TUESDAY, 15 FEBRUARY

CHAMBER HANSARD

Condolences
Hansen, Mr Brendan Percival................................................................. 13421
Ministerial Arrangements ........................................................................ 13421
Questions Without Notice
Goods and Services Tax: Medicinal Products ........................................ 13421
Economy: Policy .................................................................................... 13422
National Textiles................................................................................... 13423
Economy: Government Record ............................................................ 13423
National Textiles................................................................................... 13424
Workers’ Entitlements: Protection ......................................................... 13424
National Textiles................................................................................... 13426
Goods and Services Tax: Business Preparedness .................................... 13426
National Textiles................................................................................... 13427
Tax Reform: Rural and Regional Australia ............................................. 13428
Workers’ Entitlements: National Textiles .............................................. 13429
Telstra: Privatisation................................................................................ 13430
National Textiles................................................................................... 13431
Tax Reform: Benefits for Exporters ....................................................... 13432
Workers’ Entitlements: Scone Fresh Meats ............................................ 13433
Private Health Insurance........................................................................ 13433
Workers’ Entitlements: National Textiles .............................................. 13434
Apprenticeships.................................................................................... 13435
National Textiles................................................................................... 13435
Prime Minister
Motion of Censure.................................................................................. 13437
Questions to Mr Speaker........................................................................ 13451
Minister for Health and Aged Care: Correction to Hansard ..................... 13451
Personal Explanations............................................................................ 13453
Privilege................................................................................................. 13453
Department of the Parliamentary Reporting Staff
Report....................................................................................................... 13454
Auditor-General’s Reports
Report Nos 22 to 30 of 1999-2000 ....................................................... 13454
Papers...................................................................................................... 13454
Matters of Public Importance
Workers’ Entitlements: National Textiles .............................................. 13454
Committees
Selection Committee—
Report.................................................................................................. 13455
Assent to Bills....................................................................................... 13456
Taxation Laws Amendment Bill (No. 8) 1999
Consideration of Senate Message ......................................................... 13457
Leave of Absence................................................................................. 13457
Main Committee.................................................................................. 13457
Matters Referred to Main Committee.................................................... 13457
Criminal Code Amendment (Application) Bill 1999
Second Reading..................................................................................... 13457
Third Reading....................................................................................... 13469
Ministers of State and Other Legislation Amendment
Bill 1999
  Second Reading................................................................. 13469
  Third Reading................................................................. 13473
Appropriation Bill (No. 3) 1999-2000
  Second Reading................................................................. 13474
Appropriation Bill (No. 4) 1999-2000
  Second Reading................................................................. 13474
Migration Legislation Amendment Bill (No. 2) 1999 [2000]
  First Reading ................................................................. 13502
Health Legislation Amendment Bill (No. 3) 1998
  Consideration of Senate Message........................................... 13502
Adjournment
  Kalejs, Mr Konrad............................................................ 13502
  Longman Electorate: Schools................................................. 13503
  Canning Electorate: Australia Day Awards.............................. 13504
  Mandatory Sentencing........................................................ 13505
  Rural and Regional Australia: Prime Minister’s Visit................ 13506
  Macquarie Electorate: Blue Mountains.................................... 13507
  Hansen, Mr Brendan Percival................................................. 13508
  Sydney Airport: Flight Movements......................................... 13509
  Hansen, Mr Brendan Percival................................................. 13510
  Notices................................................................................ 13511
Tuesday, 15 February 2000
Mr SPEAKER took the chair at 2 p.m., and read prayers.

CONDOLENCES
Hansen, Mr Brendan Percival

Mr SPEAKER (2.01 p.m.)—I inform the House of the death, on Sunday, 19 December 1999, of Brendan Percival Hansen, a member of this House for the division of Wide Bay from 1961 to 1974. As a mark of respect to the memory of Mr Hansen, I invite all honourable members to rise in their places.

Honourable members having stood in their places—

Mr SPEAKER—I thank the House.

MINISTERIAL ARRANGEMENTS

Mr HOWARD (Bennelong—Prime Minister) (2.02 p.m.)—I inform the House that the Minister for Sport and Tourism will be on leave until 13 March. The Minister for Financial Services and Regulation will act in her absence and answer questions on her behalf. I am also pleased to inform the House that I have appointed Mr Mal Brough, the member for Longman, as Parliamentary Secretary to the Minister for Employment, Workplace Relations and Small Business, consequent upon the resignation of the Hon. Kathy Sullivan as Parliamentary Secretary to the Minister for Foreign Affairs. The duties previously undertaken by Mrs Sullivan will be performed by Senator the Hon. Kay Patterson. Senator Patterson will continue as Parliamentary Secretary to the Minister for Immigration and Multicultural Affairs. I expect that Mr Brough will be sworn in as a member of the federal Executive Council tomorrow morning. An updated ministry list reflecting all changes will be tabled at that time. I take the opportunity to record my thanks and that of the government for the work undertaken by the Hon. Kathy Sullivan as Parliamentary Secretary to the Minister for Foreign Affairs.

QUESTIONS WITHOUT NOTICE

Goods and Services Tax: Medicinal Products

Ms MACKLIN (2.03 p.m.)—My question is to the Minister for Health and Aged Care. Minister, do you recall that, when I asked you 14 months ago whether all health products, including tampons, vitamins and over-the-counter medicines would be GST free, you said that the GST would not affect me much unless I needed cosmetic surgery or tattoos removed? Isn’t it the case that the GST still applies to all these health products and that, whilst the cost of your shaving cream will be reduced under your new tax system, all Australian women will be paying more for sanitary products which were previously exempt from tax on health grounds? Minister, will you respond to the 10,355 women and men who have signed the electronic petition being tabled in the Senate today and announce that tampons and pads will be GST free in the same way you have said
you will exempt condoms, sunscreens, folate pills and personal lubricants from the GST?

Dr WOOLDRIDGE—I thank the honourable member for her question. There are several parts to that. The public health goods that were GST free came out of the recommendation of the Vos committee. That had three people on it, one of whom was Professor Judith Whitworth, the Director of the John Curtin School of Medical Research, formerly the Commonwealth’s Chief Medical Officer and a person whom the Labor Party appointed to be head of the Medical Research Committee of the National Health and Medical Research Council. I simply took the committee’s advice, and she has said she does not see any reason for extending it to other goods.

The second point is on health. People will be paying about $100 million of tax under these changes, but compare that to Labor’s policy of a wholesale sales tax that has $820 million of tax on it. The fact is the GST removes $720 million of tax on health products, and if you look at the whole package it is exceedingly good for women and families. When people go past the scare campaign being run by the government and look at the whole package, I think they will be very happy.

Economy: Policy

Mrs ELSON (2.06 p.m.)—My question is addressed to the Prime Minister. Will the Prime Minister inform the House how Australia has benefited from the implementation of the government’s economic plan over the last four years? What steps is the government taking to ensure that the benefits of the nation’s prosperity are fairly shared? Is the Prime Minister aware of any alternative economic plan for Australia?

Mr HOWARD—I thank the honourable member for Forde for the question. There are many ways in which Australians have benefited from the government’s economic plan over the last four years, and clearly the way in which that benefit is most easily identified is the fact that we have seen the creation of almost 600,000 jobs since this government came to office. The most effective way of seeing that the benefits of economic change are spread is to provide jobs for those Australians who do not now have them and who are looking for them. On that measure, this government’s record has been quite outstanding. We have generated 596,400 jobs and, as of 1 July, there will be another very widely enjoyed benefit. That is the benefit of tax reform. The average Australian family will be $47 a week better off as a result of taxation reform as from 1 July.

The real benefit of tax reform will be enjoyed after 1 July when the Australian public sees the benefits of the income tax cuts, the benefits of the increase in family benefits, the increases in pensions and the compensation to self-funded retirees. When you match all of those benefits against the rearrangement of the indirect tax system, there will be enormous benefits, to the tune of $47 a week on average for an Australian family. $12 billion of personal income tax cuts and cheaper fuel in regional areas. There will be lower export costs and lower operating costs for Australian business.

There have been many other benefits for the Australian community over the last four years. As a result of the economic conditions we have put in place, there has been a saving of $10,000 on an average loan of $100,000 over 25 years taken out in March 1996. Even after the increase last month in official interest rates, the average monthly saving on an interest bill has been $266 a month over and above what it was in March 1996. We have seen very high levels of sustained growth. We have seen headline inflation kept at 1.8 per cent compared with an inflation average of five per cent under the former government. Unemployment peaked at 11.2 per cent under the stewardship of the Leader of the Opposition. Since March 1996 employment has grown by almost 6,000, and unemployment in January was 6.8 per cent, which was just over the level of 6.7 per cent, the lowest since June 1990.

This government’s economic policies have provided great benefits to all sections of the Australian community. I acknowledge that there are some sections of the Australian community in the cities and in the regions who are not enjoying the same benefits as
many of our fellow Australians are. It is the responsibility of governments to do what they can to ensure the benefits are fairly and evenly spread. By any generic measure, this is a more prosperous, a more stable, a more fully employed, a more equal and a fairer society than it was in March 1996.

National Textiles

Mr BEAZLEY (2.11 p.m.)—My question is to the Prime Minister. Is he aware that the Corporations Law provides that a liquidator can personally recover directly from directors any debts improperly incurred by the company and that ASIC of itself does not have that power? By insisting that the creditors of National Textiles agree to enter into a deed of arrangement, has he not protected its directors, including his brother, from the scrutiny of a liquidator and from potential legal actions by the liquidator?

Mr HOWARD—I thank the Leader of the Opposition. I will go to the various parts of the question. The reason why I strongly advocated the deed of arrangement was that I believed that, on the advice available to me—including advice based on a letter from the administrator to the Department of Workplace Relations, Employment and Small Business—entering into the deed of arrangement was the quickest and most effective way for the workers to get their entitlements. That is why I advocated that deed of arrangement. I make no apology for advocating that deed of arrangement. It was not designed to protect my brother; it was not designed to protect any of the other directors.

I would remind the House that the Australian Securities and Investments Commission has very wide powers of investigation, including the imposition of civil penalties, including the recovery of compensation and including criminal prosecutions. At no stage has any attempt been made to protect anybody, and I would remind the Leader of the Opposition that, as late as 8 February, he was in fact advocating that we should provide financial assistance to National Textiles.

It is very strange that, having done exactly what we were asked to do, and that is to pick up the entitlements of the workers, I am now getting criticised for having done that. The reality is that we were driven on all occasions by a concern for the retrenched workers. That was the motivation in my mind, that was the motivation in the minds of the cabinet, and I totally reject the smear cast by the Leader of the Opposition in his question.

Economy: Government Record

Mr GEORGIOU (2.14 p.m.)—My question is addressed to the Treasurer. Can the Treasurer advise the House of the government’s record on the economy? Can the Treasurer also advise the House on any recent commentaries on the Australian economy?

Mr COSTELLO—I thank the honourable member for Kooyong for his question. I can report to the House that, in the year 2000, the Australian economy enters the new century as a high growth, low inflation and higher productivity economy. Inflation through the year to the December quarter was 1.8 per cent. That compares with the average in the 1980s of 8.1 per cent per annum. The only way in which inflation was brought to heel by the Labor Party, as we know, was through its policy of putting Australia into recession. Even allowing for the recession which the Labor Party said we had to have, the average inflation rate under Labor—including its recession years—was 5.2 per cent. When the government came to office, unemployment was 8.5 per cent. It is now 6.8 per cent, and productivity growth has edged up from an average of 1.5 to 2.7 per cent. You will see a lot of commentary on the state of the Australian economy, but I came across one recently that said this:

The Australian economy is clearly characterised by strong economic growth, low inflation, moderate wage growth and improved international competitiveness. Unemployment over the past year has also declined remarkably, with the strength of Australia’s labour market performance showing encouraging signs for the year ahead.

I quote from the ACTU in its 1999-2000 living wage claim. This is the trade union movement that controls the Labor Party, the puppet-masters for the leader and the deputy leader. This is what the trade union movement said of the government’s economic performance:

The Australian economy is clearly characterised by strong economic growth, low inflation, moder-
ate wage growth... improved international competitiveness. Unemployment over the past year has also declined remarkably...

The verdict of the ACTU. The Labor Party are yet, of course, to publish any economic policy. They have been in opposition now since March of 1996. The new shadow Treasurer is yet to make a speech on the economy. They will sleaze around on every issue except the big ones—no ideas on employment, no ideas on inflation, no ideas on growth, no ideas on economic policy, barrelled by their own masters in the trade union movement, the ACTU—and while they fail this government continues to deliver.

National Textiles

Mr McCLELLAND (2.17 p.m.)—My question is to the Prime Minister. Are you aware that by insisting on a deed of arrangement you have prevented the liquidator from investigating the circumstances in which National Textiles made a payment of $450,000 to a family company of one of its directors simply to negotiate an extension of finance, the circumstances in which National Textiles insisted that a major customer pay for its goods by a cheque made payable directly to the company's financier, the circumstances in which the directors of National Textiles voted to increase their remuneration by $100,000 and the circumstances in which the directors of National Textiles voted to increase their insurance coverage to defend potential actions under the Corporations Law? Haven't you also...

Mr Speaker—The member for Barton will conclude his question.

Mr McCLELLAND—Yes, I am, Mr Speaker. Haven't you also prevented the liquidator, using powers not available to ASIC, from considering whether to commence proceedings to recover moneys directly from directors of National Textiles, including your brother?

Mr Pyne—Mr Speaker, on a point of order: the question clearly asks for a legal opinion and, as such, it is in breach of the standing orders and should be ruled out of order.

Mr Speaker—The question actually asked the Prime Minister if he was aware of certain conditions. I did not believe it was asking for a legal opinion and for that reason, while I listened to it closely, I allowed it, and I call the Prime Minister to respond.

Mr HOWARD—I am aware that what I and the other members of the government have done on this occasion is act in a way that guaranteed that those workers got their full entitlements, and I am unashamed of that. We have been prepared to do things in this area that you never did in 13 years. You left thousands and thousands of workers without their entitlements. Like the Johnnyscome-lately you are on this subject, you now pose your great compassionate concern for the workers who are left without their entitlements. Your own leader was up there in Rutherford, without let or hindrance, with no reference to conflicts of interest, yelling at me to go and do exactly what I did, and now you are trying to sleaze around and pretend that in some way the thing is improper. We acted to protect the interests of the workers. Those directors can be investigated by the Australian Securities and Investments Commission. That commission has the capacity to impose civil penalties, to take criminal proceedings, to require compensation. To suggest that we were motivated by anything other than—as your question implies—a desire to help those workers for the reasons I explained is absolute nonsense.

Workers’ Entitlements: Protection

Mr LLOYD (2.02 p.m.)—My question is addressed to the Minister for Employment, Workplace Relations and Small Business. Would the minister provide details of the government’s proposal to protect workers’ entitlements? Would the minister also inform the House of any previously existing schemes that were designed to provide such protection to Australian workers?

Mr REITH—I thank the honourable member for his question. I will come to the latter part of his question about existing schemes in a moment. In fact, I have a letter which will give the House a clear understanding of the history of this particular issue, going back in time. In respect of the first part of his question on the scheme, I am delighted to be able to say to the House that, as from 1 January, we now have a scheme in
place which finally provides workers with some reassurance about their entitlements. For all the talk and claimed concern about workers, the fact is that no workplace relations minister and no government until this government was actually prepared to face up to a hard issue and do something for employees in this situation. What incredible hypocrisy and ignorance for the Leader of the Opposition to say what he said yesterday. When he was asked, ‘Why didn’t you do something about this?’ he said, ‘Well, this is a pretty recent sort of development.’

He went on to say, ‘No, I’m not saying it hasn’t happened before, but there has been a marked change in the last four or five years quantitatively.’ My word there has been a marked change. We have virtually halved the rate of corporate insolvencies since he was the minister for employment, when a lot of people lost their entitlements. The hypocrisy of these people has no bounds. The reality is that they were out there publicly demanding that the government take action as from 1 January with a scheme to protect employees’ entitlements. What incredible hypocrisy and political opportunism is it for them to ask the sorts of questions they have asked today. The implication of those first two questions was that the deed of arrangement ought to go down. Do you know that one of the implications of the deed of arrangement going down, putting aside National Textiles, on the advice from the administrator, is that 250 people will lose their jobs in Tasmania in a related firm? We are actually concerned not just about National Textiles but about those 250 jobs as well—not the political opportunism of yours but the reality of our responsibility to be concerned about those workers. I said in the parliament on 31 August:

The intention of the government in respect of our legislative scheme is to work to put a national scheme in place by 1 January.

We now have such a scheme. In fact, we had advertisements in the press on the weekend giving people some details and a reference point at which they can make inquiries. I think it is a very fair scheme indeed. It provides minimum entitlements up to four weeks in respect of unpaid wages, four weeks in respect of annual leave—

Mr Kelvin Thomson interjecting—

Mr SPEAKER—Order! The member for Wills persists in interjecting.

Mr REITH—Five weeks in respect of pay in lieu of notice and redundancy, and of course long service leave. This is the first such scheme we have had in Australia, with a maximum of up to $20,000, providing therefore a maximum of 29 weeks at ordinary time rates.

Let me conclude with some further remarks in regard to the history of this particular issue and the policy of it. Back in 1988, prior to the recession that we had to have, the Harmer Law Reform Commission in fact examined this issue. The Labor Party, unlike the Labor Party today, then had a very clear policy on the central issue which the Labor Party is now advocating, namely, a wage earner protection fund as an alternative to priority of employee benefits. This is what was said in 1988 on this very issue in a submission to the Law Reform Commission:

This would require contribution from all employers, employees and government. It would impose an unfair burden on the greater proportion of employers who conduct their businesses efficiently. It is also not considered that employees should bear part of the burden of inefficient trading.

The party which then opposed the establishment of a national scheme was none other than the Labor Party in government. It was none other than a person who was later the Treasurer but who at the time held the job that I have now got. He was then Minister for Employment and Industrial Relations. It was Ralph Willis. The Labor Party in government was totally opposed to doing anything for workers. When the history of this is written, people will remark on the fact that economic mismanagement led to one million people unemployed, the highest level of unemployment since the Great Depression, the worst economic circumstances that Australia had seen in 60 years and thousands of businesses going broke, yet in government it never lifted a finger. It found care and concern for workers only when it thought it could score a political point out of it. We are proud to have taken a decision to provide the first extension of the safety net for workers since superannuation. This is a real plus for workers, and I
am pleased that it is a coalition government that is actually prepared to do something for workers.

National Textiles

Mr BEAZLEY (2.27 p.m.)—My question is to the Prime Minister. Prime Minister, did you at any stage prior to the cabinet meeting of Tuesday, 8 February discuss with your brother the issue of a deed of arrangement involving National Textiles?

Mr HOWARD—I have indicated in the press conference that I have already had that during the trip I was taking around Australia my brother rang me and, as I said on that occasion and I repeat now, generally briefed me on the situation regarding the deed of arrangement. I have already indicated that. To the best of my recollection, that was the only occasion.

Goods and Services Tax: Business Preparedness

Mr ST CLAIR (2.27 p.m.)—My question is addressed to the Treasurer. What is the government doing to ensure that business is properly prepared for the introduction of the goods and services tax?

Mr COSTELLO—I thank the honourable member for his question. The government's information program now involves tax help hotlines. It involves business assistance. It involves a train the trainer program. We now have a web site with the Australian Taxation Office which has had some millions of hits. Shortly—I am sure this will have the support of the opposition—there will be more television advertising to explain—

Opposition members—Oh!

Mr COSTELLO—I took from their interjections that they thought there should be increasing informational campaigns and inserts in national, regional and local newspapers. Morgan and Banks recently surveyed 3,200 businesses regarding tax reform, and that showed that over 90 per cent of businesses are confident of being prepared for the new system. In every state and territory the result was over 90 per cent. For small business it was 91.2 per cent—a little more confident than in relation to big business. I note for interest that, out of the 20 industries surveyed, the industry least confident about being prepared for the new taxation system was the media. No doubt their employees will be counselling management on how to get ready for the new taxation system over the months to come.

This is a taxation change that has been put in place by some 150 countries in the world. A value added tax or GST is now applied in France, Germany and the whole of Europe, most of Asia, in Japan, China and Singapore. Apart from Botswana and Swaziland, joined by the Australian Labor Party, countries in the world have given away wholesale sales tax.

Mr Crean—And the United States?

Mr COSTELLO—The United States does not have a wholesale sales tax, which is only supported by Swaziland, Ghana and the shadow Treasurer! I was a bit concerned to be contacted today by a chartered accountant, who had received an extraordinary email from Gary Waldron, the Vice-Chairman of the Victorian Institute of Chartered Accountants, who has apparently emailed accountants in Victoria with the following email:

The institute met this week with the Victorian Minister for Small Business, Marsha Thomson, to discuss matters of mutual interest and concern to constituents in small to medium-sized business enterprises. The minister indicated, not surprisingly, that the number one issue in the small business sector at present is the introduction of the GST. The minister indicated she and her officers were in constant contact with the federal ministers, departments and the Australian Taxation Office.

To my knowledge, I have never met Marsha Thomson and I doubt that I would be able to pick her out in a lineout. The email went on to say:

The minister sought from the institute and its members’ assistance in providing anonymous but real life hardship cases which she could draw upon when making representations to her federal counterparts.

Anonymous, real life hardship cases! She has never made a representation to me to my knowledge, nor to my colleagues to my knowledge. The only federal counterparts to whom she is seeking to make representations are her frontbench colleagues of the Labor Party on an anonymous basis, not because
they are interested in education but because they are interested in obfuscation and spreading confusion. The Australian Labor Party stands absolutely condemned by this hypocrisy. There are at least 150 countries in the world which have a value added tax or GST. Why would the Institute of Chartered Accountants be party to a scam like this?

We now have evidence that the state Labor Party is deliberately trying to engage in anonymous complaint making. At the end of the day, what does all this add up to? The Australian Labor Party is so opposed to the GST that, if it ever gets elected, do you know what it wants to do? Keep it. It is so opposed to it that its policy is to try to get elected and to keep it. This is a group of people with no policy who want the government to do all of the hard work and lazily slip into office and try to take benefit. We will not be allowing it.

**National Textiles**

**Mr Beazley** (2.33 p.m.)—My question is to the Prime Minister. Is it not a fact that you encouraged the workers whom you met in Williamtown on Friday, 4 February to support the deed of arrangement? Can you inform the House who provided you with advice prior to this meeting on the nature of the deed of arrangement and whether such a course would be in the workers’ and the Commonwealth’s interests? Will you table the advice you received prior to the Williamtown meeting on the deed of arrangement?

**Mr Howard**—I will check my files, but I am not aware that I received any written advice regarding that. I know from my own understanding of how these things work that it was better for the workers if a deed of arrangement was signed quickly. Indeed, that was the substance of the advice given by the administrator. Anybody who understands the operation of these things will know that in this particular case, if the company had proceeded to liquidation, there would have been two consequences. One of those consequences would have been that the workers would have got a lot less money. Presumably that is what the Leader of the Opposition wanted—that these workers did not get their full entitlement. One has to keep coming back to that central, unavoidable issue that the whole line of questioning from the Leader of the Opposition is designed to denigrate what the government has done to help the workers formerly employed by National Textiles. That is inevitably where your behaviour is leading. The Leader of the Opposition ought to tell the House—

**Mr Beazley**—On a point of order, Mr Speaker: a highly specific question was asked of the Prime Minister. He was asked when he advised the workers on 4 February—it is now more or less confirmed that he has—

**Mr Speaker**—I made a note of the question and I am happy to rule on relevance.

**Mr Beazley**—We asked what was the nature of the materials and advice available to him that caused him to recommend a deed of arrangement?

**Mr Speaker**—The Leader of the Opposition will resume his seat. The Leader of the Opposition’s question dealt specifically with the time schedule at which the Prime Minister was briefed on the deed of arrangement and the way in which he was briefed and the Prime Minister was responding to that. I ask him now to conclude his answer.

**Mr Howard**—I have already indicated that I will check my records, but I am not aware of any particular advice before the Williamtown meeting. I do know and did know then that if you want to get a good, 100 per cent deal for these workers and get it quickly you have a deed of arrangement. That is why we insisted on it and, incidentally, that is why the New South Wales government wanted a deed of arrangement. What seems to be forgotten is that Bob Carr is a 50 per cent partner, along with the federal government, in helping these workers. He wants a deed of arrangement. The reason he wants a deed of arrangement is that it is the best way to get a quick outcome for the workers. I cannot for the life of me understand why the Leader of the Opposition wants to do these workers in the eye.
**Tax Reform: Rural and Regional Australia**

Mrs DE-ANNE KELLY (2.37 p.m.)—Mr Speaker, my question is addressed to the Deputy Prime Minister and Minister for Transport and Regional Services. Would the minister outline to the House how the government’s proposed reform to the tax system will assist rural and regional Australia? Is the minister aware of alternatives to the government’s plans?

Mr ANDERSON—Mr Speaker, there is no doubt that rural and regional Australians will benefit from the fixing of our broken tax system. There is our approach, which is one of a lower tax take—and it needs to be remembered that we will be collecting less tax—or there is the ALP’s approach, the one they go on defending, which is a broken tax system, a higher tax system and a tax system which discriminates against exports and against the interests of rural and regional Australians.

For a start, there are the biggest reductions we have ever seen proposed in this country in transport costs. The cost of diesel to heavy transport will come down by 23c a litre. There will be the abolition of the 22 per cent WST on transport, something that we do not hear enough of. That will make a huge difference to the cost of transport across rural and regional Australia and, therefore, to the price of everything that rural and regional Australians need, whether it is the Kellogs pack in the local grocery store or the fertiliser for the paddock. Rail costs will come down dramatically. Rail costs will be effectively free of excise. All businesses will get cheaper fuel because the GST is rebated as a business input.

Mr Speaker, it is worth noting as well that households and families working in rural and regional areas will benefit very substantially from the income tax cuts. There is a little town in my electorate that featured on the front page of the *Daily Telegraph* yesterday—Collarenebri. A single income couple, with a baby, in Collarenebri on $30,000 a year—a typical new family in that little town—will have an extra $65 a week in their home to spend. Fortuitously, that comes at the same time as indications in the last few days that their grocery bill on a weekly basis is likely to be considerably less. A working couple in Sale, in Victoria, with two children at school, on $40,000 a year—

Opposition members interjecting—

Mr ANDERSON—They do not want to hear this. It is a typical situation where one partner has rejoined the work force. They will see an extra $46 a week in their pockets. A self-funded retiree couple on Queensland’s Sunshine Coast with an income of $35,000 a year will find that they receive $13 a week in tax cuts plus more than $9 a week in increased allowances. Their less fortunate neighbours, a pensioner couple with about $15,000 of private income, will receive an increase of around $34 in social security payments under the new system. Those are the estimates by Access Economics, not by the government. They point clearly to the real advantages for people in rural and regional areas. At the same time, things like provisional tax will go and the burden of capital gains tax will be enormously reduced. This is in contrast to the ALP’s approach. We saw, over the years that they were in government, fuel excise go from 7c a litre to 34c a litre. What’s more, in 1993 they promised us—

Mr Lee interjecting—

Mr SPEAKER—The member for Dobell!

Mr ANDERSON—that they could deliver personal tax cuts. What did we get? We got an increase in wholesale sales tax—

Mr Lee interjecting—

Mr SPEAKER—The member for Dobell is warned.

Mr ANDERSON—We got an increase of 10c on leaded and 5c on unleaded fuel as part of that dishonest 1993 budget that should never be forgotten. It is a broken tax system and they want to go on defending it.
There is only one alternative; it is ours. It is a vastly superior alternative.

Workers' Entitlements: National Textiles

Mr CREAN (2.41 p.m.)—Mr Speaker, my question is addressed to the Prime Minister. Prime Minister, is it the case that, when you advocated the deed of arrangement at Williamtown, the only advice you had received on it was from your brother? Did you know the content of the deed of arrangement at the time that you recommended it to the workers and to your cabinet?

Mr HOWARD—It is my recollection that, at the time I attended the Williamtown meeting, there were press reports to the effect that the deed of arrangement might not be supported. It was no secret at that particular time that the unions were not in favour of a deed of arrangement unless they were to get their full entitlements. The two things naturally were things in my mind. I make no bones about the fact that when I met those workers in Williamtown I not only listened very carefully to their stories and was quite moved by the plight they found themselves in, and spent an hour with them, but I also did say to them that it was desirable that there be a deed of arrangement because—

Mr CREAN—Did you know its content?

Mr HOWARD—I did not know its contents.

Mr CREAN—Well, how could you recommend it?

Mr HOWARD—The reason I recommended it, Mr Speaker, is that I know for a fact that in these situations, if you want an early and quick return to the workers, you have a deed of arrangement. That is why I advocated it.

Mr SPEAKER—By any measure the member for Hotham has been a persistent interjector and I ask him to desist.

Mr HOWARD—It is widely understood, quite separate and apart from the circumstances of this particular case, that in these situations deeds of arrangement speedily concluded will often produce a better outcome for employee entitlements than if the company goes into liquidation. That was clearly the case here. The conclusive point on this is that that was the view of the administrator. That was the view that the administrator put to the Department of Employment, Workplace Relations and Small Business and it was the advice tendered by the minister at the cabinet meeting that this payment should be made subject to the conclusion of a deed of arrangement.

For the Leader of the Opposition or the Deputy Leader of the Opposition to suggest that the sole purpose, or the dominant purpose, of my advocating the deed of arrangement was a desire to protect my brother is wrong. I point out to them that they only lighted upon all of this after Mark Westfield wrote a piece in the Australian. Until then the Leader of the Opposition was not only advocating that I should ensure that the workers got their full entitlements as quickly as possible—and I knew that the quickest way of getting it was through a deed of arrangement—but also, on 8 February, that the government provide financial assistance direct to National Textiles. That would have involved, undoubtedly, had it occurred, an allegation of providing direct assistance to the company of which my brother was chairman.

The Leader of the Opposition has played ‘follow the media’ on this issue. He criticised the failure to make disclosure of my involvement in the decision only after that became a subject of criticism in the media. Up until then he was demanding not only that I walk into the cabinet meeting and demand that there be the payment in full of the entitlements but also that the government bail out the company. I must say in this context that just before question time the transcript of the address that the Leader of the Opposition gave to the workers at Rutherford came into my possession. It makes very interesting reading. In the concluding paragraph he says that he goes back to the point he made at the beginning. The point he made at the beginning was that we should be keeping the company going. The only way you can keep the company going is to inject money into it. He said:
I really do hope that the Prime Minister sits down, or perhaps he might have to declare an interest in this regard in relation to—

That is fine, of course. He went on to say—this makes fascinating reading and I ask the House to bear with me as I read it:

The Deputy Prime Minister takes over—

and this is in relation to cabinet consideration not of the entitlements issue but, rather, of financial assistance to the company—

as the Prime Minister excludes himself from the meeting—

listen to this—

having received prior instructions from the Prime Minister that the cabinet will start, as they’re starting to, keeping National Textiles open.

What the Leader of the Opposition was saying was that I should go through the pretence of leaving the cabinet but, on the way out, say to John Anderson, ‘You look after National Textiles.’ These are the ministerial standards of the Leader of the Opposition.

Let me read the transcript again:

The Deputy Prime Minister takes over as the Prime Minister excludes himself from the meeting having received prior instructions from the Prime Minister that the cabinet will start, as they’re starting to, keeping National Textiles open.

Paraphrased, I pretend to exclude myself from the meeting and as I walk past the Deputy Prime Minister I say, ‘John, don’t forget to look after National Textiles.’ You are a hypocrite, Leader of the Opposition.

Telstra: Privatisation

Mr CADMAN (2.48 p.m.)—My question is addressed to the Minister for Finance and Administration. Is the minister aware of recent statements relating to the possible partial spin-off of some of Telstra’s business divisions? What is the government’s response to such statements?

Mr FAHEY—I am aware of comments made recently on this issue. Last week there was an article in which it was reported—I think it was in the *Australian*—that the CEO of Telstra, Ziggy Switkowski, canvassed the partial floating of some of Telstra’s business assets. Last Friday the spokesman for communications for the Labor Party, the honourable member for Perth, said in a doorstop that the opposition would not support such a move. The Leader of the Opposition thought somewhat differently. On the same day it was reported that he had indicated that the opposition may accept moves by Telstra to float off parts of its services. He put a couple of conditions on it, but he made it clear that they may accept that. I note that in that same doorstop the spokesman on communications indicated to Telstra—in fact, repeated it on a number of occasions—that Telstra should ‘get on with its business’. I would question how Telstra can get on with its business when Labor opposes not only the further privatisation of Telstra but also Telstra conducting its affairs to maximise its business opportunities in the interests of its shareholders under the Corporations Law, under the Telstra Corporation Act.

In stark contrast to this, the government accepts that Telstra operates in what is a rapidly changing and increasingly globalised telecommunications industry. The government accepts that Telstra must have the flexibility to pursue its business opportunities as and when they arise. The irony of all of this is that we all know that Labor, if given the opportunity, would privatise Telstra. This was stated again by the spokesman on communications only last October. He said last October that before you would contemplate further privatisation of Telstra you would want to ensure that there was a fully competitive telecommunications market. That has been there for some time. It is on our television screens every night—the offers that are being made and the prices that are continually being reduced for the benefits of consumers, and of course the government supports that also. In addition, we know that history is against Labor. The history of Labor is that they support privatisation. In fact, in the first part of the 1990s, Labor sold more than $6 billion worth of public assets under a schizophrenic policy position. They said, ‘We don’t believe in privatisation, but we will sell the Commonwealth Bank; we don’t believe in privatisation, but we will sell Qantas; we don’t believe in privatisation, but we’ll sell the Commonwealth Serum Laboratories.’ Who was the architect of all this? It was none other than the current Leader of the Opposition.
The government has been up-front with the Australian people on its policies. We want to privatise Telstra further to ensure that the company can compete in a rapidly changing and increasingly globalised telecommunications industry. And we want to use the proceeds of such sale to retire Labor’s debt and to give the opportunity for Australia to get much needed infrastructure development. On the other hand, we know that Labor will privatise Telstra. The sad truth about that is that they will not be honest with the Australian people and tell them that.

**National Textiles**

Mr CREAN (2.52 p.m.)—My question is again to the Prime Minister. Prime Minister, when you recommended the deed of arrangement both to National Textiles workers and to the cabinet, were you aware that it delivered to director and individual creditor Philip Bart a $10 million factory for just $3.8 million and protected a $450,000 consultancy fee for Mr Bart—half the value of his new yacht? Were you also aware that Mr Bart was a secured creditor but that this had not been disclosed to shareholders by company chairman Stan Howard? And were you aware of its consequences for the small businesses in the region who were unsecured creditors of National Textiles?

Mr HOWARD—The Deputy Leader of the Opposition now displays indignation and concern for small business, which of course were noticeably absent in some of the actions of the ACTU when he led it years ago. But I will pass that over. This cannot disguise the fact, and nothing can alter the reality, that the government supported the deed of arrangement. The New South Wales government supported the deed of arrangement. When I met the workers in Williamtown I advocated the deed of arrangement because I knew, and the government knew, that we really wanted to deliver the best return for the workers at the earliest possible date. My concern was not with Mr Bart; my concern was with the workers at National Textiles.

Mr Crean—I raise a point of order, Mr Speaker. My question was very specific as to his state of knowledge of the details of the deed of arrangement. I would ask you to have the Prime Minister answer that question because it is important to the question of his credibility and involvement in this whole dirty exercise.

Mr SPEAKER—The Prime Minister was asked a question about the deed of arrangement that applied in the National Textiles issue, and he was responding to that question and I invite him to continue.

Mr HOWARD—I have already said, but I am very happy to repeat, that we had advice from the Minister for Employment, Workplace Relations and Small Business, based, as I understand it, in turn on advice from his department, which in turn was prompted from communications from the administrator, that if you really wanted the optimum outcome for the workers—and that is what we were concerned about; we were not concerned about the directors; we were concerned about the workers—as we said all along, it should be conditional upon the entering into of a deed of arrangement because the general experience in these situations is that, if you want a quick and the fullest possible return for the employees, you have a deed of arrangement. The advice I saw on this was that if the company went into liquidation—and I think some of this has been in the media—the return for the workers would clearly be less and would be long delayed. In those circumstances, for us to advocate anything other than a quick deed of arrangement would have been plainly recreant to the concern that we had for the workers. That was always our consideration.

This pathetic attempt today is not prompted by the thought processes of the Leader of the Opposition on the day. When the Leader of the Opposition responded to the announcement that I made on behalf of the government, he was not out there lecturing me on company law. He was not doing that. He was saying, ‘Oh, well, we the opposition forced the government to do this.’ They had 13 years to do it themselves but they finally, from opposition, forced us to do it, they say. He had nothing to say about deeds of arrangement, nothing to say about corporate law, nothing to say about the directors; but he had a lot to say about the entitlements. This really gets down to a simple choice: does the Leader of the Opposition...
support bailing out the Rutherford workers, or does he want us to unpick the arrangement? Is the Leader of the Opposition out there saying, ‘Oh, no, this is a bad arrangement for the Australian taxpayer’? As for the confected indignation of the Deputy Leader of the Opposition about unsecured creditors, that would have to take the prize. He has never evinced any concern in the past about unsecured creditors, and it is a piece of rank opportunism that they get dragged into this debate.

**Tax Reform: Benefits for Exporters**

Mr WAKELIN (2.58 p.m.)—My question is addressed to the Minister for Trade. Will the minister inform the House of the benefits that will flow to exporters from the introduction of the new tax system?

Mr VAILE—I thank the honourable member for his question. Of course, it is a well-known fact that prior to the last election we went into that election campaign committed to improving and modernising Australia’s taxation system. Part of that process is unambiguously aimed at improving the circumstance, the productivity and the competitiveness of Australia’s export industries. The taxation changes that we will be implementing shortly will see $3½ billion worth of indirect tax costs removed from Australia’s export industries. It will make them much more competitive in a very tough global market. Part of that process will see the abolition of the wholesale sales tax that the Australian Labor Party has maintained and wants to keep. We will see the abolition of the diesel fuel rebate from the rail transport system, so critical to Australia’s exporters: $80 million a year worth of cost taken out of the Australian rail transport system. We will see significant reductions in the cost of diesel fuel for the heavy road transport system—23c a litre—all accruing to provide a much more competitive base off which Australia’s export industries can operate.

We will see the removal of state based taxes, which will benefit Australia’s export industries. Australia’s export industries collectively acknowledge that the new taxation system that we are going to introduce on 1 July will improve their circumstances dramatically and will make them much more competitive in the international marketplace. They also know that there is no alternative to this. They know that the Australian Labor Party has offered absolutely no alternative to this. In 13 years in government, it did nothing like this that was going to improve the circumstances of Australia’s exporters.

I was at an exporting manufacturer in the seat of Farrer in Albury only last week. I went to visit a company that manufactures and exports Malibu boats. The owner of this business cannot wait for 1 July to arrive because, as he said to me, with the implementation of the GST he will be selling his boats in the year 2000 at 1997 prices. He cannot wait for it to get here. It will make him much more competitive in the international marketplace as he exports.

Mr Martin—We don’t believe him.

Mr VAILE—You go and ask him. They are not my words. The member for Cunningham should ask the member for Canberra beside him, because over the break the member for Canberra quoted that the GST overall will be good for exports. He has acknowledged it.

**Opposition members interjecting—**

Mr VAILE—I beg your pardon: the member for Fraser has agreed that it is going to be good for exporters. He should try and convince the Leader of the Opposition to support the government’s position on this because he has acknowledged that this is going to be good for exporters. And it will be good for the 1.8 million Australians whose jobs rely on exports. The jobs of one in five Australians rely on exports. We are securing their future by making the industries in which they work far more competitive on the international scene.

I will finish on the point that was made to me in Albury—that this government has the answers for the future. It has a strategy for the future of Australian exporters. The Australian Labor Party does not.
Workers’ Entitlements: Scone Fresh Meats

Mr BEAZLEY (3.01 p.m.)—My question goes to the Prime Minister’s previous answer, when he maintained his primary concerns were for the workers in the area. What action do you intend to take concerning the workers of Scone Fresh Meats, who were terminated on 14 January this year and who are likely to receive just 40 cents in the dollar of their accrued entitlements? As this plant is located close to National Textiles, will you guarantee that the workers will be considered a special case and that you will allocate the approximately $630,000 necessary to assist them? What are the criteria you will apply to determine whether these workers and any others in a similar position will be entitled to a special top-up to bring their recovery of legal entitlements to 100 per cent, and will you table these criteria today?

Mr HOWARD—I thank the Leader of the Opposition for that question. It enables me to make one or two observations in the course of answering. The first is that, if you lot were still in office, those workers would get nothing. That is the first observation to make. The second observation to make is that, if that closure has occurred since 1 January, in accordance with the announcement made by the minister they will be entitled to the benefit of the safety net scheme. The question of whether they, like the workers at National Textiles, will be entitled to anything in addition will depend on an assessment of their situation in accordance with some of the criteria I have mentioned. It will also depend somewhat on the attitude of the New South Wales government.

Mr Beazley—We have a new policy now!

Mr HOWARD—You had no policy on this. The Leader of the Opposition says that we have a new policy. At least we have a policy. Those who sit opposite had 13 years. As I indicated on 8 February and as the minister indicated, we have the safety net scheme in place from 1 January. Any top-up would be considered against the background of the criteria I outlined in that news conference. I would remind the Leader of the Opposition that the top-up in the National Textiles case involved a contribution of 50 per cent of the top-up by the New South Wales government.

Obviously, the circumstances raised by the Leader of the Opposition in that particular case will be looked at and will be looked at by the minister in his normally careful and compassionate way. He has a concern. It remains to the very great credit of my colleague the Minister for Employment, Workplace Relations and Small Business that he is the first minister with that responsibility in Australia to actually put in place a safety net scheme. Senator Tierney, the Liberal senator who is resident in the Hunter region, reported to our party room this morning that he spoke to a lot of the National Textiles employees at the weekend. He said they are very grateful for what the government has done—and they are rather upset at the attitude being taken by Kim Beazley.

Private Health Insurance

Mrs MAY (3.05 p.m.)—My question is addressed to the Minister for Health and Aged Care. Would the minister inform the House of the December quarter participation rates for private health insurance. Is the minister aware of any alternative plans to encourage private health insurance?

Dr WOOLDRIDGE—Earlier this afternoon, the December participation figures for private health insurance were released and they are great news. For the fourth quarter in a row, the number of Australians having private health insurance has gone up. This is the first time that this has happened in at least 17 years, and probably longer. At 31 December, just under six million Australians had private health insurance, an increase of 82,000 over the quarter. Interestingly, this is a quarter where you would not normally expect an increase. It was the end of the year. The government were not running their Lifetime Health Cover campaign and we had changed wholesale arrangements and we were expecting some people to drop out from private health insurance. It means that over the calendar year 1999 300,000 people net took out private health insurance. If we compare it to the status quo, which is having done nothing—which would have been the Labor Party’s plan—we have over a million Australians now who have private health insur-
ance who would not have had we not started our reform in the middle of 1997.

Those reforms are: the 30 per cent rebate, Lifetime Health Cover, changed prudential arrangements, changed wholesale arrangements in private health cover, separation of Medibank Private from the Health Insurance Commission, changes to gap cover, simplified billing, and changes to prostheses arrangements. There has been a large amount of work to do in this area. The honourable member asked me if I was aware of any other plan, and I have to say, ‘No, I am not.’ I look at the Labor Party’s 1998 health policy and there are a couple of paragraphs of platitudes and not one single idea. I look at the Labor Party’s 1998 platform, and there are five lines on private health insurance and not one single idea. All we get from the Labor Party is carping, negative opportunism for an industry that is an integral part of our health system in Australia. This is a great result, given that lifetime health cover will be coming in over the next six months, and it gives us great optimism for the future for this very important part of the health system. Finally, with respect to my earlier answer, clearly it is the opposition who is running the scare campaign.

Workers’ Entitlements: National Textiles

Ms ROXON (3.08 p.m.)—My question is to the Prime Minister. Prime Minister, will you confirm that your government is now offering two measures for employees who lose their legal entitlements: (1) the safety net scheme capped at $20,000 for each employee, which applies from 1 January; and (2) a special grants system on a case by case basis, which can provide up to 100 per cent of workers’ entitlements, and which you applied in the National Textiles case. Given that the special grant is simply a discretionary grant, why can’t you exercise this discretion in favour of employees who lost their legal entitlements before 1 January this year? And given that the unemployment rate in Braybrook is 16.3 per cent, why are the people who worked for your brother so special but the workers in my electorate not?

Mr HOWARD—I share the concern of the member for Gellibrand for those Braybrook workers. I also have a concern for the thousands upon thousands of similar workers in just as necessitous circumstances who got nothing when you were in office. It was always the case that we were going to run a scheme from 1 January, and that was acknowledged by none other than the Leader of the Opposition, who has sort of changed the goal posts twice a day on this issue over the last week. When he responded on 8 February to the announcement I made in relation to National Textiles, he had this to say: that Mr Reith had promised that we would have a national scheme in place by 1 January. He was not then saying a national scheme back to 30 June last year so that the Braybrook workers could be picked up. The difficulty is that, if we move back from 1 January, there is no logical reason why we should stop at 30 June. There is no reason why we should stop at 1 January.

Ms Roxon—Mr Speaker, I raise a point of order on the question of relevance. My question went specifically to the special grants, which the Prime Minister has not addressed at all in his answer so far.

Mr SPEAKER—The member for Gellibrand will resume her seat. I made a note of the member for Gellibrand’s question as it was asked. As the Prime Minister is aware, she was asking whether there were two parts to the way in which compensation is to be offered, and it is fair to presume that he is coming to that point. I call the Prime Minister.

Mr HOWARD—Mr Speaker, we have made it clear all along that our scheme would start from 1 January, and that means that both elements of the scheme operate from 1 January. If you go back, there is no end to how far you go back. I would say yet again to the House that the Labor Party had 13 years to do this and they did nothing. Not only did they do nothing during 13 years but they actually argued that it was fundamentally unfair and irresponsible to do what we are now doing and what they urged us to do before 8 February. I would again remind the House that the Leader of the Opposition on 8 February said nothing about conflict of interest; he said nothing about going back; he merely sought to make the political point of the day and then, as other things came out in
the media, in typical fashion he followed the media rather than generating any ideas of his own and demonstrated once again that on this issue he has no policy ideas, no sense of initiative and no sense of broad policy. We are the first government to have done something. We are proud of what we have done. We cannot go back beyond 1 January. What about the 441 workers at Budget Rent-A-Car who lost millions of dollars in the early 1990s? Did anybody opposite, when they were over here, do anything about that? Of course they did not. You are behaving in an opportunistic, hypocritical fashion on this. We are the first government to protect the interests of workers; we are proud of that, and no sleazy attempt to denigrate what we have done in relation to National Textiles is going to have any impact at all on the very strong and fair policies that the government has introduced.

**Apprenticeships**

Mr CHARLES (3.13 p.m.)—My question without notice is to the Minister for Education, Training and Youth Affairs. Could the minister please inform the House of government initiatives to increase the training levels and numbers of apprentices in traditional trades, and could he tell us something about the trends in this area compared to past trends? Minister, while you are at it, are you aware of any alternative plans for training apprentices?

Dr KEMP—I thank the member for La Trobe for his question. I recognise the great contribution that he has made to the training system. The latest estimates suggest that there are around 140,000 new apprentices in traditional trades. That is growth of around 15 per cent since this government has been in office. We are very keen to see more of these apprentices in traditional trades, which have modernised and which offer really good starts to careers for young people. The government is working with the manufacturing, electrical and automotive industries to find ways to grow these numbers to further alleviate skills shortages in the traditional trades.

This is a very significant turnaround from the time when the Labor Party was in office, and indeed from the time when the Leader of the Opposition was education minister for two years—two dead, wasted years in educational policy. When he was minister for education, the numbers in traditional apprenticeships collapsed. He was a disaster, as we know, in every portfolio he held. Before he moved on to the ministry of finance and pumped up the budget deficit, and fresh from concluding the Collins class submarine contracts, he paused for a couple of years in education. What did battleship Beazley achieve in education? He sank 20,000 traditional apprenticeships. His record in education was to destroy traditional apprenticeships. He has no credibility on education. He has no policy on education, and as the *Sydney Morning Herald* wrote in its editorial yesterday, he will not be credible as long as he relies on ‘uninformed populism rather than an informed reform agenda’.

**National Textiles**

Mr BEAZLEY (3.16 p.m.)—My question is to the Prime Minister. Do you recall telling your press conference that you did not think that Stan Howard got better access to you because he was your brother? Prime Minister, can you name any other business person who, in similar circumstances to National Textiles: has been able to speak to you personally about their failure to get a response to an application for government funding; has received a personal undertaking from you that you would see that their application was dealt with appropriately; has had their representatives meet personally with you about the application; has had you speak personally to the relevant minister about the application; has spoken to you personally about the business going into administration; has had you speak personally to the relevant minister about the handling of the administration; has telephoned you personally during your rural Australia trip to keep you informed of events as they are unfolding; and who has discussed personally with you a deed of arrangement that is proposed to finalise the administration? Apart from his being your brother, what else was it about the Chairman of National Textiles that gave him that sort of access?
Mr HOWARD—I thought the point I made about discussions with my brother was that we made it a rule not to go into detail about his business affairs. The test of whether I have behaved properly or improperly in this matter is a very simple one, that is, whether I have used my position as Prime Minister in any way to bring a preferment to my brother’s business interests, or to the interests of companies for which he has responsibility, that they would not have otherwise received on the merits. That is the test. I put it to the Leader of the Opposition, and I put it to those around him, that he has produced not one scintilla of evidence alleging that he has received that.

Mr Crean—Who else has received it?

Mr SPEAKER—The Deputy Leader of the Opposition is warned.

Mr HOWARD—Those sitting opposite have not been able to establish that anything was done that produced an outcome that would not have otherwise occurred in accordance with the merits of the occasion. I would remind the House that the decision as to whether or not National Textiles and Bruck Mills should receive money under the textiles plan to facilitate a merger, a decision to reject what the companies sought, was made by Senator Minchin. At no stage did I seek in any way to influence that decision. In fact, I expressly told Senator Minchin that the decision should be made on the merits. When the decision went against the companies, there was no approach made to me by my brother, or anybody on his behalf, to revisit that decision. If that had occurred, there would be some substance in the allegations being made by the Leader of the Opposition. The reality is that the Leader of the Opposition has acknowledged on a number of occasions that, in the normal course of events, all of us have relations who may be prominent in business and who may have dealings with the government. The test is whether they get preferment. On this occasion, there was no preferment. There was no favouritism and there was no advantage obtained by my brother. None of the money that we are paying out goes to my brother; none of it goes to the directors. In fact, the person in this place who has been advocating that money go to

my brother’s company is the Leader of the Opposition.

Let me again return to this extraordinary transcript. This illustrates what the Labor Party means when you get at arm’s length from something. An arms’ length transaction by a Labor Prime Minister is that you pretend you are out of the room but, like a puppetmaster from outside, you are telling the Deputy Prime Minister what to do. This is exactly what the Leader of the Opposition had to say. Let me tell you again, Mr Speaker, what he had to say:

I really do hope that the Prime Minister sits down ... He might have to declare an interest in this regard in relation to familial connects.

That is what the transcript says. In reality I did, Mr Speaker. I described at some length the discussions that I had had with my brother regarding this issue, even though he is not, in accordance with the language of the cabinet handbook, a member of my immediate family and there is no economic dependency between the two of us. But, then, he goes on:

The Deputy Prime Minister takes over, as the Prime Minister excludes himself from the meeting, having received prior instruction from the Prime Minister that the Cabinet will start, as they are, to keep National Textiles open.

If you reverse the order so that you had Prime Minister Beazley and Deputy Prime Minister Crean and you are trying to help a company in which a relative of Prime Minister Beazley is involved, he will say, ‘Simon, I will go out of the room but you make sure you look after my brother’s company.’ Wink, wink, nod, nod: that is the standard of the Leader of the Opposition. Those may be the rules of the Balcatta branch of the Australian Labor Party, but they are not the rules of the Commonwealth government.

Honourable members interjecting—

Mr Beazley—Mr Speaker—

Mr SPEAKER—I will recognise the Leader of the Opposition, but because I have
Tuesday, 15 February 2000

PRIME MINISTER
Motion of Censure

Mr BEAZLEY (Brand—Leader of the Opposition) (3.22 p.m.)—by leave—I move:

That this House censures the Prime Minister for:

1. Implicating the office of the Prime Minister in the commercial affairs of a company of which his brother is Chairman of Directors—including to the extent of having detailed discussions with his brother on a preferred deed of arrangement, finalisation of which the Prime Minister subsequently linked to the payment of Commonwealth funds.

2. Allowing a clear conflict of interest to arise involving his brother and his government’s consideration of involvement in a bail-out of his brother’s company; and

3. In doing so, giving rise to the appearance of a government decision which materially protects the Prime Minister’s brother from appropriate scrutiny.

There is no doubt at all that in these circumstances a special deal has been done. We have to get to the bottom of that particular special deal, and that is what we were attempting to do in question time in questioning the Prime Minister about the various options he considered and where his advice came from. There is absolutely no way at all that this Prime Minister can demonstrate anything other than the fact that he has done a special deal in this particular case. Did we ask for a special deal? No, we did not. The proposition repeatedly put by the Australian Labor Party was that the National Textiles workers should be treated like all Australian workers and all Australian workers should have their situation guaranteed. The government said they had no idea for that. We presented in September a scheme which would have been effectively legislated in this place. There were no special privileges asked for by us for the workers in this factory. There was a question asked by us on behalf of all workers.

The Prime Minister has this extraordinary defence for the reason why cabinet intervened decisively to ensure that a deed of arrangement was all that was put in place. There is a whole range of options that are available in the circumstances in which those dealing with the affairs of this company found themselves. There is the process of liquidation, there is the process of a deed of arrangement—there is a whole range of things that might produce an outcome after a company effectively goes insolvent. The decisive intervention of this government assured only one outcome, so it is perfectly appropriate for this opposition and this parliament to scrutinise the content of this particular outcome.

The other element of the Prime Minister’s defence is: if this outcome were not achieved, the workers would not get their money. Who says so? The government. It is the government which says that this is the only way that the workers would achieve that outcome. It is this government which would dismiss the idea of the New South Wales government, if it wanted to, setting up a trust fund which would guarantee that the workers got their payments. If you wanted to do it on a one-off basis, a trust fund could be set up to ensure that the workers got their payments, which might subsequently be reimbursed by any worker’s entitlement that came out of a process of liquidation or a deed of arrangement. The proposition that the only alternative was a deed of arrangement is perfectly ludicrous. There is a whole range of options available to the government. The one we preferred would have put in place a scheme that guaranteed the situation of all Australians—a scheme, under our formulation, which falls heaviest on the employers of that labour who gain the benefit from that labour in times that are profitable and not upon the Australian taxpayer. Oddly and ironically, this would be a cheaper scheme than the parsimonious little offering of the Minister for Employment, Workplace
Relations and Small Business. If that particular scheme had been preferred by the Prime Minister, the workers would have got every red cent in full.

Prime Minister, we know that there were options available to you. We know that there is a whole range of things you might have done that would have put you at arm’s length from the company. If you had set up a trust fund, or if you had picked up our superannuation arrangements, what would have happened? You would have exited the consequences of and any involvement with the arrangements put in place for dealing with the insolvency of this company. You would have been at arm’s length from the fate of this company had you chosen to do that. But you chose not to. You have decisively intervened to put in place a deed of arrangement with consequences for a whole range of Australians. You might well say that those consequences would have been there anyway. That may be true. It may be true that the small creditors would not have been paid off, but that at least would have been a product of a set of decisions at arm’s length from government, in which government was not involved. Ironically, I would suspect that if you actually set up a trust fund arrangement, the opportunities for those small creditors to benefit more fully from any particular set of involvements involving insolvency would have been better. Those small business people, those plumbers and the rest would have been better off; but that of course is in the lap of the gods. It is not to be, because you personally intervened decisively. You picked up from your brother the idea of a deed of arrangement and floated it across the workers. You then put it through your cabinet. The deed of arrangement does not do it now, but what it did then was effectively to hand an $11 million property to one of the shareholders of this operation for a $3 million debt. That was actually the deed of arrangement in circulation at the time that you said to cabinet that you should go down that road. That is what the cabinet, at that point in time, was decisively intervening to protect.

By putting in place a deed of arrangement, you also protected the directors from the sorts of actions that might have been taken against them by a liquidator. To compare the powers of a liquidator to ASIC is a nonsense. ASIC can take cases to court against directors for negligent activity. They cannot do it themselves, but a liquidator can. If a liquidator finds himself in a situation where he believes that the directors have been engaged in trading when an operation is in insolvency, he can act immediately against their assets. It is a far worse situation for directors to have to confront a liquidator immediately than to confront ASIC down the line. As unfortunately we all know, ASIC has asked for further powers. ASIC’s investigations take years and years to come to conclusions; liquidators act very quickly.

Mr Prime Minister, one of the many reasons we object to your action is that, while there were many alternatives available to you to protect the workers’ interests about which you claim you are concerned, you chose the option that most advantaged the directors. As I said, we have absolutely no objection to the workers’ interests—indeed, we have been agitating for it—but we object to the notion that you had only one alternative and that it was the alternative that you pursued. It is a nonsense! The financial writers of this country and those who comment on the operations of business—those who have some understanding of the relationship of this administrator and the principals of this company—have put a very considerable question mark over that set of relationships. They are pillorying you because they understand what you have done, which is not to protect the position of the workers—but to insist on the one thing that gave the best possible chance to the directors to get themselves out of this one.

The Prime Minister said, ‘Well, we on this side of the House weren’t so concerned about a conflict of interest. We weren’t so concerned about where the issues had got to. The opposition is responding to the media.’ Let me tell the Prime Minister: we are not responding to the media so much as to a media conference. Well after we had said that it would have been better if you had gone down the road of providing a benefit for all Australian workers—that it would have been
better if you had provided a scheme that would have picked up those workers at Braybrook and Scone—we lifted the bat on that. That was until you marched out to confess a whole series of contacts with the principals of this particular company, which until that point of time you had suggested had not existed. Indeed, operative until your press conference was the notion only that you had had a chat with your brother way back and had said, ‘From this point on, Minchin handles these matters.’ That is the position you were at by the time you were announcing affairs. Then you had a press conference in which you went into the detail about the deed of agreement and said that you were talking with the company about the contacts that you had had—repeatedly going through an engagement that was in no way, shape or form at arm’s length.

In my final question, as I went through that litany of contacts with whom you had had involvement in this situation, I asked: how did that confirm in any way, shape or form the sorts of undertakings that you had given? In that press conference—and again we were not alert to this—you teased out from the media a whole range of information concerning the situation of the company and the consequences of your intervention so as to ensure that the deed of arrangement did occur. That is what you did at the press conference.

You are now relying very heavily on the advice you received from the administrator as to the preferred course of action with this deed of arrangement and the difference between that and going into insolvency. There is a substantial question mark over the administrator as far as this particular operation is concerned. There is an article in the Australian today about National Textiles administrator John Star and his relationship with the company principals. The article refers to a court which formed a view on Mr Star’s behaviour in another context:

The court also found Mr Star had failed to inform key creditors of a creditors’ meeting, that he had prepared inadequately for the meeting and had submitted a flawed deed of company arrangement.

In a very interesting twist, the article also said:

In his role as administrator for National Textiles, Mr Star is required to act in the best interests of all creditors.

His ability to do this was questioned last week when it was revealed Mr Star owned a linen hire business and two racehorses with Fred Bart, brother of National Textiles director and secured creditor Philip Bart.

Mr Star told a creditors’ committee meeting last week there was nothing in his relationship with Fred Bart that represented a conflict of interest in his role as National Textiles administrator.

We have here a little interlocking web of interest in which the Prime Minister’s problems in regional Australia are corralled to produce an outcome that suits a bunch of people who are organising the affairs of this country rather than to an outcome that suits the creditors or an outcome that suits the workers. They are all in this, ‘Damn the workers!’ When the government says, ‘You have to do something about that,’ they merely make adjustments to make absolutely certain that it is they who benefit and not the other creditors of this particular company.

This may well happen all the time in business and this may well be unavoidable. Hopefully, ASIC will one day get clothed with the powers, which it does not have now, to absolutely deal with this and, hopefully, you will get liquidators to be very harsh on the people who do it. But it is an odd situation when a government reaches into the heart of it directly and has an impact that, if the deed of arrangement that existed at the point of time when the Prime Minister advised the cabinet they ought to accept it and go down that road, effectively hands over a substantial part of the enterprise to one of the creditors. How did all this arise? It arose from the complete mess that this government has made of its policies in regional Australia. You would think if you listened to the Prime Minister today that there had been a careful, even plan for all of this, just proceeding quietly out of their statement last August that what we needed was a national scheme, and that when we took a look at National Textiles there was of course only one particular option for us to consider. The Prime Minister wandered out of the bush in a state of com-
plete confusion. He reminded me of that line in the Doors song *The End*: ‘Lost in a Roman wilderness of pain.’ That is precisely where he was as he came out of the bush. He came out of the bush—mocked in meeting after meeting, having lectured them religiously about the fact that everything they needed could be provided for them if they sold Telstra but nothing else—and suddenly found himself in a world of hurt, and he moved from the world of political hurt to the world of utter confusion.

Mr Reith, the Minister for Employment, Workplace Relations and Small Business, got up here and said, ‘I always had it planned to do something from 1 January.’ When 1 January came and we raised the issue of the absence of anything, what did he say then—only a month or so ago? He said, ‘I never promised anything by 1 January.’ That was what he was out there saying: ‘No, I never said that.’ But all of a sudden he is up here bold as brass in question time saying, ‘I had it fully planned that we would have something in place by 1 January and here it is. Of course, I had it fully planned that we would have a top up’—wouldn’t we?—’to meet the needs of the workers! Talk about policy on the run! We heard it here in question time today when we asked about the situation of those workers in Scone—’Don’t worry about it; we’ll establish some sort of criteria that might be able to pick them up.’ Let me recommend to you—since you have decided that there is a careful, slow-paced proposition to putting this policy in place—that you go back to when you first announced it on 31 August. Take a look at the situation of the workers in Braybrook. If you treat them exactly the same way you treated the potential beneficiaries of capital gains tax arrangements, they would also qualify under this particular scheme.

It was the Prime Minister’s pain and agony in regional Australia that produced this outcome. The Prime Minister, suddenly discovering or believing that he was in such a situation of personal embarrassment, with his brother being involved in such a mess in regional policy as was demonstrated to him as he went around regional Australia, and in such an appalling set of circumstances when he confronted workers who had clearly been ripped off by the incompetence of those who administered their affairs, thought the only thing he could do was to rush into a solution, substantially in ignorance of the consequences. As he revealed here today, he did not know what that deed of arrangement was. He did not know that at all. He just said to the workers, ‘Cop it, because that is only way that you will get your money.’ Cop it because that is the only way John Howard will give you your money on this particular occasion. That is the point. In doing that, John Howard has effectively turned on its head the obligation on the part of governments to act impartially in all these matters.

This Prime Minister is deserving of censure for his condemnations out of his own mouth. He is deserving of censure for having acted in a way that disadvantaged a set of creditors in this arrangement, acting in a way that was not the only way to protect the interests of the workers and making policy on the run. I recommend to the Prime Minister his disappearance from politics and I recommend to the workers the Labor Party’s alternative to his.

Mr SPEAKER—Is the motion seconded?

Mr Bevis—I second the motion and reserve my right to speak.

Mr HOWARD (Bennelong—Prime Minister) (3.43 p.m.)—That would have to be one of the most pathetic censure motions that I have heard from the Leader of the Opposition for many years. After all the enormous build-up about this gruelling attack on the government, and me in particular, during question time, it seems that the sole basis of the opposition’s attack on me is that in some way it was wrong of the government to make payment of the additional money for the entitlements conditional on the signing of a deed of arrangement, that it was wrong of me to publicly advocate the deed of arrangement and it was wrong of me to urge the workers, when I saw them at Williamtown on 4 February, to advocate a deed of arrangement. I want to take all of those things in turn. I also want to take in turn the precise elements of the censure motion that has been moved by the Leader of the Opposition. In doing that, I think we expose just how insubstantial is this
attack on me, this attack on the government and this attempt to tear down a decent move by this government to protect the workers of a depressed and underprivileged area of Australia. At the end of the day, the thing that matters most is what has been done to help the workers of the Rutherford district.

I was reminded, as I rose to speak, of the last question the Leader of the Opposition asked me during question time. He sought to inquire of me whether the access that he alleged I afforded to my brother on this issue would be matched by the access that I have afforded to other men and women in business on other issues. I say one thing to the Leader of the Opposition and it is this: the people who got access to the Prime Minister on this issue were the 320 workers at Rutherford. They were the people who got access to the Prime Minister.

Mr Crean interjecting—

Mr SPEAKER—I remind the Deputy Leader of the Opposition of his present status in the House.

Mr HOWARD—The people who saw the Prime Minister of Australia were their representatives, a delegation brought to me by the Mayor of Maitland, Senator Tierney and the Deputy Mayor of Maitland. There were four representatives of the work force and a representative of the union. Over an hour they had far more access to me on that issue than I have given my brother on this issue or, indeed, I have given other people on this issue. They were able to spell out in detail to me the difficulty they faced, and that played a very material part in the decision that was ultimately made by cabinet. I am proud of the access that I provided to the workers. I am proud of the fact that I lead a government that is willing to talk in detail to people from all walks of life.

There is nothing odd about a Prime Minister meeting, as I did, one of the best known business figures in textiles in Australia, Mr Brender. I am not the first Prime Minister that Jo Brender has had a meeting with and I doubt very much that I will be the last that he has a meeting with. I gave a lot of access to the workers and as a result there has been an outstanding deal done to help them alone.

The basic charge made by the Leader of the Opposition is that I improperly advocated acceptance of the deed of arrangement, that I improperly tied the government payment to the acceptance of the deed of arrangement and that I was acting out of a concern to protect my brother. The opposition even make the allegation that I had detailed discussions with my brother regarding the deed of arrangement. They have produced no evidence of that; I have never said that. The discussion that I had with my brother regarding the deed of arrangement was very brief; there were no details gone into.

The idea that the deed of arrangement was under threat was something that was very much in the media before the cabinet meeting. I will come to that cabinet meeting in a moment as to who recommended that the payment be made public subject to the deed of arrangement. It was not me. The recommendation came from the minister who brought the submission forward. It was based on advice that he had received from his department and the department’s advice, in turn, was based on a letter it had received from the administrator. That letter was not secret. It had been leaked to the Newcastle Herald on the very day that I met the workers in Williamtown. The following, inter alia, is what the letter had to say. In a letter to the federal government, the company administrator, Mr John Star, said that under the deed of company arrangement employee entitlements of $11 million would be matched by allocated funds of just $7.2 million. I will tell you what he goes on to say. This is absolutely crucial to the case being made by the Leader of the Opposition and therefore it is fundamental to my rebuttal of that case, and this was publicly available in the Newcastle Herald on the morning of my meeting with the textile workers in Williamtown, four days before cabinet received a submission from the minister to deal with the issue. This is what he had to say:

From a commercial viewpoint, the proposed deed in its current form certainly offers a greater return to all parties than is otherwise obtainable on a liquidation basis.
They are the words of the administrator. They are not the words of my brother. They are not my words. They are not the words of Philip Bart. They are not the words of Jo Brender. They are the words of the administrator, and they give the lie to the slur that has been cast upon my name and my brother’s name by the Leader of the Opposition. They demonstrate conclusively that there is no case to answer. I acted on all occasions to promote the interests of the workers. My advocacy of the deed of arrangement was not designed to protect my brother. The advocacy of the deed of arrangement was because I believed that would produce the best—the optimum—outcome for the workers in this industry. You can criticise any aspect of policy and you can argue about what policy is right or wrong, but you cannot suggest that just because there is a family connection there is something evil or something sinister.

I was conscious from the very beginning of this issue that any kinds of discussions between me and my brother would be criticised by some. But those discussions were absolutely minimal; they in no way influenced government policy. I remind the House that this all started with an application by Bruck Textiles and National Textiles for access to the textile fund. That was the beginning of it, and there is nothing novel about governments giving help to the textile industry. National Textiles was helped by the former government and I do not criticise the former government for having done that. The plight of the textile industry, which was the real cause of the collapse of this company, is the ultimate product of years of unwinding tariff protection in this country. That was started by Bob Hawke when he was Prime Minister. I am not saying that policy was wrong; I am simply acknowledging that, if you want to see this thing in an unemotional way and put it into context, what happened to the company, National Textiles, is what has happened to a lot of other textile companies in this country.

When that issue was raised in the discussion I had just after Christmas 1998 with my brother, I made it very clear to him that the issue would be decided on its merits. He was not seeking my intervention. I subsequently saw Mr Brender and I said to Mr Brender—and to Mr Bart—this issue would be decided by Senator Minchin on the merits. What they asked for, as I have subsequently been advised, was about $23 million, and they were told that they could have $5.7 million. They decided that was not enough, so they called off the merger. That of course precipitated a train of events that was coupled with the fact that the company failed to get the SOCOG contract and also lost a contract for police service uniforms to a company in Victoria. Those two particular events were all part of the mix in the end that created a financial difficulty for the company. Quite properly, because in the view of the directors there was a danger of an insolvency, it was put under administration.

When you go through all of that, there is no evidence that I in any way allowed myself to be used to unduly influence the proper consideration of this company’s application. There is nothing wrong with a company of which my brother is chairman dealing with the government provided it is done in a proper fashion and provided there is no influence brought to bear, there is no distortion and there is no intervention. When the matter came before the cabinet, even though I had no personal interest in National Textiles, a full disclosure was made of the discussions.

What we have here is a sleazy, insubstantial attempt, and may I say a failed attempt, by the Leader of the Opposition to implicate the government or implicate me in any kind of wrongdoing. Far from the words of the censure motion having any substance, the reality is that I did not implicate the office of Prime Minister in the commercial affairs of a company of which my brother was chairman. I did not do that. What I did was use the great office of Prime Minister to help 320 workers in the regional areas of Australia. That is what I did, and I am proud of the fact that I used the office I now hold to help those workers.

I did not seek to protect my brother from scrutiny. My advocacy of the deed of arrangement was an advocacy based on a bona fide belief—supported by the view of the administrator on the advice of the minister
supported by the advice of his department—that that was the best way of producing the best outcome for all people concerned. I did not allow a clear conflict of interest to arise, and I did not in any way seek to protect my brother from scrutiny and from proper examination. He, like other directors of that company, is now subject to a formal investigation by the Australian Securities and Investments Commission. That investigation can go and will go where it may, and any blame, culpability or liability will be dealt with in accordance with the due processes of the law.

I have never sought, since I have occupied this office or any public office I have occupied, in any way to use that office to advantage any member of my family, immediate or otherwise. I have never sought and will never seek a preferential application of the laws of this country to any member of my family. I do not expect that to occur, and I would never counsel or seek to act in a way where it would occur.

Out of this debate emerges one very clear thing about standards: when it comes to arms-length dealings with cabinet decisions, the Leader of the Opposition has invented an entirely new standard. It is the standard of a political puppeteer. We have his own words. This transcript was not released to the press gallery until this morning, and the Leader of the Opposition may reflect that it was a mistake to have done so, but I say again that what he wanted me to do was secure cabinet’s financial support for National Textiles and he wanted me, in the process, to pretend to the world that I was absenting myself from the cabinet decision. Again, I read:

The Deputy Prime Minister takes over as the Prime Minister excludes himself from the meeting, having received prior instructions from the Prime Minister that the Cabinet will start—as they are starting to—keeping National Textiles open.

After all of this huffing and puffing, after all of this talk about impropriety, out of all this backgrounding of the media about how they are going to hound me over my association with my brother, what was the Leader of the Opposition really advocating that I should have done? He was advocating not only that I should have given the workers their entitlements—which we did—but also that the government should have resorted to the textile fund to bale out National Textiles, that I should have gone through the charade, the motion, of excluding myself from the meeting and that on the way out I should have said out of the back of my hand, ‘John, look after my brother’s company.’ That is what he was advocating that I do. And he has the nerve to stand up in this parliament and trash my reputation and the reputation of my brother. He has the nerve to move a motion of censure on the very first day that this parliament has reconvened.

The Leader of the Opposition was pompous enough, at the end of his remarks, to tender some political advice to me. Let me return the compliment and tender some political advice to him. If you seek to slur and smear the reputation of others, make sure that you have got your facts right. If you seek to set standards on the run, make sure you remember what you said in your last speech, particularly if you are somebody who follows the media and does not have the ticker to generate your own ideas.

Mr BEVIS (Brisbane) (3.58 p.m.)—A couple of things have become clear over the last few weeks. Foremost amongst those is that, if you are unlucky enough to be a worker in a company that goes belly up, there are two schemes this government will run for you. One is a half-baked safety net scheme, which I will come to in a minute, and the other is this special deal—a special deal with criteria the Prime Minister is still hiding under the rug, a special deal that only one company in Australia has ever qualified for. Only one example has been given by the Prime Minister of where he thinks the special deal applies, and that is the special deal that goes to National Textiles if it is chaired by the Prime Minister’s brother.

The Prime Minister, throughout this debate and in question time, has put a lot of weight on why it was okay to make his funding conditional upon the deed of arrangement. In the course of this afternoon, the government have been at pains to say that the New South Wales government wanted to
apply the deed of arrangement as a condition of that funding. That is untrue. The New South Wales government at no time sought to have the support package conditional upon the deed of arrangement being signed. It is the deed of arrangement and the government’s obsession with requiring that deed of arrangement to be signed that brings into doubt the whole decency of this process and the motivation of the government and the Prime Minister in these arrangements.

What was the criterion the Prime Minister used last week to justify this special arrangement? It started out as a concern for these workers, who are in the textile, clothing and footwear industries and who have had to bear the burden of industry change and should not have had to do it alone. Then it became clear that they were not the only people who were in that category, so you then had to be in an area of high unemployment. Then it became clear that they were not the only ones in that category. The Braybrook example is a perfect parallel where people in the same industry, from an area of even higher unemployment, do not qualify for the special deal. They do not qualify for the 100 per cent pick-up; they miss out.

Then we got thrown into the melting pot a couple of days ago that it has to be in a regional centre. It is no good being in a capital city; it has to be in a regional centre. So today they get the example of Scone—not only in a regional centre but in the same region as the Rutherford plant—and the Prime Minister today in question time dreams up a few more criteria on the run or talks vaguely about the gobbledygook criteria he mentioned in the press conference last week. The simple fact is that there is one common denominator, there is one clear criterion, that qualifies you for a special deal over and above the national scheme. That one criterion is to have the Prime Minister’s brother as the director of the company, able to ring you up on the phone and give you the good oil.

If the government are fair dinkum about looking after the workers, why make that a precondition? What is the effect of signing that deed of arrangement? The effect is to protect the directors from further investigation by a liquidator. Everyone in the parliament knows that the ASIC inquiry does not have any direct teeth. Everyone in this parliament knows that for ASIC to pursue any action against the directors, to reclaim any assets from the directors to pay these workers, ASIC must take the matter to the court and argue it out in the court, and it is the court that will then impose such a determination. Had this matter been dealt with by a liquidator, the liquidator could directly—if he was satisfied—go to the assets of the directors if he found that the directors had behaved in an improper manner.

A litany of examples have been given today in question time to identify a whole area of dispute, a whole area of practice amongst the directors over the course of the last year or two, that should be brought into question. The directors must have thought that themselves. It is no coincidence that last year the directors decided to just about double their professional indemnity, to double their insurance policy against their own liability, in case they did something wrong. Last year they decided to double their own legal protection at the same time as they gave themselves an extra $100,000, but they said to the workers, ‘Give up a pay increase, and we won’t put any money aside for your legal entitlements anyway.’ So there is a clear double standard here. But the real villain in this piece is the criteria, the double standards, that have been applied to the adoption of government policy—a government policy that now says that the only way as a worker you can apparently get 100 per cent of your entitlements is through a special deal—not through the safety net scheme because we know that will not do it for you. Minister Reith’s safety net scheme is going to give you back a little bit of what was all yours to start with. The only way you get it all back is if you qualify for a special deal, and so far the only people we know who qualify for a special deal are those who work for companies that have got the Prime Minister’s brother chairing them.
The Prime Minister sought to make a great deal about his empathy for these workers and his concern to meet with them and talk to them. Here are a few simple facts. The TCF union wrote to the Prime Minister, asking to meet with him to talk about the problem at Rutherford with representatives of the workers. The Prime Minister’s office, on 27 January, wrote back to the union and said no. I quote from the letter:

The Prime Minister is heavily committed over coming weeks and will be unable to see you. So on 27 January the Prime Minister told the union, ‘No, we’re not going to meet with them. Forget it.’ Within a week, he was in Williamstown to meet them. What happened between 27 January and his meeting? He got a phone call from Stan. He got a phone call from Stan after 27 January and, having told the union that he could not meet with them, that his schedule was full up for weeks, he found a time slot—not to meet them here but to meet them over in Newcastle. The phone call from Stan worked wonders. I am sure the workers from Braybrook, who travelled from Melbourne up here to see the Prime Minister and were refused the opportunity to do that, would be interested to know that the Prime Minister was only too willing to meet people as long as Stan rang him first. He was not only happy to meet with them but happy to go to them. This is a Prime Minister whose empathy for them extended not just to meeting with them but to greeting them. Where did he meet and greet them? In a military base. He did not go to the factory. He did not go to Rutherford. He did not go to the hall. He did not go to the creditor’s meeting at the workers club in Newcastle. He got a few of them to come into the military base. He sat behind the guarded walls of a military base to meet four of them. That is his idea of sitting down and meeting with these workers and empathising with them. I have to say, though, that that is not bad because a week earlier he wrote to the unions and said he was too busy and could not meet with any of them anyway. It is amazing what the phone call from Stan could produce: a very quick change in the itinerary—hop on the plane and off to the air force base to see four of them behind military guards.

This process that the government has now embarked upon reeks of favouritism. We now have a system where the government says to all other workers, ‘Even if you’re owed $20,000, you won’t get $20,000.’ You have to be owed more than 20 grand to get the $20,000 that the minister talks about in his safety net. For every worker in Australia, the most you are going to get, no matter how much you are owed, is $20,000. I went out to the Rutherford plant twice over the last couple of weeks. I met two people who had been working there for more than 40 years. I met couples that had worked there as a family, and I well recall discussing with them their plight and what they would get from Minister Reith’s safety net. As one gentleman said to me, he and his wife had both worked there in excess of 15 years. They calculated the debt that was owed to them as in excess of $25,000 and, under Minister Reith’s safety net, they were going to get $7,000.

But, lo and behold, a phone call from Stan whips up a visit from the Prime Minister and a new scheme, a one-off scheme. If the government are fair dinkum about this, where are the criteria? They had an opportunity today to put them on the table and they are not there. They dogged it. If they want to establish a 100 per cent scheme, the Labor Party has given them the prescription. Last September we gave the Minister for Employment, Workplace Relations and Small Business the Labor Party’s proposal that provides 100 per cent cover for all workers. I am pleased that the Treasurer is on board. The Treasurer has come out publicly and endorsed an insurance based scheme where the employers of Australia shoulder the principal burden. Well done, Treasurer—exactly the position the Labor Party has been advocating for some time. In terms of the Labor Party’s efforts on this, go back two years to the Labor Party’s private members’ bills on this matter which you have still refused to allow to be debated.

Let me also turn to the issue of the general scheme and the attitude of the New South Wales government, because it has been verbally here today; it has been seriously misrepresented. The New South Wales government never sought to make the support to
those workers conditional upon the deed of arrangement. In the response of the New South Wales government to Minister Reith in a letter of 28 January it said, amongst other things, ‘We regard the Commonwealth package as an inadequate response.’ How much clearer can you get? The formal reply from the New South Wales government in writing to the minister for workplace relations about the package is that it is ‘an inadequate response’. Yet the Prime Minister and others have stood here today and verballed the New South Wales government, pretending that they have had the support of the New South Wales government in their shady deals behind closed doors to look after mates. This is favouritism at its very worst.

I turn to the issue of whether or not we have got this 1 January date. There is no doubt at all that last year the government committed to a scheme to be operating on 1 January. Minister Reith said during debates on legislation in August:

The intention of the government in respect of our legislative scheme is to work to put a national scheme in place by 1 January.

Wouldn’t you know it: the end of the year came round, and there was not a peep out of them between August and December about any of this. We then got into January and there was still no move, so there was a pretty widespread concern in the Australian community that the undertakings that had been given by Minister Reith in August were being reneged on yet again. Under some pressure about this, Minister Reith decided to back off, because by that stage they did not really want to have a scheme by 1 January. On 24 January, which is not that long ago, Minister Reith said on the Stan Zamanek show, when pressed about this 1 January date: ‘We didn’t say we would have it in place by 1 January.’ That is what you did on 24 January. You were dogging it and dogging it, saying, ‘We don’t want a scheme by 1 January and I never said we would have one.’ That is what you were saying only a matter of two weeks ago. But by last week it had all changed. It must have been that phone call from Stan. By last week it had all changed again, so by last week we had Minister Reith up on his scrapers saying, ‘The fact is that we did say last year we were going to start up a scheme.’ You are damn right you said it last year. You did not do it, and now you have been forced, after denying it, to come back to your original position.

The reason that we have gone through these convulsions is that the government is not fair dinkum about addressing this and the Prime Minister is not fair dinkum about addressing this. He does not like it, but he should be reminded of it. He has done a series of interviews with Alan Jones going back to the Oakdale dispute. When Alan Jones was pressing him about this issue and saying, ‘This is the workers’ money,’ what did the Prime Minister say? The Prime Minister actually defended the right of companies to use this workers’ money for cash flow purposes. He defended it on four separate occasions in an interview with Alan Jones. Every time he defended it, Alan Jones said, ‘But it’s the workers’ money,’ and the Prime Minister kept coming back saying, ‘Because of the cash flow needs of small business, they effectively use that in their day-to-day operations.’ Four times he said that. This Prime Minister is not fair dinkum about looking after these workers and he is not fair dinkum about a national scheme. He was not fair dinkum about meeting the workers up there, so he dragged them into a military base. And he is not fair dinkum about a national scheme that provides everyone with 100 per cent cover. This is special deals for special mates, and in this case the special mate is his brother.

Mr COSTELLO (Higgins—Treasurer) (4.13 p.m.)—The government completely rejects this censure motion. May I observe that, in putting it, the Leader of the Opposition put it so half-heartedly that it is clear that he does not even believe in it. When you come into this parliament, there are generally two types of censure motion that can be moved. One is the censure over policy, and that generally goes into a general harangue about why the government has got a policy wrong and why it should have acted differently. Matters of controversy and opinion are regularly aired, and it is the stock standard politician’s stump speech which is put together and turned into a censure motion. But
there is a second type of censure motion that is on rare occasions moved in the House of Representatives. That is the type of censure motion that alleges impropriety of some kind or another. It is treated in this House more seriously. It usually requires some proof. It is usually addressed in a clinical way and it is usually substantiated with cold, hard, empirical facts. That second kind of censure motion is also usually taken much more seriously by the press gallery, and in its reporting of the day’s events it will give cold, clinical analysis to the kinds of facts that are put or rebutted.

When the Leader of the Opposition came into this House, he purported to move a censure of the second kind. He would have you believe that this was not a general policy harangue, that this was going to be cold, clinical proof of some kind of conflict of interest that should be taken seriously by the press and by the government. He may have moved a motion to that effect, but through the course of his speech he degenerated into the usual kind of general policy harangue which ended up with an attack on regional policy. It was not a clinical proof of a conflict of interest. It was not a case by case building of some serious matter. It degenerated into some policy harangue about regional policy, about the Prime Minister’s tour, about whatever could be put to fill in the 20 minutes that were remaining for his speech. Of course, the degeneration was ably continued by his shadow minister, who filled his speech out with allegations about the Prime Minister seeing people at military bases, about the Prime Minister engaging in Alan Jones interviews and other serious matters of state which might masquerade where there is no critical audience but will not do in the House of Representatives when an opposition sets out to do something much more important and sets itself a much higher high-jump bar.

This was not a censure on the run. We have been reading over the weekend how the Labor Party were going to come into question time, how they had an embarrassment of riches, how they would have the Prime Minister on the run and how they had had all of their lawyers and the sleaze squad out working it over. We were sitting here waiting for an artillery barrage which in the end had all the force of a pop gun. They promised so much and delivered so little. It was not as if they were caught unawares. They had had Saturday, Sunday and Monday and all their lawyers had been able to trawl through the Corporations Law. They should have been reconstructing all of the transactions. The Labor Party sleaze squad, with which we are so familiar, had been out there preparing for all of this. Yet here they come, presenting the details of what purports to be a serious censure but fails dismally and degenerates into just another straight political stunt speech from a Leader of the Opposition who ran out of time and could not make his case.

Let us go to the censure motion because, as I have said, no doubt they have been drawing this up over the weekend in their tactics group, with care and precision. The first thing they say is that the Prime Minister should be censured ‘for implicating the office of the Prime Minister in the commercial affairs of a company of which his brother is chairman of directors’. I take it from that that the Labor Party think that the Prime Minister should not have been involved in any payment of entitlements in relation to National Textiles. They claim that by doing that he implicated the office of the Prime Minister in the commercial affairs of a company of which his brother is chairman of directors. What I find interesting about that charge is that the Labor Party agitated for weeks to get the Prime Minister involved in the affairs of National Textiles. It even got to the extent that the Leader of the Opposition decided to go to National Textiles to try to get the ear of the government in relation to National Textiles. We had letters being sent from the Australian Labor Party trying to get the government involved in the affairs of National Textiles. Here is one that was sent to the Hon. Peter Reith. It says:

This letter is to seek urgent support. We request your government provide immediate financial assistance.

It is signed by, among others, Bob Horne, the member for Paterson—somebody who has remained strangely silent in this debate—and Mr Fitzgibbon, the member for Hunter and
also a shadow minister. So here they were, agitating the government, ‘Get involved in the affairs of National Textiles. Be involved in paying out the entitlements. Support urgent action.’ Of course, the moment the government does, the office of the Prime Minister is implicated in the commercial affairs of the company. ‘We will actually censure him when he is doing what we asked him to do.’ This is a new sort of frame-up: first of all, you ask them to do something and then you try to penalise them for doing it.

Arch Bevis was out agitating for involvement, the involvement he now complains of, the involvement for which they now censure the Prime Minister, for which they agitated. Mr Arch Bevis was reported in a press release on 8 February as stating:

Howard Applies a Bandaid

... the workers will still have to wait up to 2 years

‘This is totally unfair and unjust. If the Prime Minister was fair dinkum about his concern ... he would ensure that the Government pay the workers their full entitlements now.

They were agitating for him to be involved. They were agitating for him to get full entitlements to National Textiles workers. This is the speaker who just spoke. He said:

If the Prime Minister was fair dinkum about his concern for the workers he would ensure that the Government pay the workers their full entitlements now.

The Prime Minister ensures that they are paid and, shock, horror, it is an outrageous intervention in the affairs of National Textiles, so outrageous we had better censure him for doing what the Labor Party asked him to do. Really, irresponsibility has reached new heights.

This is one of the old tricks of the Labor Party: first of all, create as much trouble as you can to get someone involved and then attack them for doing what you have actually asked them to do. They then say, ‘Oh well, okay, maybe the Prime Minister did engage in the affairs of National Textiles, which we asked him to do, which we now want to censure him for.’ But they say in the second part of this censure motion that he allowed ‘a clear conflict of interest to arise involving his brother and his government's consideration of involvement in a bail-out of his brother’s company’. Incidentally, what was the conflict of interest here? Where was the conflict between the Prime Minister and the interests of National Textiles? The conflict did not exist. That was proven by the fact that the Prime Minister did precisely what you had been agitating for him to do. So where is the conflict of interest?

There seems to be some sort of new notion among the Labor Party that all you have to do is allege conflict of interest, therefore it exists. Ipso facto, I think, therefore I am; conflict of interest, therefore it is. This is now the depth of thinking on the Labor Party front bench, but where is the conflict of interest? Has anybody actually stood up here and told us where the conflict arose? The Prime Minister, to the extent that he was involved, and the government, to the extent that it was involved, intervened doing what you wanted it to do. There was no conflict. There we had the sleaze squad running around with their non-motions in relation to non-censures, with non-proofs complaining that what they asked for was done. What an extraordinary proposition. The third part of this motion says:

In doing so, giving rise to the appearance of a government decision—

it was not an appearance of a government decision; it was actually a government decision—

which materially protects the Prime Minister's brother from appropriate scrutiny.

I think what they meant was ‘giving rise to a government decision which appeared to materially protect the Prime Minister’s brother from appropriate scrutiny’.

This all rests on the proposition that has been floated first by the Leader of the Opposition and then by his shadow minister that somehow, by the entering of the deed of arrangement, the directors would be protected from scrutiny in a way they would not be if there had been a liquidator. The Leader of the Opposition put that proposition before
and said, ‘The liquidator has powers. ASIC has no powers.’ What they were determined to do was to kick the liquidator out and get ASIC in, as if a liquidator had more powers than ASIC.

Let us make a few points about this. First of all, how is a liquidator actually paid for his investigation? He is paid out of the assets of the company. The moment you get a liquidator into a company—and anybody knows this—the first call on all of the company’s assets is the liquidator’s fees. The first thing you know, when a liquidator goes into the company, is that an unsecured creditor gets less, which is why you go for a deed of arrangement if you possibly can. A liquidator, to the extent that he could have exercised his powers, would have been doing it out of the assets of the company. ASIC has a budget of, I think, $140 million. Who do you think had the advantage in terms of resources when it came to investigations—a liquidator in an insolvent company or a government agency with $140 million worth of taxpayers’ money? Of course ASIC has much greater resources.

The second proposition they put was that somehow the liquidator would have had powers to seize assets. I think this was the proposition that was actually put: he would have had the power to seize the assets of the company directors, whereas poor old ASIC would have had to go to court. Of course ASIC would have had to go to court, because we live under the rule of law in this society—and so would a liquidator, incidentally. How do you think a liquidator seizes a company director’s assets? Do you think he knocks on the door and says, ‘This house is now mine’? A liquidator, if he is going to go after the personal assets of a company director, like anybody, has to go to the court and get a court order. He has to get a declaration that this property is available. He has to enforce the law in the same way that ASIC does.

The proposition was put forward that somehow ASIC has to abide by the law but liquidators do not—that liquidators just run around seizing assets willy-nilly without any recourse to the law. The first thing that happens when a liquidator goes after a company director’s assets is that he takes legal action, and company directors quite frequently defend their rights. There is a proposition that somehow an ASIC investigation is much better than a liquidator’s investigation. They are both subject to the rule of law. ASIC can recover compensation. The one difference is that the liquidator probably would not have had the resources, if you want to go into it, or would not have wanted to waste them, and ASIC has $140 million of taxpayers’ money. So the proposition that somehow the deed of arrangement shielded the directors in a way that an ASIC investigation would not is, of course, completely preposterous.

Then the Leader of the Opposition said, ‘Hopefully ASIC will have powers in the future.’ ASIC has got a lot of powers and we are going to enhance them, but may I say that, if there is a complaint about the powers of ASIC, look to a government that was in power for 13 years. In 13 years we did not get any of these so-called new powers which are now being demanded. We did not get any of these employee entitlement schemes. We did not get any of the things that the Labor Party now so piously claims to be in favour of. I put this proposition: does anybody believe that the Prime Minister was motivated other than by his genuine desire to help the employees of National Textiles? It would not have mattered if the chairman of this company was Simon Crean and it would not have mattered if it was Joe Blow. The fact of the matter is that it was the employees who were getting the money. To use this to sleaze around in relation to people’s brothers is a new low in parliamentary standards. Sleazing around about brothers in politics is something that the Deputy Leader of the Opposition may one day live to regret.

Mr Speaker, the proposition is false in relation to all of the three matters. It turns on a wrong belief in relation to legal entitlements. It is quite obviously a frame-up. This is a situation where the Labor Party claims that the government did precisely what it said it should have done. The scheme operating from 1 January will put in place entitlements which have not been there before. I make this point: there would have been no need to backdate if a scheme had been in place. We
could have just carried on the Labor Party’s scheme. Backdating only arises because of the failure of Labor. This government has put in place this scheme. This censure is an unfair attempt to sleaze and to slur. The Prime Minister has nothing to be ashamed of. It was a disgraceful censure. It did not even get to first base. You will be embarrassed by the failure of this censure. The government will defeat this censure. I move:

That the question be now put.

The House divided [4.32 p.m.]

(Mr Speaker—Mr Neil Andrew)

Ayes…………… 78
Noes…………… 66
Majority…………… 12

AYES

Abbott, A. J.
Andrews, K. J.
Bailey, F. E.
Barresi, P. A.
Billson, B. F.
Bishop, J. I.
Cadman, A. G.
Causley, I. R.
Costello, P. H.
Draper, P.
Entsch, W. G.
Fischer, T. A.
Gallus, C. A.
Gash, J.
Haase, B. W.
Hawker, D. P. M.
Howard, J. W.
Jull, D. F.
Kelly, D. M.
Lawler, A. J.
Lindsay, P. J.
Macfarlane, I. E.
McArthur, S *
Moore, J. C.
Nairn, G. R.
Nelson, B. J.
Nugent, P. E.
Pyne, C.
Ronaldson, M. J. C.
Schultz, A.
Secker, P. D.
Somlyay, A. M.
St Clair, S. R.
Sullivan, K. J. M.
Thomson, A. P.
Tuckey, C. W.
Vale, D. S.
Washer, M. J.

NOES

Adams, D. G. H.
Beazley, K. C.
Berereton, L. J.
Cox, D. A.
Croso, J. A.
Edwards, G. J.
Emerson, C. A.
Ferguson, L. D. T.
Fitzgibbon, J. A.
Gibbons, S. W.
Griffin, A. P.
Hatton, M. J.
Hollis, C.
Irwin, J.
Kernot, C.
Latham, M. W.
Lee, M. J.
Macklin, J. L.
McClelland, R. B.
McLeay, L. B.
McMullan, R. F.
Morris, A. A.
Murphy, J. P.
O’Connor, G. M.
Pilbersek, T.
Quick, H. V.
Roxon, N. L.
Sawford, R. W *
Sercombe, R. C. G *
Smith, S. F.
Swan, W. M.
Thomson, K. J.

* denotes teller

Question so resolved in the affirmative.
Tuesday, 15 February 2000

Question put:
That the motion (Mr Beazley’s) be agreed to.
The House divided [4.38 p.m.]
(Mr Speaker—Mr Neil Andrew)

Ayes……… 66
Noes………… 78
Majority………. 12

AYES
Adams, D. G. H. Albanese, A. N.
Andren, P. J. Beazley, K. C.
Bevis, A. R. Brereton, L. J.
Burke, A. E. Cox, D. A.
Crean, S. F. Crosio, J. A.
Danby, M. Edwards, G. J.
Ellis, A. L. Emerson, C. A.
Evans, M. J. Ferguson, L. D. T.
Ferguson, M. J. Fitzgibbon, J. A.
Gerick, J. F. Gibbons, S. W.
Gillard, J. E. Griffin, A. P.
Hall, J. G. Hatton, M. J.
Hoare, K. J. Hollis, C.
Horne, R. Irwin, J.
Jenkins, H. A. Kernot, C.
Kerr, D. J. C. Latham, M. W.
Lawrence, C. M.
Livermore, K. F.
Martin, S. P.
McFarlane, J. S.
McMullan, R. F.
Morris, A. A.
Murphy, J. P.
O’Connor, G. M.
Plibersek, T.
Quick, H. V.
Roxon, N. L.
Sawford, R. W *
Sercombe, R. C. G *
Smith, S. F.
Swan, W. M.
Thomson, K. J.

BAILEY, F. E. BARTLETT, B. G.
BARRESI, P. A. BISHOP, K.
BILLSON, B. F. BROUGH, M. T.
BISHOP, J. I. CAMERON, R. A.
CAUSLEY, I. R. CHARLES, R. E.
COSTELLO, P. H. DOWNER, A. J. G.
DRAPER, P. ELISON, K. S.
ENTSCH, W. G. FAHEY, J. J.
FISCHER, T. A. FORREST, J. A. *
GALLUS, C. A. GAMBARO, T.
GASH, J. GEORGIU, P.
HAASE, B. W. HARDGRAVE, G. D.
HAWKER, D. P. M. HOCKEY, J. B.
HOWARD, J. W. HULL, K. E.
JULL, D. F. KATTER, R. C.
KELLY, D. M. LIEBERMAN, L. S.
LAWLER, A. J. LLOYD, J. E.
LINDSAY, P. J.
MACFARLANE, I. E.
MCAFARLANE, I. E.
MOORE, J. C.
NAIRN, G. R.
NELSON, B. J.
NUGENT, P. E.
PYNE, C.
RONALDSON, M. J. C.
SCHULTZ, A.
SEEKER, P. D.
SOMLYAY, A. M.
ST CLAIR, S. R.
SULLIVAN, K. J. M.
THOMSON, A. P.
TUCKLEY, C. W.
VALE, D. S.
WAsher, M. J.

* denotes teller

Question so resolved in the negative.

Mr Howard—Mr Speaker, I ask that fur-ther questions be placed on the Notice Paper.

QUESTIONS TO MR SPEAKER

Minister for Health and Aged Care:
Correction to Hansard

Ms MACKLIN (4.41 p.m.)—Mr Speaker, on the last day of sitting last year, 9 Decem-
ber, I wrote to you in relation to the amendment of *Hansard* to delete words spoken by the Minister for Health and Aged Care. The tape showed the minister had referred to ‘legal advice I tabled from the secretary to my department some weeks ago from the Attorney-General’s Department’. This was on the issue of Medicare rebates for MRI machines. Mr Speaker, your ruling was that the word ‘legal’ was appropriately removed because it was an obvious mistake by Dr Wooldridge. I am not convinced that the mistake was obvious. Isn’t it the case that the rules in relation to changes to *Hansard* words state that changes cannot change the substance or the sense of the words? Is it your view that there is no substance or difference between legal advice from the Attorney-General and advice that a minister might receive from the health department?

Mr SPEAKER—I will respond to the member for Jagajaga and, if further detail is needed as a result of me returning to the files, I will raise the matter again. What is perfectly true is that it is in the ambit of the Presiding Officer—to check and see whether or not what has been said is in fact what is intended and, if a correction occurs, to allow the correction to appear in *Hansard*. I have viewed on a number of occasions the tape you refer to. In fact, I well recall sitting here and hearing the minister make that comment and wondering whether he wished the word ‘legal’ to stand because I heard him correct what he was saying. Having viewed the tape—and I am happy to make the tape available to anyone else who wishes to view it, obviously—I was in fact satisfied that he had used the word ‘legal’, you are perfectly right, that he then instantly decided it was not the word he would have chosen to use on reflection and so replaced it with another word which temporarily eludes me because I do not recall, as it is some months from the event, precisely what the other word was. It was for that reason that I allowed the *Hansard* record to stand because he had clearly paused and inserted another word in place of the word ‘legal’.

Ms MACKLIN (Jagajaga) (4.43 p.m.)—Mr Speaker, I will come back to you about that, but, on a related matter, as you would know, *House of Representatives Practice*, on page 573, states:

In some instances of error or inaccuracy in the *Hansard* reports, the position is better clarified by a personal explanation.

I am pleased to see the minister is in the House. I believe that there is substance to the change in this case. The minister still did refer to advice from the Attorney-General, not advice from the health department, and the House does not have a clear explanation of the difference between what the minister for health said and what he now claims he meant to say. What I would ask to resolve this matter is that you invite the minister to make a personal explanation about whether he was mistaken in referring to a legal opinion from the Attorney-General’s Department or from the Attorney-General, whether such advice exists, and whether he will now table it.

Mr SPEAKER—the member for Jagajaga has invited me to ask the minister if he wishes to make a personal explanation. I will first put that question to him. Do you claim in some way to have been misrepresented?

Dr WOOLDRIDGE (Casey—Minister for Health and Aged Care) (4.44 p.m.)—No, I do not. I have no personal explanation to make, but I wonder if I may have your indulgence on this question.

Dr WOOLDRIDGE—the honourable member is referring to an error in the *Hansard* record. She has also, in the past, quite erroneously and disingenuously suggested that I changed the *Hansard* record. The fact is that the record in *Hansard* was correct.

Mr SPEAKER—Order! The minister is speaking on indulgence and is expected to extend courtesy to the member for Jagajaga.

Mr SPEAKER—I have indicated my ruling on the matter. I am happy, having ex-
tended indulgence to the minister, to extend indulgence to the member for Jagajaga to make a further comment if she wishes.

Ms MACKLIN (Jagajaga) (4.45 p.m.)—It is unfortunate that the Minister for Health and Aged Care has left the parliament—

Honourable members interjecting—

Mr SPEAKER—Order! The member for Jagajaga is speaking on indulgence.

Ms MACKLIN—because the critical question remains: does the legal opinion from the Attorney-General exist? Does that advice exist? If so, will the minister come in and table it or is he just running away from this issue yet again?

Mr SPEAKER—The member for Jagajaga has it within her orbit to use question time to ask the minister that question if she so desires. But, on the issue that she raised initially with me, I have viewed the tape and I consider that the minister deliberately and intentionally corrected the word ‘legal’. That is why I allowed the corrected transcript to stand.

PERSONAL EXPLANATIONS

Mr T ANNER (Melbourne) (4.45 p.m.)—Mr Speaker, I wish to make a personal explanation.

Mr SPEAKER—Does the member for Melbourne Ports claim to have been misrepresented?

Mr T ANNER—Yes.

Mr SPEAKER—Clearly, he does. Having indicated that, he may proceed.

Mr T ANNER—In the January issue of the Footwear News, I was described as the ‘federal minister for trade’. I have drawn this mistaken description to the attention of the member for Lyne. This is a sensitive time for discussing relationships with brothers. I did, as the Footwear News suggests, present a trade award to my brother. However, I draw the attention of the Footwear News and its extensive readership to the fact that I have not been, nor am I, the minister for trade.

PRIVILEGE

Mr KERR (Denison) (4.47 p.m.)—Mr Speaker, I rise to draw the House’s attention to an issue which appears, on its face, to give rise to a matter of privilege. By way of background, a report appeared in the Sun-Herald of 9 January 2000 which referred to evidence which had been given before the Joint Standing Committee on Foreign Affairs, Defence and Trade by Detective Wayne Sievers and reported that Detective Wayne Sievers was to be interviewed over alleged unauthorised disclosures of information to that federal parliamentary committee. Briefly, Mr Sievers is one of several Australian Federal Police officers chosen for UN duties in East Timor, and he provided a range of evidence to that committee.

Not wishing to raise this matter without checking the substance of it, my office wrote to Dr John Nation, chief of staff of the office of the Minister for Justice and Customs, to seek advice as to whether or not that report was of substance. I should be able to tell you when I wrote, but my adviser obviously did not date it. But I received a response on 4 February from Dr Nation, which said that the reports were incorrect and provided me with a copy of a letter which had been provided to the Sun-Herald and Sunday Age from the Australian Federal Police Acting Chief Operating Officer.

I was quite content to leave the matter there. However, as a matter of courtesy, I had provided copies of the correspondence I had sent to Detective Sievers. Yesterday, I met with Mr Sievers, who was concerned about what he believed to be false information that had been provided to the minister’s office. He provided me with a letter which I received this morning in which he indicated that in fact he had been interviewed by the internal investigation division of the Australian Federal Police last Thursday, 9 February. He advised me that the circumstances were that he had been advised initially that this was in relation to the unauthorised disclosure of information to the joint standing committee. He indicated that, subsequent to consulting with his solicitors, he was presented with a new allegation but, notwithstanding that, at the interview he was still pressed in relation to the evidence which he had provided to the committee.

I have provided you, Mr Speaker, with copies of the materials. I seek leave to table
these documents, which I believe give rise to at least a prima facie case in relation to the privileges of this parliament.

Plainly, privilege is of the utmost importance to those who give evidence, particularly on matters of grave significance—as are suggestions that this government may not have acted in an appropriate way to secure the personal safety of those who served as part of the Australian Federal Police’s contingent, by not acting appropriately by pressing for peacekeeping forces to be on the ground prior to the ballot. Whatever the rights or wrongs of those particular contentions, those are matters which are very proper for agitation before that parliamentary committee which had received the evidence. Any pressure being placed on a witness that arises as a result of that is entirely inappropriate.

In view of this press report, the correspondence exchanged between my office and the minister’s office, and the subsequent correspondence of Detective Sievers, I would ask that you consider whether or not there is an appropriate case for reference to the Privileges Committee which had received the evidence. Any pressure being placed on a witness that arises as a result of that is entirely inappropriate.

Mr SPEAKER (4.52 p.m.)—I would indicate to the member for Denison that matters of privilege are deemed to be serious matters before the House and leave is not necessary before the documents are presented for tabling. I also indicate to the House that, while it is customary for matters of privilege to be brought to the House at the earliest available opportunity, the member for Denison had alerted me to this matter prior to question time and provided me with the material, although I have not done it justice. For that reason, I felt that it had been brought to my attention and it was appropriate for it to be brought to the House’s attention at this stage rather than prior to question time. I will look at the documents presented by the member for Denison and report to the House as early as is conveniently possible.
posing that a definite matter of public importance be submitted to the House for discussion, namely:

The failure of the Government to implement a fair and transparent scheme for the protection of workers’ entitlements and the particular mismanagement by the Government of the National Textiles case.

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

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

Motion (by Mr Reith) agreed to:
That the business of the day be called on.

COMMITTEES

Selection Committee

Report

Mr NEHL (Cowper)—I present the report of the Selection Committee relating to the consideration of committee and delegation reports and private members’ business on Monday, 6 March 2000. The report will be printed in today’s Hansard, and the items accorded priority for debate will be published in the Notice Paper for the next sitting.

The report read as follows—

COMMITTEE AND DELEGATION REPORTS

Presentation and statements

1 AUSTRALIAN PARLIAMENTARY DELEGATION TO TONGA, COOK ISLANDS AND FRENCH POLYNESIA: Report of the Australian Parliamentary Delegation to Tonga, Cook Islands and the First Pacific Community Conference, French Polynesia.

The Committee determined that statements on the report may be made — all statements to be made within a total time of 15 minutes.

Speech time limits —
Each Member — 5 minutes.


The Committee determined that statements on the report may be made — all statements to be made within a total time of 10 minutes.

Speech time limits —
Each Member — 5 minutes.

3 FOREIGN AFFAIRS, DEFENCE AND TRADE — JOINT STANDING COMMITTEE: Report on a visit to East Timor, 2 December 1999.

The Committee determined that statements on the report may be made — all statements to be made within a total time of 10 minutes.

Speech time limits —
Each Member — 5 minutes.


The Committee determined that statements on the report may be made — all statements to be made within a total time of 15 minutes.

Speech time limits —
Each Member — 5 minutes.

PRIVATE MEMBERS’ BUSINESS

Order of precedence

Notices

1 MR BAIRD: To move—That this House acknowledges Rugby League as one of Australia’s national sports and congratulates the players, referees, fans and administrators of the game on:

(1) the expansion of Rugby League into non-traditional geographic areas during recent years;

(2) the establishment of a Rugby League Foundation which will provide additional funding to junior development in regional areas of NSW and Queensland;

(3) the victory of the Melbourne Storm in the 1999 National Rugby League Grand Final in only its second year of operation;

(4) a rise in average game attendances of 30% in 1999 with over 3 million Australians attending NRL games in 1999; and

(5) the successful implementation of the 1997 peace plan between the Australian Rugby League and Super League which will see the NRL conduct a 14 team national competition in 2000. (Notice given 9 December 1999.)

Time allotted—private members’ business time prior to 1.45 p.m.

Speech time limits—
DR EMERSON: To move—That this House:

1. acknowledges the irritation caused to television viewers by the broadcasting of advertisements at volumes or pitches greater than those of normal programs;

2. notes that neither the Broadcasting Services Act nor the Commercial Television Code of Practice requires television stations to broadcast advertisements at the same sound level as their programs;

3. notes that at present the only recourse for viewers unhappy about the volume of advertisements is to complain to the television stations or the advertisers; and

4. calls on the Government to amend the Broadcasting Services Act to empower the Australian Broadcasting Authority to regulate the volume and pitch of television advertisements. (Notice given 24 November 1999.)

Time allotted—30 minutes.

Speech time limits—

Mover of motion—10 minutes.

First Government Member speaking—10 minutes.

Other Members—5 minutes each.

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

MR SCHULTZ: To move—That this House:

1. places on record concern about the continued activity of the NSW Government in relation to the control of Ovine Johne’s Disease (OJD) in sheep being without precedent in animal disease control in Australia;

2. notes that as at April 1999 over 900 farms were identified as being affected or suspected of having OJD in rural NSW alone, with most of these properties being in quarantine;

3. further notes the serious economic and social problems being faced by sheep and wool producers because of a growing concern that employment of veterinarians is a greater factor in the current enthusiasm for control than concerns for the disease free status of the industry; and

4. calls on the Federal Government to freeze all funding under the National Ovine Johne’s Disease program until such time as an investigation is undertaken into NSW Department of Agriculture procedures to ensure its actions are based on sound scientific and socio-economic grounds. (Notice given 18 October 1999.)

Time allotted — remaining private Members’ business time.

Speech time limits—

Mover of motion — 10 minutes.

First Opposition Member speaking — 10 minutes.

Other Members — 5 minutes each.

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

ASSENT TO BILLS

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

Indigenous Education (Supplementary Assistance) Amendment Bill 1999
Higher Education Funding Amendment Bill 1999
Health Legislation Amendment Bill (No. 3) 1999
Border Protection Legislation Amendment Bill 1999
New Business Tax System (Capital Allowances) Bill 19998
New Business Tax System (Capital Gains Tax) Bill 1999
New Business Tax System (Former Subsidiary Tax Imposition) Bill 1999
New Business Tax System (Income Tax Rates) Bill (No. 1) 1999
New Business Tax System (Income Tax Rates) Bill (No. 2) 1999
New Business Tax System (Integrity and Other Measures) Bill 1999
Agriculture, Fisheries and Forestry Legislation Amendment Bill (No. 2) 1999
Veterans’ Affairs Legislation Amendment Bill (No. 1) 1999
Family and Community Services Legislation Amendment (1999 Budget and Other Measures) Bill 1999
Australian Security Intelligence Organisation Legislation Amendment Bill 1999
Electronic Transactions Bill 1999
Tuesday, 15 February 2000

National Residue Survey Levies Regulations (Validation and Commencement of Amendments) Bill 1999
Social Security (International Agreements) Bill 1999
Appropriation (East Timor) Bill 1999-2000
Taxation Laws Amendment Bill (No. 9) 1999
Textile, Clothing and Footwear Strategic Investment Program Bill 1999
Equal Opportunity for Women in the Workplace Amendment Bill 1999
Farm Household Support Amendment Bill 1999
A New Tax System (Indirect Tax and Consequential Amendments) Bill 1999
A New Tax System (Pay As You Go) Bill 1999
A New Tax System (Tax Administration) Bill 1999
War Crimes Amendment Bill 1998
Migration Legislation Amendment (Migration Agents) Bill 1999
Broadcasting Services Amendment Bill (No. 1) 1999
Broadcasting Services Amendment Bill (No. 3) 1999
Superannuation Legislation Amendment Bill (No. 4) 1999
Australia New Zealand Food Authority Amendment Bill 1999 [No.2]
Diesel and Alternative Fuels Grants Scheme (Administration and Compliance) Bill 1999
Social Security (Administration) Bill 1999
Social Security (Administration and International Agreements) (Consequential Amendments) Bill 1999
Federal Magistrates Bill 1999
Federal Magistrates (Consequential Amendments) Bill 1999
National Crime Authority Amendment Bill 1999
Quarantine Amendment Bill 1998
Tradex Scheme Bill 1999 [No. 2]
Tradex Duty Imposition (Customs) Bill 1999
Tradex Duty Imposition (Excise) Bill 1999
Tradex Duty Imposition (General) Bill 1999
Customs Tariff Amendment (Tradex) Bill 1999 [No. 2]
Customs Tariff Amendment Bill (No. 1) 1999
TAXATION LAWS AMENDMENT BILL (No. 8) 1999

Consideration of Senate Message
Message received from the Senate returning the bill and acquainting the House that the Senate insists on amendments Nos 8, 11 to 14, 17 and 18 disagreed to by the House and desires the reconsideration of the bill by the House in respect of the amendments.
Ordered that consideration of the message be made an order of the day for the next sitting.

LEAVE OF ABSENCE
Motion (by Mrs Bronwyn Bishop) agreed to:
That leave of absence from and including 15 February 2000 until 13 March 2000 be given to the Minister for Sport and Tourism for maternity purposes.

MAIN COMMITTEE
Mr SPEAKER—I advise the House that the Deputy Speaker has fixed Wednesday, 16 February 2000, at 9.40 a.m., as the time for the next meeting of the Main Committee, unless an alternative day or hour is fixed.

MATTERS REFERRED TO MAIN COMMITTEE
Motion (by Mr Ronaldson) agreed to:
That the following bills be referred to the Main Committee for consideration:
Gladstone Power Station Agreement (Repeal) Bill 1999
Telecommunications (Consumer Protection and Service Standards) Amendment Bill 1999
Albury-Wodonga Development Amendment Bill 1999
Classification (Publications, Films and Computer Games) Amendment Bill (No. 2) 1999
Therapeutic Goods Amendment Bill 1999
CRIMINAL CODE AMENDMENT (APPLICATION) BILL 1999

Second Reading
Debate resumed from 24 November 1999, on motion by Mr Williams:
That the bill be now read a second time.
Mr KERR (Denison) (4.58 p.m.)—The opposition supports this legislation, which
repeals and replaces section 2.2(2) of the Criminal Code Act 1995. Whilst we support this legislation, we do see it as a matter of some regret that the delays occasioned since this government came to office have necessitated this particular piece of legislation. The intent of codifying the criminal law was announced by the Hawke government and pursued by the Keating administration, in which I was Minister for Justice. In fact, I introduced the legislation that this particular amendment deals with in early 1995.

Chapter 2 of that criminal code was intended to provide a uniform expression of how the principles of criminal law might be expressed consistently across not only the Commonwealth but all states and territories. Under subsection 2.2(2), this chapter comes into force as of 15 March 2000. So the framework, if you can imagine it, is that we had discussed the general benefit that could come from a national system of criminal laws, or at least a substantial uniformity in relation to criminal law, in the late 1980s and early 1990s. We introduced the Criminal Code Act in order to provide a framework from which the Commonwealth itself would conform all its legislation, and around which we had the hope and expectation that the states and territories would also respond in a positive way in order that we could have a similar system of criminal law applying right across the states and territories.

Again by way of background, presently even the most fundamental of principles of the criminal law diverge substantially between various states and territories, most noticeably between those jurisdictions that are still common law jurisdictions and those that have adopted various forms of what was originally the Griffith Criminal Code. Similar codes exist, of course, in Tasmania and in other jurisdictions. So, the way in which criminal responsibility is sheeted home in criminal law varies very substantially between various jurisdictions, and it is a matter of considerable confusion to practitioners and, indeed, to those who are subject to it.

When the Criminal Code Act was passed in 1995, it was estimated that it would take approximately five years for the Attorney-General’s Department to achieve harmonisation across all Commonwealth legislation of Commonwealth offences, in line with the principles set out in chapter 2 of the criminal code. I think that was a fair time period to allow for that exercise to be conducted. Five years would have been more than adequate had sufficient haste been pressed upon those responsible for the task to have made certain that the legislation ensuring that all Commonwealth legislation was brought into line with these new principles of Commonwealth responsibility, at least at the Commonwealth level, was achieved.

It should also have been an opportunity for substantial advocacy of the benefits of this approach to the states and territories. This has not been the case since the new government came to office. Whilst the process has continued, the opportunity to press their state and territory colleagues on the advantages of moving in harmony with the Commonwealth to develop a common approach has not been particularly well argued or advanced. With the Commonwealth dragging its heels and failing to put much effort into the encouragement of states and territories to come into line, we still have, five years on, the same wretched morass of different principles and inelegantly expressed conflicts that emerge when conflict of law situations arise with respect to the criminal law, and where we, for example, still find ourselves with very difficult questions of jurisdiction arising in relation to conspiracy matters—the question of whether the Commonwealth law allows for the evolution of new crimes of conspiracy with extraterritorial impact and the like—still emerging as live issues in our jurisprudence.

The department has advised the government that the process of aligning Commonwealth law has taken longer than anticipated and that it will not be completed by 15 March this year. Therefore, if chapter 2 comes into force as of 15 March this year, it would create practical difficulties. You would have a Commonwealth statute that expresses the principles by which the Commonwealth will operate with respect to all Commonwealth criminal offences not standing neatly with a number of provisions in particular acts that still criminalise specific
conducted. That plainly would give rise to the potential for argument about the validity of one provision or the other, and it would certainly create a potential minefield for prosecutions under the offences which had not been harmonised.

So this legislation extends the application date for subsection 2.2(2) to 15 December of next year. Senator Vanstone’s office has asked us to facilitate the swift passage of this legislation so that the amendments can be enforced before 15 March, when we would otherwise have had this situation of the improved general provisions—which have now been the subject of extensive consultation—which have been passed and included within Commonwealth legislation for a long period of time, but still with these inconsistencies around the margins remaining. We are certainly happy to accommodate that. Happy is probably the wrong word, but this is an example of the way in which the government and the opposition can work together to facilitate the swift passage of legislation when necessary.

We are responsive to the minister’s request to assist with a piece of administrative legislation which is necessary to prevent widespread negative implications in the way in which Commonwealth criminal justice legislation and the system operate. It would be churlish for us to say to the government, ‘Although we are critical of the pace at which you have progressed this, we are going to punish the good administration of justice by creating unnecessary complexities in the administration of criminal law.’ That would be a most unsound position for us to take. We are willing and, indeed, quite pleased to support this piece of legislation, in the circumstances. I think it is important to emphasise the words ‘in the circumstances’ because we need to go back to the fundamental reason why the criminal law revision process was undertaken and begun in the late 1980s, continued through the work of the Criminal Law Officers Committee, and then implemented in legislation.

There were two important pieces of national law reform which ought to have moved in parallel. One was to get harmonisation of our criminal laws—at least the basic principles under which criminal law operates, reserving the possibility for particular responses to local circumstances in various states and territories where they might require a particular measure to address a wrong. At the same time, there are certain fundamental questions. For example: at what age can a person be held liable for an act and be prosecuted? How are questions of insanity to be assessed and judged? What mental element is required for the commission of a crime? Is knowledge a necessary element? Is recklessness sufficient? Can mere negligence suffice as the requisite mental state? We felt it was inappropriate that such vital and fundamental bedrock questions about the way in which the criminal law can be expressed can vary so greatly from jurisdiction to jurisdiction. We believed that it was important to achieve a national approach in relation to those very fundamental questions. We still believe it is important; indeed, the government believes it is important. It is just that the government is not doing anything to translate that belief into sufficient urgency, or—I think more fundamentally—to encourage the states and the territories to proceed with that sense of urgency themselves. If at the end of the day it is only the Commonwealth that enacts this approach, the complexities will be even more unhelpful than they currently are, because you will have the code states, you will the Commonwealth states, and you will have the criminal code provisions—which are intended to be model provisions—operating at a Commonwealth level alone and exclusively.

The second of the major initiatives that were proposed was reform of the evidence law. I had the privilege of introducing model legislation—which was intended to operate not only at the Commonwealth level but also at state level—in relation to the admission of evidence in curial proceedings. That has had greater application outside the Commonwealth than the codification of the criminal law. There the Commonwealth has enacted its own legislation which now applies nationally in relation to all Commonwealth matters. That model framework has been adopted and applied in New South Wales...
and in the ACT. So, in a very large part of Australia, those laws are the basis of common approaches.

Of course, nothing has been added to the achievement that was left to this government when it came to office. No new state has been encouraged to join the scheme of application of the Evidence Act, and there has been no great enthusiasm from the Attorney-General, the Minister for Justice and Customs, or the Prime Minister—notwithstanding the advantages in the administration of the courts and the convenience for the citizen of having common rules apply in these matters which no longer respect state boundaries. There is no real reason why the method of proof in relation to some particular fact should vary between New South Wales and Victoria. It seems that lawyers now can practise as if there is a national market, in most ways. We are certainly trying to encourage that, but there are still basic differences in the operation of the evidence laws, both in the civil and criminal aspects, between major jurisdictions. And that imposes substantial and unnecessary transaction costs on the legal process.

That is not to say that any model law that is introduced in this way is going to be without its critics or not capable of improvement. It should mean that we encourage a process whereby the states work with the Commonwealth, as they do in a number of areas where we have adopted a national approach. The model legislation becomes a template so that all the states and territories get together to see whether or not a particular criticism of a provision is warranted. If they agree, it is changed and it applies right across the country. That is what should happen with the Evidence Act, and that is what should now be under substantial discussion about the criminal code. Remember that the provisions about criminal responsibility in the criminal code that we are passing into legislation in this parliament—and passed into legislation five years ago—have been built on year by year.

I note there will be a debate in this parliament on provisions in relation to fraud and offences of that nature, and we will be discussing the draft that will be included in the Commonwealth legislation. These building blocks of national law-making have involved the states and territories right from the start. The Criminal Law Officers Committee was never an emanation of the Commonwealth; it was an emanation of the Standing Committee of Attorneys-General. It has been involved in very extensive consultations with the states, the territories and the legal profession and has provided the parliaments with very well thought through drafts in which the reasons for particular directions have been set out and clearly identified and the reasons why some measures have not been supported have been identified, thereby allowing the states and the Commonwealth to have a very clear picture of how to substantially improve the administration of justice.

It is a travesty and a shame that a project of this significance has been given so little priority. I appreciate that, in the toing-and-froing of daily political life, other issues assume importance for the week or the month or the year, and they must be pursued with the urgency that I expect to be accorded to them, but a long-term project of as great a national significance as this will get nowhere unless it is given energy from the leadership of this government—from the Attorney-General, from the Minister for Justice and Customs and indeed from the Prime Minister. It was the urging of the Prime Minister, at the head of government level, which first kicked off this process, and there was a cooperative working through of it by the attorneys and their law officers. Without there being some political imperative, all that good work is likely to be treated simply as an interesting academic exercise, and the long-term national cost will be extreme. It is not something that we will be able to look back on in 15 or so years and say, 'This was work which amounted to a substantial achievement,' if all we have, as a result of this enormous endeavour by so many people with great goodwill, is a substantial pile of reports but no adoption, or no commitment to the adoption, of a national scheme by the states and territories and further foot dragging by the Commonwealth in relation to the legislation that it has introduced and passed for its own use.
We indicate that we are happy in the circumstances to support this legislation, but those circumstances are most unfortunate. We believe that the momentum for the criminal code project needs to be revitalised. I welcome the discussion paper on chapter 4, ‘damage and computer offences’ and on chapter 2, ‘jurisdiction’. They are very important developments. I note that the chapter on theft, fraud, bribery and related offences was introduced last November. When those provisions are enacted by this parliament, it will allow us to see a schema of laws which will enable the Commonwealth to say to the states, ‘We have moved past just legislating general principles of criminal responsibility. You can now see how this applies to the range of offences which are more akin to those which are expressed in your state legislation.’ On that basis, there should be an opportunity to gain some greater agreement between Commonwealth and state attorneys on a time frame whereby we will move towards harmonisation on the basis of this model criminal code.

The task is one which never excites great media interest—it is not one which you can get on the front page of a tabloid newspaper—but it is a waste of human resources and it is a lost opportunity. To place Australia in the position it could be in, if we worked this thing through properly so that there was harmonisation of our approach on evidence and criminal law, would be of enormous benefit to a public that is concerned about law and order at a very simple level and concerned to make certain that we have a legal framework which is responsive and adequate to deal with the prosecution of crime. It would also address an economic advantage that would flow from having common principles whereby lawyers could, with confidence, advise their clients about admissibility of evidence notwithstanding which jurisdiction they practised in. It would enable decisions as to whether or not an action might be in breach of some prohibition of the criminal law to be assessed again without any regard to the jurisdictional issues. All of these advantages would flow from a serious recommitment to this national project.

I appreciate that the government is batting on with this—I would certainly be much more critical had it abandoned this national project—but it does seem to me that we are not much better off by a continuation of a program of work which is not now geared to see a positive outcome—by way of pressure, encouragement, enthusiasm and advocacy—with the states and territories. It really is important to go back to that fundamental agreement that the Prime Minister and premiers reached years and years ago and to the bedrock agreement that was reached between the Attorneys and their law officers that this was a task of great importance and that we would engage in this in a cooperative and constructive way with the national interest at the forefront of our minds rather than with the view that we would seek to retain difference and complexity in our laws for the sake of it. It really is a fundamental and important issue of national significance which has been allowed to slip down the agenda—no doubt under the pressure of a whole range of other issues which have been coming onto the government’s agenda and perhaps also because it was the child of the previous Labor administration. I would hate to feel that that was part of the feeling, but there is, I imagine, no small sense that it is better to bat on and get up your own raft of achievements rather than to progress that of a previous administration. I suppose it would be a bit optimistic to expect anything other than that kind of response. But, once we get past that, we ought to realise that there is a national imperative here and really get behind this scheme, get behind the idea that motivated it in the first place and get back to some serious talking about a timetable for its national implementation. I know that the government believes that this issue should not be abandoned and it will continue with it—so I am reassured on that score—but there needs to be far more whole of government commitment to it than has hitherto occurred.

Finally, I look forward to the introduction later in this parliament of the most recent chapters of the model criminal code. They contain very well thought through provisions. There are a couple of specifics, which we will be discussing with the minister and her advisers, where we differ—subject to
persuasion, and there are some very persuasive advisers. Indeed, they were my advisers at one stage—so, extraordinarily persuasive. I do welcome that continuation of the project. It is not, as I say, going to be an issue that will catch the imagination of the tabloid media—it might not catch the imagination of any of the media—but it ought to catch the imagination of the media that we have passed the five-year period without this coming into effect because of delay. That is essentially what has happened. We have not been able to meet benchmarks we set—I do not think unreasonably—in order to bring about the harmonisation of Commonwealth provisions in relation to criminal law responsibility, let alone to provide a sufficiently advanced model to the states and territories to encourage them to be more than interested spectators in this process.

Both with this legislation and with the Evidence Act there is a need for fresh urgency and fresh attention to the task. I indicate that the opposition will continue to be as constructive as we can be through this process. Naturally, you can expect us to be critical of aspects with which we do not find ourselves in agreement and to press the government to become more urgent and more committed to the task. But the opposition will not be opposing this particular legislation. We understand that the government will be moving as rapidly as it can to complete the task. Hopefully it can do so before that now extended time line. Of course, if it is able to do that so much the better.

Ms JULIE BISHOP (Curtin) (5.27 p.m.)—The member for Denison jumps at shadows. The government is committed to the model criminal code—a code whereby model offences have been developed on a national level with the cooperation of the states and territories who then adopt various components of the criminal code. This, of course, leads to more consistency, more certainty and more clarity. I understand the passion the member for Denison has for the code, but all the Criminal Code (Application) Amendment Bill 1999 provides for is an extension of the time frame within which certain aspects of the code—namely, chapter 2—can be implemented so that the code will be effected and workable.

Resources are not being wasted. No-one is dragging their feet. The member for Denison cannot point to any evidence in that regard. The main provisions of the bill defer the commencement of chapter 2 until 15 December 2001. Royal assent was given to the Criminal Code Act 1995 on 15 March 1995. So chapter 2 was due to commence on 16 March 2000. Specifically, subsection 2.2(2) of the bill provides for the deferral of the application of chapter 2 until 15 December 2001. So it is going to replace the present provision which states that chapter 2 will apply on the day five years after the day on which the Criminal Code Act received royal assent. In essence, this replacement provision provides a 20-month extension.

I make the unremarkable observation, in response to the predictable line run by the member for Denison, that, given the extension of time sought, a better outcome will occur in the administration of justice. Within this time frame, further adjustments can be made to offences to enable them to operate appropriately once the criminal code does apply to them. In other words, if the criminal code were to apply to all offences as from 16 March 2000 as originally anticipated, there would be problems for prosecutions as, we are advised, it would not be possible to adjust all of the offences before that date, in particular defining the date on which chapter 2 of the code applies to other acts as necessary because many Commonwealth criminal offences have not been harmonised in accordance with its principles and prosecutions could be affected. For example, where there are strict liability offences, they would automatically lose their strict liability status unless they had all been amended to expressly designate them as strict liability offences.

I would have thought that any prospect of there being a technical problem with prosecutions that would lead to increased costs being incurred because of difficulties with prosecutions ought to be avoided, as I am sure the member for Denison would have agreed, hence the necessity for the passage of this bill. But the member for Denison says, ‘Oh, well, I have thought about it and, in my
view, going back five years ought to be enough time.' That is a simplistic enough charge, but since the Criminal Code Act 1995 was enacted it has become apparent that the overall task of developing and implementing the criminal code has proved to be far more onerous than originally anticipated, particularly given the number of offences under the various Commonwealth laws that require review and, if necessary, amendment in order to comply with and to harmonise in accordance with the general principles of criminal responsibility contained in the criminal code.

The criminal code is a significant step in the evolution of our system of justice. Just to put that into context, I refer to the background of the Gibbs committee. The committee was chaired by Sir Harry Gibbs and it sought to review all the Commonwealth criminal laws. It recommended in 1987 that there be general principles of criminal responsibility for Commonwealth law, recognising the need to review the system where principles applicable to Commonwealth offences were disparate and inequitable. Just to illustrate the point, common law principles apply if the offence is contained in the Crimes Act 1914. However, the major application of the Crimes Act relates to Commonwealth offices and property, and the great raft of Commonwealth offences is created in other statutes. So the Judiciary Act 1903 provides that, when a state or territory court is exercising federal jurisdiction in a criminal case arising under statute other than the Crimes Act, the question of criminal responsibility must be decided according to the relevant state or territory law.

This code seeks to ensure, for example, that the situation can no longer occur where two people convicted of the same Commonwealth offence in different states may be subject to different rules. Those rules can have a substantive impact on the outcome of any prosecution. Take, for example, the different consequences that flow from differences in Commonwealth and state laws. Under the Crimes Act the age of seven is the age of criminal responsibility. However, the offence, charge, may not be against the Crimes Act, it may be against another Commonwealth statute, and the age of criminal responsibility varies throughout the jurisdictions; thus the place where the court is held will determine the age which applies. So the idea that there should be one Commonwealth criminal law is not hard to fathom in those circumstances on the grounds of both consistency and equity.

The model criminal code addresses a wide range of offences under Commonwealth laws including assault, stalking, abduction, sexual offences, homicide, conspiracy to defraud, perjury and the like. The states and territories of Australia have already adopted various components of the model criminal code. There has been a deal of cooperation, but there is now a necessity to defer for a relatively short while the implementation of chapter 2. As I have said, chapter 2 contains the criminal code's general principles of criminal responsibility, which are ultimately intended to apply generally to all Commonwealth criminal offences. Chapter 2 was in fact the first substantive chapter to be included in the criminal code, for it deals with the general principles of criminal responsibility applying to all offences created by any law of the Commonwealth. This includes principles ranging from the common elements of offences such as conduct and intention to secondary offences such as attempt, complicity, incitement and conspiracy. The principles in chapter 2 also relate to general issues such as capacity, the age of criminal responsibility, to which I have referred, and the burden and standard of proof.

While the federal government supports the model criminal code, I hasten to point out that it is confined to Commonwealth laws. Given the headlines in this morning's media on the matter of Western Australian and Northern Territory laws on mandatory sentencing, I make the point that that issue is dealing with state and territory sentencing laws—state and territory criminal laws—which are the responsibility of the democratically elected state parliaments and that, as federal parliamentarians, we should not ever forget that federalism is the best system of government in the world. It allows for the dispersal of power while maintaining a cohesive nation state. It enables democrati-
cally elected parliaments to deal with specific issues at regional levels.

That is essential in a nation of the geography and demography of Australia and, if there is no constitutional basis for doing so, the federal parliament should exercise extreme caution before even thinking it can assume or presume to have a role in determining state laws emanating from state parliaments. We must ensure that we maintain the laudable democratic federalist objectives that have served this country so well. But, in contradistinction, the model criminal code, the subject of this bill, has its value and its importance as a national tool in the Commonwealth criminal law field, emphasised in the ever changing circumstances of cybercrime. To highlight the sort of work that the Model Criminal Code Officers Committee has to deal with, just last week the Minister for Justice and Customs released a model criminal code discussion paper in relation to chapter 4, defining new criminal penalties involving computer offences. In such a dynamic environment as the computer technology world, laws including criminal laws need to be updated.

Existing computer offences, for example, are less than 10 years old in many instances, yet many are already outdated. With the increasing use of electronic communications throughout Australia and the increasing use of the Internet for transactions, there is greater susceptibility for computer crimes to take hold. We only have to take the recent hacker attacks on the America Online and Yahoo web sites and other major Internet portals to see the need for criminal laws on a national basis to address crimes that know no boundaries such as the unauthorised impairment of electronic communications—computer sabotage and the like. The model criminal code discussion paper on this sort of crime adds an element to make it an offence to use a computer with the intention of committing a serious offence. The punishment for committing such an offence using a computer would be the same as if the person had committed the serious offence concerned.

So the government is taking steps to keep abreast of the changing face of crime in the technological world. In relation to this bill, it is quite straightforward. In 1995 the parliament set the five-year period described in subsection 2.2(2) with the view that this would allow sufficient time for all offences under Commonwealth law to be reviewed and, if necessary, amended in order to comply with the general principles of criminal responsibility contained within the criminal code. As it turns out, more time to achieve that objective is required. I thank the member for Denison for stating that the bill is not opposed and, in those circumstances, I commend this bill to the House.

Mr Pyne (Sturt) (5.39 p.m.)—The Criminal Code Amendment (Application) Bill presently before the House allows for deferral of the application of chapter 2 of the Criminal Code Act, which contains the criminal code’s general principles of criminal responsibility and which are ultimately intended to apply generally to all Commonwealth criminal offences. As it currently operates, the provisions of chapter 2 of the act will commence on 16 March 2000, the prescribed five years from the date of royal assent. This bill also provides that the new commencement date for the operation of chapter 2 of the Criminal Code Act will be 15 December 2001. This time frame is necessary to allow the period of review and adjustment to be properly concluded across all Commonwealth legislation. At the conclusion of this time frame the principles of the criminal code will generally apply to all offences under Commonwealth law. A deferral until December 2001 will allow the review and adjustment process to be properly conducted across all Commonwealth legislation and will ensure adequate time to harmonise Commonwealth criminal offences with the principles of criminal responsibility in the criminal code.

If some of these offences are not properly adjusted, they will become more onerous for the prosecution to prove, as many Commonwealth criminal offences have not been harmonised with its principles. The presence of anomalies in the criminal justice system, whether it be at Commonwealth or state and territory level, is one of the primary reasons why the federal government instigated the model criminal code project to which this
The model criminal code project will lead to more consistent laws around Australia and greater clarity in criminal offences. For example, in the case of offences against the person which result in death, there is a great deal of inconsistency and confusion. It is quite concerning that, even with offences as serious as murder, Australians cannot travel in their own country and be sure they have the same level of protection they would have in another part of the country.

Indeed, in the New South Wales jurisdiction, there is a partial defence of diminished responsibility in certain cases of murder, yet when you cross the border into Victoria the defence of diminished responsibility does not operate. At present there are also inconsistencies between the states and territories in the number and types of offences as well as the maximum penalties. This situation must strike many Australians as passing strange. What is justice in one Australian state is sometimes a crime in another. Both states cannot be right in their interpretation of the defence of diminished responsibility. There are also inconsistencies in sentencing laws that operate in Australian criminal jurisdictions which the model criminal code is seeking to improve. Take, for example, the current treatment of the charge of intentionally causing serious harm. There is an inconsistent treatment of a variety of criminal offences in different criminal jurisdictions in Australia.

In the Australian Capital Territory and Victoria, the maximum penalty is 15 years imprisonment, in Western Australia the maximum penalty is 20 years while in Tasmania and New South Wales the maximum penalty is 21 and 25 years respectively. Queensland, South Australia and the Northern Territory carry maximum life sentences for the same crime. Therefore, the range of maximum sentences for intentionally causing serious harm in Australia is 15 years to life, 20 to 25 years appears to be a reasonable maximum sentence.

Consider also the serious crime of kidnapping. In Australia the maximum sentence ranges from 14 years in Queensland to 25 years in Victoria and a maximum of life imprisonment in my home state of South Australia. Under the model criminal code, the maximum sentence is 15 to 19 years imprisonment. The current debate over mandatory sentencing in the Northern Territory is another situation which may benefit from using the model criminal code. I know that the member for Curtin touched on that subject in her speech from the point of view of the federal system of government under which we operate. I agree with her that the federal system of government is the most efficient and the best system of government and has proven to be of great benefit to Australia in the last 100 years.

However, there are issues that need to be considered with respect to the mandatory sentencing laws in the Northern Territory which might take some careful consideration. For example, in the Northern Territory the judicial discretion that we have always regarded as critical in our system of justice, which is important to the independence of a judge in making a decision about the circumstances of a person and what sort of punishment would fit the crime, has been taken away in that territory. Of course, because the Northern Territory is not a state, the same rules do not apply as would apply in Western Australia. The Commonwealth would be required to use its law of external affairs to intervene in Western Australia, which we would naturally be loath to do. However, in the Northern Territory, under section of 122 of the Constitution, the Commonwealth could intervene in the Northern Territory’s laws, and there may well be a case for doing so. That is probably a matter for another day.

On that subject, I will finish by saying that I do support the Attorney-General in his actions of writing to the attorneys-general of the Northern Territory and Western Australia and asking them to review the situation in those two jurisdictions with respect to mandatory sentencing. I would suggest to both of
the attorneys-general, particularly the Northern Territory, that the arguments have gone far enough with respect to mandatory sentencing in that territory and the egregious examples that I could list today, but choose not to, of minor offences for which people have been incarcerated are an embarrassment for that territory and an embarrassment for the nation.

Some of the inconsistencies that arise in criminal law at both state and territory level are often a result of the two different approaches to criminal law—the common law approach and the codified law approach. Criminal law in New South Wales, Victoria, the Australian Capital Territory and South Australia is based on the common law approach. In these jurisdictions, while a significant proportion of offences are contained in specific acts and regulations, many are based on non-legislative common law principles. This arrangement lends itself to subtle but consistent changes to the law. Whilst it is essential that the law continues to evolve, too much change too quickly is not necessarily the optimal situation. This is in contrast to the criminal law in Western Australia, Queensland, Tasmania and the Northern Territory, which is based on a comprehensive criminal code in each of those jurisdictions. The model criminal code should not be interpreted as diminishing state rights in these areas. Rather, it is about delivering uniformity and consistency throughout criminal law jurisdictions in Australia.

The primary task of developing the model criminal code was given to the Standing Committee of Attorneys-General, which established the Model Criminal Code Officers Committee. The membership of this committee comprises criminal law experts from various jurisdictions. Substantive offences relating to the following areas have all been developed by the Model Criminal Code Officers Committee for the model criminal code: the administration of justice; conspiracy to defraud; damage and computer offences; fatal offences against the person; general principles of criminal responsibility; non-fatal offences against the person; offences against humanity such as slavery; public order offences like the contamination of goods; serious drug offences; sexual offences against the person; and theft, fraud, bribery and related offences. Encouragingly, many of the states and territories have adopted various components of the model criminal code. As a result, Australians are being given greater certainty, protection and confidence under the law.

But, despite this progress, there is still a considerable amount of work to be done to harmonise Commonwealth offences with the criminal code. The assignment of developing and implementing the criminal code has proven to be more comprehensive than initially expected when the Criminal Code Act was passed in 1995. The model criminal code is one of the most important reforms to the criminal justice system. But for these reforms to have full effect it is necessary that they be implemented properly. This bill helps ensure that outcome by making sure that it is not implemented before its time.

Ms GAMBARO (Petrie) (5.47 p.m.)—I also rise to speak to the Criminal Code Amendment (Application) Bill 1999. I would like to add to the comments made by the previous speaker, the member for Sturt, and also to those made by the member for Curtin. This legislation has been introduced to defer the implementation date for the criminal code from 16 March 2000 to 15 December 2001. Firstly, I would like to make it clear that this government is strongly committed to the implementation of the criminal code. We look forward to seeing the completion of this process and a uniform application of the criminal code to a wide range of criminal offences. In 1995, the previous government set a relatively ambitious five-year target to review all offences under the Commonwealth law and amend them to meet the principles of the criminal code. Whilst there has been significant progress towards the development of a model criminal code, there are still aspects of chapter 2 relating to the general principles of criminal responsibility in relation to Commonwealth criminal offences that need to be reviewed. I know that all my colleagues agree that a project as important as the model criminal code needs to be thought out carefully and thoroughly imple-
mented. It should not be rushed through, at any rate.

Deferring the commencement of the code for even this very short period will ensure that the review and adjustment process can be properly concluded. With the project nearing completion, more resources can now be devoted to the process of ensuring implementation by the end of the extension period. Between now and 15 December 2001, offences can be harmonised with general principles of the criminal code, ensuring that no difficulties occur in the prosecution process. It is therefore reasonable in the interest of effective legal practices to defer the legislation to the later date.

I would like to take a moment to cover the progress that has already been made with the development of the criminal code. After extensive cooperation by the states, the model criminal code now covers offences across a wide variety of topics. These include: conspiracy to defraud, assault, stalking, abduction, sexual offences, homicide, perjury, threatening witnesses, drug trafficking, the contamination of goods, and slavery and sexual servitude. The section of the Commonwealth criminal code dealing with slavery and bribery of foreign public officials offences passed through the parliament late last year, and the criminal code amendment bill dealing with theft, fraud, bribery and related offences was introduced into the parliament on 24 November last year. These issues raise a high level of concern among the community and need to be dealt with in a just and considered way.

I feel particularly strongly about the issue of slavery and sexual servitude and spoke to the criminal code amendment bill dealing with this issue in August last year. In that speech, I commended the work that was being done at the time by the Minister for Justice and Customs in developing a policy framework that dealt with such an ugly aspect of human behaviour. As I discussed at the time, I had been alarmed by the Australian Federal Police report of August 1997 that stated that there had been 14 cases of women brought into this country for the purpose of sexual servitude and slavery. The Criminal Code Amendment (Slavery and Servitude) Bill 1999 looked at inadequacies between the Commonwealth, state and territory laws on sex trafficking and empowered law enforcers with stricter penalties for these traffickers.

This is just one of the examples of the horrific offences that are being dealt with already under the criminal code project, and I look forward to more criminal code amendments being passed by the parliament much later this year. It has taken an incredible amount of resources to develop the criminal code and to develop it to this point, and the level of cooperation between the Commonwealth, states and territories on this project has been a very valuable and commendable achievement. As we all know, it is indeed a very rare thing to see cooperation and coordination between the states and territories.

The Criminal Code Act 1995 was designed to achieve codification and uniformity of the criminal law, with codification as the primary aim. Codification has been supported for much of Australia's legal history. Sir Samuel Griffith, who drafted the Queensland Criminal Code in 1897, called for a 'collected and explicit statement of the criminal law' over a century ago. The criminal code project aims to deliver a body of criminal law that is much more easily understood by the Australian public and legal practitioners. That is to be commended. But in practical terms, as a non-lawyer—we have heard a number of lawyers speaking here today—the greatest meaning for me and others will be that the criminal code project will attempt to bring together existing criminal law in a plain English format. It is to be commended for that particular initiative. There are great disparities between states. We heard a number of speakers here today mention those disparities. There are disparities between state and Commonwealth, and this legislation will aim to bring a lot of uniformity to separate bodies of criminal law. I know that law enforcement officers in all states of Australia will be very grateful for that. Currently there are nine separate bodies of law dealing with property crime alone. The code will certainly overcome these potentially costly and time wasting differences by bringing consistency and simplicity to the
body of criminal law. Additionally, codification should also address issues that arise when offences are committed across several states or internationally.

It is important to note that the criminal code project strives for a balance between certainty and flexibility in criminal law. Our laws should be consistent, yet they also should be adaptable to the changing nature of criminal offences in our society. It is sad to see the impact of the increase in crime in our society. Recently in Brisbane it was highlighted in the middle of an incredible heatwave we had when some 15 elderly women and men died. The fact that they passed away in their homes was often related to being barricaded in their homes and not allowing adequate ventilation. A lot of that has to do with a sense of feeling inadequate and unempowered in relation to the increase in crime. Particularly elderly people are very vulnerable. It is therefore critical that the process of reviewing and adapting law for the criminal code is conducted in a very careful and thorough manner.

I fully support deferring the implementation of the code until December next year, for the reasons I have outlined. Once completed, I know that the criminal code will deliver greater certainty and protection under the criminal law for all Australians. I wish to commend the bill and also congratulate the minister for the fine work he has put in in ensuring that this bill has come to the House.

Mr WILLIAMS (Tangney—Attorney-General) (5.55 p.m.)—in reply—I thank the members for Denison, Curtin, Sturt and Petrie for their speeches on the Criminal Code Amendment (Application) Bill. I am pleased that we can now proceed to make the necessary changes proposed in the amendments. Great progress has been made in the development of the model criminal code, and the overall task of developing and implementing the code has proven more extensive than originally anticipated. The bill defers the application of some parts of the Criminal Code Act to allow for all Commonwealth offences to be harmonised with the criminal code. When the code was originally enacted on 15 March 1995, the previous government estimated that it would take five years to review the many hundreds of existing Commonwealth offences to which the code was intended to apply. It has become clear that this estimate was too optimistic. Presently, chapter 2 of the Criminal Code Act dealing with the general principles of criminal responsibility to apply to all Commonwealth criminal offences will come into effect on 16 March 2000. This bill defers that date of application to 15 December 2001. After that time the principles of the criminal code will generally apply to all offences under Commonwealth law. The development of the criminal code is a significant step in the evolution of our system of justice and it is important that it be implemented in a way that is considered and pays careful regard to the way Commonwealth offence provisions are to work in practice.

The honourable member for Denison has remarked that this deferral should not have been necessary if the code had been given greater priority. It is important to remember that the model criminal code, which includes everything from theft, fraud and bribery to offences against the person to drug offences, already represents a tremendous achievement in Commonwealth, state and territory cooperation. However, considerable resources have been used in the negotiation and development of the code. These resources have also been directed to developing other important law reform projects in conjunction with the code, including the model domestic violence laws and the model forensic DNA procedures bill. One has only to take a passing glance at the 300-page model criminal code discussion paper on damage and computer offences, which was released on the weekend, to realise the amount of work involved in a project of this nature.

We have also made significant progress in relation to the development of the Commonwealth criminal code with the passage of slavery and bribery of foreign public officials offences last year and the introduction of the Criminal Code Amendment (Theft, Fraud, Bribery and Related Offences) Bill on 24 November 1999. Much has been achieved, and therefore it is quite clear that the proposed modest extension to the timetable is both reasonable and sensible. We anticipate
that the necessary amendments will be completed before the expiry of the revised date. The model criminal code is almost completed and the task has been given greater priority on the legislative program. Over the coming year you will see a number of bills which specifically deal with the necessary changes. I thank members for their wisdom in agreeing to the passage of the proposed amendments.

Question resolved in the affirmative.

Bill read a second time.

Third Reading

Leave granted for third reading to be moved forthwith.

Bill (on motion by Mr Williams) read a third time.

MINISTERS OF STATE AND OTHER LEGISLATION AMENDMENT BILL 1999

Second Reading

Debate resumed from 9 December 1999, on motion by Mr Slipper:

That the bill be now read a second time.

Mr BEVIS (Brisbane) (6.00 p.m.)—The opposition welcomes the Ministers of State and Other Legislation Amendment Bill and will be supporting it. Essentially the purpose of the bill is to facilitate payment of parliamentary secretaries for the very substantial extra responsibilities they bear. Since the office of parliamentary secretary was first established in 1980, the duties which attach to the office have grown significantly. As the Parliamentary Secretary to the Minister for Finance and Administration has pointed out in his second reading speech, these include responsibility for handling legislation and taking on statutory and representational responsibilities on behalf of the minister. Parliamentary secretaries also attend to many administrative and departmental matters.

The opposition has been of the view for some time that these additional responsibilities are worthy of financial recompense. The Remuneration Tribunal, in its report of 7 December 1999, recommended that parliamentary secretaries be paid a loading of 25 per cent of their base salary or $22,500 annually. The bill will facilitate this by amending the Ministers of State Act 1952 to enable the 12 parliamentary secretaries appointed under section 64 of the Constitution to be covered by that act. The bill will also increase from $1.622 million to $2.3 million the maximum annual sum for the payment of ministerial salaries, to give effect to the Remuneration Tribunal’s recommendation of 7 December.

I might also make a few observations, as a parliamentary secretary in a former government. The development of parliamentary secretaries has seen individuals who hold those responsibilities take on responsibilities in policy and administration in personnel matters—in budgetary terms an area of responsibility that would equate and in many cases exceed the responsibility held by state ministers in many state governments. Parliamentary secretary is an important position. It has aided and assisted both the function of government and the function of parliament and has developed over the last two decades to provide additional services and support in the delivery of programs and in the development of policy. This is, I think, a long overdue alteration. The opposition is happy to see its passage through the parliament. We regard the levels of remuneration as commensurate with the heavy responsibilities of ministers and parliamentary secretaries and support the bill.

Mr CADMAN (Mitchell) (6.02 p.m.)—It gives me a great deal of pleasure to speak to the Ministers of State and Other Legislation Amendment Bill 1999 and to acknowledge the support for it by my colleague from the Australian Labor Party, a former parliamentary secretary. This has been a vexed area for government for many years. The Constitution does not really propose or even hint at the position of parliamentary secretary, but in fact successive governments have found it a very useful mechanism to augment and assist ministers’ work.

I notice that the Parliamentary Secretaries Bill 1980 was introduced by the Minister for Youth Affairs and Minister Assisting the Prime Minister, the Hon. Ian Viner. At the time, that legislation was opposed by the Labor Party, but coming into office in 1993 they quickly found it a useful mechanism to
assist ministers. One commentator describes
the role of a parliamentary secretary as ac-
complishing better management of ministe-
rial workload by offloading or devolving
routine, tedious, non-policy or ceremonial
duties, thereby freeing the minister to devote
more time to policy matters, major aspects of
departmental administration and matters
truly and essentially appertaining to ministe-
rial responsibility; to obtain a larger ministeri-
tial team without incurring the financial or
political cost of formally enlarging the min-
istry; to enlarge the support group for the
ministry within caucus or the joint party
room to deliver political rewards to friends
and allies and to avert political disharmony
or disunity; and to give training and experi-
ence to likely candidates for office. I think
anybody who has been a parliamentary sec-
retary would think that that commentator
could do with some extension of the defini-
tions because, as my colleague has outlined,
the role of parliamentary secretary has gone
far beyond that which was first envisaged.

I would like to pay tribute to the Hon.
Chris Miles for the work that he did as Par-
liamentary Secretary (Cabinet) to the Prime
Minister because much of the groundwork in
the legislation we see before us today was
put in place by him. He saw the problem of
parliamentary accounting—as they had to—for exact expenditure on a day-to-day
basis because they ran the risk of being
charged with taking a profit under the
Crown. That was certainly non-constitutional
and illegal and Chris Miles saw the need to
formalise the role of parliamentary secretary.
I know that he struggled with that. We have
today a solution which I think is a good so-
lution. This legislation provides for a process
whereby parliamentary secretaries may be
remunerated by salary to the extent of
$22,500 per annum as they are appointed
under section 64 of the Constitution.

The timing of this bill coincides with the
Remuneration Tribunal’s report recom-
mending a realistic salary for parliamentary
secretaries. It is a well warranted piece of
legislation. I would like to compliment the
government on taking it forward in the way
they have. Any of these measures tend to be
unpopular with the public, but in fact the role
of parliamentary secretaries as ministers as-
sisting and responsible for a substantial part
of the parliamentary workload should be rec-
ognised. Having been a parliamentary secre-
tary, I know that one of the things that ran-
kles is that in the House you can neither ask
questions nor answer them, and that is a
somewhat limiting function. I support the
bill.

Mr ANDREN (Calare) (6.07 p.m.)—On 3
March 1999 I outlined in this House the
rapid escalation in the cost of government. I
will detail some of the points I raised in a
moment, but suffice to say at this point that
this bill continues that trend, converting as it
does the position of parliamentary secretary
to that of an officer for the purposes of sec-
section 64 of the Constitution. Why is there a
need? The role of parliamentary secretary is
ill defined—in fact, it is not defined at
all—so this bill gives a definition to ‘parlia-
mentary secretary’. Whatever the verbal
gymnastics either side of politics might use,
this bill creates a greatly expanded ministry.
It repeals the Parliamentary Secretaries Act
1980 and amends the Ministers of State Act
1952 to increase the size of the federal min-
istry from 30 to 42.

The taxpayer might ask: what does a par-
liamentary secretary do? According to Mar-
garet Healy in a 1993 article on the role of
parliamentary secretaries, one definition of
the job is to help with the better management
of the ministerial workload by off-loading
tedious non-policy or ceremonial duties. That
is the PR side of ministerial work: the hand-
out of the cheque to local organisations,
which is a procedure that bypasses the fed-
deral member unless he or she belongs to the
party in government. It is an entirely cynical
and political role that the elector can see
through and which, I put to this House, is a
waste of time and effort and, most impor-
tantly, a waste of taxpayers’ money.

What are the other reasons for parliamen-
tary secretaries? Margaret Healy, quoted in
the digest to this bill, got it essentially right.
She said:

A parliamentary secretary enables the en-
largement of the support group for ministry
within caucus to deliver political rewards to
friends and allies and to avert political disharmony and disunity.

That is what it is all about. Look at the front benches on both sides, with the reserves bench right behind. How much political promise, the dangling of reward, is tied up there? Just behind them is the third row and the really hopeful further back, all within possible reach of an extra reward that maintains their discipline and ensures their protest is confined to the party room. Such protest is expressed in here only at grave cost to their career path. The first step on that path is, of course, becoming a parliamentary secretary.

The Parliamentary Secretaries Bill 1980 was introduced by the Hon. Ian Viner, the minister assisting the then Prime Minister. He gave only the briefest of explanations of the need for the two parliamentary secretaries to be appointed at that time. He said, in part:

The Government believes that members serving in the role of Parliamentary Secretary could provide valuable assistance to Ministers by undertaking as requested a range of duties including assistance with correspondence and other papers, liaison with other members of parliament, and meetings with delegations and clients of the department and authorities, and other representational activities. Parliamentary Secretaries will be able to play a very useful role, particularly in assisting to bring the views of others to the attention of Ministers.

The points to be raised by this definition are as follows. Why is there a need for special liaison with other members of parliament? Surely a member of parliament should have access to the organ-grinder, not the monkey. Assistance with correspondence and other papers has amounted to many examples of form letters being sent to members that do not directly address the issues raised. On 26 November 1980, when Mr Viner made that speech, I believe it began the gradual widening rather than closing of the gap between the executive and parliament, and hence the gap between the people and their House, a process that has been accelerated by the increase from four, eight and then 10 parliamentary secretaries during the Hawke and Keating governments to 12 parliamentary secretaries in both the Howard administrations.

What did the then Labor opposition have to say about the Fraser government's introduction of the Parliamentary Secretaries Bill in 1980? Former Governor-General Bill Hayden was one of the people who spoke on that particular piece of legislation at the time. He said:

There is just not enough satisfaction in the roles which are assigned by this sort of device ...

On the history of previous experiences with this sort of undertaking, the role of the people assigned to this sort of job, whether called a parliamentary secretary, a ministerial secretary or whatever, has devolved to nothing much more than that of a paper shuffler and a factotum whose duties in other areas are to shake hands with members of visiting groups or dignitaries, perhaps to read a speech for a Minister at some sort of function or to represent him at some sort of community undertaking.

The then member for Batman, Brian Howe, had these observations to make, which still ring loud and true but which, unfortunately, or maybe it was fortunately, were delivered from the comfort of opposition, much like the current protests from the opposition benches about failure to provide protection for workers' entitlements:

Of course, the real problem of the Parliament is not so much that Ministers require more support, although that certainly is true, but that there is a sense in which the Ministry becomes less and less responsible to the Parliament and less and less sensitive to what people are thinking and feeling about particular issues.

He went on:

I think that the fundamental problem of national parliaments is that almost inevitably they become more and more isolated and less and less responsive to what ordinary people are thinking and feeling.

He also said:

The domination of this Parliament by the Executive and, in turn, the bureaucracy is a fundamental problem. That problem will not be resolved simply by the appointment of parliamentary secretaries or even minor changes to the legislative committee system.

In her paper on the role of parliamentary secretaries in the Legislative Studies magazine article of spring 1993, Margaret Healy said, amongst other things:
When the reshuffled ministry was announced by the Prime Minister, Mr Keating, on 24 March 1993, in addition to the thirty ministers, nineteen of whom are in the Cabinet, ten parliamentary secretaries were appointed.

This large increase in numbers since Mr Keating became Prime Minister represents a substantial exercise of political patronage, a strengthening of the executive within Caucus and a consolidation of the office itself.

The practice of appointing parliamentary secretaries has continued in Western Australia and New South Wales. Even Victoria, despite the concern of the new government at the parlous financial condition of the State, has embraced the concept, even while implementing tax increases, budget cuts and job losses. An office of ambiguous constitutional parentage, which gestated in fits and starts, now appears to have attained political viability.

Such viability is being cemented, I would suggest, in this bill. She went on to point out that junior ministers are not legal deputies for their ministers. They are not necessarily consulted about government decisions. They are responsible to their ministerial bosses and not to parliament. There is no questioning allowed of their reasons, their policy statements or their role. They cannot appear before committees of this parliament. They are the caged parrots of the executive government of the day. Only in opposition are questions raised about the role of parliamentary secretaries.

Manager of Opposition Business in the coalition opposition in 1990, the Hon. Wal Fife, told the House the executive should pay the chamber the courtesy of always having a minister present. I am pleased to see a minister present but not the relevant minister for this legislation. A decade later this legislation, the Ministers of State and Other Legislation Amendment Bill 1999, was introduced in a second reading speech by whom? The Parliamentary Secretary to the Minister for Finance and Administration. He is a very capable man but, again, it shows the detachment of the executive from the legislative process. It is another sign of the executive’s contempt, in many cases, for the parliament and its debates. Margaret Healy said in that 1993 article:

The potent symbolic importance, adhered to by the Clerk of the House of Representatives, procedural specialists, the Opposition and others, of the ministerial presence and accountability on the floor of the House has thus been discounted.

There have been continuing constitutional questions surrounding the appointment of parliamentary secretaries and their possible liability to disqualification under section 44(iv.) of the Constitution. In fact, it could well be argued that parliamentary secretaries have and are operating in defiance of the Constitution which precluded the former member for Wills, Phil Cleary, from a seat in this House even though he had taken leave without pay as a teacher to contest an election. He was regarded as having an office of profit under the Crown, yet the issue of parliamentary secretaries serving principally the interests of the executive and not their constituents as members has never been satisfactorily resolved.

A Senate standing committee report as far back as 1980 recommended either wholesale reform of the relevant section of the Constitution or amendment of section 44(iv.). No government is going down that track. What chance the success of a referendum asking the Australian people to give approval to the expansion of executive government? No; rather the government takes the deceptive route of simply altering the status of parliamentary secretaries to officers under section 64 of the Constitution and enables them to receive a salary rather than an expenses of office allowance. And so, hey presto, the constitutional problem is solved. What has occurred is a de facto expansion of the ministry by 12. That would be objectionable enough, but it also involves a net increase in cost to the budget of well over half a million dollars a year. Each parliamentary secretary is to lose their present entitlement in expenses of office allowance, excluding travel allowance, of $10,000 per annum and in its place will receive an annual salary of $22,500 per annum. We now have the cabinet, the ministry and the Clayton ministers.

On 3 March last year I pointed out how the outlays to run the five parliamentary departments will rise to an estimated $346 million by 2001. I explained how we are far and away more expensive to run than the parliaments of Britain, Canada, New Zealand and, indeed, the United States. Figures now eight
years old show that it cost $1.3 million per member or senator to run this place in 1992. I pointed out the culture that exists within parliamentary departments that have turned a blind eye to waste. It is a culture that has successfully thwarted reform attempts. The latest example is a Parliament House works management project to construct $3.7 million worth of landscaping to courtyards of this parliament due to begin in April and to be completed in time for Federation celebrations. I am sure the taxpayer believed this place had been completed in 1988 at a cost of $1.1 billion. I am sure too the Inland Marketing Corporation and over 30 inland New South Wales councils could do with at least $250,000 of that, promised but never delivered, for their feasibility study into a fresh food export airport initiative at Parkes, or perhaps a payout for the Braybrook Manufacturing workers in Victoria, or the balance of the Cobar miners payout.

But I said in March last year that the excesses of the parliamentary departments are not a patch on the culture of excess existing in our own ministerial and parliamentary ranks. I have today received, finally, a response to a question on notice from February last year seeking details of staff numbers of ministers, senators and members. It is somewhat comforting to see at that time in 1998 that the personal staff numbers of ministers at 281 was substantially down on the peak of 324 in 1992 under the previous Labor government. But from 253 in 1996 the number is again headed upwards, with the February 1999 figure now standing at 294. Parliamentary department costs represent only 40 per cent of all parliamentary expenditure. We, the parliamentary representatives, account for the other 60 per cent. With this bill we have added another half a million dollars and circumvented the Constitution, and we wonder why we are losing credibility out there in voter land. I oppose this legislation and its strengthening of the executive dominance of our parliamentary processes. I will not have a chance to record a vote, so I record my opposition here.

Mr Slipper (Fisher—Parliamentary Secretary to the Minister for Finance and Administration) (6.20 p.m.)—in reply—At the outset I would like to thank honourable members for their contribution to this debate. The Ministers of State and Other Legislation Amendment Bill 1999 provides a technical change that will allow for the appointment of parliamentary secretaries under section 64 of the Australian Constitution. It is a simple machinery measure whereby parliamentary secretaries will retain their title and continue to assist the portfolio minister or ministers. The honourable member for Calare traversed through ancient history. Since that time, as was ably pointed out by the honourable member for Brisbane, there has been a significant development in relation to parliamentary secretaries. There have been substantial changes in the role, function and activities of parliamentary secretaries since that office was first established.

The bill also provides for an increase in the maximum annual sum for the salaries of ministers. This arises from the constitutional provision—that is, section 66—that total salaries be provided by the parliament and provides the acceptance by the government of the recommendations of the Remuneration Tribunal. The salary levels for ministers and parliamentary secretaries are realistic for the work done and, indeed, have been recommended by the Remuneration Tribunal. The government’s new concept of salary differentials, which places restraint on overall salaries, is retained. The government thanks the opposition for its support and commends the legislation to the chamber.

Question resolved in the affirmative.
Bill read a second time.
Message from the Governor-General recommending appropriation announced.

Third Reading
Leave granted for third reading to be moved forthwith.
Bill (on motion by Mr Slipper) read a third time.

Sitting suspended from 6.23 p.m. to 8.00 p.m.

APPROPRIATION BILL (No. 3) 1999-2000
Cognate bill:
Debate resumed from 8 December 1999, on motion by Mr Fahey:

That the bill be now read a second time.

Mr T ANNER (Melbourne) (8.00 p.m.)—The bills before the House this evening are supplementary appropriation bills Nos 3 and 4. I want to explain some of the fiscal background to these two pieces of legislation, which of course are routine legislation in the normal life of the parliament but do give some insight into recent developments with respect to the government’s fiscal strategy, in particular matters that have arisen since the budget in May of last year. The first point that needs to be made is that we are living through a very substantial deterioration in the fiscal position of the Commonwealth, which was outlined in some detail in the recently released mid-year economic and financial outlook documents. What they showed for the forthcoming financial year of 2000-01 was an estimate that outlays would be almost $6 billion higher than was previously estimated and that revenue would increase by about only $3½ billion—therefore, a net deterioration in the overall position of the surplus of around $2½ billion. A similar deterioration can be seen in the out year of 2001-02, where the outlays are anticipated to increase by up to $6.6 billion and revenue is expected to increase by only $4.3 billion, and in the further out year of 2002-03, where outlays are expected to increase by $7 billion and revenue is expected to increase by only $5.5 billion. It is an overall picture of significant deterioration in the fiscal position of the Commonwealth.

The underlying circumstances for this are mixed. It must be said that some are entirely legitimate and derive from decisions of the parliament and the government, which were supported by the opposition. Most particularly, they derive from the commitment of the Australian government to East Timor, which is estimated to cost the Commonwealth somewhere in the vicinity of $3.4 billion over four years. This was clearly not anticipated at the time of the budget last year. That amount will be partly defrayed by the proceeds from the East Timor levy, which will come into effect for the forthcoming financial year and will raise slightly under $900 million. The second factor of considerable magnitude in producing the fiscal deterioration is the dirty deal done between the Democrats and the government to get the GST legislation through the parliament. This is expected to cost the surplus roughly $2.5 billion over three years. In the first of the three years, it will cost about $1.8 billion.

There are a number of other factors involved. The social bonus associated with the sale of Telstra has been increased by about $280-odd million over four years and, most importantly, there are a variety of overspends, that is, numerous circumstances where the amounts spent by the Commonwealth have been significantly higher than those originally estimated in the budget. This particularly applies to the subsidy to private health insurance which, as we have seen in very recent times, is now running at around $2.2 billion a year. There have also been a number of overspends in mainstream areas such as pensions, youth allowance, service pensions and benefits. These have derived ultimately from estimation problems. For example, an overestimation of the mortality rate of veterans was a factor involved in the case of pensions and benefits for ex-service persons and war widows and the like. The end result of all this, of course, is that we have this significant blow-out in the budget.

The core problem that the government has fiscally is the fiscal loosening associated with roughly $17 billion of tax cuts over three years designed to sweeten the GST and, of course, are heavily weighted to favour higher income earners. The government is now caught in a vicious cycle where it is pumping up the economy—in effect by this fiscal loosening—at a time when you have got the economy growing quite strongly. It
has been growing now for nine years, which is well back into the previous government’s term in office. It is now growing by over four per cent per annum. You will see a substantial boost to that growth—risking overheating of the economy—coming from the tax package as it is implemented on 1 July this year. Essentially it is because of that and the GST that we saw interest rates increase by half a percentage point only a week or two ago. The net effect of that interest rate increase is that for many people it wipes out the theoretical net benefit from the tax cuts.

We all remember from the election campaign and subsequent material related to the GST and the tax package that everybody was told how much they are going to get as a result of the implementation of the tax package, that particular categories of families would get $10 a week and some would get $50 a week. Even if you take all of these things at face value, which I suspect is very hard to do, and look at the impact of a half percent increase in interest rates, you see that people who are single, with a mortgage and who earn under $40,000 in income; single income families with two children and a mortgage, who earn under $20,000 a year in income; dual income families with no children, a mortgage and who earn less than $60,000; and dual income families with two children and a mortgage and who earn less than $45,000 a year, the impact of the interest rate increase is that it wipes out any positive advantage that they purportedly would get above and beyond the impact of the GST. Those people are immediately shifted onto the loser column, and it is pretty clear that the government’s estimation of net benefits to people as a result of the tax package was wildly optimistic in any event.

We all got used to the Treasurer, in particular, and the Prime Minister over the past few years announcing in the chamber to everybody how they had delivered low interest rates to Australia and what a wonderful achievement that was. It came as no surprise to any of us that, when interest rates started going up again, suddenly interest rates in Australia were determined by international forces, that there were a variety of other matters there, that it was nothing to do with the government and nothing to do with anything the government may have done.

There has been some degree of debate in the community and in the financial press about the question of the nexus between the GST and the tax package on the one hand and the increase in interest rates on the other. Clearly, the increase in interest rates, both the increase towards the end of last year—the quarter of a per cent—and the more recent one, relates to inflation and prospective inflation and it can be seen as a preemptive strike. That is certainly what the Reserve Bank has put forward and certainly what the government has indicated its view is.

In considering the question of the connection between the GST and this pre-emptive strike against inflation and the increase in interest rates, it is important to remember that the impact of the GST on inflation is not restricted to the headline impact of the initial leap in prices that will occur post 1 July as a result of the introduction of the GST. But that clearly is a significant factor. It is beyond belief that that increase will totally wash out of the system and that it will be a totally one-off event. Clearly, as a result of the increase in prices derived from the GST, you will see some wages effect and you will see some prices effect because no market is perfect and no government regulation is perfect. How big that effect will be is yet to be seen.

It is important to remember that the impact of the GST package on prospective inflation and therefore on interest rates is not restricted to that headline impact. This is where the fiscal impact of the tax cuts comes in because, clearly, the threat of fuelling inflation is significant when you pump an extra $6 billion or $7 billion a year in discretionary spending power into the economy at a time when it is growing at over four per cent per annum. That is effectively what is happening. Why? Because of the GST. It is in order to sweeten the GST and to ensure that enough people are prepared to live with it in order to keep the government in office—a vain hope, I have no doubt, but, nonetheless, that is why it is being done.
So, when you put those two things together, there can be no doubt that the recent increase in interest rates is directly connected to the government’s tax package and to the GST. One might also throw in a few lesser effects which have yet to really manifest themselves; nonetheless, they are worth keeping in mind. For example, there is the emerging problem of skills bottlenecks, which has a clear nexus with cuts in funding for TAFE, for universities and for labour market programs and the like. Of course, there is also the recent Job Network fiasco. So, there is a variety of inflationary pressures. There are other matters such as the recent trending down of the Australian dollar, the current account deficit, which is still very high; and excessive consumption and excessive consumer debt—all of these factors are contributing to inflationary pressures in Australia’s economy.

When a government comes along and adds to that, through a tax package that involves both releasing a substantial amount of consumer spending power into the economy at a time when the economy is growing strongly and giving an artificial boost to prices, which, in theory, should be a once-off but in practice clearly will not be, then you have the circumstances which give you cause to increase interest rates. So that is where those interest rates have come from.

It is not just the tax cuts and it is not just the GST; it is also the deterioration in the budget position that derives from lax control over spending, underestimation of spending and the issues that I referred to previously. It is worth taking a look at two or three issues that have emerged in recent times with respect to government fiscal management. There are a couple that I have been involved in and I think they are fairly instructive. The first is the fiasco that has emerged with respect to the Job Network, particularly the government’s own jobs provider, Employment National. Since Employment National’s creation in 1997, the government has injected roughly $47 million in capital into it. In the 1998-99 financial year, the last completed financial year, Employment National made a profit of $82 million before tax and abnormals. It paid tax of about $27 million. It paid a dividend to the government of about $8 million, and it returned $40 million to the government by way of a buyback of shares.

A little while ago the former board, which was peremptorily sacked by the Minister for Finance and Administration in December, valued Employment National at roughly $380 million. So, from any perspective, Employment National could be seen, at least in a fiscal sense, to have been performing quite well. What subsequently happened, of course, is that, as well as Employment National being denied contracts in the second Job Network tender round—allegedly on the basis of poor performance but still with no evidence put forward by the government to justify this claim—which is bad enough, the government’s recently imposed new board, consisting primarily of public servants and therefore effectively taking direction from the relevant ministers, made a decision in mid-January to hand back all of the existing contracts that Employment National held. That meant that the contracts let to Employment National in Job Network one, which included almost 50 per cent of the total of intensive assistance contracts—the ones that are the most lucrative and involve the most work—were handed back midstream before they had been completed, and in some cases before they had even been entered into, because Job Network 1 remains open until 28 February. Anybody who signs on for assistance up to 28 February is still signing on under the first tender round. The government forced Employment National to hand these contracts back. It is no surprise therefore that we have seen dozens of Employment National offices close down in rural Australia. Why? Not because they missed out on contracts in the second Job Network tender round—although, that clearly would have an effect anyway, at least down the track—but because they were forced to hand back all of their existing contracts under the first Job Network tender round. This is literally wanton fiscal vandalism. It is destruction of value in a government business enterprise, valued at several hundred million dollars. The government has set out to destroy its own organisation, thereby destroying a very substantial amount of value in that organisa-
tion, which, of course, is a taxpayer-owned asset. This is the government cannibalising its own assets; this is the government cannibalising its own balance sheet.

The second issue which is indicative of the weaknesses in the government’s fiscal management is its approach to the sale of Commonwealth government property, which is based on a 1996 set of Commonwealth property principles. Under these principles, the government will own property—land, buildings and the like—only where the long-term yield rate exceeds a 15 per cent rate of return or where it is in the public interest to do so. So clearly, one would assume, the government is not about to sell off Capital Hill and Parliament House and lease them back; although, given the attitude of this government, you could never be sure. The important point about this 15 per cent rate of return is that it is artificially high; therefore it is almost impossible for any particular government body to meet it. Built into this is an assumption that rentals will continue to be at the same level for the indefinite future, because the net effect of a decision now about owning or not owning property is to put yourself in a position with respect to certain obligations financially down the track. If you decide to rent now, rather than own, you are undertaking an obligation to pay rent—be it the building you are now renting or another building—at some point in the future. The government has effectively taken a short-term gain with a serious risk of long-term pain—a classic example of a government in fiscal trouble.

We are now seeing this situation spreading to organisations like the CSIRO. The government is proposing to sell things like the animal health laboratory and lease them back, so the CSIRO will continue to perform the same functions in the same facilities as it previously did. The serious risk is that the CSIRO will effectively have an additional charge on its budget as a result of the rental costs that will be undertaken. What the government is doing is taking the benefit of the ownership away from the CSIRO and saying, ‘You are now renting.’ It will be underresourcing the CSIRO and getting a disguised budget cut for the CSIRO. I will be pleased if that is not the case, but I have no doubt that the net effect of these decisions will be to put a further squeeze on the budget for the CSIRO and to put the government in a position, all around the country, where it is gambling on the future pattern of rental for the sorts of facilities that it is using.

Clearly, you do not want the government owning every building that it is operating, and you do need some flexibility. It has to be said that the previous Labor government started the process of moving the Commonwealth away from owning lots of buildings and lots of premises. That was reasonable, and it is not unreasonable to have an appropriate balance between rented premises and owned premises, because there are needs for flexibility. Government departments shrink and grow—there are a variety of factors involved. In overall terms, this government is taking it too far and creating a very substantial financial risk for the Commonwealth, which could mean that in the long term there is a net negative for the budget, even though there are short-term benefits.

The third issue, which I mentioned briefly before but it is worth referring to it quickly, is of course the $2.2 billion that has been lavished on the private health insurance industry by this government in order to achieve a very modest increase in the number of Australians using private health insurance. That $2.2 billion—and that is an annual figure—is enough to pay for full private health insurance for 1.8 million Australians, and it is enough to staff 16 public hospitals. That really is public policy gone mad. It is a grossly inefficient use of scarce public resources, getting minimal positive outcomes for public health with maximum outlay of taxpayers’ money.

Finally, I want to turn to the issue that is dealt with in the second reading amendment that stands in my name, and that is the issue of specific purpose payments. The tax package that comes into effect in July of this year has at its core the concept of the revenue from the GST being handed over to the states. That is done in lieu of the previous financial assistance grants or general grants to the states. Clearly, what is intended, and what will happen over time, is that this trans-
fer of Commonwealth revenue to the states will put increasing pressure on specific purpose payments from the Commonwealth to the states. The result will be that, under the Howard government, you will see a reduction in specific purpose payments for things like Medicare, public hospitals, schools, and Commonwealth-state housing agreements. There is no doubt that they will be eroded over time, possibly quite quickly, and there is no doubt that that was built into the agreement. It also means that Commonwealth fiscal flexibility—the ability to vary taxation rates, spending and the like in order to fit with economic circumstances, to pump up the economy during a recession, or to restrain the economy when it is starting to overheat—is being eroded by this package. It particularly reduces the Commonwealth’s ability to give financial and policy leadership to the big national issues of health, education and the future of our skills base—our human capital in Australia. It substantially erodes the ability of the Commonwealth to create and deliver a national agenda for the health, the education and the housing of the Australian people.

Again, that is no coincidence. The intergovernmental agreement, at clause 5(v) says: The Commonwealth will continue to provide Specific Purpose Payments (SPPs) to the States and Territories and has no intention of cutting aggregate SPPs as part of the reform process set out in this agreement.

Yet on Friday of last week, on 3AW in Melbourne, we heard a slightly different story from the Prime Minister—that specific purpose payments will in fact be cut, because of the GST. The Prime Minister said, ‘We’re providing less dollars, but because the costs of operating will fall, the real financial position will be the same.’ In other words, the GST package is already a Trojan Horse for the reduction of specific purpose payments via dodgy calculations about the indirect effects of the tax package on the cost base of the states. And there is no doubt that the states, under pressure from the Commonwealth, will be forced to cop reductions in specific purpose payments, and all the pretence about maintaining SPPs will be abandoned at some point in the near future.

The overall picture is that of a budget that is deteriorating. The tax cuts to sweeten the GST substantially favour higher income earners, and that will provide a boost to discretionary spending at a time when consumer debt is running away rapidly and when there is a serious risk of the economy overheating. Inevitably there will be a reduction in specific purpose payments and national investment as well as a reduction in national guidance and national leadership on the big picture national issues of health, education and similar issues.

We have already seen the government’s refusal to abide by the independent arbitration process with respect to the Medicare agreement, which can perhaps be seen as a first step towards the ultimate destruction of specific purpose payments. I have no doubt that the Commonwealth-State Housing Agreement will soon come under attack. This is an issue of great concern to me because of the very large number of public tenants in my electorate. We will soon see funding of schools reduced. In a whole range of other issues, national leadership—the setting of a national agenda of standards and effort and commitment to ensure that people get a decent education, decent health and other services—will be substantially eroded.

I move:

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

“whilst not denying the Bill a second reading, the House condemns:

(1) the Government for its abdication of Commonwealth responsibility for appropriate national funding of health, education and other essential community services;

(2) the recent statements by the Prime Minister indicating that Specific Purpose Payments to the States will be reduced as part of the introduction of the new tax system, breaking both his promise to the Australian people and to State and Territory leaders; and

(3) the Government’s failure to abide by the independent arbitration process regarding the indexation of the Australian Health Care Agreement’s payments to the States for public hospitals”.

This amendment condemns the government for abdicating Commonwealth responsibility in the areas of health, education and like
services and condemns the statements of the Prime Minister with respect to specific purpose payments. It condemns the government for failing to abide by the independent arbitration process with respect to the indexation of payments under the Australian Health Care Agreement, or the Medicare agreement as it is still popularly known.

In conclusion, the broad approach of the government is clear, and it shows through in these appropriation bills. We see a pattern, particularly in 1996-97, of enormous cuts to health, education, child care and other services. It is an attempt to shift the tax burden onto lower income earners and to reduce the tax burden on higher income earners in this country. Big tax cuts are a part of that process, which incidentally are being delivered at a time when the economy can least afford a substantial increase in discretionary spending power. All of this is wrapped up in incompetent administration of Commonwealth finances. We are seeing a massively poor estimation of expenses—guessimates that have turned out to be wildly wrong—on a range of issues. There has been a very severe deterioration in the Commonwealth’s budgetary position. To be fair, the fiscal position has become more fragile because of factors that none of us could have predicted, such as the East Timor situation. The government has now got itself into a position where its fiscal position is extremely susceptible to going south if we have a significant economic downturn, or the United States stock market goes backwards in a big way or for a variety of other factors, such as substantial further increases in the oil price, thereby pumping up inflation again.

There is an endless array of factors that can be listed as threats to the Australian economy. As a result of incompetence and malevolence, the government has put the fiscal circumstances of the Commonwealth into a situation where, although at first glance they might look all right, they are extremely vulnerable to those threats. There is every chance that we will have to meet those threats in the very near future.

Madam DEPUTY SPEAKER (Mrs Kelly)—Is the amendment seconded?

Mr Stephen Smith—I second the motion and reserve my right to speak.

Mr SLIPPER (Fisher—Parliamentary Secretary to the Minister for Finance and Administration) (8.27 p.m.)—It will come as no surprise that the government rejects the amendment moved by the honourable member for Melbourne. I had prepared a very detailed and localised appropriations speech about the particular challenges confronting the Sunshine Coast—a wonderful part of the world which I am privileged to represent in this place. People would know that we have a rapid population growth, and we have infrastructure challenges. As part of the sun belt, we find that many people are migrating to our area from the rust belt areas of southern Australia. We have a large unemployment problem, largely imported by people who choose to live in the most desirable part of Australia. If people have to be unemployed in Sydney or Melbourne or Adelaide or Canberra, why wouldn’t they choose to move to the Sunshine Coast?

I had also planned to talk about the challenges that young people confront and about the very many opportunities we have on the Sunshine coast with respect to tourism. I also had a substantial contribution to make in relation to the growing area of electronic commerce. However, regrettably I am going to have to put aside this detailed speech and look for another opportunity to deliver it, because I have been absolutely outraged by the artificial speech delivered by the honourable member for Melbourne. Hypocrisy in Australia is rejected at election time, and the Labor Party has been rejected over and over again.

The honourable member for Melbourne could hardly keep a straight face when he rose in the chamber and had the audacity to criticise the economic management of the Howard coalition government. Let us look at some facts: the government inherited an economy suffering from high government debt, a budget in deficit and high unemployment. It was an economy where inflation and interest rates had risen to unacceptable levels. What did Labor do? What was their solution? How did they bring about this situation which threatened the future of Australia?
They ran up budget deficits totalling almost $70 billion in their last five years in government. Commonwealth government net debt rose from $16.9 billion in 1991 to $95.8 billion in 1995-96. Business interest rates went to more than 20 per cent in 1989. The standard of living compared with other developed countries fell, and between 1983 and 1995 Australia’s per capita income dropped from 14th position in the world down to 19th position. Unemployment reached the highest level since the Great Depression—11.2 per cent in December 1992—and almost one million Australians simply were unable to put one foot on the employment ladder. Inflation under Labor averaged 5.2 per cent per annum.

We did not create this problem. We inherited the problem, and we accepted the challenge given to us by the Australian people to, in effect, repair the devastating impact of 13 years of Labor rule. What did we do? Firstly, we brought the budget back into surplus in 1997-98—a year earlier than promised. This was the first budget surplus in almost a decade. Successive Labor governments had continued to build up the bankcard debt. Successive Labor governments thought that it was socially and economically responsible and acceptable to spend more in each year than they earned. The 1999-2000 budget delivered the third surplus in a row, with a surplus of $5.4 billion expected, although that might be impacted somewhat by the Timor events. It was conceded by the honourable member for Melbourne that, of course, the government could not have foreseen the situation in East Timor.

The Liberal government has already repaid over $24 billion of Labor’s debt and will repay a further $20½ billion of Labor’s debt in 1999-2000. We have ended budget deficits. This will boost national savings, take interest rates down and, indeed, take pressure off inflation. Inflation has averaged around one per cent per annum and is now at levels comparable with the early 1960s. Low inflation delivers low interest rates and a more stable environment for business that encourages productive investment, and productive investment brings about more jobs. Low interest rates are stimulating the economy and producing big savings for home buyers. Variable home loan mortgage rates have come down from 10.5 per cent at the time of the 1996 election. The government is also improving a wide range of efficiency reforms to boost long-term growth. These include the partial privatisation of Telstra, improved corporate regulation, reform of the financial system and measures to enhance competition among businesses.

The Labor Party, on the other hand, have been absolutely disastrous. They had 13 years. They did not solve the problem; in fact, they created the problem. The coalition was prepared to stand up and be counted and was prepared to make some very tough and difficult decisions—decisions which have been criticised by some sectors of the Australian community. But, at the end of the day, the Australian economy is infinitely stronger, with the result that the Australia of the future will be a very much more economically secure place than the Australia which we inherited in 1996.

Every day between now and 1 July, the Labor Party—or their fellow travellers in the media—will rush into print with a scare story about Australia’s new tax system. The fact is that in 1996 we were elected and in 1998 we were re-elected, and we gave a commitment that we would bring in a new tax system which would remove the ramshackle and outdated 1930s tax system which was then in existence. Let us look at the overall benefits of this new tax system. The Labor Party like to concentrate on the GST and they like to find anomalies which, in reality, do not exist. But let us look at the big picture and the very many benefits which will flow through to not only the Sunshine Coast but also other parts of regional Australia and, indeed, to the nation as a whole. The coalition is bringing about a $12 billion cut in personal income tax. This is the largest personal income tax cut in Australian history. It will mean that 80 per cent of Australian taxpayers will have a marginal tax rate no higher than 30 cents in the dollar. What previous government has had the intestinal fortitude to bring about real and meaningful reform that will put dollars into the pockets of Australian taxpayers?
We have also created a substantial increase in pensions, benefits and family assistance. There will be major reductions in business costs, particularly for exporters. There will be significant reductions in transport costs for rural and regional Australia and there will be the abolition of a range of complex, outdated and distorting taxes—most notably, Labor’s wholesale sales tax. There will be a more internationally competitive system of business tax, including a reduced company tax rate, a significantly lower capital gains tax rate, a range of initiatives and incentives for small business and a more realistic basis for the future provision of important government services, such as schools, public hospitals, police and roads, by providing that all of the revenue from the GST will be passed on to the states and territories which are responsible for those services.

That indicates the absolute shallowness of the amendment currently before the chamber. The Labor Party seek to criticise the government for its purported abdication of Commonwealth responsibility for funding of national education, health and other essential community services. The Labor Party also seek to criticise the actions and statements by the Prime Minister, indicating that specific purpose grants for the states will be reduced as part of the introduction of a new tax system. The Labor Party also seek to make certain criticisms in relation to the health care agreement. I just want to reiterate that, as part of the new tax system, all of the GST revenue will be passed through to the states. One of the disadvantages of our federal system since the time of the Second World War is that the states did not have the revenue base to deliver the services which are their constitutional responsibility. This is the first government to really bring about a return to Federation as it was originally understood. For the first time in living memory, the states of Australia will be given the opportunity to carry out their constitutional function. They will be given the money. They will be given the cash. They will be given the financial ability to deliver on their responsibilities under the Australian Constitution. Of course you need a reduction in specific purpose payments and there will be a removal of Commonwealth funding of some health, education and community services, because we are passing the revenue through to the states and they will be able to carry out their functions under the Constitution as was originally envisaged by Australia’s founding fathers.

The Labor Party would have us believe that business is in a quandary over our new tax system. They would have us believe that small business and large business and people in private enterprise are in revolt against the proposals and policies of this government which, I might add, received the strong support of the Australian people at the election in October 1998. Let us look at the fact that the Morgan and Banks quarterly jobs index, released only today for the period from February to April 2000, showed strong business confidence in preparedness for the new tax system. This is not a mickey mouse or a false survey; this is a real survey, a professional assessment of where business stands. Right across Australia, as you would be interested to know, Madam Deputy Speaker Kelly, 3,200 businesses were surveyed regarding tax reform. The results included the fact that 91.4 per cent of businesses are confident of being prepared for the new tax system. That is more than 90 per cent in every state and territory.

Small businesses—91.2 per cent of them—are actually even more confident than big businesses—90.4 per cent—of being ready. Over 70 per cent of businesses do not expect any major disruption in complying with the introduction of the GST. The figure rises to 77.2 per cent for small businesses. With respect to the Ralph business tax reforms legislated by the parliament, 78.2 per cent do not anticipate any major disruptions. This rises to 82.9 per cent for small business. So the new tax system is well on track for full implementation come 1 July.

The Labor Party would also have us believe that somehow prices are going to increase and that people will be disadvantaged, particularly those people who are not at the big end of town. The well-known consumer magazine Choice, in its issue of January-February 2000, has good news for shoppers following a survey of supermarket prices. I quote from it:
The good news is that most food is GST free and should not become dearer. Some groceries should even drop in price as they are now subject to a sales tax that will disappear under the GST.

It also ought to be noted that embedded wholesale sales tax which is built into the production and sales cost of so many items, even some of those which are currently sales tax free, will also be removed.

Let us look at a couple of examples. Foods currently subject to sales tax that will be GST free and should drop in price include fruit and vegetable juices and milk flavouring powders. Foods currently subject to sales tax that is higher than GST should drop in price. I refer to confectionery, muesli bars, health bars, chips, crisps, salted nuts, biscuits, cookies, crackers, pretzels, ice-cream, frozen yoghurt and so on. There are also goods that are currently sales tax free that will be GST free. Choice says they should not change in price. My argument is that in many cases they will actually reduce in price.

So the Labor Party, having for 13 years run away from the need to bring about real tax reform, is instead implementing a scare campaign designed to frighten the mums and dads of Australia into being concerned as we approach our new tax system on 1 July 2000. It really does the Labor Party no credit to take this particular approach, because it is widely recognised that at last we have in office a government which is prepared to take some tough decisions, a government which is prepared to bring about the economic reform that will make Australia a very much better place in the future.

Let us look at some of the achievements we have had. The member for Melbourne would have us believe that this government has in some way been unsuccessful and that our achievements have not matched our rhetoric. Well, 596,300 jobs have been created since March 1996, 200,000 more jobs than Labor created in its last six years in office. The unemployment rate was 6.8 per cent in January 2000; Labor had it at 11.2 per cent in December 1992. Inflation was 1.8 per cent in the December quarter of 1999, compared with an average of 5.2 per cent under Labor. Interest rates: 7.3 per cent is the standard variable mortgage rate today, down from Labor’s level of 10.5 per cent in March 1996, just before the Australian people displayed their good judgment and sound common sense to cast Labor from office.

As for private health insurance—and I see in here the member for Jagajaga, who knows the importance of private health insurance—the situation is that more than 300,000 more Australians have taken out private health insurance since 1 January 1999. A total of 140,000 new apprentices are now in training in traditional trades, a 15 per cent increase since 1995. This has been one of the chronic problems in Australia: we simply have not had enough trade training. Look at the advertisements in any of the major metropolitan and regional newspapers and you will find that there are employers out there with jobs that simply cannot be filled because there have not been people trained to take them. This government has been prepared to grasp the nettle and there has been a 15 per cent increase since 1995 in new apprentices—140,000 training in traditional trades.

The new tax system is one of the hallmarks of this government’s tenure of office to date and businesses are confident of being prepared for it, something that I am particularly proud of. It is also interesting to find that praise for the coalition government is coming from sources which normally would not be praising our sound economic policies. The ACTU has congratulated the coalition for its successful policies, and that must make the Labor Party feel positively exposed. The ACTU says:

The Australian economy is clearly characterised by strong economic growth, low inflation, moderate wage growth and improved international competitiveness. Unemployment over the past year has also declined remarkably with the strength of Australia’s labour market performance showing encouraging signs for the year ahead.

That was from the ACTU’s 1999-2000 living wage submission. I believe it is also appropriate to give a quote for the day, and that comes from the Prime Minister, the honourable member for Bennelong. He says that this government’s economic policies have provided great benefits to all sectors of the Australian economy. He continues:
I acknowledge that there are some sections of the Australian community in the cities and in the regions who are not enjoying the same benefits as many of our fellow Australians are, and it is the responsibility of governments to do what they can to ensure that the benefits are fairly and evenly the spread. But on any generic measure, this is a more prosperous, a more stable, a more fully employed, a more equal and a fairer society than it was in March 1996. No reasonable person in Australia could doubt the veracity of that comment made by the Prime Minister.

As I said at the outset, I came into the House with a very strongly focused local speech because I wanted to deliver on behalf of my constituents an outline of the sort of area I was privileged to represent, some of the interesting aspects of that particular area and the way in which our particular area has made a very substantial contribution to this country’s economy and this country’s future. However, I must confess that I was goaded into responding to the honourable member for Melbourne, who had the audacity to stand in the parliament, as he does so often, and seek to criticise what this government has achieved.

We have the runs on the board. We are seen throughout the world as being a government which has been prepared to improve the situation we inherited. We did not create the basket case that was the economy of Labor’s Australia. We grasped the nettle and were prepared to fix it. I am very proud to be part of a government that has done this. The honourable member for Melbourne stands absolutely condemned for coming into the parliament, as he does so often, and seek to criticise what this government has achieved.

Ms MACKLIN (Jagajaga) (8.47 p.m.)—

The amendment Labor has moved tonight highlights in particular the government’s approach to the funding of our public hospitals. As all members would know, around the country the public hospital system has been stretched to breaking point by the policies of this government and also by the policies of coalition state governments. All of us hear and read stories both from our local areas and in the daily papers about the crisis in our hospitals and the problems faced by hospital managements trying to rectify deep-seated problems with inadequate funding. Unfortunately, there are growing signs that the federal government is about to make the situation far worse. Recent statements by the Prime Minister are a clear indication that the government has abandoned its commitment to maintaining in full its grants to the states in health and education following the introduction of the GST.

The Prime Minister was on 3AW in Melbourne last Friday. Most people will remember the pasting the Prime Minister got from the Braybrook textile workers. In addition to ignoring the plight of these workers, the Prime Minister let it slip that the government will be providing less money to the states for health and education. The interviewer, Neil Mitchell, asked:

So you are providing less funding?

The Prime Minister replied:

No, we’re, well we’re providing, we’re providing less dollars, but because the costs of operating will fall, the real financial position will be the same.

Unfortunately, nobody believes that. Of most concern is that this is a complete reversal of the Prime Minister’s promise to the parliament on 12 November 1998. Asked then to guarantee that he would not cut special purpose payments to the states for essential health, aged care and education services, the Prime Minister said:

... we have no intention of using the route of specific purpose payments to take away through the back door what we are clearly giving in a very generous fashion through the front door ...

Obviously, he has completely caved in on that promise, just like on many other promises. Those who will suffer in particular will be our state health and education systems. To cut state funding in the way that has been foreshadowed would be a clear breach of the Prime Minister’s promise to the Australian people and to state and territory leaders. We
are already seeing the beginning of this new policy in the way the government has re-neged on its commitments under the Australian health care agreements for grants to the states for public hospitals. These agreements were entered into in 1998, and they run for five years. The government knew what it was signing and, in particular through the Minister for Health and Aged Care, has always claimed that it would deliver the money it said it would—that is, about $5.9 billion would be paid under these agreements this year, accounting for about half the cost of running the states’ public health systems. The Minister for Health and Aged Care is always claiming how wonderful these agreements are and boasting that they provide a total of $5 billion extra to the states spread over five years. It sounds like a large sum. But the minister’s claim is very misleading.

The amount of funding required in the year 2003 to run our public hospitals, which service a population of what by then will be over 20 million, will be far more than was required to service the population of 17.5 million that existed when the previous agreement started in 1993. In addition, by 2003 there will have been 10 years of inflation, vast changes in medical technology and the introduction of many new drugs. The age profile of the community has also changed significantly. So, by that time, new burdens will have been placed on our public hospitals, which will also have aged themselves as this government fails to maintain adequate capital investment to make sure that the infrastructure—the buildings themselves—is kept up to date.

The minister’s boast is, I would have to say, a cruel deception. The reality is that negotiations over the Australian health care agreements left the states several hundred million dollars short of what is required to continue to deliver services to a growing population. The starting point was manipulated, and the government has continually misrepresented the comparison between the new agreements and the former Medicare agreements by excluding funds which were provided separately in the past for services but are now rolled into the new agreements.

Whatever debates we might have had in the past about the starting point, there is now a new threat to the capability of the states to continue to service their populations. The Commonwealth has reneged on the agreements it entered into just 18 months ago. The original agreements provided for indexation of the grants to accommodate growing populations, an increase in demand on hospitals due to the ageing population and greater utilisation, and an increase in the costs of actually running hospitals. The basis for this third set of factors was not agreed prior to signing the Australian health care agreements. Instead, a process was specified for the states and the Commonwealth to negotiate on how the indexation of the grants for inflation in medical costs would occur. Last year, the Commonwealth adopted a hardline position and refused to grant the states any more than the 0.5 per cent default increase provided for in the agreements, to apply whilst negotiations occurred. This compared to the ordinary consumer price index of 1.75 per cent for the year to last March, which was less than the actual increase in costs experienced by hospitals for wages and materials. The inflation in medical costs is well documented as exceeding the ordinary consumer price index for a range of reasons, and the Australian Bureau of Statistics prepares specialist indices to measure cost movements in the health sector.

The states were understandably outraged at the Commonwealth’s attitude, which was clearly driven by a desire to slam the brakes on funding for health from the Commonwealth. The states negotiated, unfortunately fruitlessly, but I am pleased to say that they maintained a unanimous position—Labor and coalition states and territories alike. They were disgusted with the minister’s change of heart. Fortunately, under the agreement there was a provision for the appointment of an independent expert arbiter to determine the actual rate of indexation in case such a situation occurred. I say ‘fortunately’, but as it has turned out, even though this expert arbiter was appointed, the minister has completely refused to take his advice. This clause was intended to prevent any deadlock by binding both parties to any dispute. But, as I have just remarked, the Com-
monwealth abused the process and has refused to accept the outcome. The states wrote to the Minister for Health and Aged Care on 26 May last year. They specifically asked him to make a commitment to the process and invited him to nominate the arbiter—in a small way trying to get him to own the process. They were obviously well aware of the possibility that the minister would welsh on the deal.

The Minister for Health and Aged Care agreed to enter this process and nominated Mr Ian Castles, the Vice-President of the Academy of Social Sciences in Australia and a former head of the Australian Bureau of Statistics. Mr Castles is a very expert person and well suited to this role as an arbiter. The minister extended the terms of reference from the indexation of the 1999-2000 grants to enable Mr Castles to consider how the agreements might be indexed in the future. We will see, as my remarks go on, that this was a very significant change.

The arbiter duly called for submissions and reported on the due date of 31 October. He analysed the problem in great technical detail and considered all the arguments presented to him. He concluded that the Commonwealth was wrong in the views it expressed, and he made a clear recommendation that the best and most appropriate form of indexation was to increase the payments under the Australian health care agreements by the consumer price index plus 0.5 per cent. In the case of the 1999-2000 payments, this required an average national indexation of 2.25 per cent, based on the previous March quarter CPI figures.

But the Commonwealth refused to accept the umpire’s decision. Two days before Christmas, when the minister knew he would get minimum scrutiny, the minister rejected the arbiter’s report and announced he would unilaterally impose an outcome based on an average one per cent increase for the states. This left the states about $100 million a year worse off compared to the arbiter’s recommendation of a 2.25 per cent increase. So in one stroke of this minister’s pen, the Howard government sliced the equivalent of a major teaching hospital budget off their contribution to our public hospitals.

At the same time that this was going on, we now discover that the government have very happily allowed the private health insurance rebate to blow out by an incredible $500 million a year, which of course is money lost to the health budget.

Mr Lindsay—It is not.

Ms MACKLIN—It certainly is lost, and I will go on to describe the situation. The minister has described this as a fabulous result. He said it is a fabulous result that an extra $500 million—that brings it up to $2.3 billion—

Mr Lindsay—It takes pressure off the public system. That’s what you wanted.

Ms MACKLIN—It is interesting that the member for Herbert interjects and says that this has taken pressure off the public hospital system. The problem with the member for Herbert’s remarks is that there is no evidence of that whatsoever. He must live in some sort of cloud-cuckoo-land, because there is not a public hospital in the country that is not under pressure. I would love to go to the hospital in Townsville and tell them that they do not have any funding problems. They do not have any funding problems at all in Townsville because the pressure has been taken off as a result of the private health insurance rebate! They would think that he was a just a joke as a local member of parliament—someone who does not understand the pressure on his public hospitals.

This government has failed completely. The minister does not even bother to try to show that there has been any reduction in public waiting times as a result of the health rebate, because there has not been. On the one hand there is money pouring into subsidising the private sector, with no effect at all on the public hospital waiting lists, yet at the same time as that is happening the states are being cut back to the tune of $100 million in this year alone.

The $100 million lost to public hospitals as a result of this Scrooge-like Christmas present from the health minister is only the start of the problem. The funding deficit will grow and compound over the four years of the current agreements. Each year the gap will expand between the default indexation
which the government has built into the forward estimates and the actual funding requirement of public hospitals simply to treat their current patients. In this bill, which gives effect to the amounts set out in the additional estimates, this government has allocated just $30.2 million to pay for the increase from the original default indexation and the minister’s Christmas announcement. This is just a fraction of the money that was required, and the states are left $100 million underfunded. That is just for one year. It is $100 million they are owed by the Commonwealth as a result of recommendations from an independent arbiter. The choice the states are left with is to cut services even further than they have already been in recent years, or to find more state funds to prop up their hospitals and keep the doors open. And that is what is at the heart of this government’s funding strategy. Once again the member for Herbert says, ‘Oh, go to the states.’ That is exactly what is at the heart of this government’s strategy: to maximise the pressure on the states to take up funding responsibility for health. The Prime Minister, as we heard on Friday on 3AW, let the cat out of the bag. He wants to backslide in specific purpose payments and commitments such as the Australian health care agreements and force the states to fund health and education through GST receipts. He has now made it very clear that that is what his plan is.

As the states know, and the hospitals in particular, this will not be the only impact the GST will have on hospital funding and their ability to deliver services. We have heard at length from hospital operators who fear the bureaucratic nightmare they face under the GST to track the separate costs they incur between those which attract the GST and those which do not so that they can later recover a portion of their budget. It is interesting also to look at what Mr Castles, the independent arbiter, concluded in this area, because he identified a further degree of complication that will arise because of the GST. Agreement has not been reached on the basis for indexing the Australian health care agreements in 2000-01 because no-one is sure of what the impact of the GST will be on the consumer price index and how relevant this measure will be to the movement in hospital running costs. Mr Castles concluded that it would be necessary to conduct a further inquiry into the impact of the GST on the cost of providing public hospital services and the CPI to determine what other ad hoc adjustments would be required to compensate hospitals for unintended consequences flowing from the impact of the GST on the consumer price index. Not unexpectedly, the minister once again dismissed this recommendation and said he would decide what adjustments to make. In other words, once again the states will be starved of funds by being denied the true cost of the GST, and the minister is not prepared to allow an independent expert to determine what they are really entitled to.

The only losers from this process are the vast bulk of the public who depend on our public hospital system. As a one-eyed supporter of private health, the minister pays little regard to this problem. However, he should not forget, and all the members of the government should not forget, that 70 per cent of the Australian population depend solely on the public system. We should also not forget that those with private health insurance, whose interests the minister is preoccupied with, also rely heavily on the public system. If you have private health insurance and have a major car accident, you are going to end up in the emergency ward of a major public teaching hospital. But that is not the concern of this government. They just want to palm the responsibility for that back onto the states and cut the specific purpose payments on the way through.

As I said at the outset, the Prime Minister has let the cat out of the bag. The states will lose health and education funding with the introduction of the GST. This will be on top of cuts to the indexation of funding to our public hospitals. In both cases, this is money that is desperately needed to make sure that our public hospitals are able to continue to do the job that they do so well, which is caring for patients and caring for those people who need the services that they deliver. It is an absolute outrage that these services, some of the most important services that we have in our community, are being so dramatically attacked by this government, whether it is in
the government’s decision to cut funding when the GST comes in or whether it is a result of this minister’s decision to not meet the recommendations of an independent arbiter to make sure that hospitals have the funds that they need so that patients get properly treated. With that, I strongly support the amendment moved by the opposition to make sure that the message is brought home to the government about what the impact of their decisions will be on our public hospital system.

Mr LINDSAY (Herbert) (9.07 p.m.)—Let me comment for a moment on the member for nagger-nagger’s comments in relation to the health system—

Mr DEPUTY SPEAKER (Mr Quick)—Order! The member for Jagajaga.

Mr LINDSAY—Did I make a mistake? I am sorry. Let us look at Labor’s position in relation to health. The member for Jagagaga mentioned the electorate of Herbert, my electorate in Townsville. What do we have there? Twenty-five years ago the Australian Labor Party said, ‘We will have a medical school at James Cook University.’ This is 25 years ago. When I was first elected to the parliament four years ago, there was still no medical school. We were in desperate need to attract doctors to rural and regional Australia, but no medical school.

This government took the hard steps, did the work that was needed and this year the James Cook University of North Queensland’s medical school, the first new medical school in Australia in 25 years, will open its doors. And what about that medical school? It has been an outstanding success. It has 60 places in the first year. It had 800 applications for those 60 places. But it is a special medical school—it is an undergraduate medical school—and the entrance requirements are not what the entrance requirements are at every other medical school in the Commonwealth of Australia. James Cook is selecting students not who have the highest TE score or OP score but students who will make the best doctors. So students are getting in with an OP of 4 whereas at UQ you would need an OP of 1. People with an OP of 1 may be wonderful academics and may be able to parrot off whatever it is, but they do not necessarily make the best doctors. Also, we reserved five places for indigenous students and we will have indigenous doctors coming through the JCU medical school. It has been an outstanding success. Attached to it is a teaching hospital which is currently being constructed on an adjacent site and which will be as good as any hospital in the Commonwealth of Australia—it is a level 6 hospital.

James Cook University is going from strength to strength. It now has a staff complement of about 1,200 and an annual turnover of about $130 million in the Townsville-Cairns economy. The multiplier effect spreads through the community and makes the university a very important business and education unit in North Queensland. We have about 10,500 students enrolled this year, 80 per cent of those in Townsville and 20 per cent in the Cairns campus. It was a good year last year and we are looking forward to an even better year this year. Every year the Graduate Careers Council of Australia sends a questionnaire to every graduating Australian university student seeking their opinions on the quality of the teaching they receive. There are 37 universities in Australia and you might like to know, Mr Deputy Speaker, that last year JCU was ranked fourth or fifth in Australia, above many of the sandstone universities. That is a great achievement for a regional university, particularly a university so far away in Northern Australia.

A very worrying trend has been noted at James Cook—I guess it is also in other universities as well—and that trend is the differences that are emerging between males and females at university. Across Australia, about 55 per cent of those attending university are women—of course, only 45 per cent are men. At James Cook the disparity is even greater: 62 per cent are women and only 38 per cent are males. This is the fifth highest imbalance in Australia. The vice-chancellor has said that he fears that this imbalance will have a long-term derogatory effect on the employment prospects of males and on the social fabric of that region. This is the view of the Vice-Chancellor of James Cook University. He also goes on to say that it looks
as though the male problem begins at school, probably as early as year 10. More boys than girls leave at year 10 and so the message has been of critical importance to education, to the whole of life, that you need to get to these students very early on in the piece.

What are they doing at JCU to increase the number of people who go on to university, especially to encourage more males to attend university? The message is very clear. Average starting salaries for male graduates are about 19 per cent higher than for non-graduates and about 15 per cent higher for women. Average salaries for graduates double within five years of graduating, and for non-graduates that is about 40 per cent. The proportion of degree holders in the workforce has increased from 10 per cent in 1989 to 17 per cent in 1997. The degree is increasingly an entry level qualification for many jobs. People with a degree are 2.5 times less likely to be unemployed than those who completed their education at year 12. These are the selling messages from James Cook to the potential student population, indicating how important it is these days to go on to higher education if you can.

Internationally, JC has done very well. It had some terrific growth in the international student numbers last year. The university had a total of 746 international students from 58 countries. This is a university in Northern Australia. That earned $6 million in export dollars and imported even more in dollars spent in the region. A particularly startling fact that we all might like to memorise is that over 10 per cent of all American students studying in Australia chose to study at James Cook University. This year we expect to do even better. That is a wonderful accolade for our tropical university in Townsville and Cairns.

I would now like to change to another matter, and that is the proposed highway past the university. Currently in Townsville there is no cross-river connection between the suburb of Douglas, where the university is located, and the suburb of Condon, which is in the upper Ross. Construction of this particular road is urgent, in my view. Certainly I have been very strongly advocating that this road be constructed as part of the new ring-

road bypass of Townsville and therefore part of the national highway. It is premature to construct it. I understand and concede that, but when you look at the benefit-cost ratio of constructing that particular piece of highway now, early, you get a figure of 13.

Mr Deputy Speaker Quick, you will know that, in your electorate, with black spot programs, if you can get a BCR ratio of 1½, you think that the project will certainly get a guernsey. This particular piece of road has a BCR of 13, which is almost unheard of. The local authority, state government and federal government all have to work together on this one. We can get a magnificent win for our community in relation to the construction of that particular piece of road. I have spoken to the state minister the Hon. Steve Bredhauer in relation to what his state government’s view might be on this particular piece of road. He said to me, ‘I agree with you. I think we can do a deal on this. Because it is premature I think the state government should fund part of the road.’ I said, ‘Steve, what is the bottom line?’ We agreed that it should be a fifty-fifty arrangement of state and federal funding. I reckon that is fair. The minister also spoke to the Mayor of Thuringowa in an entirely separate conversation, and the Mayor of Thuringowa has said publicly that the minister agreed to fifty-fifty.

The worrying problem is that, late last year, the minister reneged on that. He wrote a letter to the local Townsville Bulletin and indicated that, as far as he was concerned, the Commonwealth should fund the lot. My message to the minister is: that is not the real world. If you want the federal government to bring on this development prematurely, then we have to see the colour of your money. I think it is entirely reasonable, and I think that the people of Townsville and Thuringowa would think it entirely reasonable, that there be a fifty-fifty cost arrangement. If we can agree on that, I will go in to bat. I will get to John Anderson. I understand that road funding is tight, but I will get to John Anderson.

Mr Melham—That is also not the way it is done.

Mr LINDSAY—Member for Banks, I had the cabinet tell me, ‘Forget it, Pete. Don’t try for a medical school.’ Member for Banks, I
have a medical school in my electorate. That is what happens when a local member stands up for his electorate—you get things that are good for the electorate. If I can get a fifty-fifty deal with the state government, I will get this road as well. That is what a local member should be doing.

I would like to talk about another matter—the current daily scare campaign in relation to the GST. Let me tell you what happened last week in Townsville. I turned on the television and here was one of the local Labor Party candidates for the local government election running on the GST. It was nothing to do with local issues; it was just the standard fear and scare campaign. Do you know what he was saying, Mr Deputy Speaker? He was saying on the television to all of the people of Townsville and Thuringowa that the price of petrol was going to go to over $1 a litre because of the GST. I could not believe what I was seeing and hearing, so I rang him up. It was Les Walker, the candidate for division 7. I said, ‘Les, where did you get this particular information from? You know the government has given a commitment that the price of petrol will not rise due to the GST. That has been spelt out over and over again.’ Do you know what Les’s response to me was? He said, ‘Well, Pete, you have to take every opportunity you can get.’

What he was saying was to hell with truth; it does not matter. If you can get out there on the television, the television grab is more important than the truth. It is sad that in this country, when we all know we need a new and fair tax system, a Labor city councillor candidate will get on the television and unashamedly say, ‘The price of petrol is going to go up over $1 due to the GST.’ It is very sad indeed, and it is an indictment of our process that that kind of thing can go ahead. But why should I have been surprised? At the last election I saw the Labor candidate on television saying, in every television commercial break, that everything was going up by 10 per cent.

Mr Melham—The wrong Lindsay got elected.

Mr LINDSAY—It was just not true. If that fellow had been elected, it would have been sad that he had been elected by saying something that was not true. The ultimate irony, Member for Banks, was that the former member for Herbert, to whom you refer, indicated that if you were to go to the Perc Tucker Gallery, an art gallery, your admission was going to go up by 10 per cent because of the GST. Admission to the Perc Tucker Gallery is free, but the former member, whom you called a good member, was busy telling everybody on television that the price of admission was going up by 10 per cent even though there was no admission charge. What kind of a member is that?

Another matter affecting the north is the absolute importance of the Chevron gas pipeline proposal, which the government has given major project facilitation for.

Mr Melham—We know all about gas.

Mr LINDSAY—This is a matter of critical importance for a number of reasons. The proposal is to bring gas from the Kutubu oil and gas field in PNG across the Torres Strait and down the eastern seaboard of Queensland, ultimately probably to Brisbane. The member for Banks throws off at this gas project. It has a couple of pretty important benefits, Mr Member for Banks—

Mr Melham—Not just a couple—more than a couple.

Mr LINDSAY—Thanks for recognising that. Perhaps the government of New Guinea are very keen indeed because of what it means to the economy of that country. We all know what the economy of PNG is like. Of course, it also means so much to Queensland. In particular, in relation to power generation, it means that there is the prospect for the first time of having a full base load power station in North Queensland. Do you know what we do at the moment in North Queensland, Mr Deputy Speaker? North Queensland is stuck on the end of this great long transmission line from the nearest substantial power station, which is down in Rockhampton, 800 kilometres south of Townsville. We live in a cyclone area—

Mr Melham—Stop having a go at Joh.

Mr LINDSAY—Joh?

Mr Melham—Bjelke-Petersen. He was there long enough to fix it up, wasn’t he?
Mr LINDSAY—We are at the mercy of that powerline staying intact. There are huge losses with that powerline, making the cost of electricity in northern Australia and in North Queensland in particular quite substantial if the real costs are charged. So the solution is to have a base load power station in North Queensland to make sure that we have security of power supply.

I have seen a report generated by Townsville Enterprise, which was written by Energy North Queensland and the AEC group. Such a measure would bring $6 billion in related industrial development to the north. That is the kind of impact that this gas pipeline would have. It would increase the gross state product by $3.2 billion. It has massive positive ramifications for North Queensland and that is terrific. We must do everything that we can to facilitate that project. Currently, as I understand it, we are in the hands of Exxon and Chevron as they discuss getting extra gas supplies from New Guinea. Once that is put in place, away we go. Once we get that agreement and the green light from Chevron, it is time to say to the state government, 'No more coal-fired power stations.' The member for Banks would agree with me: he would support that proposition. He would understand how damaging coal-fired power stations are to our environment. It is very important that we change to a much cleaner-burning fuel, which is the gas supply. There are some big benefits for Australia in this, as well as big benefits for our local region.

Finally, I turn to the Queensland nickel refinery at Yabulu, also in Townsville. We now have three major metal refineries. We have the nickel refinery, the copper refinery and the Sun Metals zinc refinery. These major refining processes are in Townsville. I was very privileged late last year to attend what was a world significant event at the Queensland nickel refinery. QNR are a model innovator. Their ore supply, which was sourced locally at Greenvale, ran out and now they are able to import ore from Indonesia, the Philippines and New Caledonia, process it and re-export it, and do it profitably. They are doing very well indeed, and that is in the face of low metal prices. In the face of that, they are the first nickel producing operation in the world to gain ISO 14001 certification. That is a marvellous achievement and it is occurring in Townsville, just as so many other world leading processes are in Townsville. Townsville is Australia's largest tropical city. Some people would nominate Cairns; some people would nominate Darwin.

Mr Melham—Have you been to Palm Island lately?

Mr LINDSAY—Yes, four times a year. Townsville leads the world in so many things, and that is wonderful. This nickel refinery is facing a further $200 million expansion. If it can find a way to bring nickel ore from the Kalgoorlie area in Western Australia, partially processed, it will then be able to process that ore. There will be additional benefits to Townsville with the expenditure of all that money. On top of that, it will change LPG when we get it from New Guinea. Then we will see things such as cogeneration going on at the plant, again for the benefit of the people of the Townsville-Thuringowa region. I draw the parliament's attention to the many terrific new projects in the Townsville region and the way that part of the country is proceeding. (Time expired)

Mr WILKIE (Swan) (9.27 p.m.)—In addressing the amendment moved by the opposition, I would like to concentrate on the issue of higher education and the concerns I have with the government's disastrous handling of this vital aspect of Australia's future. In my electorate of Swan there exists a forward looking and proud educational institution, Curtin University. It is one of the most prominent institutions in the country, with total capital accumulation and reserves of about $350 million and total enrolments of over 25,000 for this year. The reason I am concerned is the long-term prospects that this and other institutions face under this government.

A closer examination of Curtin enrolments and finances reveals a distressing picture, a picture echoed across the education community in the nation. I note that there has been a decline in postgraduate enrolments due to the introduction of fees and the cessation of HECS coverage for these courses. In fact, the
number of fee-paying students has increased by 900 per cent at Curtin since 1997. Students are paying a higher proportion of the funding for the sector when compared with the proportion of federal government funds. In fact, nationally they have contributed about $1.5 billion, which is roughly the size of the reduction in federal funding. Class sizes and student ratios for the majority of courses have increased by up to 30 per cent over the last four years. The building of libraries and the purchase of books and equipment has been reduced to constrained budgets thereby jeopardising better education. There is an increasingly large proportion of students who will have to take out student loans and/or defer due to financial reasons. According to Curtin University, academic placements have declined by five per cent compared with enrolments.

Let us not lose sight of the fact that education is important, and it is important for a number of reasons. Firstly, obviously, it develops the potential within our youth to provide our society with skilled citizens thereby enabling us to develop and maintain an effective and functional society. Secondly, education gives our citizens the capacity to retrain and continuously re-evaluate their contribution, both personally and functionally, to society. Thirdly, education plays an important part in the socialisation process. It matures the individual and makes them recognise their role and the role we all play in a cultivated and progressive society. We on this side of the House recognise the importance of education. It is a government where only the wealthy will be able to afford education. In fact, it is happening now. Only the privileged few have access to many courses, especially at a postgraduate level.

This government simply ignores the fact that the role of higher education has never been as important as it is today. Not long ago, UNESCO held the World Conference on Higher Education. That conference was attended by more than 3,000 delegates, including 115 education ministers and legislators, scholars, students and officials from around 180 countries. At the keynote address, the Director-General of UNESCO called for a major increase in the availability of higher education and lifelong learning. The Director-General indicated that a ‘radical transformation of the higher education landscape’ was needed. To this end, the conference backed a world declaration on higher education for the 21st century. The declaration endorsed the right of access to higher education based on personal merit. This relates to article 26.1 of the Universal Declaration on Human Rights.

In Australia, by contrast, commitment of the Commonwealth to public funding of higher education has never been so weak. The government funding under the ‘minister for shorter term and servility’ reflects the total abrogation by this government of its responsibility to ensure a quality, accessible and accountable public higher education system. This government has left a terrible legacy to the higher education sector. Since the election of the first Howard government in 1996, we have known that the notion of education as an investment was in serious jeopardy. Those sceptics about the Howard government’s education policies were to have their views justified in the very first budget that removed the better part of $1.9 billion from the sector. This was closely followed by the Higher Education Funding Amendment Bill 1998 that set maximum operating grants for universities in 1999 and 2000, thereby confirming in legislation for the first time the government’s massive cuts to the university operating grants which were announced in 1996.

At a time when our competitors overseas have introduced new technologies to industry, when information technology capacity doubles every 18 months and the prices halve every 12 months, we gained a true insight into this visionary lot opposite by their inability to discuss education policy during the election campaign. In fact, the policy platform was so unremarkable that it was released one evening in such a manner as to avoid scrutiny. In its recent analysis of the Australian educational scene, the Australian newspaper said:
In contrast to his counterparts in the US and Britain, who have placed education at the centre-stage, John Howard didn’t even mention it in his campaign.

This government has failed to realise that a robust educational system is the backbone for economic success. Investment in the human capital of the nation contributes much more to solving the unemployment problem than cutting wages and slashing social security. We have a government that claims its program for the second term is labour market flexibility, yet it fails to realise the limitations of labour reform. You can slash social security and lower wages to poverty levels, but the underlying fact remains that if the people do not have the skills necessary for employment then they will not find a job. It is ultimately education that allows flexibility in the labour market. It is a hypocritical government that talks about labour flexibility but fails to provide people with the flexible array of skills and training that will help them in the transition of jobs.

Those opposite also fail to realise that our nation’s advantage lies in the field of education and its many industries. We will never be able to beat those factory fodder nations who pay their workers $2 a day. It comes as no surprise to the chamber that the government have rejected the opportunity to achieve excellence in education. These are the people who are responsible for the 10 per cent GST lumped on students who, like many Australians, do not earn a substantial income. It is essentially a tax on education and a tax on the nation’s future potential.

Students have also been hit hard by the abysmal voluntary student unionism, which has seen the complete collapse of many student guilds which make representations for the welfare of students. We have seen a reduction in the capacity of our education sector to provide high quality, broad based education to the Australian people and a greater emphasis within the universities on commercialisation. Unfortunately, the constriction of the focus of our university sector has impacted on every aspect of university life and has resulted in inferior quality of education in our universities.

Also, let us not forget the plight of those employed in the education sector. Under this government, there has been a shift whereby there is an overriding atmosphere of fear and intimidation, where academics are stifled, morale has plummeted and controversy is feared. According to Don DeBats and Alan Ward’s book Degrees of Difference, funding cuts are hurting institutions around the country. Staff numbers have also been slashed and the government still refuses to honour its pledge to honour the ongoing staff wage claim. Security of tenure in Australian universities is no longer a meaningful notion. Yet this government continues to peddle the myth that our universities are prospering. I discard this fable, as do students and staff coping with funding cuts. The more market driven approach adopted by the government has supplanted the nature and role of academics. Our academics are no longer encouraged to espouse views and positions which in the past were the essence of debate in public life.

For Australia’s 600,000 students, the decline in quality has been most evident in the decline in courses and subject options. And we have seen the rapid escalation in fees. Who would have thought a few years ago that there would be some 21,000 fewer fully funded Commonwealth places? This government has sought to force upon universities a proposition which involves the charging of fees of up to $80,000 for courses. We have seen a decline in quality in the choices evident in certain faculties. This has seen students being forced to absorb $800 million worth of budget cuts. Staff-student ratios have risen in the 1990s, from 16.5 to 18.5 in students in the humanities and from 18 to 20 in the social sciences. Faculties have closed and various language programs are disappearing. I am informed that seven arts faculties across the country have ceased to exist.

Unfortunately, most universities have been forced into accepting market driven criteria for their operations. At a lecture series in Melbourne in August 1998, Barry Jones highlighted the failure of Australia’s universities to fight for the traditional values of scholarship or to contribute to debates on controversial issues. This has meant that the
government can attack them with impunity. According to Barry Jones, the various vice-chancellors, rather than defend the actions of researchers in their universities, at the time principally acquiesced to maintaining silence in regard to the onslaughts of these philistine elements within the conservative political parties. What followed was that various elements of the bureaucracy itself understood that university administrations were not capable of showing the strength and resolution to defend the academic freedom that they so often asserted was their due. In practice, they maintained a silence and were thought to be acquiescing to government attacks, thinking that those attacks would lessen in their brutality.

The federal Minister for Education, Training and Youth Affairs, Dr David Kemp, appears to share this view. The grand traditions of Australian universities are now directly under attack by this government. The decline in the emphasis and the quality of provision impact most strongly throughout university administrations, which have suffered the constant burden of finding new ways to get funds and developing new strategies to get around guidelines, shifting their focus from education to the more narrow commercial focuses that the government is seeking to pursue. In the election period the government claimed that it was about breadth of provision, but in reality we have seen a whole series of bills dealing with higher education. We are now dealing with a funding base for the next three years, with bills being introduced with very little public debate and in such a manner and with such time pressures as to prevent proper scrutiny of what is being proposed.

We have also seen various surveys and empirical research emerging from the universities, indicating that there is a growing problem in the way universities are seeking to get around government regulations and guidelines in the provisions of this government’s recent legislation. In getting around the contractions, they have had to levy other charges. Students are being charged for such things as email access from home and access to assignment questions exclusively available from the email, and there have reportedly been requirements for internal students to purchase course materials designed for external study. These levies substitute for cuts in staffing resources that are no longer available. Students have also been charged increased HECS and up-front fees. This makes our students pay the highest tuition fees in our history. Whatever the minister may think of the National Union of Students or the National Tertiary Education Union, they are the only organisations that can highlight to the community the problems on this issue.

Students have always been expected to pay some photocopying, stationery and textbook costs—things that they individually benefit from or keep for their professional development and careers. As the frequency of ancillary fees increases, more students are finding it increasingly difficult to meet these additional costs. I understand that the National Union of Students actually conducted a survey on the types of ancillary charges now applying in many of our universities. The survey found that institutions were charging for services that should be considered a normal component of a student’s tuition fee. It may seem a distant memory for many of us, but the days when a faculty could afford to provide services for students have disappeared. Furthermore, as a result of cost cutting, 59 per cent of institutions charge students for access to the Internet via the university or from home, and four per cent already charge for email access on campus. Of course, it is quite standard that many lecturers demand that students submit their work in word processor formats. This clearly creates barriers for those students who are less well off and cannot hope to compete with their well-heeled friends. Add to this the scarcity of computer pools on campus, particularly as funding cuts begin to bite harder, and you are applying enormous financial and time pressure on these students. University life entails much more than just research and analysis. It is a networking experience that should be available to everybody. It should not be limited to the born-to-rule mob. In fact, they are least in need of the platform of education. For many in our society, university is indeed the biggest opportunity for achievement.
As stated previously, students must also deal with the issue of up-front fees. These are a psychological and financial disincentive to enter into and pursue higher education. Not only that, I believe in a livable income for students. I believe in financial support in the form of Austudy and Abstudy. This is another lost opportunity by this government to ensure that students, especially those from lower income households and disadvantaged backgrounds, have an opportunity to pursue education and training in a way that does not add to the financial and other pressures on their family members.

Another element of all the funding reductions is the strategies that institutions have had to embrace in order to make ends meet. We are seeing questionable practices used to drive the performance indicators that DETYA is currently developing. They are meant to examine university finances, deployment of staff, diversity of courses and the various student outcomes, but they all seem to be totally inadequate because, on the government’s own admission, interpretation of these indicators is difficult as accounting conventions vary from university to university. Specifically, universities are making internal decisions regarding the centralisation or devolution of administrative functions to hide the true nature of their cost structures. This is an attempt by the universities to cope with the growing crisis that is emerging in our higher education sector—a crisis of confidence that goes to the very issues of the provision of quality education in this country. You cannot possibly have the cuts imposed on universities and not expect them to have an effect on the quality of services provided.

Funding cuts over the last three years have had a dramatic impact on the education system. In 1997 funding was reduced by one per cent. In 1998 the amount was reduced by a further three per cent, with another one per cent cut to university operating grants in 1999 and a further one per cent in the year 2000. The government hypocritically looks the nation in the eye and says that it wants to create a ‘can do’ nation. It also boasts the myth that higher education spending increased in the 1999 budget. One only has to look at the previous budgets to expose this political fib. In these budgets, the government wiped out much more than was put back in this year. Worse still is its defence that these budgets were in some way economically responsible. However, the irresponsibility of these budgets and their failure to allow funds for investing in the future reflects the government’s bankrupt approach to education and its role in solving economic problems.

As is so often the case with the coalition, their government has resorted to bandaid solutions for retraining and the provision of skills. This failure is essentially a problem of leadership. The Minister for Education, Training and Youth Affairs has decided that the long-term focus of education is too difficult an issue to deal with in the context of three-year electoral terms. The ALP has a belief that education not only plays a vital part in getting Australia to the forefront of a technical and productive world but also is a vital part of achieving an enlightened and democratic society. Education also ensures that people have better employment opportunities and prospects.

I view the decline in public funding for education as a disaster. As a nation we need to inform the government that a continually famished sector will not lead to a more productive, democratic or educated society. Australian education nears the 21st century in a state of anxiety. Unless this situation is reversed, Australia’s future will be bleak.

Mr Lloyd (Robertson) (9.45 p.m.)—I am pleased to rise tonight in the national parliament to speak on Appropriation Bill (No. 3) 1999-2000 and Appropriation Bill (No. 4) 1999-2000 because it provides me with an opportunity to highlight to the parliament and to the Australian people the real progress being made in the Australian community as a direct result of decisions taken by the Howard government since it was elected to office in 1996. The Labor opposition and some sections of the media obviously do not want to give any credit to the government for the significant progress that has been made over the last four years. The opposition have no plans, they have no policies and they seem intent on embarking on a campaign of scaremongering, with a differ-
ent scare tactic every single day, obviously up until the introduction of the new tax system on 1 July this year.

Much of this scaremongering is based on untruths and inaccurate information. Quite frankly, I believe that the Australian community is not going to fall for this con trick. They know that the Labor opposition is totally incapable of providing legislation, vision and policy that will allow this country to move forward and to provide a strong standard of living for all Australians. Already, Victorians are starting to rue the day they threw out Jeff Kennett and replaced a strong government with strong financial strategies that were bringing jobs and prosperity to Victoria. In its place, they have put in an unknown Labor government led by Steve Bracks. As I said, they are already starting to rue the day they ever did that.

Victorians are starting to see the results of having a Labor government in power in Victoria and allowing the unions to again control the state. Certainly, Steve Bracks has experienced a disaster week as Victorian Premier. I saw that the media was providing a disaster a day coverage. Victorians have just suffered their first power restrictions in more than a decade, restrictions that have cost jobs and productivity and inconvenienced the whole of the state. It now seems that those power restrictions in fact may not even have been necessary. They have already had a general building strike. They have had the failure of the $485 million studio city development at Docklands, and I understand that Mirvac has postponed a $1 billion apartment plan and that the MAV Corporation now says that its $900 million new key precinct project could also be in doubt.

These are hard, tangible facts, showing that companies will not invest in areas where they have no confidence in the government. Under Jeff Kennett and the former Liberal-National Party coalition government in Victoria, Victorians were enjoying an increasing standard of living. They were enjoying confidence in investment that brought jobs and prosperity to Victoria. In fact, many of us in NSW were quite jealous on a number of occasions about the number of industries that were attracted to Victoria and the number of major sporting and cultural events that Jeff Kennett managed to pinch from other states.

Of course, all these were creating further prosperity and further employment opportunities for Victorians. Obviously, all of that has now changed under a Labor government in Victoria which, as I said, appears incapable of controlling the unions and incapable of continuing that prosperity for Victoria. Certainly, nationally the Australian community, whilst I acknowledge that there are difficulties in many areas of Australia, understands that the only way forward for Australia is to have, and continue to have, a Liberal-National Party coalition government under the strong leadership of our Prime Minister, John Howard.

A casual comparison of some of the key economic figures between the last days of the Keating Labor government and the first four years of the Howard coalition government illustrates quite clearly the strong progress that has been made, progress that has only been brought about by strong legislative change and the continuing reform process. The inflation figure for the December quarter of 1999 was 1.8 per cent. For the comparable period in 1995, it was a massive 5.1 per cent. Productivity grew by 2.4 per cent through the year to June 1999. Over the same period in 1995, productivity in Australia fell by 0.2 per cent. Over the year to the June quarter in 1999, real wages grew by 3.7 per cent. Over the same period in 1995, real wages growth was zero, absolutely nothing, under the Labor government. In the year to November 1995 the unemployment rate was a massive 8.5 per cent, coming off an unbelievable peak of 11.2 per cent. Over the year to November 1999, the unemployment rate was 6.7 per cent.

Since our government was elected, 596,300 new jobs have been created in the Australian economy. This is 200,000 more jobs than Labor created in its last six years in office. Back in 1995, the variable mortgage interest rate was 10.5 per cent. In November 1999 the rate was 6.8 per cent, giving many more young Australians a real chance of owning their own home. Even today, at 7.3 per cent, there is a saving of approximately $266 per month on the average mortgage.
That is a saving that can go straight into the pockets of young Australians, straight into buying extra goods for themselves, possibly extra benefits for their children and helping to pay for the family budget. That is real relief that has been provided by the reforms of the Howard government.

Over the year to June 1999, the budget recorded a cash surplus of $4.2 billion. Over the year to June 1995, the budget was in deficit by $13.2 billion. There have been 140,000 new apprenticeships created, and that is an increase of 15 per cent since 1995. None of these improvements would have happened if the government had not had the fortitude to take the difficult decisions that were needed to reduce the massive deficit that Labor left us and to make other legislative changes, such as improvements to our industrial relations laws. Even the ACTU knows that Australians have benefited from the Howard government’s policies. In their 1999-2000 living wage submission—something that was highlighted in question time today—the ACTU said:

The Australian economy is clearly characterised by strong economic growth, low inflation, moderate wage growth and improved international competitiveness. Unemployment over the past year has also declined remarkably with the strength of Australia’s labour market performance showing encouraging signs for the year ahead.

Even the ACTU concedes that the Howard government is making the right decisions for the Australian community.

Quite simply, if the Howard government had not made the changes that we have, Australia would not have survived the Asian economic crisis, and our high standard of living would have been severely eroded. I think many people in the Australian community have not realised how critical it was to reduce that deficit and to have sound economic management at the time of the Asian crisis. Australia was the only country in the Asia-Pacific region to escape the decimation of the Asian economic crisis. If we had not addressed that deficit, the international market could have helped to bring our Australian dollar down, and we would have seen rising prices, rising inflation and rising interest rates. All of these would have helped to erode our high standard of living and, in turn, could have destroyed many dreams that Australians have had over the last many years. As it is, Australia has emerged as one of the strongest economies in the region, and I am very proud to be part of a government which is providing greater opportunities for all Australians.

It is, however, very important that we continue to make these changes, to ensure that all Australians have opportunities to continue this prosperity and to continue to be able to fulfill their dreams and ambitions—and providing a better and more efficient tax system is an important part of these changes. If we do not modernise our tax system, and if we keep the outdated 1930s indirect wholesale sales tax, future governments will not have the resources to pay for health care, education, police services, social security benefits and many of the other support services which our community demands. While the Labor opposition—and some sections of the media concentrate on the negativity and the scare campaign of the GST—concentrates on personal and vicious attacks on our Prime Minister and his family, the coalition government is getting on with the job of creating sensible reforms to allow the economy to expand and to continue to create more jobs for young Australians. Instead of concentrating on the negativity of the new tax system, with inaccurate and, in many cases, untrue information, the Labor Party would be better concentrating on some of the positives and highlighting some of the real gains that will be made under the new tax system.

For example, I have not heard one word about the first homeowners scheme that will be introduced on 1 July 2000. Under that scheme, all eligible first homebuyers will receive non-means tested assistance of $7,000 towards the purchase of their first home. I have not heard one word about that, particularly from the Labor opposition, nor have I seen it highlighted anywhere in the media. I believe that this is one of the best parts of the whole package. The scheme will cover all Australians who wish to purchase their first home. If they are married or living in a de facto relationship, they can make a
Tuesday, 15 February 2000

REPRESENTATIVES

joint application with their spouse or de facto. To apply, neither person can have owned a home before. People will be eligible if they are buying or building their first home, are an Australian citizen or a permanent resident, intend to make the home their principal residence, and start living in that home within a reasonable time. The payment will be made regardless of income, and it will be the same regardless of the area in which people are buying or the value of the home. It does not matter whether they are buying a new or an established home, and the home can be a house, a unit, a flat or any other type of self-contained fixed dwelling that meets the local planning standards.

You can see that being able to access that $7,000 is a great opportunity for all Australians who are looking to buy their first home. The fact that it does not relate to the cost of the property is a great benefit to those people in rural and regional areas of Australia. One of the media outlets in Sydney recently highlighted the difference in home prices between some of the towns in western New South Wales and the suburbs of Sydney. They showed one town where you could buy seven homes for the same price you would pay for a flat on the North Shore of Sydney. So you can see that people in rural and regional Australia who may be trying to purchase a home for $50,000 or $60,000 will have the same access to that $7,000—a very significant amount towards helping them make that start—as people in the city. It will be a great lift for any young Australians who want to buy their own home.

This encouragement, this tremendous boost for those who are seeking to achieve the great Australian dream of having their first home would not be possible without the introduction of the new tax system. It is something that Labor could never provide. They have no policies on tax; they seem to be against everything and do not seem to have any direction whatsoever. We are now seeing some of the lowest interest rates that we have seen in Australia in living memory—after all, it is still possible to get a home loan at around the six per cent or seven per cent mark. Most of us in this place remember the late 1980s, when we had home loan interest rates of something like 14 per cent to 16 per cent. Obviously those opposite in the Labor Party do not want us to remember those times, but it was not that long ago. Under the Labor government you did not have a hope of even thinking about buying your own home.

Moving around my electorate, I have met literally hundreds of young couples who have now purchased their homes. In the last four years, they have fulfilled the great Australian dream of having their own home, and it is because of the economic conditions the Howard government has put in place. Under the Labor government, I saw many young people lose their homes in ‘the recession we had to have’. I saw them lose their homes and lose their dreams because of those interest rates and because of ‘the recession we had to have’. The policies of the Liberal-National Party government have maintained a low interest regime and, with the introduction of the new tax system and the introduction of the First Home Owners Scheme, home ownership will again become a real possibility.

I am sure that the Labor opposition will continue their scare campaign on tax reform. They will work up a scare campaign every day between now and 1 July. It is only a smokescreen, because they have no direction and they have no policy on tax. They have no policy on anything; they just continue to run a scare campaign. I honestly believe that, once this new tax system is in place, people will see the benefits of it, will feel the tax cuts in their pockets and will realise how simple the system is. It will be very much like the Y2K bug. The Labor Party will try to whip up a frenzy before 1 July. Once 1 July comes and goes and everyone realises that life continues as normal and finds they are getting many advantages from that new tax system, they will wonder what the Labor Party were on about and will see that it has all been a complete sham.

There is a lot of negativity in the media, but I want to highlight that some media are also doing some surveys. A local Sunday paper in Sydney ran the headline ‘91c cheaper’, which referred to the result of a survey that showed that under the GST your
local shopping bill will be 91c cheaper. The article said:

The weekly shopping trip will cost less after July 1 under the GST, contrary to a widespread belief that grocery bills will rise.

In the most comprehensive survey yet undertaken into the effect of the new tax on household costs—

this newspaper found—

... that a $185.63 trip to the supermarket will cost nearly $1 less each week.

It shows that the scare campaign really has no substance.

Whilst I am on my feet on the appropriations, I will also record that the Graham Park North Power Stadium was opened in Gosford on Sunday, 6 February. This stadium is a magnificent 20,000-seat facility and has been made possible only because of a $12 million grant from the federal government, under the Federation Scheme. It is something that Gosford has long looked forward to. It was great to watch our new amalgamated team of North Sydney and Manly, the Northern Eagles, against our ‘foe’ from the Central Coast, the Newcastle Knights. It was fantastic that they won 24 to 14 on that particular night, although I was disappointed to see that they could not overcome Canberra down here in the ACT recently.

It was a magnificent day. I was very pleased and honoured to have the Prime Minister, John Howard, there to officially open the stadium. Contrary to what the Labor Party might say, the Prime Minister was at the conclusion of his tour around regional Australia and he was very well received. It was a pleasure to be there. He was welcomed by many people. He had an opportunity to talk to many of my constituents on that day, and it was fantastic to see the number of people who came up to him, shook his hand and said that he was doing a great job for Australia. It is encouraging to see that so many people support what the Prime Minister is doing for this country. It was a great day.

The stadium will put Gosford on the map and will provide a facility not just for Rugby League but for Rugby Union. I believe the Waratahs are playing there tomorrow against a New Zealand regional side. It will provide a facility for first-grade soccer, baseball and cultural events. Having a venue on the Central Coast that is world class will help our young people. We have a population of more than 300,000 people. We have never had a stadium of this calibre on the Central Coast, and it is a great tribute to the federal government that it had so much faith in the area that it committed what was a very large sum of money to allow the stadium to be constructed.

Mr COX (Kingston) (10.05 p.m.)—It is time for the Treasurer’s fiscal reality check. Does the performance of the Howard-Costello government still match its claims of careful fiscal management, which it said was its priority when it came to office? In the 1996 budget, the Treasurer claimed that he would achieve about $8 billion in savings by the end of the third out year. That third out year is this financial year, so it is appropriate and, with the publication of the midyear review in November, now possible to get a good handle on what the Treasurer has achieved. For the purpose of this analysis, I have compiled a table of the policy decisions taken by the government from the summary measures tables contained in the Treasurer’s own budget papers for 1996 to 1999 and from his midyear economic and fiscal outlook papers for each of those years. The table contains only 16 numbers. I seek leave to have it incorporated in Hansard.

Leave granted.

The table read as follows—
Mr COX—The table was compiled using only the measures tables published by the government in the relevant budget years the policy decisions were taken. It contains no allowance for any subsequent estimates, revisions or parameter changes and is rounded off to the nearest hundred million dollars.

Mr McGauran—By whom—you?

Mr COX—By me. If the Treasurer would like to dispute my analysis, I invite him to have Treasury prepare the same table from its more detailed unpublished records. The table was headed ‘Net Impact of Policy Decisions 1996-1999’. It shows that the net effect of those policy decisions taken in 1996 and recorded in the budget papers and the midyear economic and fiscal outlook review tightened fiscal policy by about $3.2 billion in 1996-97, $6.9 billion in 1997-98, $6.1 billion in 1998-99 and $7.6 billion in 1999-2000. The net effect of the policy decisions taken in 1997 had the opposite effect—a loosening of fiscal policy by $0.4 billion in 1997-98, by $1.5 billion in 1998-99, by $1.3 billion in 1999-2000 and by $0.4 billion in 2000-01. That fiscal loosening continued in 1998 by $2.1 billion in 1998-99, by $3.2 billion in 1999-2000, by $7.2 billion in 2000-01 and by $7.6 billion in 2001-02. In 1999 the pattern of fiscal loosening was once more repeated by $2.4 billion in 1999-2000, by $2.1 billion in 2000-01, by $4.4 billion in 2001-02 and by $1.9 billion in 2002-03.

The dramatic negative impact on Australia’s fiscal position of policy decisions affecting the financial years after the one we are now in are attributable to the government’s new tax system. The fact that fiscal loosening is about to occur is well known, and I will reflect on whether it is wise to be making so substantial a change to the stance of policy at this time a little later. Before doing that, I want to examine what the figures I have presented say about the performance of the government and the Treasurer up until the new tax system comes into effect. There is no doubt that when it was elected the government took dramatic action on the fiscal front.

Mr Melham—That’s an understatement.

Mr COX—It is indeed an understatement. In its first year the government did take decisions which tightened fiscal policy substantially, particularly in the out years. What was done to achieve that fiscal tightening included substantial elements of brutality, callousness, revenge, score settling, ideology, politics and a large measure of incompetence. Where the measures were driven by political motives or revenge, various interest groups which had offended the coalition were closely targeted. But, to an informed observer, judging by some of the outcomes, much of the process was quite indiscriminate. Some of the policy outcomes, particularly in areas like health and education, were not particularly smart in policy terms. The Treasurer, who regards himself as a hard man, would probably not be too unhappy about this description except, that is, when he is forced to play down his partici-
pation in the activities of the New Right during the 1980s which got him into this place because of his pressing need to chase the votes of Liberal Party moderates. But I should be careful not to digress too far from my analysis of the Treasurer’s fiscal record.

The 1996 midyear review shows that the Treasurer kept a fairly tight rein on his colleagues at least for the rest of that year. There was an additional $600 million in additional spending after the budget, but the out year effects were contained at less than a third of that. The 1997 budget contained significant savings measures, but these were offset by new spending and tax cuts, with a small net contribution to the fiscal position in the third out year. However, the 1997 midyear review shows that the brakes were off and spending was starting to roll. New spending decisions totalling almost $400 million were taken but, by the third out year, they would cost more than three times that. 1998 was, of course, an election year. The budget contained some modest spending initiatives costing about $1.4 billion and some small cuts in taxes offset by politically cautious small savings and revenue measures. The effect of these decisions in the third out year was a further loosening in fiscal policy of about $2.2 billion.

The 1998 midyear review shows that, over the period between the May budget and the October election, there was a lot of additional spending, which turned a net $1.3 billion fiscal loosening into a net $2.1 billion loosening, rising to $3.2 billion in the financial year we are now in. The election also meant the now illusory $7 billion tax cut bribe to get the GST in or, more correctly, the government re-elected, but I will deal with that later. The 1998 budget again saw a loosening of the purse strings on spending—this time by about $1.2 billion. By the time the midyear review was published, that loosening had doubled to $2.4 billion. What is the sum total of this inexorable process of fiscal loosening even before the introduction of the GST? The Treasurer, by his fiscal laxity, has allowed all of the $8 billion worth of savings he achieved in his first budget to be wiped out. The net effect of all the policy decisions taken since the 1996 budget has been to dissipate the annual savings made in that budget. That has taken only a little over three years. It seemed that the Treasurer had contracted a case of fiscal fatigue after only 12 months.

How has growth in the government’s other outlays—those that have grown other than as a consequence of policy decisions—been financed and how have surpluses been achieved? From three sources: the proceeds of asset sales, some of which have been explicitly hypothecated to expenditure; the proceeds of economic growth, both in terms of revenue growth and reduced outlays; and reductions in public debt interest on account of both reduced debt levels and lower interest rates. The last two of these are in fact cyclical phenomena. Governments, by good policy, can contribute to their being prolonged or perhaps not being shortened, but they are not in themselves necessarily a result of fiscal discipline. In the present situation I would say that they are masking some lack of fiscal discipline.

There are some other signs of the present shortcomings of fiscal policy. The 1999-2000 budget papers show that Commonwealth underlying own purpose outlays, as a percentage of GDP, have risen from 20.5 per cent, their level as a result of Labor’s last budget, to an estimated 21.4 per cent this financial year. Likewise, the table showing the percentage change in underlying outlays reveals that the Costello period of fiscal consolidation on the outlays side has been comparatively short. Contraction occurred only in 1997-98 of 1.7 per cent, the deferred effect of the 1996 budget measures. However, comparisons with subsequent years are meaningless due to the inclusion of accumulated public trading enterprise superannuation liabilities.

Certainly the 1999-2000 budget showed the prospect of a strengthening fiscal position in future years. But, in his post-budget speech to the Australian Business Economists, the Secretary to the Treasury, Ted Evans, put this in historical perspective when he said:
Looking at the underlying cash balance over a long period, we see that surpluses stretch out into the projection period. We should keep in mind, however, that of the six years of surplus there shown, only one is currently behind us. The 1999-2000 surplus we could take as being recently assured, but beyond that we are talking about mere projections, subject to all of the uncertainties of the world economy. Taking the 1999-2000 surplus as being ‘in the bag’, the cumulative surplus over the three years would amount to 1.5 per cent of annual GDP. The scale of that might be assessed against the surpluses in the late 1980s, our last period of fiscal consolidation.

That was Labor’s period of fiscal consolidation. He continued:

On that earlier occasion, the cumulative surplus over the first three years amounted to 4.1 per cent of annual GDP—well over twice that achieved in the latest round.

The Secretary to the Treasury is not the only person sounding this warning. The Access Economics Budget Monitor released in May said:

A champagne economy (rather than policy-driven increases in tax rates or bases) is handing the Treasury rising revenues on a platter. However, it is at times like this that clients should remember that the revenue bonanza of the moment is rather more cyclical than structural. What the upswing of the current business cycle has delivered to the Budget may be swept away just as easily in the next downswing of the business cycle.

Certainly, for all the Treasurer’s own claims of the brilliance of his financial management, only an irrational optimist would claim he had cancelled the business cycle. By the end of the year, the tenuous nature of his claim to a robust fiscal position had been exposed by the Timor deployment and the need for an increase in the Medicare levy—willingly agreed to by Labor—to pay for it and avoid a subsequent deficit.

The big issue now is the appropriateness of the stance on fiscal policy with a significant additional fiscal loosening locked in for July with the commencement of the GST and the other elements of the new tax system. This discretionary loosening, which is approaching $10 billion in 2000-01, is happening when the Reserve Bank is already being forced to tighten monetary policy and when the current account deficit is still running at around six per cent of GDP. Again, in his post-budget Australian Business Economists speech, the Secretary to the Treasury, Ted Evans, warned:

In recent years, we have not been asking monetary policy to address the current account problem. Rather emphasis has been appropriately put on the role of fiscal policy—the generator of budget surpluses and contributor to national saving—to do that job, leaving monetary policy free to concentrate on its objective of maintaining low inflation without undue constraint on growth.

This is a very desirable balance in the use of monetary and fiscal policies which may hold part of the answer to our longstanding current account concern; it is also part of the framework which underlies the judgments on medium term growth potential.

The simultaneous achievement of sustainable CAD outcomes and low and stable inflation would be put at risk by a complacent attitude to the use of fiscal surpluses. A breakdown in the performance of one policy inevitably compromises the other.

My fear is that ‘a complacent attitude to the use of fiscal surpluses’ is exactly what we are seeing with this dramatic loosening of fiscal policy provided by the Howard government’s so-called new tax system. If fiscal policy is the correct instrument to control the current account, why is the government loosening fiscal policy when the current account deficit is already high? The answer is that the Treasurer is not focused on the risk. The government has been in a state of self-congratulation since its first two budgets, believing that all the hard work has been done. A long period of economic growth and low interest rates up till now and the proceeds of asset sales have masked the danger signals. No-one in the government seems to have noticed or cared that the hard won gains of their first two budgets—and they were hard won if you were among the millions of members of the Australian community who were forced to bear the consequences of those policy measures—have been allowed to run into the fiscal sand. Australians now face an uncertain future with a new tax, with the benefits shared as unequally as the conse-
quences of the Treasurer’s earlier fiscal policy. That tax policy also involves a loosening of fiscal policy that brings with it a substantial element of macro-economic risk.

Debate (on motion by Mr McGauran) adjourned.

MIGRATION LEGISLATION AMENDMENT BILL (No. 2) 1999 [2000]

First Reading

Bill received from the Senate, and read a first time.

Ordered that the second reading be made an order of the day for the next sitting.

HEALTH LEGISLATION AMENDMENT BILL (No. 3) 1998

Consideration of Senate Message

Bill returned from the Senate with amendments.

Ordered that the amendments be taken into consideration at the next sitting.

ADJOURNMENT

Motion (by Mr McGauran) proposed:

That the House do now adjourn.

Kalejs, Mr Konrad

Mr DANBY (Melbourne Ports) (10.23 p.m.)—In the first week of the first month of the year 2000 the world had its worst preconceptions of Australia confirmed. I do not believe for a moment that a single member of this parliament has sympathy with Mr Kalejs, deported to Australia from the United Kingdom. But I fear that the response of our Minister for Justice and Customs to his arrival in Australia was crass, intellectually vapid, ahistorical, narrowly legalistic and, above all, deeply and embarrassingly provincial. Any man who put on the uniform of the army of the SS knew what he was doing. I do not think it is appropriate for a minister of Australia to say that he was simply the equivalent of any Australian citizen returning to this country. It is a deep reflection on Australia’s very honourable record during the Second World War. I, like many Australians, cringed when we heard those comments that he was welcome in Australia.

Let us review what appears to have taken place with Mr Kalejs over the last decade. First of all, it should be noted that in American and Canadian courts—and there were court hearings over his status—it was proved, on the balance of probabilities, that Mr Kalejs was, as he now admits, a member of an organisation known as the Arajs Kommando. In all of those court hearings, Mr Kalejs absolutely denied that he was involved with this group. The activities of the Arajs Kommando—with Viktor Arajs as their leader—need no elaboration by me. Their record is infamous. Their murder of civilians in their tens of thousands is attested by history. Yet the Australian government did not seem to know, as the Australian archives now reveal, that Mr Kalejs had lied about his Australian citizenship when he came to this country. He claimed on his immigration records, as the front pages of the Border Morning Mail, the Australian and the Canberra Times all showed, to have been a farm labourer and university student during the Second World War, as he had claimed in the American and Canadian courts. What did he do on arriving here? For the first time in 50 years he admitted that he had been in this infamous Arajs Kommando. His picture appeared on the front page of the Telegraph.

The importance of this is that a person who was in an organisation like this, who was at all of the places where the organisation was present and who was involved in all those kinds of deeds simply cannot be ignored. I do not ask that the Australian system of law be thrown overboard in the case of this gentleman. I simply ask that the evidence that may still be available about him be examined. It is not good enough for the minister for justice to advise the Australian public that they ought to go out and seek proof of evidence. That is up to the Australian authorities and the Australian Federal Police. I hope they will be doing that in Latvia where they will be present tomorrow.
It is also up to the Australian government, as the opposition has suggested, to urge the Latvian authorities to extradite Mr Kalejs to Latvia, where he is a citizen. The record of this government, particularly the minister for justice, in assuring the international press and telling the American 20/20 program and 60 million Americans that there was no evidence for these people, is simply not good enough. Yes, we believe in ‘innocent until proven guilty’, but I have to remind the minister for justice of what that great Conservative Prime Minister of Britain stood for during the Second World War: anyone who served in this uniform would have plunged the world into another thousand years of darkness unless we had all opposed them. And we did. Australia had a very honourable role, and I think the Australian government would be well minded to continue to observe those processes.

(Time expired)

Longman Electorate: Schools

Mr BROUGH (Longman—Parliamentary Secretary to the Minister for Employment, Workplace Relations and Small Business) (10.28 p.m.)—I thank my colleagues for their courtesy this evening. I rise this evening to speak about a number of schools in my electorate I have recently had the pleasure of visiting. Many of us in this place visit schools, and I know we all enjoy the experience. Amongst those that I managed to be with last week was the Beerburrum Primary School, in a little area north of my electorate, with just 93 students. It took me back to the days when I attended Slacks Creek Primary School with about 93 students. There they greeted me with a recorder band, which played our national anthem splendidly as I presented them with our great national flag.

This school has a great creed, pledging its allegiance to the flag and to honour the people of this great nation. The school is a very fine example of what is happening in state education in Australia where the teachers, the PLC and the student body are all dedicated. I would like to congratulate the new school captain for the year 2000, Isabella Moffett, and the vice captain, Elizabeth Willing. I am sure they will do a fabulous job for this wonderful little school.

Not only do we have small schools in this electorate but we also have very large schools like Burpengary Primary School, which I am pleased to say I have been assisting with a buy local campaign to build a very important undercover multipurpose area. This has been great because it has seen the community come together to help the school body. Young children are being aided by the local business community in their efforts to raise funds, and in turn the school body is supporting local businesses. So everyone is a winner. We have people securing jobs as a result of this. We have the school body getting new and important resources, and we are seeing the link between the school and the business community grow ever stronger. I think that is very important.

We also have some really great achievers in the schools of the electorate. The Christmas card that I sent across the electorate last year was designed by one of the students from Deception Bay North who, believe it or not, had won a gold medal in a worldwide picture drawing competition. It is not a quality that I have. She did a fabulous job, and I commended her at the time. I was also made aware that there was a silver medallist that particular year—two medallists in a worldwide drawing competition from the same primary school—and that is Melissa Sender. I congratulate both of those students and the fabulous work that they do.

Last Friday I had the great privilege of addressing the leadership class of the Morayfield State High School—another very large high school in one of the fastest growing regions in Australia. It truly was a privilege to see these young people with their dedication to their school and their peers, wanting simply to do better for the school they represented and the community that they are part of. It gives great pleasure and great pride to recognise that the future that we see before us is going to be in the hands of these very worthy people. It was also very encouraging to see their teachers and their support body there at 7 o’clock in
the morning to support those students. There are far too many negative stories about our young people, but I am pleased to say that, as in many other electorates, in the Longman electorate—from Melaney to Bribie Island, from Woodford to Deception Bay, from Caboolture to Morayfield—there are many fine examples of fine young Australians.

Finally, I would like to touch on the Beerwah High School. It is in a pineapple growing area, an area which has seen some great hardships due to the economic conditions in the primary industry sector. Recently, with some extremely hot weather, this area saw a third of its crops destroyed through heat. This area and this particular school have taken on vocational education. This government has been a great champion of vocational education, recognising that 70 per cent of our students do not go on to tertiary education. I congratulate them on being the top school in Queensland for vocational education last year and one of the top three schools in the whole nation. Golden Circle is one of the biggest providers of jobs in the pineapple sector in this area. Recently it launched a jobs creation program encouraging young people to get jobs in the horticultural sector—this very important part of our community which creates many jobs throughout the region.

In summary, I am very proud to be able to represent the people of Longman and the school bodies, both high schools and primary schools, both public schools and private schools, and I hope that I will have a few more opportunities in this place in the future to speak about the worthy contributions that they have made, and will continue to make, to the upbringing of the youth of the Longman electorate.

Canning Electorate: Australia Day Awards

Ms GERICK (Canning) (10.33 p.m.)—One of the most enjoyable things about being the member for Canning is having the chance to go around and meet some of the many people who act as volunteers in our community. Through their dedication and enthusiasm, we achieve a sense of community and belonging that would not otherwise be possible. Tonight I want to congratulate the people and groups who received awards on Australia Day. Four young women in Gosnells received the Duke of Edinburgh bronze award. Melissa Bexley, Heidi Denham, Cally Bremen and Megan O’Neil are to be congratulated for their efforts. Sue Deveraux should also be recognised for the work she did in helping the young women achieve their goals. Katrina Naylor was made Junior Citizen of the Year. In 1998, she founded Green Youth and was elected their president. She represented Western Australia at the 1998 Australian Youth Parliament for the Environment and represented her country at the 1998 UNESCO International World Heritage Youth Forum in Japan. Katrina has also been responsible for organising a fundraising campaign to help a young boy who needed expensive surgery and is extensively involved in school programs. The achievements of these young people give us great hope for the future of our community.

The Citizen of the Year in Gosnells was Unice Robinson. She has been involved with the Brownies and Guides since her daughters were seven. When the group was in danger of closing because of the lack of a leader, Unice stepped into the role. She also conducts a creche for motivated mums, is President of the Gosnells Senior High School P&C and is a teacher’s aide at Huntingdale Primary School. Unice also finds time to be an active member of the Friends of Mary Carroll Park. Not only is she the secretary but each week she also takes part in the removal of exotic weeds from the park area.

The Community Group of the Year Award in Armadale was presented to the Armadale Information and Referral Service. The agency was formed in 1988 by community members who saw that there was a need for the community to have a locally based organisation to provide information, referrals and assistance to those in need in their own community. For the first five years, they survived totally on donations and their own fundraising. The goal of their group is to provide a service which is non-judgmental and preserves the
dignity and pride of the individual. I want
to read a letter that the group received
which shows how much their work is ap-
preciated:

To the ladies responsible for this wonderful
surprise. My children and I wish to thank you
most sincerely and assure you that, in fact, this
will be the only Christmas food coming into our
household. The budget simply does not allow
for extras and the children’s presents will be
under our tree until Christmas Day.

With grateful thanks and a very merry
Christmas to you all. God bless and keep you
safe.

In Serpentine-Jarrahdale, the Citizen of the
Year was Frank Rankin. Frank has made
many contributions to the community, in-
cluding being on the Byford Primary P&C
and being treasurer of the Byford Recrea-
tion Centre and Graceford Hostel. He has
been involved in many youth activities,
including the Scouts and teen discos, and
has been an active member of the volunteer
fire service for nine years.

The Young Citizen of the Year was
Denise Mabbott, who has been a member
of the Red Cross unit at Armadale Christian
College. She has been a volunteer for the
Red Cross at many community functions
and was named Cadet Challenger of the
Year in 1999.

The Rotary award was given to Bob
Fawcett. Bob has been chief of the Serpen-
tine-Jarrahdale volunteer fire brigade for
the past six years, deputy for two and fire
control officer for 17 years. One of his
more famous exploits was giving the strat-
egy for a fire over a mobile phone while he
was at a football match. His great experi-
ence has contributed to the safety of our
community.

These people are a great example to all
of us of what can be achieved when some-
one cares about the community they live in.
I am sure we have all had the experience as
we go to these meetings that we keep
meeting the same people over and over
again, that their community obligation is
not just to one group. The activities of all
these people who received awards are to be
admired and applauded for making our area
such a great place to live in.

Mandatory Sentencing

Mrs MOYLAN (Pearce) (10.38 p.m.)—I
rise tonight to speak on the issue of man-
datory sentencing, which has been the topic
of discussion over the last few days since
the very sad episode in the Northern Territ-
ory. I am sure that all of us feel a great deal
of regret and sorrow over the death of any
young people in Australia from suicide. But
I want to speak on the broader issue tonight
because our Constitution has given our
states and territories the responsibility for
making laws in regard to the issue of law
and order. Australia is a very big country
with vast regional differences, and the peo-
ples in my state, Western Australia, have
democratically elected the state government
and called on that government to address a
serious law and order issue of home bur-
glary. In fact, Western Australia has the
highest rate of reported home burglaries in
Australia. It was as a result of the outcry by
people of Western Australia that the West-
ern Australian government took the meas-
ures that it did. Home burglary is a very
serious offence, as it violates the sanctity of
people’s home and has a long-lasting effect
which traumatises the victims, sometimes
for many years after the event. It is not just
the petty amount that is stolen but there are
many women, older women in particular,
who live alone and who are particularly
traumatised by this kind of event. It is too
prevalent in Western Australia.

I think it is pretty outrageous for mem-
ers of the Commonwealth parliament to
suggest that they should be engaged in
overturning what is rightfully the responsi-
bility of the state government. We are not
in this place the only arbiters of justice. I
think it is an insult also to the intelligence
of the people of Western Australia, who
have democratically elected a government
to do a job and who in fact have sought to
have the government put into effect laws to
deal with this serious offence. To further
suggest invoking an international treaty is
also quite wrong in substance in this case. I
understand fully the reason for international
treaties, especially in terms of the rights of
children, and there is no-one that has been more outspoken on the rights of children and the proper care and protection of children than I have been. But to suggest that a responsible state government, in a country that has a strong commitment to the rule of law and a decent system of justice, should be subjected to international law is again to treat Western Australian people very shabbily. In fact, the government has taken into consideration international law, and that law is put there to provide guidance but to allow states to make decisions that are suitable to their own conditions.

In Western Australia in the past there was no specific offence of home burglary and there was no mandatory penalty to address the problem of recidivist home burglars. The law was enacted due to strong public concerns, and the three strikes provision plays a minor but very necessary role in juvenile justice in Western Australia. It applies to a small number of repeat offenders and to home burglary convictions within a two-year period. The Young Offenders Act 1994 aims to promote the best interests of the child, to encourage parents to accept their responsibility and to protect the community from illegal behaviour. There are a wide range of sentencing options to enable the courts to make orders that address the needs of both the young offender and the community. Police cautioning and juvenile justice teams in Western Australia have resulted in a decline in the number of charges dealt with in the Children’s Court. The number of children admitted to detention centres has also declined during that period. Since the introduction of the legislation we have seen a decrease in the number of young people appearing before the court.

As I said, this provision, mandatory sentencing, involves a very small number of recidivist juveniles as a sentence of last resort. But I do believe that the Western Australian public have every right to expect that the government will take action where young or old people continually offend in this way and violate people’s rights within their own homes, with serious implications and ongoing trauma to people who have had to suffer that particular experience. I think that this is an appropriate sentence, giving rise to the best interests of young people and their families. As I said, it is a measure that is one of last resort. (Time expired).

Rural and Regional Australia: Prime Minister’s Visit

Mr SIDEBOTTOM (Braddon) (10.43 p.m.)—Prime Minister Howard has been beating around the bush lately, with little to show for it except to learn some home truths about living in rural and regional Australia. We are reliably informed that the Prime Minister was moved by the experience. He was emotional. He was determined to do something about the removal and decline of services to the bush. The trouble with Mr Howard’s new found interest in the bush is that wanting to do something about the drain of brains, businesses, services and population in regional Australia is not the same as doing it. What regional Australia is still experiencing is often the result of this government’s policies, and they do not look like changing the menu. Promises are not matched with reality. Let us have a look at some examples. In the lead-up to the 1998 federal election, Treasurer Peter Costello promised that the GST would not lead to an increase in petrol prices. Now the promise has been watered down; it is limited and is conditional. That no conditions were imposed in 1998, that no limits were suggested and that no differentiation had been made between ‘core’ and ‘non-core’ promises seem not to worry Mr Costello. It is quite clear that the Treasurer’s Sydney based price of 77c a litre for petrol means that in areas where the base price exceeds this there will be a price rise once the GST is imposed.

The trouble in my region is that the price of petrol has been more than 80c for a long time. Indeed, on King Island the price is over $1. Unless the Treasurer changes the excise formula, regional Australia will suffer when the GST is enforced. But this is not the only case of this government’s insensitivity towards regional Australia. We all heard with amazement the Treasurer’s suggestion that regional workers should be
paid lower wages than their city counterparts to stimulate economic activity in the bush.

The member for Page generously suggested that unemployed people in the regions should just pack up and move to the major cities to gain employment. Finance services minister, Mr Hockey, carried on a one-man media circus about price movements under the GST. Not only are people confused about the GST; they also genuinely fear that they will be worse off with this new tax. In his bush bash, the Prime Minister offered two responses to the plight of regional Australians: stop the withdrawal of government services and ease the suffering by selling the rest of Telstra and using the money to provide more infrastructure and services. But, Prime Minister, many in the bush already regard the sale of Telstra as a disaster, believing it not only symbolises the withdrawal of federal government services from the regions, but that since privatisation began communication services have diminished. This is clearly a bribe. The Prime Minister has no coherent regional policy or policies to tackle the inequalities facing regional Australia. For example, the government is now using part of the 16 per cent Telstra sell-off to fund a TV black spot program. It will not be enough and it should not rely on the sale of valuable public assets. Unless TV black spots are corrected, don’t worry about which HD digital TV platform we will be using. People in these areas will get no reception whatsoever—none.

The satellite option for free-to-air services is now more readily available, however, at an unequal and unfair cost to users—$1,500 to receive a satellite service with no local content and on top of that a 10 per cent tax. Basic TV reception should be a right, not a privilege. You probably do not know that; you probably just take it for granted. Regional people should not be made to feel or indeed expect that only by selling a valuable national asset will they receive their basic right.

Soon after the PM made his promise to stop the removal of government services from regional Australia, his employment and finance ministers together announced the withdrawal of Employment National from Tasmania. Minister Abbott described the Tasmania service as ‘a demoralised bureaucracy’, while good friend Minister Fahey’s concept of ‘right sizing’ in Tasmania was to completely shut up shop—40 people declared redundant with 19 of these in Devonport and Burnie. So much for the Prime Minister’s hand wringing in and about regional Australia. His bush bash is well known to have been done at a whim, without planning and was poorly timed. But what’s new? This is the story in regional Australia and things do not look likely to change much.

Macquarie Electorate: Blue Mountains

Mr BARTLETT (Macquarie) (10.47 p.m.)—Late last year I had the privilege of being involved in launches of two different projects in my electorate. Both projects related to generating jobs and both projects were funded by the government’s excellent Regional Assistance Program, which is a job generator for regional areas. The first of these two projects was the development of a tourism guide for the Blue Mountains for people with restricted mobility or with disabilities—people in wheelchairs, frail aged and people who cannot easily access tourism facilities. This project is being funded by a grant of $80,000 from the federal government through the Regional Assistance Program. The aim of this program is to do an audit of tourism facilities in the Blue Mountains to list those which have access and are accessible for people with disabilities and people restricted to wheelchairs and then to promote and advertise to the community of people with disabilities the tourism facilities in the Blue Mountains. The aim of the project is to target those people who do not have easy access—senior citizens, people with disabilities—to make it easier for them to visit the Blue Mountains. The Blue Mountains already serve people with disabilities well, but a lot of people do not know about it. The aim of this particular program is to do an audit and then to promote throughout the community what we have in the Blue Mountains.
Tourism in the Blue Mountains is already a tremendous job generator. We have almost 1,900 jobs directly related to tourism in the Blue Mountains, roughly 5,000 jobs indirectly related to tourism and around 1.3 to 1.5 million visitor nights a year generating around $100 million a year to the local economy. What we are wanting to do with this program is to develop a niche tourism program by attracting many others who would like to come to the Blue Mountains and who do not know how friendly and accessible it is for people with disabilities, and to advertise what we have and then encourage them to come.

It is estimated that in the US alone there are 10 to 12 million people with physical disabilities. It is estimated that throughout the developed world there are close to 40 million people in wheelchairs. There is an enormous untapped market of people with disabilities and people with restricted access who would like to have access to tourism facilities, who would certainly love to visit tremendous places like the Blue Mountains but do not know what it has to offer and do not know that it is actually very accessible to them. So this exciting project is aiming to develop and promote what we have in the Blue Mountains.

With the Paralympics coming up late this year, this will be an ideal time to market what we have there. I would like to congratulate Noel Heffernan, who is on the Blue Mountains access committee and is an advocate for people with disabilities, for his vision and for the work he is already doing with this exciting project. It will be a great benefit for people with disabilities and it will be a great benefit for tourism and hospitality businesses in the Blue Mountains.

The second particular project was the launch late last year of the Blue Mountains Business Network. We have scattered throughout the mountains many small chambers of commerce and many small business associations, but up until now they have all been acting reasonably independently. The $80,000 grant that the federal government contributed late last year has enabled us to set up a regional chamber of commerce—to develop a united Blue Mountains chamber of commerce. Through the Blue Mountains Business Network, they can act together. They can network, they can exchange business, they can work at keeping business in the Blue Mountains and they can lobby governments of all levels more effectively. Through doing this they can promote business in the Blue Mountains.

Mr Speaker, these two projects are very exciting. They are both funded by the federal government and between them represent $165,000, showing this government’s commitment to small business in the Blue Mountains and its commitment to generating jobs in the Blue Mountains. I am very excited about the prospects and I look forward to the growth in prosperity as a result of these two projects. The fundamentals are right for job growth in the mountains. This government has done a lot and is continuing to do a lot, through sound economic management, through low interest rates and through strong and sustainable economic growth, to ensure that small business not only survives but thrives and continues to generate jobs. These two projects, particularly for the Blue Mountains, will make sure that we capitalise on that.

Hansen, Mr Brendan Percival

Mr LEO McLEA Y (Watson) (10.52 p.m.)—Mr Speaker, earlier today you announced to the House the unfortunate death on 19 December last year of Mr Brendan Hansen, who was the member for Wide Bay and the whip in the Whitlam government. Mr Hansen was 77 years of age and had an illustrious career in this parliament and in the Queensland parliament, as well as on the Maryborough City Council. He was one of only two Labor members ever to represent the electorate of Wide Bay in this parliament. He was in very good company in that the other Labor member to represent Wide Bay was the three times Prime Minister of Australia, Andrew Fisher, who was the second Labor Prime Minister of this country after John Watson, after whom my own electorate was called. Brendan had worked in the shipyards in Maryborough. He was a shipwright by trade, as indeed his father was before him.
He was a member of the Maryborough City Council and, after he left this parliament, where he served from 1961 to 1972, he became a member of the Queensland parliament, where he represented the electorate of Maryborough from 1977 to 1983. There are not many people who get the privilege of representing the three levels of elected office in this country, and Brendan Hansen was one of those.

As I said, Brendan had an illustrious career. He was not one of those people who came in here with a field marshal’s baton in his knapsack. A friend of mine, Di Ford, who was his clerk when he was the whip and who, in the last Labor government, worked for a number of ministers here and for me when I was the government whip for part of that time, used to often say to me, ‘Brendan would have done this,’ or ‘Brendan would have done that.’ Being the government whip between 1972 and 1974 certainly would have been an active job. Brendan came into this parliament in 1961 in that credit squeeze election which nearly saw the Menzies government tipped out. Indeed, being a Queenslander he would have been very aware of the fact that Jim Killen was elected on Communist Party preferences, and that was what got Menzies over the line. So Queensland have a lot to answer for in terms of that election.

As I said, Brendan was a shipwright and his father was a shipwright before him. In those days, for him in the 1960s and for his father in the 1940s, a shipwright was a person in a very significant trade. A shipwright and an electrician were at the top of their trades. They were people who made things with their hands and who got things done. Brendan’s interest in the mercantile industry showed in his maiden speech. In a number of parts of that speech he talks about the government’s policy on shipbuilding. Indeed, at one stage he said:

Ships have been imported which could have been built in Queensland yards at Brisbane and Maryborough.

He goes on to talk, at another stage, about the government purchasing the Charles F. Adams type destroyers and he also talks about the government purchasing British minesweepers, which he said could have certainly been built in the yards in Brisbane and Maryborough, as well as in those other shipyards up and down the Queensland coast.

It is interesting to read in his maiden speech about the attitudes of people of that time. But it should go on the record that Brendan Hansen was a person who represented his electorate, his family and his country well. In his death notice it was said that his wife, Moira, and his family fondly remembered him and that, in lieu of flowers, a donation should be made to the Heart Foundation or the Saint Vincent de Paul Society. That probably summed up what Brendan Hansen was about and it is important that we should put on the record tonight an idea of his service. I am pleased to see that the minister who is currently the member for Wide Bay will be saying something about him as well.

Sydney Airport: Flight Movements

Mr MURPHY (Lowe) (10.57 p.m.)—Mr Speaker, at the most recent Sydney Airport Community Forum I expressed my grave concern at the inability or unwillingness of the Minister for Transport and Regional Services to implement the long-term operating plan for Sydney airport. On 28 May last year at the forum I moved a motion that was carried unanimously by SACF calling on the minister to direct Airservices Australia to implement a project schedule for the full and complete implementation of the long-term operating plan. To date, this project schedule has not been done. This motion provided a detailed summary of what the schedule was to contain. On 4 February we had the farcical situation of Airservices Australia giving a presentation and tabling a summary of progress which was a response to my motion and which in no way complied with the motion that was called for last May. In fact, it showed that, in the time since that motion was passed, air traffic movements to the north have gotten worse—and we had Airservices saying that aircraft movements to the north have improved considerably.

The reality is that aircraft movements to the south of Sydney Harbour—that is, the
electorates of Lowe, Grayndler, Watson and Sydney—have got considerably worse. Quite plainly, Minister Anderson must be brought in and must force Airservices Australia to comply with those motions that are passed by SAFC to see the full implementation of the long-term operating plan and, moreover, to make a decision about the second airport for Sydney. Quite frankly, until we get a decision for a second airport—and Badgerys Creek looks like the only realistic option—the residents in my electorate of Lowe and indeed Sydney are going to suffer. This is totally unacceptable. For the minister to allow Airservices Australia to say that things are getting better is just lies.

Mr Speaker—Order! It being 11 p.m., the debate is interrupted.

Mr Truss—Mr Speaker, I require that the debate be extended.

Mr Speaker—The debate may continue until 11.10 p.m.

Hansen, Mr Brendan Percival

Mr Truss (Wide Bay—Minister for Agriculture, Fisheries and Forestry) (11.00 p.m.)—I thank the House for granting me this courtesy to add to the comments of the Chief Opposition Whip in tribute to Brendan Hansen, who was member for Wide Bay for 13 years from 1961 to 1974. As the Chief Opposition Whip said, he was unique in that there have only ever been two Labor members for Wide Bay. Both served for significant terms, but he shares that honour with none other than Andrew Fisher, the distinguished early Australian Prime Minister.

Traditionally, Wide Bay may well be regarded as a conservative seat, but it is also a place where there has always been a large working community. Brendan’s own background was as a shipwright working in Walkers shipyards, one of the premier industries of Maryborough at that time, and he had, in many senses, a classical Labor Party upbringing. He was involved in the shipbuilding industry, he was active in the union movement and he took a keen interest in local affairs, but he was largely unknown when he was elected in 1961 to the seat of Wide Bay. He served in that electorate with a great deal of distinction and was loved by his constituency. He was able to hold the seat, I think, because of his strong personal following and the very strong view in the community that he was a traditional, decent man who took the time to be interested in his constituents and was always involved in community activities.

Brendan was respected across party lines. I have many happy personal stories of my own memories. I regarded him as a personal friend, even though we were obviously always opposed when it came to election time. Brendan was active in the Labor Party right until his death. Indeed, he was described quite rightly as the godfather of the Labor Party in Maryborough, in the kindest possible way. He was also active in many community organisations, particularly welfare organisations, right up until his last days. He was one of those who initially started Labour Day celebrations in Maryborough. There aren’t many towns left in Australia that have Labour Day celebrations, but Maryborough is one of them. Brendan was involved in those for more than 40 years. It is perhaps ironic that the decline in his health began when he collapsed at a May Day march a couple of years ago.

Amongst my earliest memories of Brendan was when he came to my little country town of Kumbia to attend a rural youth dinner. Brendan would have polled about 20 votes out of 400 in Kumbia but he still came all that way to the most distant part of his electorate to be involved with young people at a rural youth annual dinner. Subsequent to that time we got to know one another through various activities with which we were jointly involved.

Brendan was defeated in the 1974 election, the mid-term Whitlam election, by Clarrie Millar, who then served in this House with distinction for 15 years. Brendan and Clarrie remained friends. In fact, one of my other happy memories of Brendan was at a tribute function that I organised for Clarrie Millar when he retired from this parliament. Amongst the people who paid their money to come to pay tribute to
Clarrie was Brendan Hansen. I think that again reflected the community spirit and the goodwill that Brendan always engendered. In fact, I have a photograph that I treasure of Brendan, Clarrie and me taken in the Great Hall one 9 May when he came down for those celebrations. I even published it in my newsletter under the title ‘The three members’. It was a demonstration, again, of his good spiritedness and willingness to be involved and interested in the community.

Brendan was baptised in St Mary’s Catholic Church in Maryborough. He was married in that church. He was chairman of the finance committee and was responsible for raising a very large amount of money, when the church was in danger of collapse, for its restoration and then, appropriately, he was buried from that church, a church that he loved very dearly. There were many famous people at his funeral, as one would expect: Gough Whitlam; Manfred Cross, who presented the eulogy; and Tom Burns. People like Clarrie Millar and those from the other side of politics were there because of the way in which he engendered such community support and appreciation.

It is appropriate to acknowledge the contribution of his family. Brendan was 38 years of age before he married but still had time for eight children—eight very talented and artistic children. Indeed, over recent years I met Brendan and Moira Hansen perhaps most often at art shows and the like when he was there collecting prizes on behalf of his daughters, because they were prolifically successful. On the day of the funeral four of his daughters sang Ave Maria magnificently. It was quite a moving experience for the whole church. This very talented family has contributed greatly to the community.

Brendan experienced the euphoria of Labor’s great win when Gough Whitlam came to power. He was the first Labor government whip for decades but, unfortunately, he lasted only a short period. He was defeated in the mid-term election but then went on to serve in the state parliament and also had a period in local government. I conclude with a couple of comments that Nancy Bates, the editor of the Maryborough Chronicle, wrote on the day of his funeral:

The people of Maryborough, Wide Bay and indeed Australia today bid farewell to a man who spent decades immersed in politics yet emerged as a person of integrity, respected and liked by men and women of all political colours from all walks of life.

Brendan Hansen was one of the old school, a courteous man who combined humility and dignity with wisdom gained from experience—characteristics that were strengthened by his strong religious background and devotion to his large family.

Brendan Hansen served Maryborough, he served Wide Bay, he served Australia, with great distinction. Personally, I admired him greatly. Maryborough is certainly the poorer for his passing. Vale, Brendan. Well done. We extend our sympathies to Moira and his family and commend them also on their contribution to the community.

Mr SPEAKER—The parliament is the richer for the contributions by the member for Watson and the member for Wide Bay this evening.

House adjourned at 11.08 p.m.

NOTICES

The following notices were given:

Ms Hoare—to move:

That the House:

(1) condemns the use of brutality against workers who are protesting for the right to collectively bargain and condemns such brutality which was evidenced during:

(a) the waterfront dispute in April 1998 when hired strikebreaking thugs used mace spray and vicious dogs to try to intimidate workers and their families; and most recently

(b) the Pilbara BHP dispute when Western Australian police used batons to bash, bruise and break bone of BHP workers taking warranted industrial action; and

(2) notes that the actions taken by unionists during both disputes have been vindicated in Federal Court decisions which have stated that workers have a right to collectively bargain and not be discriminated against for enforcing that right.

Mr Mossfield—to move:

That this House:
(1) acknowledges the importance of the construction of the Western Sydney Orbital Road System to the economic and social development of Western Sydney;

(2) acknowledges the importance of road transport access that diminishes interference with road users in local communities;

(3) recognises that in heavily developed regions such as Western Sydney, the speedy access by road transport to local business developments is vital in assisting productivity and business growth;

(4) notes the policy commitment of successive governments to build the Western Sydney Orbital Road System;

(5) acknowledges that only minimum funding has ever been set aside for the building of the Western Sydney Orbital Road System and that conditions of construction have included the building of a second airport at Badgerys Creek; and

(6) calls on the federal Government to listen to and act upon the many calls from affected residents, business groups, business development committees, local government spokespersons and other interested parties in Western Sydney and urgently provide sufficient funding to enable the NSW Government to combine in partnership with the Commonwealth to commence immediate construction of the whole Western Sydney Orbital Road System.

Mr Danby—to move:

That this House:

(1) calls upon the Attorney-General to make a full statement regarding investigations into the war time activities of alleged Nazi war criminal, Konrad Kalejs; and

(2) calls upon the Attorney-General to:

(a) advise of the status of any Australian Federal Police investigations pertaining to Mr Kalejs' alleged involvement in the commission of war crimes during World War II;

(b) report on the result of talks between Australian Government delegates and Latvian authorities regarding the latter's intentions of seeking Mr Kalejs' extradition; and

(c) advise of whether the Government intends to introduce any amendments to domestic legislation regarding citizenship and war crimes and of any Government investigations into possible introduction of new legislation, and if so, set out those intentions.

Mrs Irwin—to move:

That this House:

(1) notes the increase in deaths caused by heroin and the increase in the number of first-time users under 25;

(2) notes the positive results in the use of Naltrexone in the treatment of heroin dependence for some addicts; and

(3) regrets the recent decision by the Pharmaceutical Benefits Advisory Committee to exclude Naltrexone from the Pharmaceutical Benefits Scheme other than for the treatment of alcohol dependence.