. However, that does not make or force the APVMA to meet time frames, which they have never done—they have ignored them in the past. It has not meant that they have to take notice, particularly with chemicals, of countries that are as good as the USA and Canada, who do not want to kill their population or their animals or their plants either. They do very good work. The APVMA is not forced to make use of work they have already done. They always reinvent the wheel—the legislation allows them to. But as they have not done it at any time recently why would they want to do it now?

I think that the only way that the bureaucracy will do what they do not want to do is if they are forced to by competition. I am interested to know if we as a government are looking at making some of the testing contestable so that outside sources can come and do it—certainly as well and, I am sure, a damn sight faster than the APVMA does. They have enormous ability to help agriculture, which is not actually its job—its job is to protect people—by being

fast and efficient, and a hell of a lot faster and more efficient than they are now. The fact that this is totally cost recoverable means that they feel no pressure to get a move on at the best of times.

I am very interested to know if we are looking at contestability and what we are doing. It is obviously not good enough for a government to say that this is an autonomous body and they are a creature of government. We either force them to do what they should do well by making it contestable or by legislating to make them. I am very interested to hear where we are going on this. I appreciate the amendments to the legislation, but, to me, one of the biggest things facing agriculture is the bureaucracy and the bodies which we pay for and control working with agriculture and not seeing themselves as regulators and agriculture as their creature.

One other question I have is where we are up to in assisting the Queensland government in dealing with their issues of Johne's disease in the north with cattle.

Mr FITZGIBBON (Hunter) (18:52): I take this brief opportunity to simply reinforce the questions that I have put to the minister on the various concessional loans schemes. My additional question is: can the minister advise the House what will happen to the \$40 million budgeted this financial year under the Drought Concessional Loans Scheme, given that it is hardly likely that he is going to be able to spend that money this fiscal year?

Mr JOYCE (New England—Minister for Agriculture and Deputy Leader of The Nationals) (18:52): To the member for Calare: I would not jump the gun that he has actually got these amendments through the Senate. It is actually stalled in the Senate. We have got ourselves a bit of a—

Mr Fitzgibbon: It has stalled in the Senate, Minister? That is news to me.

Mr JOYCE: So we have got a few problems over there, and that is not the first piece of legislation that has stalled over there by reason of the Labor Party.

I just want to quickly go through a couple of the things that were also brought up by the member for Calare. With regard to APVMA, I acknowledge that there is a strong desire in some instances by people wanting the minister to have a greater determination in what is available. This would move away from the belief in the independent scientists having complete oversight. As I have said before, I have to be little bit cautious because, if I had greater oversight, then maybe I would approve the use of DDT. But I do hear what you are saying. We do have the discussions with the independent scientists, especially in more recent times on fenthion, to try to make sure that we can get the greatest amount of information that we can possibly get on how we can work with growers so that we can assist them.

If there were to be a greater say for the minister it would require a legislative change and I think quite some discernment into what latitude you gave the minister, because just as you can assist people you could also end up in a position—hopefully neither myself nor the shadow minister but maybe somebody else who has a completely different view on the world—where they would go beyond where the independent scientists wish to be and would start banning things that would otherwise have no reason to be banned.

I have had discussions lately at my office with a major chemical provider and it works both ways. He was saying that we were too quick and that it was not given the proper oversight and therefore the major chemical company felt that they were exposed because Australia in some instances is too quick in its registration of chemicals and they did not believe that their

intellectual property was well protected in that space. However, I do note and I have noted from my own ministerial advisory council precisely the issues the member for Calare brought up, and that is that people want a greater capacity for APVMA to use existing knowledge as has been determined overseas and also to not completely go back over covered ground in registration of certain chemicals. I am having that discussion with APVMA via my department on precisely that.

With the issue of John's disease, there has been a request by Queensland for us to include in our levy structure a levy to assist Queensland in the eradication of bovine John's disease. I have a hesitancy to do that because, first of all, the Auditor-General has told me to have hesitancy because I am not allowed to. Apart from that, it opens a bit of a Pandora's box that every state then, when they want a levy, will arrive at the door of the federal government to impose it. Queensland has an alternate capacity to create a levy to control bovine John's disease themselves. I do not want to start picking up their washing.

Going back to the issue of concessional loans, as I have said, Western Australia being a classic example, if on the concessional farm finance package, which I commend the shadow minister for now calling the drought package— (*Time expired*)

Mr TAYLOR (Hume) (18:58): I have spoken many times in this and other chambers about the opportunity in agriculture. I know the minister has spoken about that earlier, as has the member for Hunter. In the time that remains, my question for the minister is: how will the agricultural white paper help the farmers of Australia to capture the fast-growing opportunities in agricultural markets in Asia?

Mr JOYCE (New England—Minister for Agriculture and Deputy Leader of The Nationals) (18:58): I thank the member for Hume, who I know has a very strong and very deliberate understanding and passion in agriculture. The white paper has received close to 680 submissions. It has had more submissions to it, I believe, than any other white paper that has ever been—in recent memory, anyhow—before the parliament. So I am informed. I am willing to be corrected, but that is the mail I am getting at this point in time. We have had around 25 face-to-face meetings—

Opposition members interjecting—

Mr JOYCE: Does it? How many has it got?

An opposition member: Over a thousand.

Mr JOYCE: Okay, I stand corrected. If you are correct, it is 18c.

With his information we have the capacity to deliver a policy platform, because ultimately this becomes a policy document. I have carriage of it but I do not have the passage of it through cabinet. It becomes a document of the Prime Minister. As I have said before, if you vote against it, it is called a 'career move'!

An honourable member: Stop it!

Mr JOYCE: You are using time up! I want to get back to his concessional loan issue—I think it is only fair. With the white paper, we have had the issues paper out, we are eminently about to release the green paper, which is the range of alternatives, and from that we intend the white paper and its conclusion will be drawn down around about November or December. With this it will be able to cover everything from infrastructure, such as we are currently

driving towards inland rail, creating greater connectivity between mining infrastructure and agricultural infrastructure. Also as part of that purpose I have been appointed as the Minister for Agriculture to be chairman of the dams committee. We all know that water is wealth and when the Prime Minister decides to have a dams committee and there must be an intention to build dams.

Our nation in 1980 had about 4½ megs of storage per person. We are down to around 3½ now. If we continue on our way we are going to be down to about 2½ megs of storage in 2050. That is just insufficient. Australia has to take the next step in dams. This will be something that I hope we get, because I know the Australian people want us to take the next step—overwhelmingly. There will always be a contingent that lives with the benefaction of dams and the benefaction of so many resources, but they never want anyone else to advance their position. But I believe this nation in the dams committee, which is also an integral part and is meshed within the white paper, is going to be so very important in advancing agriculture in new parts of this nation, especially in the North.

I note that the member for Flynn is here. In the Fitzroy catchment are some of the better dam sites in this nation. We have already been dealing with it. One of the biggest inhibitors of us actually progressing the dams issue in so many instances is excessive environmental green tape. We have the engineers that can do it, we have a workman who can do it, we have the plant operators who can do it, we have the farmers who can benefit from it and we have the hydroelectricity we can generate off it. The biggest impediment is ourselves. We have got to make sure that we reduce that impediment—not remove that impediment completely, but reduce that impediment in certain areas to do something that allows us to progress.

In the member for Flynn's electorate, Nathan Dam is held up by the boggomoss snail. This boggomoss snail is almost but not quite as powerful as the Booroolong frog, which managed to stop Chaffey Dam for I do not know how many years. But the boggomoss snail has been having a whale of a time and it is holding up a fundamental mechanism for the advancement of the economy in the Fitzroy Basin for both flood mitigation for the development of jobs and also doing something that the Australian people have always wanted to do, and that is move water from one catchment into the Murray-Darling. We can do that. We have the capacity to do that. Likewise, a dam that was in my area on the Apsley River was stopped by Neville Wran. *(Time expired)*

Proposed expenditure agreed to.

Debate adjourned.

Federation Chamber adjourned at 19:04.

QUESTIONS IN WRITING

Coal Seam Gas

(Question No. 173)

Mr Laurie Ferguson asked the Minister for Industry, in writing, on 28 May 2014:

In respect of the coal gas industry stakeholders group announced on 26 September 2013, what (a) are its terms of reference, (b) are the expanded, current and projected financial costs by the Government, (c) is the projected duration for its activities, (d) is the membership and the qualifications and remuneration of members, and (e) are the current and future plans for public, private and industry consultations.

Mr Ian Macfarlane: The answer to the honourable member's question is as follows:

Preliminary work was undertaken in considering the scope of this work and discussions were undertaken with potential panel members for advisory panel on New South Wales coal seam gas (CSG). In parallel, the government also released a major study on the Eastern Australian Domestic Gas Market and consulted with stakeholders on potential policy options. In light of this analysis the Government has decided not to progress with convening such a panel or finalising its terms of reference and other arrangements.

Labour Force Survey

(Question No. 176)

Mr Kelvin Thomson: MP asked the Minister representing the Minister for Employment, in writing, on 3 June 2014:

What is the level of unemployment in the (a) aviation sector, and (b) trucking industry.

Mr Pyne: The Minister for Employment has provided the following answer to the honourable member's question:

According to estimates from the Labour Force Survey conducted by the Australian Bureau of Statistics, in 2013 (latest available data), there were approximately:

(a) 2000 people who were unemployed and who reported that their most recent job in the past two years was in Air and Space Transport; and

(b) 7300 people who were unemployed and who reported that their most recent job in the past two years was in Road Freight Transport.