CONTENTS

WEDNESDAY, 8 MARCH

CHAMBER HANSARD

Aboriginal Reconciliation
  Suspension ofStanding and Sessional Orders............................................ 14101
Road Transport Charges (Australian Capital Territory) Amendment Bill 2000
  First Reading ................................................................. 14104
  Second Reading ............................................................... 14104
Interstate Road Transport Charge Amendment Bill 2000
  First Reading ........................................................................ 14105
  Second Reading .................................................................... 14106
Interstate Road Transport Amendment Bill 2000
  First Reading ........................................................................ 14106
  Second Reading .................................................................... 14106
Aviation Legislation Amendment Bill (No. 1) 2000
  First Reading ........................................................................ 14106
  Second Reading .................................................................... 14106
Jurisdiction of Courts Legislation Amendment Bill 2000
  First Reading ........................................................................ 14109
  Second Reading .................................................................... 14109
Dairy Industry Adjustment Bill 2000
Dairy Adjustment Levy (Excise) Bill 2000
Dairy Adjustment Levy (Customs) Bill 2000
Dairy Adjustment Levy (General) Bill 2000
  Second Reading .................................................................... 14112
Questions Without Notice
  Nursing Homes: Belvedere Park ................................................. 14155
  Goods and Services Tax: Small Business .................................... 14155
  Nursing Homes: Belvedere Park ................................................. 14156
  Women: Business ................................................................... 14156
Distinguished Visitors........................................................................ 14157
Questions Without Notice
  Nursing Homes: Riverside ....................................................... 14157
  Education: Basic Skills Test ................................................... 14158
  Nursing Homes: Riverside ....................................................... 14159
  Aged Care: Accreditation ........................................................ 14159
  Nursing Homes: Alchera Park ................................................... 14160
  Building and Construction Industry: Victoria............................ 14160
  Nursing Homes: Alchera Park ................................................... 14161
  Goods and Services Tax: Rural and Regional Australia ............... 14161
  Nursing Homes: Alchera Park ................................................... 14162
  Immigration: Regional Australia ............................................... 14162
Distinguished Visitors........................................................................ 14163
Questions Without Notice
  Nursing Homes: Responsibility ................................................ 14163
  Member for Fremantle: Legal Defence Costs ............................. 14164
  Nursing Homes: Responsibility ................................................ 14165
  Rural and Regional Australia: Women’s Health Services ............. 14166
  Aged Care: Ministerial Performance ......................................... 14167
Minister for Aged Care
  Motion of Censure .................................................................. 14167
CONTENTS—continued

Personal Explanations............................................................................................ 14179
Papers........................................................................................................................ 14179
Matters of Public Importance
  Nursing Homes: Aged Care Facilities................................................................. 14179
  Timor Gap Treaty (Transitional Arrangements) Bill 2000
    Main Committee Report.................................................................................. 14180
    Third Reading................................................................................................ 14180
  Australian Wool Research and Promotion Organisation Amendment
    (Funding and Wool Tax) Bill 2000
    Main Committee Report.................................................................................. 14180
    Third Reading................................................................................................ 14180
  Dairy Industry Adjustment Bill 2000
  Dairy Adjustment Levy (Excise) Bill 2000
  Dairy Adjustment Levy (Customs) Bill 2000
  Dairy Adjustment Levy (General) Bill 2000
    Second Reading............................................................................................. 14180
    Consideration in Detail.................................................................................. 14199
    Third Reading................................................................................................. 14205
  Dairy Adjustment Levy (Excise) Bill 2000
    Second Reading............................................................................................. 14205
    Third Reading................................................................................................. 14205
  Dairy Adjustment Levy (Customs) Bill 2000
    Second Reading............................................................................................. 14205
    Third Reading................................................................................................. 14205
  Dairy Adjustment Levy (General) Bill 2000
    Second Reading............................................................................................. 14205
    Third Reading................................................................................................. 14205
  Navigation Amendment (Employment of Seafarers) Bill 1998
    Consideration of Senate Message.................................................................. 14205
Committees
  Industry, Science and Resources Committee—
    Membership.................................................................................................... 14205
  Telecommunications (Interception) Legislation Amendment Bill 2000
    Second Reading............................................................................................. 14206
Adjournment
  Second Sydney Airport: Badgerys Creek......................................................... 14215
  International Women’s Day.............................................................................. 14215
  Parramatta-Chatswood Rail Link........................................................................ 14217
  Sydney (Kingsford Smith) Airport: Precision Runway Monitor....................... 14217
  International Women’s Day.............................................................................. 14217
  Eden-Monaro Electorate: Unemployment Figures............................................. 14219
  International Women’s Day.............................................................................. 14219
  International Women’s Day.............................................................................. 14221
MAIN COMMITTEE HANSARD
Statements by Members
  Social Security: Funding Cust.......................................................................... 14223
  Killarney Glen, Queensland................................................................................ 14223
  Timor Gap Treaty (Transitional Arrangements) Bill 2000
    Second Reading............................................................................................. 14224
  Distinguished Visitors....................................................................................... 14232

REPRESENTATIVES MAIN COMMITTEE
CONTENTS—continued

Timor Gap Treaty (Transitional Arrangements) Bill 2000
Second Reading ........................................................................................................ 14232

Australian Wool Research and Promotion Organisation Amendment
(Funding and Wool Tax) Bill 2000
Second Reading ........................................................................................................ 14243

Questions On Notice
(Question No. 686)—Indonesian Government: Line of Credit ..................... 14260
(Question No. 1033)—Regional Australia Summit: Consultation Fees ...... 14260
(Question No. 1035)—Australian Public Service: Travel Allowance ...... 14264
(Question No. 1067)—Genetically Modified Crops: Consultations .......... 14265
(Question No. 1069)—Aged Persons Savings Bonus: Qualification .......... 14267
(Question No. 1077)—Exports: Pork and Citrus Products ......................... 14267
(Question No. 1098)—Sydney (Kingsford Smith) Airport: Runway Changes ................................................................. 14270
(Question No. 1166)—Spent Nuclear Fuel Rods: Radioactivity ............... 14271
(Question No. 1190)—Interest Rates: Increase ........................................... 14271
(Question No. 1091)—Land Clearing .............................................................. 14272
Mr SPEAKER (Mr Neil Andrew) took the chair at 9.30 a.m., and read prayers.

ABORIGINAL RECONCILIATION
Suspension of Standing and Sessional Orders

Mr BEAZLEY (Brand—Leader of the Opposition) (9.31 a.m.)—I move:

That so much of the standing and sessional orders be suspended as would prevent order of the day No. 40, government business, being called on forthwith.

Order of the day No. 40 is a resolution from the Senate passed yesterday which says:

That, in the opinion of the Senate, the following is a matter of urgency:

The failure of the Prime Minister (Mr Howard) to show positive national leadership on Aboriginal reconciliation, an issue vital to Australia’s social well-being and international reputation.

Motion (by Mr McGauran) put:

That the member be not further heard.

The House divided [9.36 a.m.]

Mr Speaker—Mr Neil Andrew

AYES
Abbott, A. J. 
Andrews, K. J. 
Baird, B. G. 
Bartlett, K. J. 
Bishop, J. I. 
Cadmam, A. G. 
Causley, I. R. 
Downer, A. J. G. 
Elson, K. S. 
Fischer, T. A. 
Gallus, C. A. 
Gash, J. 
Haase, B. W. 
Hawker, D. P. M. 
Hull, K. E. 
Katter, R. C. 
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. 
Ruddock, P. M. 
Scott, B. C. 
Slipper, P. N. 
Southcott, A. J. 
Stone, S. N. 
Thompson, C. P. 
Truss, W. E. 
Vaile, M. A. J. 
Washer, M. J. 

NOES
Adams, D. G. H. 
Andren, P. J. 
Revis, A. R. 
Burke, A. E. 
Cox, D. A. 
Crosio, J. A. 
Edwards, G. J. 
Emerson, C. A. 
Ferguson, L. D. T. 
Fitzgibbon, J. A. 
Gibbons, S. W. 
Griffin, A. P. 
Hoare, K. J. 
Horne, R. 
Jenkins, H. A. 
Kerr, D. J. C. 
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. 

Lieberman, L. S. 
Lloyd, J. E. 
May, M. A. 
McGauran, P. J. 
Moylan, J. E. 
Nehl, G. B. 
Neville, P. C. 
Proser, G. D. 
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. 
Wakelin, B. H. 
Williams, D. R. 

Albanese, A. N. 
Beazley, K. C. 
Brereton, L. J. 
Byrne, A. M. 
Crean, S. F. 
Danby, M. 
Ellis, A. L. 
Evans, M. J. 
Ferguson, M. J. 
Gerick, J. F. 
Gillard, J. I. 
Hall, J. G. 
Hollis, C. 
Irwin, J. 
Kernot, C. 
Latham, M. W. 
Lee, M. J. 
Macklin, J. L. 
McClelland, R. B. 
McLeay, L. B. 
Melham, D. 
Mossfield, F. W. 
O’Byrne, M. A. 
O’Keefe, N. P. 
Price, L. R. S.
Mr MELHAM (Banks) (9.41 a.m.)—Mr Speaker, wedge politics, not leadership—that is the Prime Minister’s track record on reconciliation—

Mr SPEAKER—The member for Banks will resume his seat.

Mr Melham interjecting—

Mr SPEAKER—The member for Banks is warned.

Motion (by Mr McGauran) put:
That the member be not further heard.

The House divided [9.43 a.m.]

(Mr Speaker—Mr Neil Andrew)

Ayes.............. 72
Noes................ 67
Majority........... 5

AYES
Abbott, A. J.
Andrews, K. J.
Baird, B. G.
Bartlett, K. J.
Bishop, J. I.
Cadman, A. G.
Causley, I. R.
Downer, A. J. G.
Elson, K. S.
Fahey, J. J.
Forrest, J. A.*
Gambaro, T.
Georgiou, P.
Hardgrave, G. D.
Hockey, J. B.
Jull, D. F.
Kemp, D. A.
Lieberman, L. S.
Lloyd, J. E.
May, M. A.
McGauran, P. J.
Moylan, J. E.
Nehl, G. B.
Neville, P. C.
Prosser, G. D.
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.
Wooldridge, M. R. L.

NOES
Adams, D. G. H.
Andrej, P. J.
Bevis, A. R.
Burke, A. E.
Cox, D. A.
Croosio, J. A.
Edwards, G. J.
Emerson, C. A.
Ferguson, L. D. T.
Fitzgibbon, J. A.
Gibbons, S. W.
Griffin, A. P.
Hoare, K. J.
Horne, R.
Jenkins, H. A.
Kerr, D. J. C.
Lawrence, C. M.
Livermore, K. F.
Martin, S. P.
McFarlane, J. S.
McMullan, R. F.

Hull, K. E.
Katter, R. C.
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.
Ruddock, P. M.
Scott, B. C.
Slipper, P. N.
Southcott, A. J.
Stone, S. N.
Thompson, C. P.
Truss, W. E.
Vaile, M. A. J.
Wakelin, B. H.
Williams, D. R.
Worth, P. M.

Albanese, A. N.
Beazley, K. C.
Brereton, L. J.
Byrne, A. M.
Crean, S. F.
Danby, M.
Ellis, A. L.
Evans, M. J.
Ferguson, M. J.
Gerick, J. F.
Gillard, J. E.
Hall, J. G.
Hollis, C.
Irwin, J.
Kernot, C.
Latham, M. W.
Lee, M. J.
Macklin, J. L.
McClelland, R. B.
McLeay, L. B.
Melham, D.
Wednesday, 8 March 2000

Motion (by Mr McGauran) agreed to:
That the question be now put.

Original question put:
That the motion (Mr Beazley’s) be agreed to.

The House divided [9.47 a.m.]

(Mr Speaker—Mr Neil Andrew)

Ayes………….. 67
Noes………….. 72
Majority……….. 5

AYES
Adams, D. G. H.
Andren, P. J.
Bevis, A. R.
Burke, A. E.
Cox, D. A.
Crosio, J. A.
Edwards, G. J.
Emerson, C. A.
Ferguson, L. D. T.
Fitzgibbon, J. A.
Gibbons, S. W.
Griffin, A. P.
Hoare, K. J.
Horne, R.
Jenkins, H. A.
Kerr, D. J. C.
Lawrence, C. M.
Mossfield, F. W.
O’Byrne, M. A.
O’Keefe, N. P.
Price, L. R. S.
Rudd, K. M.
Sciaccia, C. A.
Sidebottom, P. S.
Snowdon, W. E.
Tanner, L.
Thomson, K. I.
Wilton, G. S.

NOES
Abbott, A. J.
Andrews, K. J.
Baird, B. G.
Bartlett, K. J.
Bishop, J. I.
Cadman, A. G.
Causley, I. R.
Downer, A. J. G.
Elson, K. S.
Fahey, J. J.
Forrest, J. A. *
Gambaro, T.
Georgiou, P.
Hardgrave, G. D.
Hockey, J. B.
Jull, D. F.
Kemp, D. A.
Lieberman, L. S.
Lloyd, J. E.
May, M. A.
McGauran, P. J.
Moylan, J. E.
Nehl, G. B.
Neville, P. C.
Prosser, G. D.
Ronaldson, M. J. C.
Macklin, J. L.
McClelland, R. B.
McLeay, L. B.
Melham, D.
Mossfield, F. W.
O’Byrne, M. A.
O’Keefe, N. P.
Price, L. R. S.
Ripoll, B. F.
Rudd, K. M.
Sciaccia, C. A.
Sidebottom, P. S.
Snowdon, W. E.
Tanner, L.
Thomson, K. J.
Wilton, G. S.

* denotes teller

Question so resolved in the affirmative.
Mr McMullan—Mr Speaker, I was hoping to seek your indulgence to be able to ask one procedural question of the Deputy Leader of the House when he was here, but perhaps the Deputy Prime Minister could take it and advise. I will be very brief.

Mr SPEAKER—I will allow the Manager of Opposition Business to continue.

Mr McMullan—What I was seeking guidance on is that the Deputy Leader of the House expressed concern that we had moved that motion without giving the government notice and that is why he gagged it. I was seeking advice from the government about when they will bring the motion on for debate. We are quite happy to cooperate in that, and I seek advice.

Mr SPEAKER—that question can be asked of the Government Whip at any time and does not require the indulgence of the chair.

ROAD TRANSPORT CHARGES (AUSTRALIAN CAPITAL TERRITORY) AMENDMENT BILL 2000

First Reading

Bill presented by Mr Andersen, and read a first time.

Second Reading

Mr Anderson (Gwydir—Deputy Prime Minister) (9.52 a.m.)—I move:

That the bill be now read a second time.

I take pleasure in introducing the Road Transport Charges (Australian Capital Territory) Amendment Bill 2000, which updates annual heavy vehicle registration charges for the Australian Capital Territory and provides a model for consistent national charges, by amending the Road Transport Charges (Australian Capital Territory) Act 1993. These amendments also include a number of changes in definitions for charging purposes.

It is fortuitous that the opportunity for the Commonwealth to play its part in ensuring that heavy vehicles pay a fair level of charges reflecting their road costs coincides with the substantial benefits that will be delivered through the new tax system and the Diesel and Alternative Fuels Grants Scheme.

Nationally consistent heavy vehicle charges is an essential component of the road transport law reforms being put in place by Commonwealth, state and territory governments and the National Road Transport Commission under the intergovernmental heavy and light vehicles agreements. Major differences in charges between states and territories put a straitjacket on efficiency and competition in the road transport industry, a vital sector of the economy, and were one of the key issues that governments recognised needed to be fixed through a cooperative reform process.

The current charges for heavy vehicles were calculated by the NRTC in 1992, and put into place by all states and territories and the Commonwealth between July 1995 and October 1996. They have not been updated since then. The Road Transport Charges (Australian Capital Territory) Act 1993 gave effect to the national charges in the ACT from 1 July 1995 and set the model for other jurisdictions.

The Victorian and Northern Territory governments reference the charging regime in the ACT in their own legislation. Other states and the Commonwealth reproduce the system and level of charges in their own legislation.

The passage of this bill will give the ACT government the ability to adopt the updated national registration charges and will provide other jurisdictions with a model to ensure
national consistency. The other bills in this package implement these updated charges for federally registered vehicles, for which the new charges are intended to come into effect from 1 July 2000. The states and territories are also targeting that date, dependent on their own legislative and administrative processes.

Since the current charges were calculated in 1992, levels of both road use and road expenditure have changed, and the understanding of the relationship between road use and road wear has improved. The current national charges no longer fully recover the costs of heavy vehicle road use, estimated to have grown to $1,280 million annually.

The fact that heavy vehicles pay fuel excise is recognised by the NRTC in calculating the level of registration charges. A portion of the fuel excise is nominally counted as representing a contribution towards the cost of heavy vehicle road use. The updated charges assume this contribution to be 20c per litre—under the current charges it is nominally 18c per litre. This excise component is notional only, and is not the subject of this legislation. It has no impact on the price of fuel at the pump or on road funding.

This bill deals with the levy of annual registration charges, which are calculated according to the number of axles and mass of the vehicle. It increases the annual charges for some vehicles, and simplifies and clarifies the definitions of some classes of vehicles, to ensure that heavy vehicles meet their share of the costs of using Australia’s roads. The NRTC advises, however, that for 80 per cent of heavy vehicles, charges will not rise.

There is a simpler charging structure for road trains, to remove the need for road train operators to indicate how many trailers they will haul. This will provide greater flexibility for these operators, who service the remotest areas of Australia, and reduce administrative costs for registration authorities.

The amendments to definitions will also introduce a simpler, more consistent administration of charges, particularly for specialist vehicles and equipment.

These simplifications and improvements have been developed by the NRTC in response to issues raised by registration authorities and vehicle operators following the implementation of the current national heavy vehicle charges.

The charges are logical, simple and based on the principles set out in the NRTC’s legislation. The charges, when combined with the nominal excise component, will achieve full cost recovery in total and for most vehicle classes.

The updated charges will result in additional registration revenues for state and territory governments—an estimated 5.5 per cent increase to $424 million. The bill will allow the ACT government to recover an additional $115,000 from heavy vehicles in the territory. However, the associated increases in charges represent a very small change in the costs of operating vehicles (typically less than one per cent of total operating costs), and are small in relation to the anticipated reductions in operating costs flowing from the government’s taxation reforms.

The road transport industry supports the concept, encapsulated in these updated charges, of paying a fair charge for their road use, and they were extensively consulted by the NRTC in 1998 and 1999.

In the vote by the Australian Transport Council, all state and territory transport ministers, and the Commonwealth, supported the national application of the updated charges and revisions to definitions.

This bill has widespread support and I urge states and territories to implement the charges underpinned by the legislation as quickly as possible to provide a consistent and fair update to the national heavy vehicle charging regime.

I present the explanatory memorandum to the bill.

Debate (on motion by Mr O’Connor) adjourned.

INTERSTATE ROAD TRANSPORT CHARGE AMENDMENT BILL 2000
First Reading

Bill presented by Mr Anderson, and read a first time.
Second Reading
Mr ANDERSON (Gwydir—Deputy Prime Minister) (10.01 a.m.)—I move:

That the bill be now read a second time.

The second bill—the Interstate Road Transport Charge Amendment Bill 2000—is essential to the Commonwealth’s commitment to the cooperative national road transport reform program.

The bill implements the updated annual heavy vehicle registration charges for federally registered vehicles, by amending the Interstate Road Transport Charge Act 1985.

The Interstate Road Transport Charge Act 1985 applies the existing national charges to vehicles registered under the Federal Interstate Registration Scheme. The scheme is administered by states and territories, on the Commonwealth’s behalf, under the Interstate Road Transport Act 1985. As the Interstate Road Transport Act does not provide for the registration and operation of special purpose vehicles, charges for these do not appear in the bill.

The new charges for federally registered vehicles are intended to come into effect from 1 July 2000, with states and territories also targeting that date, dependent on their own legislative and administrative processes. This bill will ensure that federally registered heavy vehicles continue to be subject to the same charges as state and territory registered vehicles. I present the explanatory memorandum to the bill.

Debate (on motion by Mr O’Connor) adjourned.

INTERSTATE ROAD TRANSPORT AMENDMENT BILL 2000
First Reading
Bill presented by Mr Anderson, and read a first time.

Second Reading
Mr ANDERSON (Gwydir—Deputy Prime Minister) (10.02 a.m.)—I move:

That the bill be now read a second time.

The third bill—the Interstate Road Transport Amendment Bill 2000—is the final step in implementing the updated charges for federally registered vehicles. While the Interstate Road Transport Charge Act 1985 contains a range of definitions, it also relies on terms defined in the Interstate Road Transport Act 1985. The definition of ‘trailer’ is one of these, and its amendment as part of these reforms requires an amendment to the Interstate Road Transport Act 1985.

Debate (on motion by Mr O’Connor) adjourned.

AVIATION LEGISLATION AMENDMENT BILL (No. 1) 2000
First Reading
Bill presented by Mr Anderson, and read a first time.

Second Reading
Mr ANDERSON (Gwydir—Deputy Prime Minister) (10.03 a.m.)—I move:

That the bill be now read a second time.

On 3 June 1999, the Treasurer and I announced wide-ranging changes to Australia’s international aviation policy, which will further liberalise air travel between Australia and the rest of the world.

The benefits of international air travel are increasingly important to the Australian community. Under this government, tourism is now Australia’s largest single export industry, with export earnings of $16.3 billion in 1998-99. The overwhelming majority of our visitors arrive and depart on aircraft.

International air services also carried over $53 billion worth of freight to and from Australia in the year ending December 1999.

The addition of Ansett International in September 1993 strengthened the Australian international aviation industry as a whole, reversing what had previously been a decline in Australia’s market share in the face of good growth and increasing competition in the market.

Now—six years on, in a market that has grown by some 37 per cent and despite competition increasing from 48 to 56 airlines—Australian market share remains at 40 per cent.

To ensure that our aviation industry maintains this strong presence we must ensure that our airlines remain as competitive as possible.
The rapid growth in inbound tourism and export opportunities for Australian industry has been made possible by the success of government efforts to negotiate passenger and freight capacity well ahead of market demand. We operate in a global market that is regulated by a unique arrangement of bilaterally traded rights. As far as the government is concerned, if there are going to be restrictions, they must not impede competition and innovation, to the greatest extent practicable consistent with our national interests.

Since March 1996, this government has increased capacity available for passenger services to and from Australia by the equivalent of no less than 338 Boeing 747s per week. In addition, the government has negotiated air services arrangements where freight capacity between Australia and 20 of our bilateral partners is not constrained by government regulation. The government has also increased capacity available for freight services in our other air services arrangements by the equivalent of 129 Boeing 747s per week.

This government believes that airlines should be given the best opportunity to get on with what they do best, developing an attractive product for consumers based on their assessment of commercial demand. However, the system of bilateral arrangements between countries that govern international aviation acts as a serious impediment to this objective. Amongst other restrictions it imposes national ownership and control restrictions to regulate entry to the international aviation market. In principle at least, an airline can be unilaterally barred from a route if either of the two countries that are parties to a bilateral agreement is not satisfied that the airline is substantially owned and effectively controlled by citizens of the other party to the agreement.

To meet these international obligations, Australian law contains statutory limits on ownership and control of our airlines. And necessarily, while most of the world’s aviation is regulated in this way, Australia will keep the essential element of such a policy—a 49 per cent limit on foreign ownership.

But this policy comes at a cost for countries like Australia, which has a relatively small domestic capital market. Our airlines have of course a global market in which to borrow to finance their growth. But the ownership and control rules mean that expansion by our international airlines can be assisted by drawing on foreign investment only to a limited degree. In this most cyclical of industries, the bilateral rules encourage the use of high levels of debt rather than obtaining equity to fund long-term expansion.

The importance of that access to global equity capital to competition in aviation can be readily demonstrated in our domestic aviation industry. The funds for the new interstate airlines—most notably Virgin, but others as well, according to reports—are overseas funds. This is a risky industry. The local market may find some elements of that risk unattractive. But Australians as a whole are likely to benefit from the investment in new, competitive air services—through additional jobs, and potentially through cheaper fares.

Australian international airlines must be part of the global market. There is no way we can conduct a pro-competitive international aviation policy aimed at growing the tourism industry and at increasing the access of our exporters to international markets in the absence of consistent supporting policies that allow our airlines to expand globally. If we restrict our airlines and their engagement in regional and international alliances, tie them to restrictive policies locally that prevent them flexibly responding to market trends, we condemn them to an ever lessening share of the local market and no opportunity to grow in foreign markets.

It is an undeniable fact of life in international aviation that an airline’s ability to grow in the face of stronger competition is limited by the patient capital it can obtain and the alliances it can negotiate.

As a result, the government decided last year to liberalise access to foreign equity for Australian airlines. The 49 per cent ownership and control limit is, of necessity, something we will retain—the bilateral rules require it; and we prefer that Australian international airlines remain demonstrably Aus-
Australian. But the subsidiary restrictions that exist currently in the Air Navigation Act 1920 are an unnecessary impediment to maintaining as large an Australian owned presence as possible in the international market. Currently, no more than 35 per cent in aggregate of equity in an Australian international airline can be held by foreign airlines—with a limit of 25 per cent of equity to be held by an individual foreign airline.

Australia benefits from competition between Australian carriers. We should look to maximise the opportunity for Australian carriers to enter a highly competitive market where new carriers experience high start-up costs and need to be able to sustain losses in the early years of operation. We should not have a situation where Australian law adds unnecessarily to that burden by placing unnecessary conditions on access to overseas equity.

The Aviation Legislation Amendment Bill (No. 1) therefore simplifies the ownership restrictions in Australia’s international airlines. As far as ownership is concerned, the simple requirement will be that no more than 49 per cent foreign ownership in an international carrier will be permitted, with no distinction between foreign airlines and other foreign investors.

This action will be supported by negotiated amendments to Australia’s bilateral arrangements, which will seek agreement to broaden ownership and control criteria.

The government will also advocate liberalising ownership limits multilaterally within the General Agreement on Trade in Services framework, the GATS.

The objective overall is that our international airlines remain clearly Australian—we will not alter the requirements on them to be headquartered here and to retain the core elements of the international aviation business here. But the need for sustainable ownership structures, rather than ramshackle mechanisms designed to suit regulations from a different era, will be at the heart of these reforms. If we want to retain our substantial presence in international aviation, we are going to have to give our airlines every chance to attract long-term investors and partners.

This legislation does not represent government approval of Air New Zealand’s proposal to purchase News Corporation Limited’s share of Ansett Holdings, which is being dealt with separately, nor do the amendments proposed to the Air Navigation Act on this issue apply to Qantas.

At the time Qantas was fully privatised in 1995, undertakings were provided to the Australian people by the previous government that determined how the privatised entity would be owned.

Accordingly, the government does not propose to change the ownership and control rules for Qantas without further and separate public consideration.

This bill also amends the Sydney Airport Curfew Act.

It cannot be denied that communities around Sydney airport are exposed to significant levels of aircraft noise. Ideally aircraft would be silent, but unfortunately they are not. We therefore have to find a balance between the need to provide the Sydney community with efficient aviation services and the need to satisfy local residents’ legitimate aspirations to protect the amenity of their homes and the health of their families.

The Sydney Airport Curfew Act is fundamental to the management of the airport’s noise. Sydney is Australia’s busiest jet airport, and the surrounding suburbs are overflown by large numbers of aircraft during the day. However, the night-time is the most sensitive time for noise and the government is committed to ensuring that the community is protected as far as possible from disturbance during this period.

We are proud of our record on the Sydney airport curfew. Members may recall that the Sydney Airport Curfew Act 1995 only came into existence because a private member’s bill introduced in June 1995 by the Prime Minister, when he was Leader of the Opposition, forced the then Labor government to take some action. The act has proven very successful in controlling night-time aircraft movements over the suburbs. We are not prepared to see these gains eroded.
Last year, for the first time since the act came into effect, a company was prosecuted for breaching the curfew. Evidence produced before the court indicated that the fines currently imposed by the act are not acting as a sufficient deterrent. The government is therefore proposing in this bill to increase the fine fivefold. This will bring the maximum fine for a curfew breach, at the current value of penalty units, to $550,000.

I trust that this will indicate to aviation operators the seriousness with which the government treats breaches of the curfew. The rules of the curfew are clear—if an aircraft does not have approval to undertake an operation during the curfew it must not take place. We are committed to maintaining peace for Sydney residents at night. I present the explanatory memorandum.

Debate (on motion by Mr O’Connor) adjourned.

JURISDICTION OF COURTS
LEGISLATION AMENDMENT BILL 2000

First Reading

Bill presented by Mr Williams, and read a first time.

Second Reading

Mr WILLIAMS (Tangney—Attorney-General) (10.13 a.m.)—I move:

That the bill be now read a second time.

The Jurisdiction of Courts Legislation Amendment Bill 2000 has been necessitated by the High Court’s decision on cross-vesting in June last year. In effect, the decision invalidated the conferral of state jurisdiction on the various cross-vesting arrangements that operated for more than a decade.

The general cross-vesting scheme was established in 1987 by the Jurisdiction of Courts (Cross-vesting) Act 1987 and by reciprocal legislation in the states and territories. The purpose of the legislation is to establish a system of cross-vesting of jurisdiction between federal, state and territory superior courts to overcome uncertainties that exist as to the jurisdictional limits of those courts.

Under this system a litigant could, broadly speaking, institute proceedings in a superior court anywhere in Australia without regard to jurisdictional limits, subject only to the possibility that the proceedings would be transferred to a more appropriate court.

The system was welcomed as the answer to harrowed and inconvenient jurisdictional debates, which have plagued litigants, practitioners and courts.

A separate cross-vesting scheme was subsequently established for matters arising under the Corporations Law.

The High Court decided in June last year, however, that the conferral of state jurisdiction on the Federal and Family Courts under the general and Corporations Law cross-vesting arrangements is not permitted by the Constitution.

The court noted that section 76 of the Constitution is the exclusive source of the power to confer original jurisdiction on the High Court. It decided that the jurisdiction that can be conferred on a federal court under section 77 is similarly limited to the sources identified in sections 75 and 76. On that basis, the court decided that the states could not confer state jurisdiction on a federal court.

The decision, which is known as re Wakim, was regrettable. In undermining the cross-vesting arrangements that I have mentioned and a number of other cooperative arrangements, it undermined arrangements which have permitted a significant growth in national cooperation between the states and between the states and the Commonwealth.

Re Wakim has had a particularly negative effect in relation to the Corporations Law scheme, significantly reducing the Federal Court’s involvement.

The special cross-vesting arrangements were regarded as a fundamental element of the fully integrated system of state, territory and federal adjudication contemplated by the Corporations Agreement.

The explanatory memorandum for the Corporations Legislation Amendment Bill 1990, which introduced the special cross-vesting arrangements, confirmed that they
were intended to ‘enhance the national character of the new scheme’.

The cross-vesting arrangements were regarded as ‘central to the conferral of a national character’ on the Corporations Law scheme.

The Commonwealth parliament cannot restore all of the elements of the cross-vesting arrangements which were affected by re Wakim. It lacks constitutional power to do so.

In recognition of this constitutional fact, the states have all enacted legislation, the Federal Courts (State Jurisdiction) Acts, which give effect to past ineffective decisions of federal courts as if they had been made by state courts. The state legislation also provides for proceedings invalidly commenced in federal courts to be transferred to state courts.

Cooperative measures are also being explored. An appropriate referral of power by the states to the Commonwealth under subsection 51(xxxvii) of the Constitution would address the loss of the Federal Court’s Corporations Law jurisdiction. A fully integrated national corporations law scheme, reflecting the existing operative approach to regulation and amendment, could be established by the Commonwealth if the state parliaments were prepared to refer the necessary power. To this end, Commonwealth officers have begun work on a proposal for a suitable referral. I expect a proposal to be developed in consultation with state and territory officials, for consideration by Commonwealth, state and territory ministers.

The Bill

The Commonwealth can also take more immediate steps to address some of the problems created by Re Wakim, and that is what this bill does.

The first and most obvious step is to repeal the now invalid provisions of Commonwealth laws that purport to consent to the conferment of state jurisdiction on federal courts.

Secondly, the Commonwealth parliament may also take steps to confer jurisdiction on any court to review decisions made by Commonwealth officers, whether in the exercise of powers conferred by state or Commonwealth laws.

The Commonwealth can thus ensure that the Federal Court continues to play an important part in the cooperative arrangements already mentioned.

Schedule 1 to the Bill: Judicial Review and Invalid Provisions

Commonwealth officers and authorities are invested with powers by state law under various cooperative arrangements.

Indeed, this has been a common feature of the cooperative federalism that has evolved over recent years.

Under the Corporations Law, for example, the Australian Securities and Investment Commission, a Commonwealth authority, is invested with powers and functions by states.

The Australian Competition and Consumer Commission is also invested with powers and functions by states under state competition policy reform acts and state price exploitation codes.

Since the establishment of the Federal Court, it has been accepted that the Federal Court, rather than state courts or tribunals, generally should have the function of reviewing the actions and decisions of Commonwealth officers and authorities. I shall discuss what is perhaps the only significant exception to this general policy later, in relation to schedule 2 and criminal prosecutions in state or territory courts.

Accordingly, where states conferred jurisdiction on Commonwealth officers and authorities under various cooperative schemes, federal courts were given jurisdiction. The policy was clear, the Commonwealth administrative law regime should apply to the actions and decisions of Commonwealth officers and authorities. Federal courts and tribunals should review the actions and decisions of Commonwealth officers and authorities. The means chosen before re Wakim to give effect to this policy was for the states to adopt as state law relevant Commonwealth administrative laws. The particular laws adopted varied in each case, but would involve one or all of the Administrative Decisions (Judicial Review) Act 1977, the Administrative Appeals Tribu-

The Federal Court was then invested with state jurisdiction to hear matters under this applied legislation.

However, the decision in re Wakim meant that this approach no longer works.

In so far as the adoption of Commonwealth administrative laws by states also involves conferral of state jurisdiction on the Federal Court, it is invalid.

Schedule 1 to the bill resolves this problem. It amends the Administrative Decisions (Judicial Review) Act 1977 and the Administrative Appeals Tribunal Act 1975. The amendments bring the decisions and actions of Commonwealth officers and authorities under certain state laws within the scope of these Commonwealth acts.

The Federal Court, when exercising jurisdiction in relation to these decisions and actions, will be exercising federal jurisdiction, not state jurisdiction.

This means that the Federal Court will continue to fulfil its role as the primary forum for review of the actions and decisions and decisions of Commonwealth officers and authorities.

State and territory supreme courts will be given equivalent federal jurisdiction in limited circumstances. This limited jurisdiction is intended simply to avoid ‘splitting’ judicial review proceedings and substantive proceedings between federal and state and territory courts where the substantive proceedings must be brought in the state or territory court.

I note in passing that, while re Wakim invalidated the conferral of state jurisdiction on federal courts, it did not invalidate the conferral by Commonwealth law of territory jurisdiction on those courts.

The bill, however, treats territories in the same way as states, in order to achieve uniform federal coverage of matters under state and territory laws.

**Schedule 2 to the Bill: Review of Decisions in Criminal Process**

Schedule 2 to the bill deals with the judicial review of the decisions under federal laws in federal, state and territory courts, but in the specific context of criminal prosecution.

The object is to avoid the use of unmeritorious delaying tactics in the criminal justice process by removing the collateral access of defendants to federal administrative law procedures and remedies.

Schedule 2 to the bill contains amendments of the Administrative Decisions (Judicial Review) Act 1977, the Corporations Act 1989 and the Judiciary Act 1903 that will, in federal criminal matters, restrict defendants’ access to administrative law remedies.

Defendants will not be able to use the AD(JR) Act to challenge decisions to prosecute. Nor will they be able to use that act to challenge other decisions in the criminal justice process after a prosecution or appeal has commenced.

Further, defendants in state and territory courts will not be able to rely on section 39B of the Judiciary Act to bring an application in the Federal Court to review decisions of Commonwealth officers made in the prosecution process. The 39B jurisdiction will in that case be removed from the Federal Court and conferred on state and territory supreme courts.

Section 39B of the Judiciary Act is currently a provision of general application which allows Federal Court action for mandamus, prohibition or an injunction against an officer of the Commonwealth. This same jurisdiction is constitutionally entrenched as part of the High Court’s original jurisdiction under section 75(v) of the Constitution.

If the 39B jurisdiction in relation to prosecutions in state and territory courts were not removed from the Federal Court, and conferred instead on state and territory supreme courts, the opportunity to disrupt and delay those prosecutions by repeated, unmeritorious applications to a different court system—in this case the Federal Court system—would remain.

The expectation is that there will be significant advantage in requiring all decisions...
relating to the criminal justice process to be made in the system in which the prosecution is brought.

Without reducing fairness or access to justice, the expectation is that the transfer of jurisdiction will contribute to increased efficiency, and reduction in costly delays which may otherwise result from access to two court systems.

**Conclusion**

The Commonwealth cannot legislate to restore all of the elements of the cross-vesting arrangements. But it can take steps to address some of the problems created by re Wakim.

The Commonwealth parliament should ensure that the Federal Court continues to fulfil its role as the primary forum for review of the actions and decisions of Commonwealth officers and authorities. It should also legislate to prevent the use of unmeritorious delaying tactics in the criminal justice process, by removing the ‘collateral’ access of defendants in federal criminal matters to federal administrative law procedures and remedies.

In accordance with the Corporations Agreement, the Ministerial Council for Corporations has been consulted and has given the necessary approval for introduction of the bill. I commend the bill to the House. I present the explanatory memorandum.

**Debate (on motion by Mr O’Connor)**

adjourned.

**DAIRY INDUSTRY ADJUSTMENT BILL 2000**

Cognate bills:

**DAIRY ADJUSTMENT LEVY (EXCISE) BILL 2000**

**DAIRY ADJUSTMENT LEVY (CUSTOMS) BILL 2000**

**DAIRY ADJUSTMENT LEVY (GENERAL) BILL 2000**

**Second Reading**

Debate resumed from 16 February, on motion by **Mr Truss**:

That the bill be now read a second time.
pay tribute to in this debate. Those ministers acted in the face of great hostility, fuelled by certain elements of the Liberal and National parties—and I certainly do not include the honourable member for Corangamite, who is in the chamber today, because he was not one of those who scoured the Western District of Victoria—to the changes that were being instituted to the dairy industry at that time. Those Labor ministers guided the dairy industry through a period of massive re-structure, where those who chose to stay and make their living did so with growing confidence and those who chose to leave the industry did so with some real dignity.

I recall with some humour now, but it was not so humorous then, a visit in 1984 when I first stood for the seat of Corangamite and my opponent was the honourable member for Corangamite. I visited the Heytesbury region in Victoria and had a meeting with dairy farmers at one of the local halls. If they had had a rope there, they would have hanged both of us on the day, but we pointed out to them that they had 10 years. They had a short window of opportunity to structure their industry and to prepare for the challenges of the future, because there was a big wave coming from the New Zealand industry, and the only way they could have survived was to engage that process of structural adjustment with the government and prepare the industry for the challenges that it was facing.

On behalf of successive Labor governments, Ministers Kerin, Crean and Collins articulated a clear vision of how they wanted this industry to grow. They implemented an ongoing and evolving industry development plan to realise the latent economic potential of this great rural industry. Sadly for dairy farmers and sadly for this nation, this government has failed to provide real leadership in constructing a comprehensive industry development response to the great challenges that are now being faced by dairy farmers in the final phase of deregulation of their industry. Let it be a matter for the public record that this government played a very minor role in the construction of the package we are now debating here today—leaving that task to dedicated industry representatives grappling with the commercial reality that was facing their industry. Let it be a matter for the public record that it signed off on this package before agreement was reached with state governments—holding the deregulation gun at the heads of those state governments who were seeking to construct alternative responses to that commercial reality faced by their dairy farmers. Let it be a matter for the public record that this package is funded by Australian consumers. The federal government has put precious little of its own funds into the future of the dairying industry at this point in time. It has really shirked its fiscal responsibility and it has placed the financial burden of this massive restructuring that is about to take place in the dairy industry once again on consumers and on dairy producers.

The dairy industry had every reason to expect more than it got from this lazy government, for now it occupies a very significant place in Australian agriculture. As the recent Senate inquiry noted, the Australian dairy industry is the third largest industry behind beef and wheat, and the third largest exporter of dairy products globally after the EU and New Zealand. It is valued at the wholesale level at $7 billion; it has 13,500 dairy farmers, and it is a significant regional employer with 60,000 people directly employed at the farm and in the value adding chain. The prominent place it now occupies in the economic fabric of many rural communities and in the Australian economy has been built on the increasing skills of dairy farmers themselves: their application of new capital intensive technologies, pasture and land improvements and huge gains in on-farm productivity. As the industry prepares for further substantial changes and the challenges ahead, it is instructive to reflect on the momentous structural changes that have already taken place, often in very short periods of time. In the 10-year period between 1986 and 1996, milk production increased by some 40 per cent. This increase in production occurred despite a decline in the number of dairy farms and dairy farmers. Over that period, the dairy herd rose from 1.8 million to around two million cows. The average size of dairy herds increased from 96 to 136 over that period. Since then, average herd sizes have increased substantially. From
1996 the process of structural change has continued as farmers have grappled with static or declining world prices for their manufactured milk products and have sought further productivity improvements from their enterprises. Long established trends in the industry to increase herd sizes and land holdings have continued unabated with the entry into the sector of large purpose-built dairies that milk herds in excess of 1,000 cows.

These commercial and structural changes have put increasing pressure on farm family enterprises and the communities that sustain them. In the face of these momentous changes, we have had a federal government that has washed its hands, virtually, of its responsibility to sponsor a far-reaching industry development plan for the dairy industry as it meets these challenges over the next decade. The government’s sins in this whole exercise are really sins of omission, because in their response they have failed to include measures that really address the long-term future of this industry in what we know to be a corrupted and extremely competitive global trading environment. In reflecting on the concerns of many members of this side of the House about the government’s policy failure in this instance, I move:

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

“the House, whilst supportive of Australia’s dairy industry and whilst not declining to give the bill a second reading, condemns the government for:

(1) seeking to push this important Bill through the parliament at the latest possible time, given that it has had the industry package in its hands since April 1999 and endorsed it in September 1999;

(2) failing to articulate a clear vision for the future of the dairy industry;

(3) failing to carry out a proper assessment of the likely impact of deregulation on dairying regions and failing to make any provision for assisting communities to cope with the impact of deregulation;

(4) imposing a new tax on milk;

(5) failing to make any provision to assist workers in the dairy industry who may lose their jobs as a result of deregulation;

(6) failing to assist in the re-training of farmers and others displaced as a result of deregulation;

(7) failing to include measures specifically aimed at encouraging investment in new plant and equipment, either on farm or beyond;

(8) failing to include measures aimed at opening up and expanding overseas markets;

(9) failing to include a research and development component within the package;

(10) poor targeting of assistance to farmers; and

(11) failing to develop an adequate mechanism to ensure that consumers benefit from any fall in the price farmers receive for milk, in the face of price increases that have accompanied the removal of state based regulatory arrangements in the past.

In moving this detailed amendment to the second reading of the bill, I want to make this point abundantly clear: I do not doubt in any way the integrity or the good faith of those industry representatives who over many months were engaged in developing future options for the dairy industry. They were thrown to the wolves by a lazy government that basically told them to go away. That government said, ‘Develop a response to the potential deregulation of the industry, secure agreement with all state based dairy farmer organisations, secure agreement with state governments of various political complexities and then come back to us with a ready-made proposal that we can sign off on with a minimum of fuss and bother.’ It is a lazy government dealing with one of agriculture’s great rural industries.

The government had a unique opportunity to guide the development of an industry package that met important national policy objectives in the early stages of the development of this package. It knew when it came to office in 1996 that the Domestic Market Support Scheme sponsored by the Commonwealth would end on 1 July 2000. It knew that national competition policy would require a review of state based arrangements, that some states would increase public pressure to dismantle those particular arrangements. Above all, it knew, or it should have known, of the emerging commercial pressures within the Victorian industry that would eventually threaten the state based
market milk quota arrangements in Queensland, New South Wales and Western Australia. Yet it waited and waited and did precious little to assist the industry to prepare for what the Senate committee report termed ‘the inevitable march to this industry’s deregulation’. Its failure to take this leadership role eventually pitted dairy farmers in one state against another and dairy farmers within states against each other. It pitted states against each other and the legacy of its non-involvement is a divided industry with significant sections quite fearful of their long-term future.

In the course of this debate today no doubt many of my colleagues will elaborate on the many areas that we feel should have been addressed by the government in dealing with the long-term future of this industry. But there is one area that deserves particular comment, and that is the issue of the wider impact of dairy deregulation on regional communities in the processing and manufacturing chain and on the myriad of small businesses in regional areas that rely on the growth of the dairy industry for their survival. From the very early days in this debate within industry and rural communities on the proposed package of assistance, the issue of the adverse impact of dairy deregulation on rural communities has been raised with this government. Calls have been made for it to focus its research resources and efforts to not only identify hot spots but also provide specific packages of assistance that can be accessed by affected farm communities. I made that call publicly back in June 1999. In a press release I issued I called for the government to at least consider a policy option that acknowledged that particular communities would have great difficulty in managing the impacts of structural change beyond the farm gate.

I made that call because I felt that not only was there a place for such a package in the overall response of government to the impact of dairy deregulation on rural communities but also it would send a powerful message to those communities that some Commonwealth resources were available to be employed in partnership with the communities in developing innovative local responses beyond the farm gate to cushion the impact of deregulation. It was a view incidentally that was shared by industry leaders. As I understand it, the proposal was actually put to the government for consideration in its response to the initial industry proposals. As history indicates, it was rejected by the government. Further weight for that argument came at the Senate committee hearings when communities articulated their concerns in this area. That committee, in a bipartisan manner with the support of coalition members, recommended that specifically tailored assistance measures for rural communities be considered by government in its response to deregulation. One community in the Bega Valley commissioned its own study into how deregulation would impact not only on farm enterprises but on the wider community. On the back of that study they called for further government consideration of this matter. State governments, particularly those standing to lose substantially from deregulation, also called for specific regional assistance for potentially adversely affected communities. As history tells us once again, it was only after this pressure was brought to bear that the government, in its recent communique following ARMCANZ last week, belatedly agreed to set up a high level task force to research this matter, monitor the adverse impacts of deregulation and make specific recommendations where necessary to ameliorate the harsher effects.

The government has argued that the package itself pours tens of millions of dollars into these communities in income support and that it already has programs in place that can be accessed by these communities should they seek assistance. The minister has gone to great lengths in his second reading speech and the explanatory memorandum to this legislation to document that income support to regions provided by this package. We do not dispute that but we know, as the minister knows, that farm families will utilise this assistance in many ways, by purchasing other land or stock or equipment, or retiring debt, in which case the banks will get it. While the impact of deregulation will be felt almost immediately on farm incomes and on local businesses and local communities, the flow-on assistance from the package will
take many months to play out in those communities.

The federal government has done little research of its own into the regional impacts of deregulation and has structured its response around the simple belief that, if it ticks off on the industry package, the potential problems faced by these communities will be met in a very simple way by its one-size-fits-all package. Only today in the Queensland Country Hour concern was expressed about the future of dairy farmers in Central Queensland, where returns are expected to drop by around $50,000 a year for a quarter of dairy farmers in the short term. That figure could be as high as 80 per cent. If price falls go lower than anticipated, 80 per cent may well be affected.

Let me turn to the consumer levy mechanism that is being used to fund the $1.74 billion package to this industry. We have heard much in this chamber in many debates on the new taxation package about the need to remove wholesale sales taxes and the importance of reducing the cost of compliance in the taxation system to business. Indeed, we hear this mantra from the Treasurer on every occasion. Only yesterday the Minister for Agriculture, Fisheries and Forestry got into the same act. But here we find the government imposing a new tax on the consumers of this nation and trying to disguise what it is doing by calling it a retail levy. The fact of the matter is that the government is collecting this revenue through processors at the wholesale sales level and doing it to minimise the administration costs involved in the collection of this revenue.

So, in addition to the 10 per cent GST that the Treasurer is going to whack on flavoured drinking milk, he is putting another 11c a litre on the retail price collected by processors at the wholesale level. It is really now a question of how much cant and hypocrisy this parliament can take from this discredited government. I think it would be fair to say that the minister has not done any work on the likely impacts of this taxation whammy on the consumption of drinking milk products or of the measures that are implied in this project. If he has, he ought to make them available to the parliament, to dairy farmers and to the consumers of these very important products. It is a very competitive marketplace out there in the beverages market. The demand impacts of this consumer levy ought to have been carefully thought through by both the industry and the government. This is an issue I am sure many of my colleagues will take up in subsequent debate on this legislation.

As far as the exit package is concerned, once again the duplicity of this government is evident for all to see. It stands as naked as a jaybird as far as many of the provisions of this legislation are concerned. The exit package is subject to the same criteria as provided for under the Farm Family Restart Scheme, but there is one very important distinction. Not one cent of this federal government’s money is going into assisting dairy farmers to exit this industry in the face of deregulation. The exit package of $30 million is being funded specifically from levy income, which contrasts with the manner in which other exit packages are funded by the government.

The second point to note is that for many farmers the exit package will be the up-front payment which they will take and they will then proceed to exit the industry in a normal commercial manner. Once again, no federal government funds are involved in that process. It will all be funded by consumers. In a practical sense, however, and as many dairy farmers and the industry already realise, most dairy farmers will not be in a position to access this provision. If the requirement is a net debt limit of $90,000 for farmers to access the full entitlement, any dairy farmer in that position has already fronted his creditors before this and has probably been forced to leave the industry. In short, there are likely to be very few dairy farmers who can avail themselves of the benefit of this provision.

A well-rounded industry development plan should also address some of the long-term requirements of an industry to ensure that it remains competitive and productive in the face of a tough global trading environment. We see little evidence that this government recognises, let alone is prepared to act on, these requirements in the package we
are debating here today. It is clear from the farm survey data published by ABARE—with regard to not only the dairy industry but other rural industries as well—that there is an urgent need to skill this and other sectors, especially in relation to the use of new information technologies. I can understand the reluctance of many older farmers to engage in further development of their skills or to acquire new ones, but it is fair to say that learning is a lifelong experience and further development of existing skills and the acquisition of new skills will be critical to the survival of family farm enterprises in a deregulated domestic market environment and in an industry where its own structure is changing so rapidly to very large corporate dairies.

This government has not addressed skill development issues in this rural industry at all, preferring a passive, ‘let it pass’ attitude to the issue. Labor is proud of its record in skilling the sector. A little known fact publicly, but nevertheless acknowledged by the industry, is that under Working Nation there were hundreds of trainees operating in the dairy industry. For many young farmers today their first taste of dairy life came through their experience as a trainee under Working Nation. There is no acknowledgment in this package of the importance of the research and development effort that underpins the productivity of the dairy sector as well as many other industries in this sector. Nor is there any specific acknowledgment of the need to leverage open new markets for the output of the manufacturing end of this sector.

Half of our milk production is exported in the form of dairy products. Dairy export markets are becoming increasingly sophisticated and diverse and a concerted effort must be made to leverage new opportunities for our dairy exports to secure the incomes, the livelihoods and the lifestyles of our dairy farming families. Yet in the government’s public statements relating to deregulation in this industry, there is scant mention of the industry’s needs in this regard.

In my concluding remarks let me make some comments about the future of this great industry. Over the next couple of years the dairy industry and the farm families that earn their living in this industry face great challenges in an uncertain market environment. Like other farmers throughout the nation, they have endured drought, they have coped with plagues and suffered low international prices for their products caused by the market-corrupting behaviour of our powerful competitors. In recent times, farmers supplying milk for manufacturing have suffered very low returns from that international marketplace.

Things are about to change radically in the marketplace for manufactured and market milk dairy products, and understandably many farm families are uncertain about their future. They were hoping for a government to present a clear, strategic vision for their industry in response to the next phase of deregulation. Many are now disappointed that this has not occurred.

In consideration of this industry and the industry’s future, I have travelled to many interesting communities and met many dedicated dairy farmers. I have conducted over 40 consultations with farmers, their representatives and, at the local, state and federal level, unions involved with the industry, state government ministers and representatives from the general community. Those consultations have given me great hope and optimism for the future of this great industry. While the new challenges it faces are quite substantial, there is a resolve in the sector to become more innovative, more efficient and more productive, to ensure that in the long term the industry continues to grow and to secure the futures of dairy farming families. The dairy industry can take great pride in the contribution it makes to the economy of rural regions and to the national economy. It can take great pride in the fact that Australia is one of the great dairy exporting nations of the world. It can take real pride in the contribution that is made to their regional communities by farmers, dairy industry workers and others associated with the industry.

This is a very complex industry with a very complex set of marketing arrangements. In the past it has not been a very easy industry for any federal government at all to man-
It has undergone significant structural adjustment over the past decade, both on farm and in the manufacturing sector. Its regulatory environment is changing as we debate these issues here today. It is currently suffering a period of prolonged low world prices, which has put increasing pressure on many of those farm family enterprises, and its world trading environment remains distorted and corrupted. These are great challenges. In coming months as dairy farmers face these great challenges, I am sure that resolve that I mentioned previously will be redoubled so that the future and the growth of this particular industry can be assured.

It needs to be put on the public record very clearly that the federal government has not put its own funds into this particular industry at this point in the industry’s development. That must be on the public record. This package is funded by consumers, not by the federal government. The consumers of Australia have funded it and the dairy farmers, I am sure, will respond to the moneys that are made available here under this package and restructure their enterprises. But they need to understand that this is the last bite of the cherry. There can be no more levies that continue for another eight years. I think the industry now understands that. As the industry faces these new challenges, I wish it well.

(Time expired)

Mr DEPUTY SPEAKER (Mr Jenkins)—Is the amendment seconded?

Mr Martin Ferguson—I second the second reading amendment moved by the member for Corio.

Mr McARTHUR (Corangamite) (10.56 a.m.)—I acknowledge the thoughtful contribution of the member for Corio, his long history with the dairy industry, his hands-on involvement with the dairy industry as a young man and the fact that his farm was at Alvie in the heartland of Corangamite. I recall his involvement with the Hon. John Kerin when the industry plans that were laid by John Kerin were being formulated in 1984. My support for those plans did not enhance my electoral prospects at that time, as the honourable member would well recall. His contribution here this morning indicates his difficulty in supporting the plans that were developed by the Hon. John Kerin back in 1984, culminating in this legislation here today. On the one hand, he wants an industry plan, like the command economies. On the other hand, John Kerin really wanted the industry to become commercial, export orientated and very much in the modern world.

This is very historic legislation. In the year 2000, the dairy industry now becomes totally deregulated, market orientated and an export industry. In the 1920s, the dairy industry was highly regulated. The background is that milk is a perishable product. It was kept cool in Coolgardie safes in domestic dwellings. It was transported to the local dairy factory by horse and buggy and distributed by horse transport to local people. The dairy factories were close to the small farms. State governments developed a set of regulations that encompassed that set of geographical and technical facts. The milk was perishable. The production was close to the people in the country areas and difficult to distribute to the cities. So a situation developed, which state governments supported, that fresh milk needed to be produced in the late winter and late summer by dairy farmers close to Sydney, Melbourne, Brisbane, Adelaide and Perth, and that was always difficult. Quotas emerged from these sets of agricultural practices, and milk politics in New South Wales and Victoria became a key part of the political process. In the 1950s, the politics of milk quotas and milk regulations played an important part in the politics of New South Wales.

In Victoria, in the 1970s, the Hon. Ian Smith brought about some changes—after a long debate, which the member for Corio alluded to—in trying to reduce the fresh milk contracts, whereby dairy farmers living close to Melbourne had special entitlements because they were able to produce milk over a 12-month period to supply the city milk contract. These city milk contracts were done away with; the premiums remained, but they were moved into the general milk stream. Improvements in refrigeration and transport ensured there was a better distribution of milk from the factories to the people and to the distribution centres. Victoria has led the way in the dairy industry because of its natu-
eral advantages of good rainfall and good pasture, and the holdings there have developed into bigger operations to improve production.

As the honourable member for Corio mentioned, in 1984 John Kerin introduced the landmark legislation that removed the pooling export arrangements and encouraged individual cooperative companies to export to their own commercial advantage. That changed the emphasis of the dairy industry in Australia fundamentally from an industry that was inward looking and highly regulated at the state level to one whose individual companies exported, especially to the Asian countries, in their own right at a price they could receive on the world market. We had an interesting situation under the Kerin plan, which was strongly fought over at the time, with domestic milk quotas and milk contracts on the one hand and on the other the Kerin plan, which encouraged milk producers to export to the best possible market at the best price. Those state-run operations under section 92 were always fearful that the Victorians, who even in those days had maintained a reasonably dominant position in the market, would approach their protected milk market with its high price and sell at a better price compared to the overseas price at the time. I put on the public record the foresight and the courage of Minister John Kerin in bringing about this fundamental change against the strongly entrenched positions, which we even saw in 1999, of dairy farmers and dairy farmer organisations that any deregulation is a bad thing. Minister Crean sunsetted the domestic market support scheme arrangements for July 2000, making deregulation inevitable once the Kerin plan came into existence.

It might be worth looking at the philosophy of deregulation—and the whole debate that has surrounded this argument since 1984-85—as it will affect the dairy industry in the future. Victoria has emerged as a dominant producer in both the domestic and export market. It produces 64 per cent of Australia’s milk. Victorian dairy farmers have been keen to infiltrate those lucrative city milk contracts in Sydney and Brisbane, and even Perth if they were given half a chance. So the DMS was a short-term measure to contain the ambitions of the Victorians to ensure that they did not cross state boundaries. The national competition policy, the Hillmer provisions, ensured that some of these state regulations were not in the best interests of consumers and of the state generally. The national competition policy review undertaken in Victoria by Graeme Samuel indicated that there was no benefit for Victorians under the current regulations that that state provided for dairy producers.

In this environment, under the very vigorous and far-sighted leadership of Pat Rowley, Chairman of the Australian Dairy Industry Council, a plan was developed to bring about a fundamental change in the dairy industry, with fresh milk, from it being a state regulated system to an export oriented system, which was inevitably going to happen. I put on the public record the outstanding leadership that Pat Rowley provided to this whole change of policy position. Pat Rowley, in my view, is one of the best farm leaders that this parliament has dealt with. He has been very determined to achieve an outcome. He has been active, he has been positive and he has been adaptable to the changing circumstances of both the legislation and the propositions put forward by both the government and the industry.

Certainly, there have been a number of people opposed to this set of regulations—people on this side of parliament—because there has been a culture of regulation that has surrounded this industry since the 1920s. After 80 years of the industry being regulated, of knowing their market and of knowing the price, the proposition that a Queenslander, Pat Rowley, who had a highly regulated market, was foreshadowing—that, after 1 July 2000, the dairy industry would be an open market, would be exporting to the world and taking a world price—was a dramatic change in the historical position of the dairy industry. I also put on the public record the advocacy of Max Fehring, the President of UDV for over three years, of this quite dramatic change from the point of view of dairy farmers in Victoria and his success in convincing them that an open deregulated
market would be in their best long-term interests.

It is interesting to observe that, when these fundamental changes take place in policies such as this, there are always those with entrenched interests that fight against them. The floating of the dollar, which I acknowledge was undertaken by the Hawke government, was a dramatic change to policy in Australia that was in our best long-term interest. Changes to the deregulated labour market, which the Prime Minister, John Howard, was instrumental in and I like to think that I played a role in, were fought tooth and nail, and are continuing to be fought by the trade union movement. The reduction in tariff barriers in the car industry and textile industry was, again, a massive change in policy settings fought against by those with entrenched interests.

We have a situation in this debate where a handful of dairy farmers calling themselves Concerned Dairy Farmers fought against the proposed changes to move into a more open market. They were suggesting a national pooling system, retention of the quota systems in the states and an extension of the DMS. Of course, none of these stand up to logical analysis or World Trade Organisation criteria or ensure that the industry moves into the next century. So the Victorian industry, as I see it personally, is going from strength to strength in the semi-deregulated market it now has. The farms are getting bigger—from 300- to 500-cow units. They have big rotary dairies, they have bigger factories, with Murray Goulburn and Bonlac investing in new technology. They have bigger milk tankers, improved pastures and better management and economies of scale. In my view, the Victorians will lead the dairy industry of Australia, if not the world.

Just for the record, I will give a snapshot of what the dairy industry really consists of. It had export earnings of $2 billion in 1998-99. Interestingly enough, it supplies 12 per cent of the world’s dairy trade and is the third largest dairy trader after the European Union and New Zealand. Many industry leaders over the last 80 years have overlooked the interesting fact that we are a big exporter and we have fantastic potential to export more. It is the third largest rural industry in value at the farm gate, behind beef and wheat. It is the largest rural industry, valued at a wholesale level of $7 billion. It has efficient milk production costs by world standards. The animals are not housed during the winter months, which is something we sometimes overlook. Over 50 per cent of total milk production is exported. It is a very important export industry, which this bill will help. The industry produces 10 billion litres of milk, a 55 per cent increase since 1986, when the Kerin plan was introduced. Again, the Kerin plan changed the focus from domestic production to export production. There are about 13,500 dairy farmers, a 30 per cent reduction since 1985, with approximately 98 per cent of dairy farms in family ownership. So we have an industry that is dominated by families who work in regional Australia. The average farm size is now 180 hectares and the average herd size is 149 cows, which has doubled since the 1980s. These probably do not reflect the more efficient farms, which are much bigger than those figures indicate.

We have seen the dairy companies invest $1.5 billion to expand manufacturing capabilities in the five years up to 1998. There has been investment in this industry by the processors which is probably unparalleled in other rural industries around Australia. It is an important regional employer, with 60,000 direct jobs at farm and manufacturing level. That is something that many of us in this parliament overlook. Around 75 per cent of Australia’s milk production is processed by dairy owned cooperatives. It is an Australia invention and something that works particularly well. Forty-five per cent of all milk intake and 50 per cent of all milk used for manufacturing is controlled by the two major dairy cooperatives, Bonlac Foods and Murray Goulburn, which are Victorian based operations.

I would also like to acknowledge the cooperative and helpful attitude of Minister Vaile and Minister Truss, as well as those people in the dairy industry who talked to those members of the dairy industry sub-committee of the government in putting forward their views over the last nine months. I
put on the public record that the development of this final package has been one of cooperation between government members, the ministers and those people who play a leadership role in the industry. Over that time we had discussions with these industry leaders, and I would like to put on the record some of the points of view that they put forward in incorporating the dramatic change to the industry that we now see in this legislation.

Bonlac were represented by Mr John O’Callaghan and Mr David Harris. They put a point of view to the committee that deregulation would occur inevitably, that it would restructure by 1 July 2000, that there was very strong support by that company, that New Zealand were penetrating the market and would continue to do so unless there was more opening up and deregulating of the market, that the national competition policy supported that view and that deregulation would be World Trade compatible. The New South Wales Dairy Farmers Cooperative, with Mr Langdon as chairman, generally agreed that deregulation would take place, although their fresh milk contracts provided some conflict of interest. Murray Goulburn indicated their support, saying that deregulation was WTO compatible, it was best for their suppliers, they could be more effective in a deregulated environment, they would better utilise the premium of fresh milk in their own operations and market forces would operate better in a deregulated market, even when the commodity prices were moving down.

The New South Wales Dairy Farmers Association, represented by Mr Reg Smith, the president, indicated the inevitability of deregulation once Victoria decided that they would proceed and that you could not protect the New South Wales fresh milk market under section 92 because the Victorians would inevitably move in there if the price was right. He said that the New South Wales farmers had about half their operations in the fresh milk market, which was more lucrative, and that the national competition policy had reviewed the position and saw no case for removing quotas. That is different to the Victorian position. Even in those circumstances, they felt that deregulation was inevitable. They indicated that some of the concerned dairy farmers’ proposals for pooling were unworkable. Likewise, 95 per cent of the Tasmanian dairy farmers supported deregulation.

Finally, Pat Rowley, to whom I have referred, and Max Fehring, the Chairman of UDV Victoria, indicated to the backbench committee that deregulation was inevitable and that Victoria would go it alone no matter what happened. Bonlac and Murray Goulburn, the major processors, were advocating deregulation. The DMS scheme was said to give the New Zealanders a market advantage. Eight options had been looked at and had been rejected. The deregulation option was thought to be the only way to go. A compensation restructure package was seen as important. It was noted that 64 per cent of milk produced was from Victoria.

You will see there that industry leaders supported the thrust of the government. There were very extensive consultations and thoughtful dialogue, so we now have the legislation before us, which I would like to run through very quickly. Following these discussions, the minister and the government have put the proposition before the House that deregulation of the industry is inevitable, that the whole approach by the federal government it is to cooperate with state governments in ensuring structural adjustment takes place and that the levy is the best way to organise that. We have a position where the Victorians voted for deregulation. That was part of the change of government. We have the remarkable position in Victoria where 84 per cent of Victorian dairy farmers voted in a plebiscite and 89 per cent voted in favour of deregulation. That puts the lie to those people who were against the proposition of deregulating and in favour of continuing the status quo.

The Senate committee report, which I commend, has indicated that deregulation would inevitably take place. They undertook extensive consultation around Australia and they put up a very worthwhile and thoughtful committee report, which certainly supported the position of the government. The Commonwealth’s position, unlike what the
shadow minister was trying to suggest, is trying to treat all dairy farmers around Australia equally. That has been somewhat difficult because each state has a different set of arrangements. The proposition before the parliament is an 11c levy on consumers, starting on 8 July 2000, with the DMS terminating. I seek leave to incorporate in Hansard a document which sets out the adjustment program.

Leave granted.

*The table read as follows—*

Value of the proposed Dairy Industry Adjustment Program

Estimates based on each litre of 1998-99 market milk receiving 46.23 c/l and manufacturing milk receiving 8.96 c/l

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<td>million litres</td>
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<tr>
<td>Manufactured milk</td>
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<td>Total payment $ million</td>
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Data sourced from the Australian Dairy Corporation, ABARE

Figures may not add to totals due to rounding
Mr McARTHUR—That document clearly identifies the payments to Victoria of about $95,000 per farm and the six billion litres that Victorian production accumulates. In the Australian context, there is a total of 10 billion litres. That identifies the remarkable dominance of Victoria in production terms and the payments per farm under the scheme proposed by the government. The levy will be based on market deliveries at the rate of 46.23c per litre. It will be quarterly instalments over eight years. The bill incorporates adjustments to suit owner-operators, share farmers, lessees, lessors, share payments and share farmer agreements, and I personally have been involved in some of those negotiations to ensure that these payments are made. There will be a cap of $350,000 to ensure that only those who are bona fide dairy producers receive part of this package. There will be an exit program for the first two years of the program and there will be payments tax free of up to $45,000.

The shadow minister has suggested that the levy that was provided by the consumers was unfair and that the Australian taxpayer did not contribute. Could I just say that this is a very big adjustment and it represents only 50 per cent of the consumer levy contributed to the scheme that would have been the situation if the current arrangements had continued after the year 2000 and continued ad infinitum.

I commend this historic package to the parliament. It is a major change to the dairy industry. I commend all those industry leaders who have been involved in it. I commend Ministers Truss and Vaile, who have brought the package to the parliament. I am sure that in this new deregulated open market environment the dairy industry of Corangamite, of Victoria and of Australia will go from strength to strength as a very important part of Australia’s agricultural future.

Mr SIDEBOTTOM (Braddon) (11.16 a.m.)—I wish to support the Dairy Industry Adjustment Bill and three related bills before the House, and in addition I support the shadow minister’s second reading amendment. I, like many of my colleagues on this side and opposite, represent people and communities in regional and rural Australia. As we know, the challenges we face are many, and now there is another one to add to the list: the deregulation of Australia’s dairy industry. The dairy industry in Australia is Australia’s largest processed food industry and ranks in the top four of the nation’s rural industries. Australia has over two million dairy cows producing around 10 million litres of milk each year. Australia is one of the world’s leading exporters of dairy products, exporting some $2.2 billion worth of milk and related products annually. About half of all Australian milk is exported in some form, be it as cheese, milk powder, butter or lesser known products like casein or whey powder, from processing plants like the UMT factory in Wynyard in my electorate.

We are told that dairy deregulation was inevitable. Dairy farmers and dairy communities are bracing themselves for the fallout from the removal of the Domestic Market Support Scheme, effectively ending milk supply and pricing regulations. The potential impact is a major concern in my electorate of Braddon because one of the enduring features of the north-west coast of Tasmania is its agricultural and farming heritage, from the diverse vegetable cropping and livestock growing areas throughout the region to the lush dairying country of Circular Head in the far north-west and King Island. Agriculture in its many forms supports valuable processing and manufacturing industries that provide jobs and generate wealth.

The rural sector is indeed the backbone of many communities across my electorate—a situation mirrored across regional Australia. Too often its worth is taken for granted, but recent political events in Victoria have clearly demonstrated that governments which ignore the interests of country people do so at their peril. Yet as we confront another major issue facing regional and rural Australia—that is, the deregulation of the dairy industry—the Prime Minister, despite his recent foray into the so-called bush, and his government appear to have learnt nothing. What has the Prime Minister learnt of what it is really like to live in regional Australia? Precious little, I suspect. I pose the question because it provides an insight into this government’s capacity to deal with dairy
deregulation. Of late, the Prime Minister seems to be making policy on the run for regional Australia, but at almost every turn he stumbles and the policy falls over. For example, not long ago we heard from the Prime Minister that he would ensure that important services to regional Australia would be maintained if the remaining 51 per cent of Telstra were sold off. Almost immediately we saw the closure of more Employment National offices around the country. In my electorate, offices in Devonport and Burnie were shut down and now, except for a skeleton work force, Employment National has virtually disappeared from Tasmania. So what is next? What of our Treasurer? He believes that people in country areas are not worth as much as their metropolitan cousins. He believes they should be paid less. The member for Page, with the diplomacy and sensitivity of a bull in a china shop, suggested that the unemployed in regional Australia be forced to move away from home to get work or lose the dole.

This government’s approach to deregulation of the dairy industry is yet another example of its walking away from its responsibilities to rural and regional communities. It has taken a hands-off approach while farmers continue to grapple with all the complexities and the unknowns of dairy deregulation. Nowhere is that more evident than on the dairy farms across the north-west coast of Tasmania and the Circular Head region in particular. The Tasmanian dairy industry employs around 2,000 people at farm level and a further 1,600 at factory distribution level. Currently around $115 million is paid to farmers for milk and over $270 million is value added post farm gate. Some 13,600 cows grace our magnificent pastures spread over 736 dairy farms. These produce in the vicinity of 529 million litres of milk products: 10 per cent fresh milk, five per cent Tasmanian consumed products, 35 per cent mainland consumed products and 50 per cent products sent overseas. There are seven fresh milk processing plants, one UHT processing plant, seven manufacturing plants, seven farm cheese operations and three cheese shredders. The majority of the farms, some 400 of the 736, and the majority of the cows, processing and manufacturing plants are located in my electorate, most notably in the Circular Head district and on King Island.

I will focus on Circular Head because its economy revolves largely around the dairy industry. In fact, it is often said that if the local industry sneezes the whole of the district catches a cold. Dairying in the Circular Head region directly employs over 1,000 people, and that is a conservative estimate and does not account for the multiplier effect on jobs. Six of the nine members of the local municipal council, including the mayor, are dairy farmers. They are well aware of the uncertainty facing dairy farming families in the wider community. Mr Deputy Speaker, you may understand my concern then at the high level of anxiety in this particular community—and it is by no means an isolated case—over deregulation and my frustration at the lack of leadership from this government on the issue.

Dairy deregulation is another test of this government’s commitment to assist regional Australia and again appears flawed. It is a failure to comprehensively address issues of real regional concern. This so-called industry negotiated package provides a total of approximately $1.74 billion for compensation and exit payments to dairy farmers to be funded by a Commonwealth levy of 11c per litre on sales of drinking milk applied at retail level and collected at wholesale level over the next eight years; in other words, a consumer paid levy, not Commonwealth paid. The levy will begin on 8 July 2000—just another tax to join the infamous GST—with payment rights accruing from 1 July 2000. Determination of dairy producer entitlements will be the responsibility of an independent body—the Dairy Adjustment Authority. It is interesting to note that the legislation before us contains a mechanism whereby the package will be automatically withdrawn should all states and territories not deregulate their milk marketing arrangements to the minister’s satisfaction within six months of royal assent. There is no flexibility here and the presence of this punitive clause highlights the simple fact that, contrary to the government’s claims, it is not so much responding to dairy deregulation but in fact driving it. It is the Commonwealth and not the majority of
states that is initiating and supporting moves towards national deregulation. The states are required to facilitate deregulation by removing their market milk controls. The Commonwealth itself, despite this situation, is not contributing any funding to this process.

Dairy farmers, their families and the local communities have been left to contemplate a future less certain because of the prospect of deregulation and what this government has done. There are many questions that need to be asked. Has this government played an active role in the development of a restructuring package for dairy farmers? No, to date it has failed to do so. Has it articulated a long-term vision for the dairy industry in Australia? No. Are there any initiatives aimed at upgrading the skills of those in the dairy industry? No. Has the government made any attempt to assist regions adversely affected by deregulation? No.

I find it difficult to comprehend the government’s inaction and ‘hands-off’ approach when, in the words of the Minister for Agriculture, Fisheries and Forestry, ‘the dairy industry proposals represent the single biggest deregulation of any Australian rural sector’—and the federal government has done nothing save for endorsing a compensation package negotiated by the dairy industry, that is, a $1.8 billion package to be paid for by an 11c per litre levy on all drinking milk over the next eight years. The reality for dairy farmers is that their incomes will fall substantially following deregulation.

The impact of deregulation on farm income is difficult to predict, but the government’s own figures indicate considerable losses. In Tasmania, the current farm income is listed as $88,300 with a predicted annual fall in income of $22,230. In dairying areas with quota systems the falls are substantially bigger. Indeed, the New South Wales National Party leader, George Souris, said on 4 March that he estimated that 30 per cent of 1,800 dairy farmers in New South Wales would be forced out of the industry.

The fact is that this government has not taken the opportunity in this legislation to build on the compensation package presented to it by the dairy industry with initiatives that would reflect a clearer vision for the growth of the dairy industry and future prosperity of farmers. That this government committed itself to the package before the findings of the Senate committee inquiry into the deregulation of Australia’s dairy industry probably says it all. Let me be very clear on this point. In the advent of deregulation, a financial assistance package must be secured for dairy farmers. I do not dispute that there must be a package, but how can that be properly calculated if we do not know the full extent of the impact of deregulation on dairying communities? The Senate inquiry reported that it was concerned at the potential that deregulation has for disruption of the industry. Its findings stated:

... the immediate impact of deregulation will be a reduction in aggregate farm income, which in the short term will be significant and reductions in the capital value of assets, whether they are quota or land and equipment as well as the flow-on effect to local communities, suppliers and employees.

But to what extent will it impact on dairying communities like Circular Head? We simply do not know yet and the government does not seem too interested.

The recent Agriculture and Resource Management Council of Australia and New Zealand meeting on 3 March recommended deregulation of their dairy industries. It further recommended that at its August meeting regional and industry hot spots be identified by a high level task force. The latter recommendation begs the question: why was this type of study not conducted well in advance and a project and funding mechanism put in place to tackle the issues of the economic and social impact of deregulation? If the goal of the package is to provide a comprehensive scheme for the restructure of the dairy industry, then what of the personal cost or costs to displace dairy and associated workers? Where does the package specifically address the needs of affected communities? The package is not comprehensive enough. In effect, it is not broad enough and this government stands condemned for it. The proposed dairy industry adjustment package applies only to dairy farmers and will not adequately address other adverse effects from dairy deregulation, notably on dairying
in rural and regional communities and on dairy workers.

The minister suggests that existing Commonwealth schemes are sufficient to tackle these potential problems, but this ignores the realities of dairy deregulation—namely, that it will be rapid and regionalised. The Commonwealth’s existing schemes are not sufficiently targeted, take too long to access and assume too great a degree of community preparation to be adequate in this case. Remember: if many individual farmers do not know what the effects will be, communities have even less of an idea. The minister further considers these issues will be adequately addressed because payments to farmers will provide flow-on benefits to communities in addition to existing schemes. The point to remember is that adverse financial impacts will be uneven, with some farmers and their communities being more seriously affected than others. There will be immediate job losses and impacts on economies of dairying communities with the perception of government neglect towards and discrimination against workers and communities because package payments go direct to farmers.

A broader package is required beyond direct payments to farmers, a more comprehensive package to help all groups of stakeholders affected by deregulation. The minister’s assumption that the package will provide flow-on benefits to communities appears to imply that jobs lost from the dairy industry will be replaced in other industries and enterprises. However, some commentators argue there will in fact be less money circulating in rural and regional communities. Additionally, given the focus on adjustment, many farmers will use any surplus funds to retire debt, invest in other more profitable industries—intensive tree farming, for example—or invest in more secure sectors (property, shares, fixed deposits) to fund their retirement. The combined effect of these two factors is that capital will move out of these regional communities, not into creating local replacement employment in agriculture and food processing.

Because of the short lead time for the proposed deregulation date—and, understandably, dairy farmers’ focus on the impact of deregulation on their individual businesses—dairy regional communities will not be in a position to prepare for adjustment and develop strategies for alternative industries, employment and growth in the short term. These communities require additional targeted resources to cope. Accessing existing Commonwealth regional community initiatives, such as the Regional Assistance Program, are flawed because these programs have competitive submission processes requiring significant preparation and community readiness. Other programs, as suggested in the ministerial communiqué of 3 March, only address particular elements of the adjustment process—for example, strategic planning, alternative industry assessment, training, et cetera—and are all open to highly competitive application processes. In addition, the priorities of the Regional Assistance Program are set by area consultative committees which cover broad regions, in which dairy deregulation may be only one of a competing range of issues, and the current funding for the rural plan may be exhausted on existing applications currently being assessed.

Dairy workers displaced by deregulation will face immediate difficulties, but the current Job Network and labour market assistance programs which might assist retrenched dairy industry workers will not be available for six to 12 months. The ARMCANZ communiqué of 3 March talks of a task force to deal with issues related to deregulation. It will not need much time to discover what I have outlined above. Such actions have been too long in coming and are not accounted or budgeted for, even though the Commonwealth and the states to date have not been required to outlay any funds to finance the package. Yet $30 million of consumer levy money has been budgeted for the Dairy Exit Program, money not likely to be taken up, given the meagre compliance and almost inaccessible assets test. Why was a similar provision not made for the dairy industry community assistance package and the dairy industry worker assistance package? NCP funds or even the DEP residue funds could perhaps be used for this purpose.

Indeed, in the minds of the dairy industry and its communities, deregulation is a gov-
ernment initiated process. Where then is the government investment in this process? It is deregulation on the back of a milk tax, a tax collected by processors or others near the end of the milk supply chain, and I am sure the irony is not lost on the minister that he has introduced a consumer tax collected by the wholesaler.

By contrast with the federal government’s approach, the Tasmanian Labor government has at least tried to gain some insight into the effect that deregulation will have on our state. It conducted a survey of dairy farmers to gauge their response to deregulation and a compensation package. With over a third of the dairy farmers responding to date, it was revealed that 18 per cent of them will leave the industry over the next three years, although it is not expected the total milk production will be affected. Tasmania is only a small player on the national dairying scene but, as my earlier brief snapshot of the industry has shown, it is a major contributor to the state’s economic and social wellbeing.

The survey found that one-third of the farmers needed much more information about the compensation package and the impact of deregulation on their businesses before they could confidently make a decision about their future. It also revealed a number of areas where farmers believe they will need assistance. Issues they raised included technical advice on low cost dairying options, taxation advice, advice on business opportunities outside dairying, financial analysis courses and investment in business structure courses. Put simply, farmers need to know what this government’s vision is for the dairy industry and if there will be a framework to help farmers and dairying communities not only survive but prosper in the future.

There are many more unanswered questions but what is clear is that the government must play a much more active role in assisting the dairy industry plan for the industry’s future. There needs to be appropriate industry support and development strategies over and above the compensation package to help as many family farms as possible survive in a deregulated market. Moreover, specific regional development initiatives should at least be considered to assist communities to adapt to any adverse effects of change. I note the Productivity Commission’s draft report of May last year into the impact of competition policy reforms on rural and regional Australia, says:

In addition to generally available assistance measures, governments may need to give consideration to specific assistance to some people in regions where adjustment to change is difficult.

Surely these issues must be addressed by government; at least they would be by a government in tune with regional Australia and in sync with the needs and aspirations of rural communities across Australia. I fear this government is not.

Mr CAMERON THOMPSON (Blair) (11.36 a.m.)—I do not think that the member for Braddon and other members of the opposition are aware of the content of the amendment which certainly the member for Braddon said that he endorsed along with the four bills before the House. You cannot possibly support the four bills and the amendment, because the amendment would usurp the bills, chuck them out and replace them with a whole bunch of hot air. I would like to advise the member for Braddon just what the opposition amendment, which he is supporting, says. The amendment says to wipe out all words after the word ‘that’ and to replace them with certain things. In carrying on about his position on the Dairy Industry Adjustment Bill 2000 and the other bills associated with it, the member for Braddon is saying that it is important that we do have a package and, like his shadow minister, he seems to think that the government should be funding it 100 per cent.

Let us consider some of the crazy amendments that the opposition is proposing. The member for Corio says that all words after ‘that’ should be wiped out and that the industry should criticise—indeed, condemn the government—for seeking to push this important bill through the parliament. When was the referendum conducted by the new Premier of Victoria? It was not held until December last year. Is the member for Corio saying that members of this House should have completely ignored the position of the Victorian government, which had cynically cashed in on opposition to deregulation in
the community and acted as if they were in some way in favour of stopping deregulation? They delayed any comment on it until after the election, and they conducted the referendum which unleashed the dogs of deregulation at the last possible moment, in exactly the way that the member for Corio seeks to criticise the government for.

When the Victorian government held the referendum, it was in a position where every other state had reviewed their existing dairy industry support arrangements under the national competition policy, and each one of those states had agreed to continue systems of regulation. It would have been crazy for the federal government to sit back with every state opposing deregulation bar Victoria. Victoria was having a referendum on the issue, and yet we were supposed to somehow clout everybody over the head and say, ‘Oh no. We know better than the people of Australia. We know better than the people of Victoria, we know better than you about this issue, and we will ignore what you have to say, regardless of what it might be.’ It is a ridiculous proposition.

The opposition also condemns the government for failing to articulate a clear vision for the future of the dairy industry. We are advocating dairy industry self-determination. What is the Australian Dairy Industry Corporation if it is not a body that is going to give us self-determination? Who produced the basis for this package? It was the dairy farmers. I believe there is a problem in that there is a weighting within the system towards Victoria, because 63 per cent of dairy farmers in this country are in Victoria. We have to realise that—

Mr Sidebottom interjecting—

Mr CAMERON THOMPSON—That is a fact of our existence here today, member for Braddon. I think you are absolutely mad to support this amendment, which would see us throw out the very package that the industry supports—that the people in your electorate support—in favour of nothing. It would leave them with no means of support whatsoever. What kind of an idea is that? The shadow minister thinks that is a great idea too, except he also offers free advice to the government that we should put up the entire money out of the budget.

We have heard lately about how the opposition wants to roll back, creep back and crawl back on all these issues in relation to tax. We are talking about saddling taxpayers with another $1 billion, which would have to come out of the budget somewhere. Where would we pick that money up? If we did not have a package, it would have to be paid out of income taxes—in some way like that. There has to be a package. It has been said already that Pat Rowley was right behind it, and he is from Queensland. He is a fellow who would have looked at his state industry and said, ‘We’re going to have a very tough time under this regime,’ but it is his view that in this way the interests of the industry are best served. We in the federal government have to listen to those issues, just as we listened to the outcome of those referendums and to the needs and concerns of individual dairy farmers.

There are other issues: the member opposite criticised us for imposing a new tax on milk. The opposition cannot have it both ways. One minute it is criticising us for putting a new tax on milk, and the next minute it is advocating that we should put some other new tax on—instead of a tax on milk, we could put a new excise on petrol or something, and that would pay for milk. It is a ridiculous proposition.

There are further consequences of this idiot amendment. The opposition criticises the government for failing to make any provision to assist workers in the dairy industry who may lose their jobs as a result of deregulation. What has it got to say about the component of the bill that provides an exit package for farmers? If that is not assisting people to relocate out of the industry, then what is? Read the document, for heaven’s sake. Get conversant with what is going on.

Mr Sidebottom interjecting—

Mr CAMERON THOMPSON—There are some dairy industry people up there. Go and ask them about it. There is nothing in this amendment but hot air. I do not think it is the product of the shadow minister, whom the member for Corangamite has a lot of re-
spect for. I think it is the work of some spotty-faced individual out the back somewhere who wants to give a bit of a tar and feathering to the government and perhaps write himself a bit of a headline. Well, he can write his way into glory, but it means nothing. He has even managed to convince the member for Corio to support both the bill and this amendment. Support the bill and wipe out the bill—what a ridiculous situation.

There are various elements of this bill that I would like to cover. Although deregulation is something that the industry has fought very long and hard for, and on which the government has supported them, there are also elements which could have been made better. But at the end of the day you have to be pragmatic in this business. You have to provide the best possible outcome for people. After all, politics is supposed to be the art of the possible, and members opposite who want to deny that principle are living in cloud cuckoo land. We have a package here worth $1.74 billion, which is the biggest ever package seen for any industry. Victoria has 63 per cent of the total milk production, and therefore that state is driving what happens in this country. It is not something that the federal government is particularly driving, but we want to ensure the best possible outcome not only for the industry but for the consumers that are reliant upon it. However, this is a very big package, and it does provide a lot of money to inject into the industry to provide for an orderly transition. In this package there is $1.63 billion for people adjusting to survive within the new industry. There is also the rest of the money to go into the dairy exit program. We have set up the Australian Dairy Adjustment Authority to take up the administration of this proposal.

As a result of this, there is also a levy of 11c per litre on all liquid milk, which will apply from 8 July. That is predicated on a very strong forecast from within the industry that, as a result of these measures—and we can rely on the industry for this advice—the price of milk in relation to the impact of this package is going to fall between 11 per cent and 15 per cent. That is the forecast of the industry, and there is no better advice available on that point. As responsible members of parliament we do have to take on board what the industry’s view is and what its forecasts are.

If you take away a 15c drop and you add on an 11c levy the idea is that, basically, you will wind up with no change as a result of this measure, this step in deregulation. So we wind up with a no-change position. I think that is something we can argue for. Of course, over time as the package works its way through and all the various components of it are realised, we will start to realise the full 15c a litre drop in price. However, that does mean that the industry, as a result of this process, will be more efficient and more competitive and that its export opportunities will be enhanced. That does not necessarily mean that milk will be cheaper, because you cannot be sure what other market forces will come to bear. There are all kinds of things. We are talking about a 10-year period.

Mr Sidebottom—Two bob each way.  
Mr CAMERON THOMPSON—You might laugh; you can stick your head down a burrow, but I want to look ahead 10 years and ask what will happen then. You cannot give any reliable forecast. The fact that has to be borne in mind is whether or not this package is going to have an impact and drive the cost up or drive it down. The best information available to the government and to you, member for Braddon, is that the price will remain the same.

When it comes to some of the existing structure of the industry that is reflected in this package—and this comes back to some of the points about it that I do not think are absolutely 100 per cent perfect but are as close as they can be—and we look at milk production in the various states in Australia, if we go to Victoria we find that 92 per cent of production in Victoria is manufactured milk. That is a total of 5,914 million litres out of a total of 6,422 million litres. For example, market milk makes up 391 million litres in Queensland and manufactured milk just 437 million litres out of a total of 829 million litres. So manufactured milk in Queensland makes up 52 per cent of our production. It is similar in New South Wales, where manufactured milk makes up 53 per
On an Australia-wide basis, just to show the impact of Victoria’s huge production, manufactured milk actually makes up 8,256 million litres out of a total of 10,188 million litres. That means that production in Victoria, unlike any other state, is skewed very strongly towards manufactured milk.

What does that mean? It means that manufactured milk brings a return for producers far below that of any of the quota milk that applies in any of the other states—or indeed in Victoria, where there is quota milk. So, the proportion of the production that relies on manufactured milk means that people in Victoria are used to operating at a much lower rate of return than in other states. So it is not surprising then, when we see this opportunity to deregulate in Victoria, that Victorians should seize that opportunity. They have an advantage in the marketplace, and that is a fact. There is no way that, if they choose to go about this course of action, given the Kerin plan and what it has set in place, under the Constitution of Australia, they can be stopped. The only opportunity for that to be pulled up came with the Bracks referendum on the issue, as I referred to earlier, and that was not until December last year. As the member for Corangamite said, not surprisingly, 89 per cent voted to go down the road towards deregulation.

There have been various serious adjustments within the dairy industry in the past. In the 1970s, when Britain joined the EEC, the number of dairy farmers in Australia was halved, from 45,000. In fact, by 1975 we were down to 30,630 dairy farms in Australia. By 1999, we were down even further, to 13,156 dairy farms in Australia. Another upheaval in the industry, mentioned earlier by the member for Corangamite and I think the opposition spokesman, was when closer economic relations with New Zealand burst onto the scene in the 1980s.

As I said, not everyone is happy with the package. Naturally enough, it is something that really is going to provide an opportunity for these Victorian farmers to radically improve their returns. It is going to be a challenge for people in other states because, although they can be competitive and they have a strong reputation as competitive producers, they will have a job to do. They are the ones who basically are going to have to get out there and make the adjustments. There have been some critical comments. I have to say that Winston Watts, from the New South Wales Dairy Farmers Association, said, ‘Well, if you’ve got to be raped, you might as well be paid for it.’

Mr Horne—That is exactly right. That is what you are doing.

Mr CAMERON THOMPSON—That is a very critical comment but the point is, as he was saying: you must be paid. That is precisely what this package provides. Defying the Constitution of Australia, which is what you want to do, is the only way to avoid this kind of thing happening. You have to pay if you want to ensure that people in your electorates will be able to make the adjustments and be able to gear up to compete with those Victorian farmers. You should be behind them and supporting them in that effort, not sitting back there carping and whingeing about it and putting up crazy amendments that basically will scuttle the whole plan. It is a crazy nonsense to go ahead with that.

I have to say that in states where there are quotas there is another thing to consider. I saw noted in an article on the issue that these states, naturally, have had to be dragged to the table on this issue because they are the ones who have been administering quota systems for market milk. They are the ones who have been able to charge stamp duty every time a dairy quota is sold. They have been making money. Dairy quotas are a tradeable commodity, and they have been making money through stamp duty on them. I have seen mentioned the possibility of people starting a class action because of the loss of value in those quotas. Naturally, the states have to be very careful to avoid creating a liability for themselves in that regard. So I do not think their position is entirely as it is presented. I think a lot of it is window dressing and a lot of it is hoo-ha. But we are in a position where we have to face up to the real world, and that is what this package facilitates.

I was talking earlier about the difference in production costs in New South Wales,
Victoria and Queensland, and I will give you some figures on that. In Victoria they can produce milk for 24c a litre, in New South Wales the cost is 32c a litre, and in Queensland it is 34c a litre. Over all, there have been efficiency gains over the years, and I think this process will provide for those efficiency gains to continue. In 1984-85, the milk produced per cow within the dairy industry was 3,336 litres; by 1998-99 that had increased to 4,867 litres.

Dairying is our third largest rural industry, behind beef and wheat; and we are the third largest exporter of milk in the world, behind the EEC and New Zealand. I represent an area where there are many dairy farmers, and when this arose many dairy farmers came to see me, concerned about the end to deregulation.

Mr Slipper—It has been well represented for a long time.

Mr Cameron Thompson—It has been, and the member for Fisher did an excellent job as my predecessor in representing dairy farmers in this area. There was concern about losing access to the regulated industry, and this is where I come to my concerns around the edges of the package. The package is based on a requirement for payments to be made back to individual farmers, based on a ratio of 46.23c per litre for market milk—that is, for quota and for people in that area—and 8.9c per litre for manufactured milk. Throughout the process, I argued very strongly for the manufactured milk component to be reduced still further and for the money to be more strongly directed towards the market milk, because they are the people who have to make the readjustments and the changes.

As I said, if you take away this package you take away the hope altogether for people in states like Queensland and New South Wales. You have to see that the manufactured milk people are the ones who are going to do well under the new regime; they are the most strongly positioned to profit as a result of it. So it irks me a little that that payment is necessary in order to get their involvement in it—and it does require that everybody be involved. There has to be a payment of that order, but I would prefer that that be even further reduced and that the money go in greater proportion to the people who will have to make the adjustments in their operations. That is a concern that was argued, by me and by others, as strongly as possible at the time, and the process has been taken as far as it possibly could while we take into account the need to ensure that everybody is involved in the package. If everybody is not involved in the package, it ceases to be a national package. This is where the Commonwealth has done an excellent job on this matter. We have been able to draw all those states together and to recognise their competing interests.

In closing, each of the states has received large amounts of national competition policy payments. The member for Braddon referred to those payments as being an opportunity to fund this process. (Time expired)

Mr Horne (Paterson) (11.56 a.m.)—I rise to support the second reading amendment. Firstly, let me say how interesting it is to sit here and listen to this government try to defend a bill that is going to see the demise of the dairy industry as we know it—an industry that has brought jobs and prosperity to many country areas. I look forward to listening to comments that will undoubtedly be made by the member for Kennedy, Mr Katter. Having sat with him on committees, I know how he feels about this, and I just wonder if he will run true to his heart or true to the party line. I will be very interested to hear what he does say.

It is interesting to have a look at the speakers list. When I think of what the dairy industry has done in areas of New South Wales like the Tweed, the Clarence, the Taree area and the Shoalhaven, it is interesting to note that the member for Richmond, the member for Page, the member for Lyne and the member for Gilmore are all absent from the speakers list. That tells you where their hearts are in this debate. They will not show their faces in here and defend the government on this legislation because they know the hardship that is going to be brought to the towns and villages throughout their electorates once this starts to bite. They know what will happen.
Mr HORNE—I listen with interest to the interjection from the previous speaker, and I realise that in a former life he was an adviser to the Hon. Joan Sheldon, the former Queensland Treasurer. I know where he comes from, and I know why he is here. He has not got a job back there, and that is why he is here defending this. I am also aware that yesterday during question time the Minister for Forestry and Conservation got up and cried crocodile tears because the Premier of Victoria was talking to him about a payout figure for some timber workers—I think he said about 100 timber workers—that the Victorian government wanted to pay out. When I have a look at this legislation, what do I see? I see that this legislation is about paying out dairy industry people—and it is not 100 workers. In my state, 600 dairy farmers will exit the industry, and this government defends it.

I also listened to the Treasurer, who ridicules the opposition about a wholesale sales tax. He talks about Zimbabwe and other places that have a wholesale sales tax. What is this? This is the government that hides behind the statement, ‘We have never introduced a new tax’—that is, if you discount the gun buy-back and if you discount the East Timor levy. Now we have a wholesale sales tax of 11c a litre to buy out dairy farmers in rural areas that this government supposedly supports. This is the government that claims they are the champion of rural and regional Australia, and yet they are giving a $1.74 billion bribe. They gave that bribe before the vote was taken. They said, ‘Here’s the carrot. If you support the deregulation, we will make that money available for you to get out.’ So that is what happened.

It is not dairy farmers who have taken this decision, it is big businesses like Parmalat and Dairy Farmers that have forced the issue, and the small farmers in country towns that I represent keep ringing me and saying, ‘This will be the worst day; the family farm has been with us for generations; we do not know where we are going; we will have a pot of money, but we know the effect it will have on the town—the people who sell the feed, the vets—

Mr Cameron Thompson—You don’t want them to have the pot of money.

Mr HORNE—You go and contact Joan. She is asking where you’ve gone! The people who supply irrigation equipment, fencing materials—all that sort of thing—know what their future is. They know what effect it will have on them. The jobs that will disappear in country towns over this buyout will be enormous. Let me give you a little example, because I love this story about deregulation. Go back to the time when the egg industry deregulated. There was only one state that did not deregulate its egg industry—Western Australia. Today, which egg producers have the best farm gate price? The egg producers of Western Australia have the best farm gate price. Which consumers have the cheapest eggs? The consumers in Western Australia have the cheapest eggs. If you want to know where deregulation leads you—that is where it leads you. That is where this is already leading us, because you have already stated the price of milk is going to go up by 11c a litre to pay for the package. We have already seen what partial deregulation did in New South Wales where the farm gate price dropped and the price to consumers rose by 8c a litre. Is that what deregulation does? Do free market forces produce cheaper milk?

Free market forces in the dairy industry have produced bigger profits for the multinational corporations like Parmalat and so on that are seeking a bigger share of the Australian dairy industry. That is where it is going to lead us. It is going to lead us to an industry that will no longer be owned by Australians, where Australian workers can look to a future or a job. It will lead to a situation where country towns—who I reared my family—will no longer exist as they did, because the major industry will be destroyed. That is why I stand to support the amendment that has been moved by the shadow minister. This government has raced headlong into this. I well recall the day the minister got up and made the announcement that he was offering $1.74 billion. I felt at the time that that was one of the greatest bribes to a rural sector that I had ever heard. It was the encouragement of: ‘It’s on the table now;
if you put your hand up you will get a share of it; if you don’t, it may disappear.’

It is a sad day for Australia that this industry will no longer be known. With the passage of this legislation, it also shows that we have a government that is completely uncaring as far as rural and regional Australia is concerned. I notice the member for New England is here. I wonder whether some of the dairy farmers around his area support this. I wonder whether they have called him or written him letters saying, ‘Yeah, we support this; we want our industry to be destroyed.’

The other thing I would like to say is that in my area it is already causing change. The message has gone out about deregulation that, if you want a place in the dairy industry, it is a case of get big or get out. Some producers have already said, ‘It is the only industry I know; I’ll get big.’ The farmers of the old dairy farm as we knew it—with the bales, paddocks, lucerne cropping and perhaps milking 120 to 180 cows; a very pleasant sort of rural pursuit—in the area are deciding, ‘No, we have got to change; we have got to change the nature of our farming,’ and so a number of DAs have gone in to local government. If you are going to milk 1,000 cows, you do not let them out to graze. They are farmed in sheds and locked up while they are lactating. They are fed in those situations. Of course, the neighbours say, ‘Hey, we have lived here all our lives with a very pleasant sort of a dairy farm down the road. We are going to object to that.’

I know one particular producer, a very good dairy farmer, who is now finding that he has spent the best part of $100,000 to get his DA application up to council standard only to find that the local community does not want that sort of farm. So, having spent his $100,000, he now has to make the decision, ‘Will I change or will I get out too?’ I know that he is on the verge of getting out. That is someone who was prepared to go along with the change and found the changes to be in the too-hard basket. These are the sorts of issues that are going to see the demise of the dairy industry in my electorate. For towns like Dungog and Gloucester, which had a dairy factory in the past and where the dairying industry was a major supporter of jobs which brought money into the towns, there will be virtually no dairy farms at all—not that there are many left anyway—and those that are left will take the carrot and go because they have no alternative. That is the shame of this legislation. I certainly look forward to comments from members of the government because, having made this decision, those government members who have a significant dairy component in their electorate know the wrath they will face from the people.

I certainly look forward to seeing what the members for those areas that I mentioned—Richmond, Page, Lyne and Gilmore—put out in the media and how they will tell the people who live in their area, ‘I didn’t even have the gumption to get up and speak on this legislation in parliament.’ Does that mean they did not support it? But they will follow the party line again because that is what it is all about. They know, as well as I know, that the dairy industry that has brought so much prosperity and wealth to their area is dead: it is gone, and it will not come back. This government is condemned because it should have ensured that there was something in place to create the jobs that will be lost. As I said, in New South Wales 600 dairy farms will go virtually immediately when this legislation is passed. What does the government have to put in their place? I suppose it will get the Hon. Tony Abbott to say, ‘There’s work for the dole, you know. You can get up here and pick apples. You can do what I did last Sunday—go out and pick apples.’ That is all right in the apple season and that may keep a couple of them going, but it will not support the 600 families that have now lost the basis of their livelihood.

I will not bore the House any further. I feel quite emotional about this issue. My grandfather was a dairy farmer. He was a share dairy farmer, the poorest type of dairy farmer—the dairy farmer that owned the stock and the equipment but not the land—and he was always at the whim of the landlord. I wonder where share farmers have been mentioned in this legislation. Who is looking after them? It will be the landlord
that decides whether he will continue or not and it will be the landlord that says to the share farmer, 'I own the quota. You go. You can go and register for unemployment benefit.' That is all the share farmer will get out of it. The boards of big business will sit around the board table and say, 'After that $1.74 billion that we got from the government, look at our shares. They've jumped up.' And the country towns will suffer again.

Mr ST CLAIR (New England) (12.10 p.m.)—It has been a pleasure to listen to the member for Paterson. I stand today in support of the Dairy Industry Adjustment Bill 2000. It is important to remember that this is an industry proposed and driven package of assistance, coupled with the need for systemic and simultaneous deregulation of the market milk sector to enable structural adjustment within the industry with the least possible disruption. The deregulation of the dairy industry refers to the ending of the states' regulatory intervention in domestic dairy markets—I repeat: the states' regulatory intervention in domestic dairy markets. The principal regulation is at the state level. At present the states regulation sets the farm gate prices for fresh drinking milk, which accounts for 19 per cent of production, with the balance going to manufacturing cheese, butter, milk powder and many other dairy products. Under these arrangements, farmers are guaranteed a price for milk used in the fresh milk market either through the use of quotas, in the case of New South Wales, Queensland and Western Australia, or through a premium pooling system which refers to the system used in Victoria, South Australia and Tasmania.

Maintenance of the state arrangements—remembering that there are Labor governments in the states of Queensland, New South Wales, Victoria and Tasmania—relies on all states having regulated markets. This regulated system has delivered stability of returns to the dairy farm sector, assisted restructuring and allowed processes to develop international competitiveness. But this system has now become less effective in some states, particularly in Victoria. This is due to changes the dairy industry has faced over the last 25 years. These changes include the decrease in the number of dairy farms in Australia by 45 per cent in the last 25 years, from around 30,000 to fewer than 13,500 today, although on-farm employment has increased. Farms are larger. The average herd size has doubled to 150 cows and production has increased 50 per cent to more than 10 billion litres. However, the regulation that the state governments have introduced does not save farms. The number has fallen by 18 per cent since 1990. Lower farm numbers are a direct response to commercial pressures, and the trend to fewer farms will continue regardless of whether regulation stays or goes. While farm numbers have decreased, average milk yield per cow in the last 25 years has increased by 42 per cent to almost 4,750 litres.

In saying this, the Australian dairy industry is an outstanding success story. The dairy industry today is one of the most successful and profitable segments of Australia's rural sector. In value added terms, it is Australia's largest rural industry, bigger than wheat and wool, and employs over 60,000 people. Dairy is a success story because of the dramatic changes, as I mentioned before, that have been made by the industry in the last 10 to 25 years. Producers and manufacturers recognised that a sustainable future lay in exports. The Australian dairy industry has an annual turnover of $7 billion and earns the nation in excess of $2 billion in export terms. Australia is now a world leader in the dairy market with 12 per cent of the trade, ranking third behind the European Union, on 38 per cent, and New Zealand, on 31 per cent.

Fifteen years ago Australia's dairy sector was an inward looking, highly subsidised industry, preoccupied with the domestic market, where the prospect for growth was limited. Today, the industry is outward looking, focused on the almost limitless potential of the world markets. Today half of Australia's annual milk production of 10 billion litres is exported, mostly to Asia. Australian dairy products are particularly successful in Japan, traditionally one the world's most demanding of customers.

Achieving this dramatic turnaround has come from continued improvements in competitiveness. There has been significant structural change, which has been difficult and painful, as subsidies for manufactured
dairy products have been reduced. Due to these changes in the dairy industry, there have been for a number of years commercial pressures to deregulate the industry. The commercial pressures in Victoria mean that deregulation is inevitable. This will impact on the farm gate price of milk in all states, irrespective of whether or not regulations are in place.

Already, commercial pressures have reduced the regulated farm gate price. In New South Wales the regulated price dropped 3c a litre in July 1998 on the basis of competition. In Tasmania, the farm gate price for milk used for flavoured milk has been reduced by one-third, and similar pressures are growing in Victoria. These commercial pressures are coming from the major manufacturing companies, who now insist that regulations are impeding their ability to maintain their competitive position, a view supported by the dairy farmers in Victoria, the major milk producing state, with 62 per cent of production.

Through their elected representatives on the United Dairy Farms of Victoria the companies believe that regulations are holding back the industry, restricting their opportunities and limiting returns for their dairy farmers. Companies believe that regulations distort market signals, which creates inappropriate investment strategies at both the farm and the manufacturing level. This affects the companies’ domestic and international competitiveness and their ability to increase domestic sales of value added products. This in turn is reflected in the price to farmers.

The Australian Dairy Industry Council could see these commercial pressures. In their view, deregulation of the domestic market milk arrangements was inevitable. They came to the Commonwealth government in April of 1999 to present the industry’s case and their views on deregulation. This view was based on their analysis that commercial pressures would undermine any regulatory regime and that deregulation was in the interests of the dairy industry in competing against imported products and in being able to expand into the vital export sector.

In responding to the industry proposal, the government on 28 September 1999 announced details of a structural adjustment package which would be implemented should the states deregulate their market milk. It was not instigated by the federal government, but by the states, should the states deregulate their market milk. This proposal represents the single largest deregulation and adjustment process of any rural sector. After this announcement, the Victorian dairy industry showed overwhelming support for deregulation. In December 1999 the industry voted on deregulation, and 84 per cent of all dairy farmers voted. Extraordinary! An impressive 89 per cent of them recorded their view in favour of the deregulation proposal.

Following this vote, the Victorian Labor government has indicated its intention to deregulate its fresh milk arrangements with the Commonwealth package. It is widely believed that even without the Victorian decision commercial pressures would make the state arrangements unsustainable over the near term. With the Victorian industry dominating Australia’s annual production of 10 billion litres and producing 63 per cent, the other states—including New South Wales, which produces 13 per cent; Queensland with eight per cent; South Australia and Tasmania, each with six per cent; and Western Australia with four per cent of milk production in Australia—had no choice but to follow the lead of the Victorians to deregulate their milk industry.

Polling in New South Wales has also shown support for deregulation, with 65 per cent of producers giving it the thumbs up. The Commonwealth government imposed a condition upon the structural adjustment package. That all states must deregulate arises from the Commonwealth’s obligation to ensure that all dairy farmers across Australia are treated fairly and equally and from the necessity to avoid significant market distortion.

The package this government is providing is not about providing compensation for removal of quotas and regulation, or about providing income support. The adjustment flowing from this package will lead to better industry performance than would otherwise be possible and this in turn will assist in
maintaining, and in the long term increasing, job opportunities and incomes in regional dairy areas.

Deregulation without a package would be devastating for some regions. This package helps to sustain the viability of the dairy industry and those regions by maintaining viable dairy enterprises with the subsequent maintenance of related employment. The essential service industries that support the dairy industries and enterprises will also be better able to remain viable because of the survival of their customers. Rural communities will be provided with a major and real contribution which will help maintain the basic fabric of their economies.

The package is made up of two programs. The first is the Dairy Structural Adjustment Program, which as we have heard before will provide in total $1.632 billion to producers based on their deliveries of manufacturing and market milk in 1998-99. Payments for market milk deliveries will be calculated at the rate of 46.23c per litre. The higher payment available for market milk reflects the premium associated with market milk delivery under the current, regulated arrangements. Payments will be made in quarterly instalments over eight years and are transferable to primary producers. To be eligible for payment under the package, producers must have had an interest in an eligible dairy enterprise on 28 September 1999, the date the government announced the package. Where a producer can show that, due to severe and abnormal circumstances, deliveries in 1998-99 were 30 per cent or more below the average of the previous three years, the authority may consider providing a supplementary payment. While the package is basically designed to provide adjustment assistance to dairy farmers who are potentially viable and profitable suppliers of milk after this transition, it also addresses the needs of some farmers who may need to seriously consider leaving the industry.

The second program in the package is a specific $30 million Dairy Exit Program to allow farmers who choose to leave their farms and agriculture to do so with some dignity and prospects for the future. The exit program will run for the first two years of the package and will provide payments of up to $45,000 tax free. Conditions for an exit payment will be the same asset test and eligibility requirements that apply under the restart re-establishment grants of the Family Farm Restart Scheme.

The whole package will be funded from a levy of 11c per litre on the sale or equivalent transaction of all liquid milk products. Sales of imported milk will also be covered by the levy, as the levy will apply to all liquid milk products sold domestically at the point of use. Liquid milk products destined to be exported will be exempt. The 11c per litre levy commences on 8 July 2000 and is expected to run for eight years. The money raised from this levy will enable payment to producers under the package. The levy will also meet all administrative and borrowing costs associated with the package. In developing the dairy industry adjustment package, the government consulted widely with dairy farm organisations and has, as far as possible, designed a package which will meet the majority of the dairy farmers' needs in the future, whether they choose to continue in the dairy industry or to exit the industry or agriculture.

Overall, the dairy industry is the fourth largest exporter of Australian agricultural production. It accounts for a greater value of production than the wool industry. This has resulted in considerable benefit to regional areas, with many local cooperatives, including in Tamworth in my local electorate of New England, increasing in size and being major employers of local labour. Dairy farmers have also seen their income increase markedly in real terms. With this, local business profitability and employment have also increased. Let us remember that the Australian Labor Party failed to tackle the difficult issue of dairy deregulation. While the domestic dairy industry has grown successfully to a $5 billion annual turnover and the export industry has grown to over $2 billion, future growth lies in the expansion of export markets. The major exporters believe this requires the removal of price regulation. With a managed approach to a deregulated environment, the industry can continue to build on its past success and become an even more
significant contributor to the Australian economy. This success will be shared by the regional economies the dairy industry supports.

Mr MARTIN FERGUSON (Batman) (12.27 p.m.)—I rise to support the shadow minister for primary industry and his second reading amendment to the Dairy Industry Adjustment Bill 2000. In a lot of ways, in this initiative the national government has sat on its hands as usual and left to the industry and the state governments the hard decisions about what to do with respect to dairy deregulation. Having had the decision made for it, the national government has then been required to face up to its responsibilities to make a financial contribution to try and assist in the tough decisions made by others in the community. It is again about a question of leadership. I believe leadership requires that people make recommendations, stand by those recommendations and be willing to fight them through. Having made such a recommendation, following proper consultation with the industry and the broader community, you make sure that you are convinced that the direction you are pursuing is right. On this occasion, as with the population debate, the question of Aboriginal reconciliation, the question of adjustment in regional Australia generally or—the more complex issue of recent weeks—the issue of mandatory sentencing, this Howard government has yet again gone missing in action.

For that reason I supported and seconded the second reading amendment moved by the member for Corio and shadow minister for primary industry. With that amendment we are saying to the Australian community, and especially the dairy industry and the regional communities in which it operates, in association with the manufacturing industry that is part and parcel of the industry, that we will support the bills before the House this afternoon. But, more importantly, it is our responsibility, following consultation with the participants and players in the industry, to raise in the national parliament this afternoon for public debate and consumption some of the weaknesses that are out there in the community at the moment and the subject of major debate.

Mr Deputy Speaker, as you know, this bill represents the government’s legislative response to proposed deregulation by state governments. Yes, it was the state governments and the industry that, again, were required to make the decisions because of a lack of leadership by the national parliament and a lack of leadership by the Howard government. Those state governments have been required to make decisions, in association with the players in the industry, going to the issue of milk marketing arrangements and the end of the Commonwealth domestic market support arrangements because the federal government again wanted to wipe its hands of the hard decision and basically say, ‘If you are prepared to make the decision, we are prepared to impose a levy on consumers to ensure that we also avoid our fiscal responsibilities to this industry.’

The package itself provides a total of $1.7 billion for compensation in exit payments for dairy farmers to be funded by a Commonwealth levy of 11c per litre on sales of drinking milk applied at retail level and collected at the wholesale level over the next eight years. It is not dissimilar to the GST. Ordinary Australians will again pay the full tote odds for a lack of leadership at the Commonwealth level.

The shadow minister for primary industry has dealt with the specifics of the legislation, of which we are all aware. The shadow minister, the member for Corio, has also done an exceptionally fine job in outlining Labor’s concerns with the legislation which are also detailed in his second reading amendment. We are talking today about major industry restructuring. We are talking about legislation involving $1.7 billion, and I contend that we have clearly got to get it right. That is why the second reading amendment goes to the fundamental issues before the House for debate this afternoon.

Rather than getting it right, we find ourselves today on 8 March 2000 with legislation the government has had in its hands since April 1999—almost 12 months ago—and has endorsed since September 1999. The government is sending a message around a number of rural and regional communities claiming that it is the Australian Labor
Party—the opposition—that is delaying this legislation. The truth is that, as the facts go, it is the government that has sat on its hands time and time again on issues that are fundamental not only to the future direction and importance of this industry but, potentially, also to the future direction and make-up of Australia.

Having said that, having finally got the package before us, the government now wants to rush it through parliament. That is what it wants to do. It does not want a debate about it; it wants to rush a piece of legislation through the parliament without proper consideration and with an unwillingness to actually consider amendments to overcome weaknesses in the legislation. Labor very clearly recognises the importance of the industry and the need for change in the industry. We do not see this as an either/or debate. The concerns we have relate to how we deal with adjustment. They are specific to this instance, but the questions they pose have a much wider application. I believe that there is a recognition of the need for change within the industry. But there is also an appreciation of the need to plan for the industry’s future too. That is a fundamental weakness of the bill before the House this afternoon. This legislation actually presented an opportunity to do that, to actually think through the future direction of the industry in a proper constructive and objective way. Unfortunately, the government has elected not to take up that challenge.

The package before us does not offer a vision of an industry modernising; of an industry investing in research and development; of an attempt to expand market access; of an industry paying attention to the needs of young people, who are so vital to the future of this industry; of the need to actually bring more and more young people into the industry, to train them and ensure that they have the capacity—not only from the skills point of view of working a farm but also from the management and business point of view—to take the industry forward into the 21st century; and of an industry that ensures that its workforce is skilled and adaptable. These essential elements of a modern industry, a modern regional structure and a modern Australia are missing from the government’s blueprint.

What about the process of change? One of the major challenges facing the government today is how we deal with the process of change. There is a live debate in this house of parliament, there is a live debate in the dairy industry at large and there is a live debate around the breakfast tables of dairy farmers and their families; but there is also, importantly, a live debate in metropolitan Australia because of the fact that they are now going to pay for this restructure of the package and a live debate in regional Australia about the impact of this dairy industry package on the future livelihood of many regions around Australia.

I would have thought that, in that context, the Howard government would be acutely aware of this challenge, given the reaction of the Prime Minister to his recent whistlestop tour of regional Australia—I note he did not get to your seat, Mr Deputy Speaker Hawker; you are obviously not very important in his thinking—yet, as with every other piece of legislation produced by the Howard government, there is no consideration of the effect of dairy industry deregulation on particular communities. That is what it is all about: it is about people and places. The truth is, as you know, Mr Deputy Speaker—because you are not one of the hardliners on the other side of the House who is always prepared to forget the needs of people and places—that the debate, when you consider the issue of dairy regulation, is also intimately related to the very firm view in regional Australia at the moment that people and their local communities are missing out.

That is why regional Australia is the flavour of the month at the moment in the eyes of the Prime Minister. It is not because he cares about the people and the places that are so vital to the make-up of Australia, especially regional Australia, but because he has actually read a more recent opinion poll which says, ‘Dear Mr Prime Minister, please scratch your head and think about regional Australia, because if you do not you will not have another three years living at Kirribilli House in Sydney, in the context of you having forgotten about the needs of regional
Australia over the last four years.' When you look at the expenditure on upgrading Kirribilli House in more recent times—that actually represents consumer dollars too—while the changes at Kirribilli House have been found to be something that we can go without as a community, the Prime Minister has determined that whatever is required to assist him to live in the lap of luxury must be supported by the Australian taxpayer.

Mr Causley—Mr Deputy Speaker, I raise a point of order. I would ask you to bring the member for Batman back to the bill. I cannot understand how many cows are grazing in the grounds of Kirribilli House, but it has got little to do with the bill.

Mr DEPUTY SPEAKER (Mr Hawker)—The member for Batman will, I am sure, be coming back to the bill.

Mr MARTIN FERGUSON—I understand the sensitivities of the member. I also note that he is one, for example, who has offered criticism to the federal government, including of the Treasurer because of his lack of concern for regional Australia. I am pleased that he has joined us on this side of the House in offering criticism of a Kirribilli-centric Prime Minister and a would-be Prime Minister in the Treasurer of this country. For the past four years the standard response from the Prime Minister has been to throw his hands in the air and say, 'Oh, it's just economics. We've got a trickle down theory. You might, if you're lucky, get a little bit of the benefit of economic change in Australia. Just leave it to the market.' Just leave to the market; it will all be all right, mate.

In the case of the dairy industry, we will see communities such as those in Gippsland, the Bega Valley and northern Tasmania face a major restructure. But when you ask the government, it cannot even tell you what the regional implications are, because the Howard government has failed to make any specific arrangements for those regions heavily affected by deregulation. It has also failed to commission any detailed study of the regional impact of deregulation. The only rigorous study done of the potential regional impact to date was for the Bega Valley, and that was an initiative not of the Howard government but of local dairy farmers, businesses and the community. The government has gone missing in action yet again when it comes to support for regional Australia. That is the view of the Bega Valley on the Howard government.

That study showed that deregulation would result in significant long-term contraction in the local economy. And that is in a region that is already doing it tougher than just about any other area in the country. Unemployment in the Bega Valley has increased from 8.8 per cent to 16.2 per cent and in Eurobodalla from 12.2 per cent to 22.2 per cent. Both Bombala and Queanbeyan also now have double digit unemployment figures. They are not alone, of course. There are over 220 areas around Australia with double digit unemployment—communities the Howard government has chosen to leave behind. After all, those are only people and places and we are not worried about them missing out because we are doing well in Sydney and Melbourne, and especially at Kirribilli House.

Until now, the government's only response when questioned on regional impacts has been to claim that funds provided to dairy farmers under this package will stay largely within local regions. That is pie in the sky. They have produced no evidence to back this up. Even if the money does stay in the local community, why hasn't the government asked whether local education and training providers, particularly TAFE colleges, are equipped to retrain large numbers of people looking to develop new skills? Why is there no mention of new industry opportunities at all?

The previous government speaker talked of self-determination, but self-determination for this government is code for doing it yourself—you are on your own, mate—without any government help or assistance to you with the process of difficult change. So much for the concept of mateship, especially in regional Australia, under the Howard government. Once again, the package lacks the coordination that looks after people and places affected by change. We on this side of the House have consistently called on the government to face up to its regional respon-
sibilities either directly through providing funds out of the levy pool or in the budget. Given that anecdotal evidence suggests that the $30 million allocated to the dairy exit package may not be fully used, the government should consider using these funds for this purpose.

It is also pertinent to point out, on International Women’s Day, that changes in the dairy industry will present a particular challenge for rural women. Rural women are renowned for their resilience and for the unpaid contribution they have made over many decades to rural communities and rural families. It is often an unacknowledged contribution and I take this opportunity to recognise it. In the case of change in the dairy industry, the resilience and capacity of women to deal with tough change will be critical in ensuring that families and communities can move forward. I had the pleasure this morning of meeting with the Australian Women in Agriculture group, a group of ambitious rural women who are striving to ensure that the contribution of women is recognised and that women receive greater representation on regional bodies and boards. It will be interesting to see whether the National Farmers Federation, as just one example, improves the representation of women in key positions and on their board. But it is more than simply positions on board; it is about recognising the true contributions of the past and present, and the potential contribution of rural women in the years ahead.

What about the Howard government’s approach to regional Australia? It is not one that will take much time to talk about, but I will spend a little bit of time touching on it. It is notorious in regional Australia for ignoring the effects of its policies on local communities. This is a deep-seated problem that reflects the dilemma that a Liberal-National Party coalition will always face. The problem is that most regional coalition MPs actually care about their local communities, but they are treated with contempt by the coalition government. The problem is that the person who holds the purse strings does not give two hoots about regional Australia—

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**Mr McArthur—** That’s not right. What do you mean?

**Mr Martin Ferguson—** as the member for Corangamite willingly acknowledges. It is little wonder, because we have a Deputy Prime Minister in cabinet who does not have much clout. We have a Treasurer who delights in running the rule over his proposals and making sure that as little as possible is given to regional Australia, even going to the point of suggesting, for example, that nurses, police officers, doctors, child-care workers and teachers ought to have their wages cut for being willing to work in regional Australia and to serve and assist regional Australians in meeting their needs and aspirations in what the Rural Women in Agriculture told me today has been an absolute priority—education and training.

I suggest that in the end, as usual, even though they like to talk about the needs and aspirations of their local regional and rural communities, when the hands go up they will be there like lap-dogs supporting the views of the cabinet, which has no consideration for or understanding of the needs of regional Australia. There is a need for someone to actually stand up and fight for the needs of rural and regional Australia. The Howard government are not prepared to do that. Prior to the 1996 election they actually made a lot of promises saying they were committed to rural Australia and the needs of industries such as the dairy industry. But very early on they sent a message to those communities and to the nation at large, ‘Well, hard luck, mate. We don’t care much about you. We are going to abolish the Office of Regional Development.’ People still remember the way it was done. Feeling safe with a comfortable majority in the parliament, what did the Howard government so proudly declare? They said, as the member for Corangamite reminds me from time to time, that there is no role for our national government in regional Australia. How things change. We even had the member for Corangamite today standing up and making a speech about the needs of his regional electorate. I think he might have done an opinion poll, have actu-
ally done a bit of polling that shows that perhaps he is a little bit on the nose yet again.

I actually believe that we need a government with a big heart that is prepared to fight for the needs of rural and regional Australia. I know that at the agriculture ministers meeting of 3 March this year the federal government backed down to pressure from the federal opposition and state governments. They at long last accepted the need for a high level task force to examine the regional impact of dairy deregulation and to make recommendations to the ministers at the August meeting. We have finally got a breakthrough, but it should have been done a lot earlier. The legislation was introduced early last year and approval was given in the second half of last year, and they finally accepted that the Labor opposition and a combination of state governments were right, that we had to look at the regional impact of dairy deregulation. The question is: why wasn’t the regional impact part of the analysis all along? The answer is simple: because this is not the way the Howard government do things. They do whatever their obsession with free markets tells them, and only after that, and after the political backlash, do they think about regional impacts. Rural and regional Australia has had enough of poll driven afterthoughts of the Howard government.

Mr CAUSLEY (Page) (12.47 p.m.)—It is a pleasure to participate in this debate on the dairy industry bills, and maybe I can be a little more relevant than the member for Batman. The member for Batman forgets that most of the legislation we are living with at the present time was introduced by the Labor Party in government, yet they have the audacity to come into this House and start to talk about the effects of it.

Mr Zahra—So Jewel supermarkets have triggered this $1.7 billion package.

Mr CAUSLEY—The member for McMillan was not even born in those days. He comes in here and tries to make a lot of noise, but empty vessels usually make a lot of noise. The fact is that the dairy marketing scheme was put in place to alleviate these problems. Yes, I acknowledge that Minister Kerin and Minister Crean were part of that dairy marketing scheme.

These bills before the parliament today are before the parliament at the request of the dairy industry. The dairy industry came to the government and requested some help in the deregulation of the industry which was being forced by the Victorian industry. The Victorian industry had made it very clear that they were not interested in continuing with the dairy marketing scheme because they believed that it was inhibiting their ability to compete on the world market because of the New Zealand situation and therefore they wanted to deregulate the market and be more competitive, so they believed. I know that the Australian Dairy Industry Corporation laboured long over this particular issue but came to the government and asked for some support in the transition period in the dairy industry. So we must get it in context that what is being put before the parliament at the present time is at the request of the dairy industry.

Having said that, there is no doubt that there will be some changes in the dairy industry. Not everyone in the dairy industry is satisfied with the outcomes. They know that there will be some significant changes and some significant effects. One of the things that probably worries me the most is the ability of the producers to get a fair share of
the value of the milk that they are going to produce. It was said clearly at last year’s ABARE conference by Woolworths in particular that they were not getting a big enough mark-up on the whole milk that they were selling through their supermarkets and they wanted a bigger share. It was made very clear to me by some of the manufacturers that they wanted a bigger share. So one of the real issues in this is not so much the deregulation of the industry but how you protect the producers and make sure they get a fair price for the milk that they produce.

It is one of those balancing acts, I suppose, because you cannot protect an industry that is inefficient. I do not believe this industry is inefficient, but you cannot continue to be efficient unless you have competition which will ensure that. Of course, there will be lumpy areas within which you will have some effects. We have in Australia—and it is often quoted—the tyranny of distance. You will find that some sections of the industry will be affected more than other sections of the industry. That is something that the government and others have to come to terms with.

Competition policy was introduced by the previous Labor government, I believe, without thinking exactly what the full effects of it were going to be. Undoubtedly, when you start to run across it the test of benefit to the consumer, in many instances that benefit cannot be shown. Something in this particular area that worries me is that, if you run the test across it as to whether this policy will give a benefit to the consumer, it is very hard to see where the consumer is going to get that benefit. On the other side, it is very easy to see where the producer can be disadvantaged.

As I said, there are many sections of the industry at the present time that are very apprehensive about this situation. I know that the issues involved have been debated long and loud within the industry. I happen to disagree with some of the conclusions that have been reached. Nevertheless, the industry have debated this and have come to their conclusions. They have had meetings in all states to vote whether or not they should deregulate and the industry have voted to deregulate. We do have to get this in perspective. The fact is that this is not being pushed by the government. This is not government policy. This is an effort by the government to try to help the industry in that transition, which will inevitably see a different industry, probably a more competitive and more efficient industry, into the future.

I hope that the package that is being facilitated by the government will help people in the industry to exit if they need to. I think some will. Even the industry itself estimates that probably 30 per cent of producers will exit the industry. I hope it allows other sections of the industry to build up their productive capacity so that they are efficient. I hope also that the Trade Practices Act is enforced in such a way that there is no cross-subsidisation of product where some manufacturers might try to dominate market share and that would in the long term be detrimental to the interests of the consumers. These are all areas which I believe are very important and have to be watched very closely.

My electorate of Page on the North Coast of New South Wales is centred on Lismore and Grafton. I have grave concerns for the industry in that area, although I suppose it is an advantage that we are close to Brisbane. It is not one of the bigger metropolitan areas in Australia, but we are close to Brisbane. Once you go into a totally deregulated market, the scale of production is extremely important to remain competitive. These are the areas that worry some of us. I know that, with a dairy industry in his electorate, the member for Kennedy has the same concerns. If you do not have economies of scale, then you cannot compete with some of the bigger producers. When I say economies of scale, if 30 per cent of the producers in my area do decide to exit, I worry about the ability of the manufacturing base in my area to compete with larger competitors. That is why I say that the Trade Practices Act needs to be strictly enforced.

If there is a cost of transport from one state to another—for this particular argument, let us say from Victoria because they are the biggest producers—if there is a cost of transport to the Sydney market or to the
Brisbane market, then that cannot be subsi-
dised by other areas of their manufacturing
base. As far as I am concerned, that is
predatory pricing and a deliberate attempt to
try to obtain a monopoly in the marketplace.
I make that point very clearly and hope that
the trade practices people involved will en-
sure that that does not happen. The effects of
the economies of scale that I was talking
about earlier are not as sharp as if there were
some cross-subsidisation in the marketplace.
The dairy industry is very important in my
electorate, the manufacturing base is very
important in my electorate—there is a very
big employment base there—and that is why
I am concerned to ensure that the changes
will not be manipulated by those who are
more powerful in the marketplace.

There is no doubt, whether you live in
Victoria, Queensland or, to a lesser extent
probably, South Australia or New South
Wales, that there is going to be some pain
involved in this transition. As I said earlier—
as did some of the comments put forward by
the member for Batman, who rarely touched
on the bill and was more interested in play-
ing politics on the issue—it is extremely im-
portant that we work very carefully through
this issue to ensure that the participants in
the industry get a fair return for the efforts
that they put in.

I believe that the government has reacted
to the industry’s concerns. There is no doubt
there was pressure and that some sections of
the industry are not happy with this and
some states are not happy with it. They
would prefer to see the quota systems and
the regulated markets maintained. I doubt
very much in my mind whether the state
governments have been genuine in some of
these negotiations. I have always believed,
and have believed since I was a minister in
New South Wales, that quota is a property
right, that governments should give undertakings that people be given guaranteed ac-
tccess to a market and that they should be able
to buy and sell that access on the open mar-
tet for substantial prices. I believe that is a
property right.

I do not believe that the state governments
are being responsible. In the past, I believe
that Victoria has been bought out, but cer-
tainly in relation to New South Wales,
Queensland and Western Australia I do not
believe that state governments have been
genuine in addressing the value of quota.
They have just confiscated a property right
that has rightly been bought with good value
by the producers and given them no comfort
whateoever in saying that there could be
some value in that. I believe that the indus-
tries need to have a closer look at that. They
need to get some very good legal advice be-
cause, in my opinion, they have a case
against the state governments that I have
mentioned to get some compensation for the
quota for which they paid very good money
and for which, in this particular instance,
they are receiving no compensation.

If anyone has any doubts about that—and
I am sure the member for Corangamite
would well know and anyone from Sydney
would well know this—in my opinion, there
is no difference between the property right
involved in a milk quota and the property
right involved in a taxi licence in either Syd-
ney or Melbourne. I would like the Victorian
government or the New South Wales gov-
ernment to put forward a proposal to de-
regulate the taxi industry without giving
compensation to the taxi owners. If they did
that, they would have riots in the streets. The
governments are making no effort to recog-
nise the money that people have outlaid in
this quotas.

There is more to this. It is not just the re-
sponsibility of the federal government to
react to what the industry is asking—the fed-
eral government had to be involved because
it was a cross-state issue—but I do not be-
lieve that the state governments, and I target
in particular the New South Wales govern-
ment, have done anything to try to compen-
sate dairy farmers for the severe loss that
they will incur. I think that the state govern-
ment needs to be reminded of that. I dare say
that that is a matter for the state oppositions
to remind them of.

The dairy industry is a vital industry to
Australia. Undoubtedly, during the era of the
dairy marketing scheme, other states, par-
cularly Victoria, accessed many world
markets. I hope that the changes that are now
taking effect will ensure that the dairy in-
Industry can remain competitive on the world market in the future. No doubt they will need to remain competitive in the world market. I believe that a myth that has been generated from Victoria is that they can look across the border at the market milk in Sydney as some market in which they can gain some ascendancy and get a good return. I have always believed that not to be the case. I do not think that any farmer in New South Wales would allow someone to come into the market and underprice them. The reality is that, no matter what the price of the milk is from the other states, it will be met by the state into which the milk might be coming. The only real effect will be that the price of milk will come down for the producer. As I said earlier, there is no indication from either the supermarkets or the manufacturers that the price is going to come down to the consumer.

Another myth is that the repayment of this loan will be paid by the consumer. Already we are seeing prices being promulgated, which will result in huge reductions in the return that the producer is going to receive. I put it to members that a smoke and mirrors trick is being played. While the manufacturers are agreeing to collect this particular amount to repay the loans, in reality the price to the producer is going to reduce in such a way that they will be the ones who are going to be paying the loan repayments. I think that that is something that producers will come to terms with. They will not be very happy, but they will start to understand it as it progresses.

In many ways, producers will get an opportunity because there will be some cash flow to them to allow them to adjust. Some will exit the industry. In the long term, this package is really a loan from the federal government, or a guarantee to allow the industry to raise the money which, in the long term, will be paid back by the industry with interest.

As I said in my opening remarks, the federal government has given everything that the dairy industry has asked for. Everything that the elected members of the dairy industry have come to the federal government and asked for, they have received. So the Labor Party should not be allowed to lay the blame for this on the coalition government. The coalition government have been willing and, in every way, they have acceded to the requests of the dairy industry. I dare say that it was not an easy decision by the dairy industry hierarchy to come to that conclusion, but what they asked for, they received from the federal government. I hope that the package will help producers in particular to become more efficient and become more competitive in the world market and have a long-term future.

Mr ZAHRA (McMillan) (1.07 p.m.)—I welcome the opportunity to speak in this debate and I support the remarks that have been made by the shadow minister for agriculture, the honourable member for Corio. At the outset, I say that there is opportunity in the dairy industry, but there is a tragedy in this legislation, and that is lost opportunity. We are talking about a package worth $1.74 billion. In Gippsland alone, the amount of money that is going to go from this package to dairy farmers is estimated to be about $224 million. Therefore, we are talking about an enormous amount of money and an enormous opportunity to do things with that money. I think we could have achieved so much more.

It seems to me that somehow we lose our collective memories in this place and in other parliaments. It seems to me that people forget about other industries that have been given large compensation packages or have been paid large amounts of money.

I can think of a recent example in my constituency. Only about nine or 10 years ago, the State Electricity Commission of Victoria paid out in the order of $600 million to retrenched SECV power industry workers. That is an enormous amount of money—a stack of money. Yet have a look at what the Latrobe Valley is today, even though so many individuals in that community were given fairly large packages by the state government at the time. The unemployment rate in the Latrobe Valley remains at around 17 per cent, and in Moe and Morwell the unemployment rate is in the order of 18.5 per cent or 19 per cent. This is in spite of the fact that so much of that money has gone into the Latrobe Valley community. All of that money
went into individual compensation for those people who were losing their jobs in the power industry. Yet our community in the Latrobe Valley is no better off. In fact, it is far worse off for that money being paid as compensation to those people who lost their jobs.

It seems to me that we have wasted an opportunity to allow for some of that $1.74 billion which is going as compensation to the industry to be put into localised development funds. To me that would have been a good idea. When I speak to people in the industry and local dairy farmers, they say the same thing to me privately. Very clearly, the government has insisted on the money going directly to farmers, with none of it going to local development funds that will ensure the success of those rural communities which depend on the dairy industry for their livelihoods. Unfortunately, this has all been about more for supermarkets. Unfortunately, dairy deregulation will mean higher milk prices for consumers. It was interesting to hear the comments made by the honourable member for Page that everything which the industry has asked for it has got. That might be all well and good—I do not begrudge any farmer a cent, because everyone accepts that they work very hard—but honourable members should think about that comment: everything the industry has asked for it has got. It is as though everyone in this parliament should be thankful that everything that the industry has asked for it has got.

Perhaps I need to remind some honourable members opposite that their duty and responsibility are not to the industry and making sure that it gets absolutely everything it wants; they are to those people in the rural communities who depend on the dairy industry for their livelihoods. Who on the other side has been going in to bat for them? Who has been going in to bat for those rural communities that depend on the dairy industry for their livelihoods. Who on the other side has been going in to bat for them? Who has been going in to bat for those rural communities that depend on the dairy industry for their livelihoods. Who on the other side has been going in to bat for them? Who has been going in to bat for those rural communities that depend on the dairy industry and saying, ‘Why don’t we make sure that some of this $1.74 billion goes to the communities, not into the pockets of the farmers?’ Absolutely no-one! There is stunned silence from the other side. They may well see themselves as the champions of the dairy industry and the international corporations that stand to make heaps of money out of this type of legislation, but they are wrong. They should be the champions of those people who will struggle in their electorates as a result of some of the provisions in this legislation and, more accurately, the people who will struggle in their communities because this legislation does not specifically direct assistance to the rural communities that stand to be most directly affected.

The areas in my constituency that stand to be affected include Drouin, Neerim South, Yarragon, Trafalgar and Warragul—all of the places that depend heavily on the dairy
industry. I do not think people understand just how profound an impact this package of legislation stands to have on these areas. I visit every retail small business in my constituency every six months or so. We have had bad seasons in West Gippsland, in particular, which have affected the farmers there for the past two or three years. Unprompted, whenever we ask small businesspeople in those towns how things are going, the response on 90 per cent of occasions is: ‘Not so good because of the drought.’ There is a very clear cause and effect. When the dairy industry is struggling in those communities, everyone struggles. This is the point. When we are talking about legislation which stands to drive a considerable number of people out of the industry, we should be sensitive to the needs of the Warraguls, Drouins, Neerim Souths, Yarragons and Trafalgars. We should be making sure that the legislation and the package itself can provide some sort of assistance directly to those communities that are going to be affected most directly.

I think there is a lot of ignorance around this place as to how important the dairy industry is in areas such as West Gippsland. It seems clear that people have not considered, either, the likely impact in terms of the make-up of the industry that this package and deregulation are going to have. The people who are carrying the most debt in the dairy industry, at least in my electorate, are the younger dairy farmers who have invested heavily and are heavily geared. These are the people who were encouraged by the industry years ago to get bigger, spend money and do all of those things which the industry was forecasting would be required for a successful business in the industry. However, it would be fair to say that things went a bit bad—and that is a bit of an understatement.

West Gippsland experienced two or three very bad seasons and people had to pay for things which they had no idea originally that they would have to pay for. Obviously, their debt levels increased during that period. These are the people who are most going to be attracted by the opportunity to leave the industry. These are the people who stand to be most easily enticed by this package and the opportunities it provides to get out. These people are in their 20s or 30s and, in many cases, they have gone to university. In short, these are the people who are going to provide a future for the industry. Indirectly, this package of legislation is most likely going to drive more of those people out than the older farmers who have been associated with the industry for a very long time.

It is regrettable to note that there are no specific provisions within the legislation for ensuring a high income, highly skilled future for people in the dairy industry. That is what I want to see in the dairy industry—a high wage, highly skilled future. It seems to me that all of the pronouncements from the government side about regional areas and rural communities have talked about, as the Treasurer himself has mentioned, the need to lower wages and break down job security. That is not the future which I see for regional areas. That is not the future which people living in those communities wish to see for the areas in which they live.

I would have thought that, with a package of this size—$1.7 billion—firstly, there would have been scope to have allocated a sum of money to localised development funds and, secondly, there would have been enough money for a fair dinkum industry retraining and development plan. I would not have thought this was too unreasonable given the amount of money that we are talking about. There still would have been plenty of money left to have compensated farmers for the loss that they would have felt as a result of deregulation.

It is not a huge, irresponsible ask which I am suggesting that the federal government should have made. All I am asking for is leadership, and this is the clear role of government. It is not to come into this House and trumpet how it has delivered 100 per cent of everything which the dairy industry—the companies—have asked for; it is to come into this House and say that it has done what is right as far as public policy goes for those people in those electorates who stand to be most profoundly affected by this type of legislation. I think that those people who think that they have the role of being the champion for the industry as opposed to those rural communities need to get out the
full-length mirror and have a long, hard look at themselves.

I know that many other people have made comment with regards to the future of this industry in contributing to the debate. In the time remaining, I would like to offer my view of what I see as the future for the industry. In Gippsland we are blessed with one of the finest dairying regions not just in Australia but probably the world. In order to achieve our potential, we really need that leadership from government to enable us to fulfil those objectives which so many people locally have been striving to achieve for so many years. In my electorate I have quite a few outstanding employers: the Tarago River Cheese Factory in Neerim South, which until six months ago employed only 23 people but is now exporting into Asia and employs 45 people; a newly established company in a little district called Rokeby, which is the Pi-

ano Hill Farm Cheese Company; and Na-

tional Foods, the yoghurt company in Mor-

well, which employs more than 200 people. We also have the Darnum park development in Bonlac, which is one of the most advanced manufacturing plants probably in Australia, if not the Southern Hemisphere; and, of course, we have the Drouin butter factory. So in my electorate we are blessed with having many important dairy industry employers.

My vision for the dairy industry is that we have more manufacturing, more of the new manufacturing which so many of us hold dear as being able to provide the opportunities for people living in rural areas to have a high skill, high wage future. That is the vision which I have for my district. That is the vision which I have for the dairy industry in my area. It seems a shame to me that, in all of the offerings, in all of the suggestions which have been made by government members in this debate, not one person has made a contribution in regard to what their vision for the industry is going to be, what their vision as far as manufacturing in the industry is going to be. Not one person from the government side has made any contribution along those lines. They have been pretty quick in coming in here and getting all hairy chested saying, ‘We have delivered 100 per cent of what the dairy industry and what the large corporations have asked of us.’ Well, hip, hip, hooray for them, but it is cold com-

fort for those people living in those rural ar-

eas who want a future. They want jobs; they want the jobs in the new manufacturing indus-

tries which the dairy industry supports. It is my own belief that that is exactly the type of development which we need to ensure they get.

When we talk about these regional areas, it is important to talk about them not just as areas in which there are farmers, not just as areas in which there are dairy industry manu-

facturing plants but as genuine communities—communities in which there are secondary colleges and communities in which there are primary schools, kindergartens, local retailers and shops which have been built up to service this sector. We are not talking just about farmers. This seems to me to be the fundamental stumbling block which government members have in considering the impact of this legislation. They are all getting excited about how this package de-

livers X number of dollars into the pockets of farmers, but none of it is guaranteed to go back into the community. This is exactly the point. There are going to be people who will exit the industry, and that money is going to be gone in many cases from that community directly. They will just up and leave. That is why it is called the dairy exit program—they will up and leave and take the money with them. So no percentage of that money is going to be left in the community to be used as an incentive to get some of the new develop-

ment into that area which is going to en-

sure jobs and opportunities into the future.

So often we hear just about the farmers in those communities. The farmers understand the important role which they play in the community, but they are not everything. They are not everything in places such as Neerim South. They are not everything in places such as Yarragon. They are not ever-

thing in places such as Warragul, Drouin and Trafalgar. They are very far from that and they understand the role which they have as one part of that broader community. We need to ensure that, when this restructure takes place, important institutions in those local areas, such as the Neerim District Sec-
ondary College, do not lose so many students that they have to close. We must make sure that institutions such as the Yarragon Primary School are not forced to close because they do not get enough students. We must ensure that institutions such as local kindergartens and child-care centres are not decimated because of young families leaving the area—and I have indicated already that I think it is mostly young people who will be exiting the industry. We need to ensure that when those people do leave, they do not have such a detrimental effect on those communities that those valuable institutions will be forced to close. I hope that that does not happen. But I should not be made to hope in this the federal parliament of Australia. Specific provisions should be contained within this package of legislation to ensure that measures are put in place to ensure that enough jobs are able to be sustained in those communities. That will ensure that none of those institutions are put at risk.

In Neerim South, for example, there is a magnificent institution called the Neerim District Soldiers Memorial Hospital, which is one of the last bush nursing hospitals in Victoria. Every year the community fundraises with a great deal of willingness on their part to ensure the survival of that institution. If the dairy industry package means that they have half as many farmers and no specific provisions are put in place to ensure that new industries are attracted to that area which will keep the money in the town, then what is going to happen every time they fundraise? They are probably going to get one-third or one-half less out of the community. There is only so much blood you can get from a stone. There is only so much you can squeeze from these people. This is going to be one of the likely impacts of this package of legislation, because no specific provisions have been put in place to ensure that there will be enough of the new manufacturing jobs in industry in those towns which will ensure that there is enough income in the town to ensure that that level of support for local institutions is maintained.

I conclude my remarks by saying that there is opportunity in this legislation, but it is heavy with tragedy, heavy with lost opportunities. If only we had some leadership in this nation. If only we had the leadership which would ensure that Yarragon, Trafalgar, Neerim South, Drouin and Warragul were definitely going to have a future in the new dairy industry which we will see in years to come. (Time expired)

Mr PROSSER (Forrest) (1.27 p.m.)—I rise to speak about the package of dairy industry adjustment bills. Specifically they are the Dairy Industry Adjustment Bill 2000, Dairy Adjustment Levy (Excise) Bill 2000, Dairy Adjustment Levy (Customs) Bill 2000 and the Dairy Adjustment Levy (General) Bill 2000. When the Australian Dairy Industry Council approached the Commonwealth in April of 1999 with the proposal for an adjustment package for dairy producers in the event of all states and territories agreeing to remove the farm gate pricing arrangements from 1 July 2000, the government responded to the proposal by announcing the structural adjustment package on 28 September 1999. The Commonwealth has no role in making decisions on individual state regulatory arrangements. However, at a meeting of all agricultural ministers on 3 March, all states announced their unanimous decision to deregulate. Given this, the government decided that it was imperative that the dairy farmers be given assistance to meet the new demands that the new market arrangements would bring.

In developing the adjustment package, the government consulted widely with farm organisations and has designed a package that meets the majority of farmers’ needs, whether they choose to stay in agriculture or exit the industry. The process of change for the dairy industry is certainly nothing new. Overall, the dairy industry is the fourth largest exporter of Australian agricultural production and accounts for a greater value of production than the wool industry. Dairy farmers have seen their incomes increase markedly in real terms. With this, local business profitability and employment have also increased.

These bills will provide, subject to full deregulation of the individual dairy industries by the states, for a dairy industry adjustment package with a total cost of $1.74 billion.
The package objectives, apart from cushioning producers from any immediate financial effects, are, firstly, to assist farmers to cope with any immediate fall in returns which will accompany total deregulation; secondly, to minimise the risk of more farmers than necessary exiting the industry; and, thirdly, to give farmers the choice of remaining in the industry and becoming more efficient or exiting the industry. The package gives dairy farmers some breathing space to re-examine their businesses and determine whether they are economically sustainable in the longer term.

The package allows for two streams of payments, that is, structural and exit payments. The package will ensure that dairy farmers operating on the margin, which will make it impossible for them to compete with deregulated farm gate prices, may leave the industry with dignity. It will also lessen any impact on the shires or regional communities with a major dairy farming industry in their area. In 1998-99, milk intake by processors in Western Australia was 406 million litres, a five per cent increase on last year and a value of some $160 million at the farm gate. Needless to say, it was one of the highest value adding to rural industries in my state.

About 40 per cent of the state’s milk is sold as market or white milk. The remainder is sold as manufacturing milk for purposes such as flavoured milk, UHT milk, cheese, butter, milk powders, ice-cream, yoghurt and dairy desserts. Some 20 per cent of the state’s milk is used for export products.

The WA dairy industry is situated predominantly in my electorate in the south-west of WA. Dairy farming mainly occurs within a 50-kilometre radius of the coast and stretches from Perth to Albany. There are some 440 dairy farmers and 72,000 dairy cows, making the average herd size in Western Australia some 164 cows. The average yield per cow is 5,375 litres. Production has increased significantly in the past two years—about 10 per cent—compared with national growth of about four per cent. Production has continued to increase. An average of 880,000 litres of milk per farm is now the highest in Australia. I outline this because, even though WA comprises only four per cent of the national dairy market, the dairy industry is an important industry in Western Australian communities and it demonstrates what a huge issue this is for dairy farmers in my electorate.

Structural adjustment payments to eligible dairy farmers will commence in 2000-01 based on deliveries of manufacturing and market milk in the year 1998-99. Calculations of entitlements will be at the rate of 46.23c per litre for market milk. Entitlements for producers of manufacturing milk will be on the basis of fat and protein content, with 8.96c per litre being the national average. Payments will be available in quarterly instalments over eight years. This should ensure that any impact on regions is cushioned.

To be eligible for a payment, farmers must have had an interest in an eligible dairy farm enterprise on 28 September 1999, the date of the Commonwealth announcement of the availability of this package. All producers, with the exception of those who exit between 28 September 1999 and 30 June 2000, will be required to have certified by an appropriate professional a farm business assessment undertaken by a producer before payments will be allocated.

Dairy farms which have share farming or lease arrangement payments will be shared according to statutory criteria and will be based on the individual share of income from milk deliveries by agreements in place on 28 September 1999 and some capital contributions where they relate to ownership of the farm, quota and/or livestock. I am pleased to note that an amendment to be tabled later today will ensure that dairy farmers in partnership will not miss out on the maximum entitlement. An additional section to clause 13 will be added which will provide that, in the case of partnerships, joint ownership or livestock will count towards determining an individual’s essential capital contribution in relation to livestock.

Some farmers in the dairy industry in 1998-99 and today may not meet the criteria for entitlements. There will be an anomalous payment to cover these circumstances. This may include, for instance, farmers who have sold one farm and were in the process of buying another on that particular date.
Clearly, they would still have been in the industry. Farm business assessments are intended to ensure that farmers are fully aware of the implications of the changed market circumstances for their business. Farmers can make their own choices on how they utilise the farm business assessment, as the main objective is to raise farmer awareness about the future market change and the impact on their farms. The assessment will maintain confidentiality between the farmer and the relevant professional who will verify that the report has been produced. The DAA will not sight or examine assessments, but may require a random audit to ensure the legislation is being complied with. Another alternative to receiving a structural adjustment payment would be that eligible farmers might choose to exit the industry and obtain the exit payment of up to $45,000 tax free. The exit program will be available for the first two years of the adjustment program. This will ensure that farmers have some time to consider and weigh up the merits of this very important decision. Farmers who initially choose to restructure can switch their choice to exit within a two-year time frame. Any restructure payments received will be netted from their exit payment. The eligibility criteria from the exit payment will be the same as that which applies to the Farm Family Restart scheme. Assessment of applications of the exit program will also be undertaken by Centrelink, which has considerable experience in this area.

The bills provide for the establishment of the Dairy Adjustment Authority, which will be responsible for the Dairy Industry Adjustment Program. The DAA will be supported by a secretariat provided on a cost recovery basis by the Australian Dairy Corporation. The DAA, even though supported by the ADC, will, importantly, maintain its independence from both the ADC and the Commonwealth. The DAA will specifically have control of and the duty to develop a database of entitlements under the dairy structural adjustment package, assess applications under the dairy structural adjustment package, establish and maintain a register of entitlements, resolve disputes concerning entitlements, review arrangements, and account to the Minister for Agriculture, Fisheries and Forestry on the performance of its functions.

The dairy adjustment levy is provided for by the three tax imposition bills I mentioned, that is, the Dairy Adjustment Levy (Excise) Bill 2000, the Dairy Adjustment Levy (Customs) Bill 2000 and the Dairy Adjustment Levy (General) Bill 2000. It has been done in three bills to take into account section 55 of the Constitution, which of course provides that taxation bills should relate to one subject only and that customs and excise bills deal only with those issues. The levy will apply from the first working day after 8 July 2000. The one-week delay is designed to lessen the transitional difficulties associated with the holding of stocks and processing of milk sourced at regulated prices. It is expected that the levy will run for some eight years.

I stated earlier that the establishment and provision of the DAA is on a cost recoverable basis. The package allows for the cost of any borrowing required to pay entitlements and for the administrative costs to be met from levy receipts. The Australian Competition and Consumer Commission will also recover costs of monitoring retail price activity. Any unused amounts will be used to shorten the duration of the levy and the levy will cease once all payments are made and all costs are met. The levy collection process is an efficient way of doing it and one that I believe has the support of the dairy industry. The levy will apply equally to all liquid milk products comprising whole milk, modified milk, UHT milk and flavoured milk. Sales of imported milk will also be covered by the levy as a levy is a tax on use.

It should also be remembered that demand for milk is very inelastic, and even though the 11c levy is not expected to increase the price itself, any corresponding increase in price due to market factors or different costs between regions should have very little or no effect on the demand for milk products generally. The levy is to be imposed on the retail point in the supply chain to ensure that there is no passing back of levy costs. Collection by producers on behalf of the Commonwealth will simplify matters and reduce the burden of compliance. The levy will be remitted to the Commonwealth on the same
day that processors remit other various dairy levies, that is, it will be on the 28th day of each month. The bills also provide for small collection agents and levy payers when compliance costs associated with levy collection would be high when compared with the levy raised. These processors will only need to remit on the 28th day of the month after the end of the financial year.

Unfortunately, I have a group of 80 to 85 farmers in my electorate in Capel who fall out of the dairy deregulation package whose difficulties I would like to bring to the attention of the House. The Peters/Brownes and National Food companies have been buying milk indirectly from some 80 to 85 dairy farmers where it is sold to George Weston Foods at their Capel processing plant. The milk had been sold by the Capel farmers in the expectation that it was to be used for manufacturing purposes. They received the manufacturing price for that milk that was delivered. The milk was an excellent quality product and, in fact, some of the milk had been on-sold and used by Peters/Brownes and National Foods to make flavoured milk products.

As members would be aware, milk used for flavoured products is valued more highly than milk used for manufacturing purposes, such as for cheese and butter. I am given to understand that George Weston Foods paid their fair share of the DMS levy on the basis that this milk was to be used for lower value and, therefore, lower DMS-rated manufactured milk products. It seems only fair that the farmers who produce milk that was bought by George Weston Foods and then on-sold to Peters/Brownes and National Foods for flavoured milk use should receive their share of the restructuring package on the end use of that milk. Industry advice indicates that the sum of money involved is between $3.25 million and $3.5 million. That is the equivalent of $40,000 to $45,000 for each of the affected 80 to 85 dairy farmers, and that is a lot of money to the bottom line of any dairy farmer. In hindsight, it was unfortunate that WA consigned flavoured milk to the manufacturing milk market, particularly given that the DMS is the mechanism being used to calculate industry restructuring payments. Currently, the smaller farmers contracted by Peters/Brownes and National Foods will be given a windfall at the expense of the 80 to 85 dairy farmers who are supplying the Capel dairy. It is a quirk of history that has caused this situation and one that cannot be fixed without unravelling this vital package. Since 1987, Western Australia has been making modifications of a deregulatory nature to its supply management arrangements and inevitably down the track — on the balance of probabilities — they would have been fully deregulated.

WA deregulated post-farm gate in 1995, following substantial regulatory changes in the preceding eight years. It would be fairly safe to say that not all WA dairy farmers are in support of deregulation. However, the decision of the Victorian industry has to a large degree taken matters out of the Western Australian government’s and industry’s hands. As a Senate committee report found — and my experience broadly has been — even though the farmers may not like deregulation, many saw it as inevitable and even more supported the dairy industry package on that understanding. ABARE has estimated that the largest fall in dairy farm incomes will occur in Western Australia and New South Wales where there is a greater production of market milk. Hence, the largest payments per farm under the dairy industry adjustment package will go to the producers in Western Australia and New South Wales. The dairy industry is well used to change and challenges. I know that when the industry has had the time to restructure it will be a more vibrant, innovative and successful industry than it has ever been before.

The United Dairyfarmers of Victoria President, Max Fehring, said recently:

People’s livelihoods are at stake here and I am sure that nobody wants to see payment of the package delayed because of politics. That is essentially what the Labor Party are doing by moving their amendments. It was the Victorian Labor government that pushed the issue of dairy deregulation and ensured that we are here today discussing this particular package. It is shameful that the Labor Party say that they disagree with the deregulation. What is their response? They hinder
the very package that will assist the farmers involved in this deregulation. No-one in this government agitated for dairy deregulation. It was a set of circumstances forced on us by the state of Victoria. However, I know that by passing this package, we are doing the responsible thing in assisting farmers to adjust.

Mr MURPHY (Lowe) (1.47 p.m.)—I rise to support the four dairy bills before this House and additionally support the shadow minister for agriculture, fisheries and forestry, the honourable Gavan O’Connor, in his motion for a second reading amendment in the House as tabled. For the benefit of the member for Grayndler, Anthony Albanese, and also the member for Corangamite, Stewart McArthur, I point out that I feel impeccably credentialled to speak to these bills. As a boy who was born and bred in rural New South Wales in a little country town called Dunedoo, I am acutely aware of the impact of these bills on rural communities, and I will deal with some of those issues in my speech.

I would like to start by specifically drawing the attention of the House to clauses 4 and 11 of the honourable shadow minister’s second reading amendment. They are worth citing in full:

(4) Imposing a new tax on milk;

(11) Failing to develop an adequate mechanism to ensure that consumers benefit from any fall in the price farmers receive for milk, in the face of price increases that have accompanied the removal of state based regulatory arrangements in the past.

The bills presented before this House reflect on the growing tension between the forces of deregulation on the one hand and basic consumer interests on the other. Deregulation has carried with it general positive connotations based upon a liberal ideology—no pun intended—the paradigm of the free movement of goods, of minimal government intervention, and the doctrine of laissez faire economics. This may have been good practice in the 18th century, but substantial technological developments have resulted in a globalised economy. Deregulation of industry, therefore, has national and international repercussions, as is the case in Australia with these four dairy adjustment bills before us today. It is worth reviewing the contents of these bills briefly before judging them on their likely ultimate impacts.

I turn first to the Dairy Adjustment Levy (Customs) Bill 2000—the customs bill. The customs bill was introduced into this House on 16 February 2000 and is due to commence on 8 July 2000. The customs bill forms part of a package of bills that provide an adjustment program for the deregulation of the Australian dairy industry. The customs bill provides for the imposition of the dairy adjustment levy to the extent that it is a duty of customs. This bill, together with the Dairy Adjustment Levy (General) Bill 2000 and the Dairy Adjustment Levy (Excise) Bill 2000, impose taxation. Three separate bills are required to satisfy section 55 of the Constitution, which in part provides:

Laws imposing taxation, except laws imposing duties of customs or of excise, shall deal with one subject of taxation only; but laws imposing duties of customs shall deal with duties of customs only, and laws imposing duties of excise shall deal with duties of excise only...

Clause 5 of the customs bill imposes formally the levy to be known as the dairy adjustment levy. The levy is only imposed in so far as it is a duty of customs. The rate of the levy is 11c per litre—subclause 6(1). It is to be applied to milk products marketed or for use principally as a beverage for human consumption or an ingredient as a beverage for human consumption or an ingredient for use in making a beverage for human consumption—clause 4. Other milk products, such as powdered milk and milk concentrates, will initially not be subject to a levy. Subclauses 6(2) and 6(3) provide a mechanism for calculating the volume of these products for levy purposes should they become subject to a levy at a later date. The levy can be reduced by regulation—subclause 6(1)(b).

Clause 7 of the customs bill provides that the bill does not impose a tax on property of any kind belonging to a state.

The Dairy Adjustment Levy (Excise) Bill 2000 has essentially the same implications and is also required under the provisions of section 55 of the Constitution and thus requires no further elaboration except to say...
that it, too, will charge 11c excise on milk for consumers. Thus, the customs and excise bills are distinguished from the Dairy Adjustment Levy (General) Bill 2000, which allows the imposition of a dairy adjustment levy to the extent that the levy is neither a duty of excise nor a duty of customs. These three bills are each required to satisfy the provisions of section 55 to which I have referred.

I now turn to the substantive bill, the Dairy Industry Adjustment Bill 2000. The purpose of the bill is to provide an adjustment program for the deregulation of the Australian dairy industry. To facilitate the program, the bill establishes the Dairy Adjustment Authority and the Dairy Structural Adjustment Fund and provides for the collection of the dairy adjustment levy and the payment of grants to eligible dairy producers. The bill gives effect to the government’s decision announced on 28 September 1999 to facilitate a dairy industry structural adjustment program subject to all states agreeing to deregulate their market milk schemes. The Minister for Agriculture, Fisheries and Forestry, the Hon. Warren Truss, said that the package would assist restructure of the industry by helping farmers improve their efficiency and competitiveness after deregulation. The dairy industry is currently supported by two major sets of regulatory arrangements, the Domestic Market Support (DMS) Scheme for manufacturing milk, administered by the Commonwealth, and state regulatory arrangements for market milk. The DMS Scheme is the current manifestation of a long series of federal government schemes providing assistance to manufacturing milk, that is, milk used for butter, cheese, powder and so on. It is funded through two levies, one paid by farmers on all milk sold for fresh consumption and the other paid by dairy product manufacturers on all milk used for dairy products consumed in Australia. These levies are effectively payments from consumers to producers through higher retail prices. Funds from the levies are pooled, and 1998-99 resulted in payments of around 1.6c per litre to dairy farmers supplying manufacturing milk. The scheme results in transfers of industry revenues from the market fresh milk states of New South Wales, Queensland and Western Australia to Victoria, Tasmania and, to a lesser extent, South Australia. In 1998-99 DMS provided net payments of $96 million to the dairy industry of which $85.6 million went to Victoria. With the declining pool of funds from levies and their application to increasing volumes of manufacturing milk, the DMS Scheme now provides only a minimal amount of assistance. It is scheduled for termination on 30 June 2000, as provided for in the legislation which brought it into effect on 1 July 1995. State governments have long regulated the market or fresh milk sector, including pricing, production controls through quotas and pools, distribution arrangements and product quality. A key element has been a pricing structure with a substantial premium to farmers for their market milk.

At the post-farm gate level, all states and territories had deregulated their distribution chain controls on processing, vending and retailing. Decisions by states to remove pricing controls on the distribution chain were generally taken prior to the establishment of the national competition policy and were justified on grounds of efficiency and distribution. Queensland was the last state to remove post-farm gate regulations, which it did on 1 January last year. The current deregulation issue, which arises in part from reviews of dairy marketing arrangements by the states under national competition policy, basically concerns the control of farm gate prices. If controls were removed, the premium for market milk would be eliminated. All states would be affected, but those with a greater dependence on market milk sales for revenue—that is, New South Wales, Queensland and Western Australia—would be affected more than Victoria, Tasmania and South Australia.

The issue of deregulation of the dairy industry has been the subject of debate and inquiry over several years, the most comprehensive inquiry being that of the Senate Rural and Regional Affairs and Transport References Committee undertaken in 1999. That inquiry involved 12 hearings in every state of Australia, attracted 116 written submissions.
and generated 681 pages of transcript of evidence from 99 witnesses. The report of the Senate inquiry, Deregulation of the Australian dairy industry—‘the Senate report’—thoroughly explores all key issues relating to the proposed deregulation of the Australian dairy industry. The principal support for deregulation emanates from Victoria. That state produces almost two-thirds of Australia’s milk and the market is dominated by two cooperatives—Murray Goulburn and Bonlac. Between them, these two cooperatives process over 50 per cent of Australia’s milk. Murray Goulburn and Bonlac are heavily geared towards the export market, and it is the export market exposure which is the main commercial driver behind deregulation. The Victorian government has announced its intention to go ahead with deregulation on 1 July 2000 based on the outcome of the Victorian dairy industry plebiscite held in December 1999. It is a commonly held view in the industry that, if Victoria deregulates, it will become increasingly difficult for the other states to sustain any remaining price and market restrictions due to the competitiveness of Victorian producers, processors and manufacturers.

The national competition policy reviews of state regulatory arrangements undertaken as a result of the competition principles agreement between the Commonwealth and the states have also added impetus to the deregulation push. All reviews from the various states accepted the inevitability of deregulation. However, except for Victoria, they concluded that the timing of full deregulation should be delayed by at least several years. The Australian Dairy Industry Council, the industry’s peak body, is also of the view that deregulation is inevitable and that the primary question is how deregulation should be handled. The ADIC has taken the view that full deregulation should take place from 1 July 2000 to fit in with the sunset of the DMS Scheme, and that the appropriate mechanism for dealing with the dramatic fall in dairy farmers’ income at that date is a restructure package. On 23 April 1999 the ADIC submitted an industry proposal to the Minister for Agriculture, Fisheries and Forestry seeking a national restructure package of $1.25 billion to manage simultaneous orderly removal of the DMS arrangements and market milk regulations on 30 June 2000. It is the ADIC proposal, with expanded compensation and levy requirements, that forms the basis of the government’s proposed restructure packages as set out in the bill.

I now turn to the arguments put by the government in support of deregulation. According to the Senate report, the major arguments advanced in favour of deregulation are that regulations send the wrong market signals and create inappropriate investment strategies at both farm and manufacturing levels; the industry will not keep ahead of the world market while regulation distorts market signals; and regulation slows down the rate of necessary change. Supporters of deregulation also point to the increasing competitiveness of other world producers who are increasingly able to match the cost of production of Australian dairy farmers.

I turn now to the arguments against deregulation. Four reasons were put to the Senate inquiry by the dairy industry in support of the continuation of market milk regulatory arrangements, specifically: ensuring year-round milk supply at stable prices and equity of access to the stable market; provision to producers with countervailing market power vis-a-vis dairy processors and retailers; provision of support or protection for Australian producers against ‘corrupt’ world markets; and provision of support for the regional economic network.

According to the Senate report, the major concerns in relation to deregulation are falling returns to farmers, the loss of control of the industry and the potential for terms to be dictated by the retail and processing sectors, and the lack of any economic efficiency gains to farmers or benefits to consumers. The committee had particular concerns—concerns which I share—about the detrimental consequences of deregulation for individual farmers, their businesses and communities, including an abrupt loss of income by farmers across Australia as farm gate prices drop, a reduction in the value of capital assets, a loss of the value of quota entitlements in some states, the disappearance of countervailing market powers by farmers who will be subject to the force of
be subject to the force of the major processors and retailers, and the social and regional impact of deregulation. Despite these concerns, it is of note that the Senate inquiry accepted the inevitability of deregulation, stating:

... sooner rather than later the market will force deregulation and that a managed outcome with a soft landing is preferable to a commercially driven crash.


Mr SPEAKER—Order! It being 2 p.m., the debate is interrupted in accordance with standing order 101A. The debate may be resumed at a later hour. If the member for Lowe wishes to continue speaking at that time, leave will be extended to him to do so.

**QUESTIONS WITHOUT NOTICE**

**Nursing Homes: Belvedere Park**

Mr BEAZLEY (2.00 p.m.)—My question is to the Minister for Aged Care. Minister, given that you now admit receiving regular update reports from the Aged Care Standards and Accreditation Agency advising you where various investigations are at, will you confirm that the Belvedere Park Nursing Home in Victoria failed an inspection in November last year, including in relation to the monitoring and prevention of infection? Will you also confirm that this nursing home also failed three earlier assessments by your agency, going back to July 1998, in which a total of 23 separate serious risks to residents and staff have been identified? Will you also confirm that the provider of this home has been convicted of stalking one of his employees? Minister, why did you allow residents at this facility to be placed at risk over an 18-month period while you did nothing?

Mrs BRONWYN BISHOP—I might say I told you yesterday the reports I receive are summary reports from the department which give me the activity that the agency is taking in relation to matters. I think you mentioned Belvedere Park?

Mr Beazley—Yes.

Mrs BRONWYN BISHOP—The report that came is that there was serious risk. But this matter is currently in the AAT and the Federal Court and therefore I really cannot comment on the matter.

Mr Beazley—Why didn’t you do anything? Mr Speaker, why did she not do anything for 18 months?

Mr Tuckey—Ever heard of sub judice, you idiot?

Mr SPEAKER—The Minister for Forestry and Conservation!

**Goods and Services Tax: Small Business**

Mr ANDREW THOMSON (2.02 p.m.)—My question is addressed to the Treasurer. Will the Treasurer please advise the House what the government is doing to assist small retailers with the transition to the new tax system?

Mr COSTELLO—I thank the honourable member for Wentworth for his question. I can advise him that today, with the Commissioner for Taxation, I announced a simplified accounting method for people in the food industry. This will be of great assistance for small business, in particular in the food industry, in compliance with GST. Mr Speaker, you will recall that, when the government announced its tax policy, its determination was to have as few exemptions as possible from goods and services tax so as to minimise compliance costs. One of the things about goods and services tax is that the more exemptions you have, the more complex it becomes. In the Senate the government was defeated on its legislation because of Labor intransigence and was forced to compromise with the exemption of food, which would have led to a great deal of complexity in the food retailing industry as people in the food industry would have to distinguish between those items that had GST on them and those which were GST free. As a consequence of that exemption and the complexity which came with it, the government asked the Commissioner of Taxation to look at simplification, and I can announce today that we have a system which has dramatically simplified compliance costs in the food industry.

Opposition members interjecting—

Mr COSTELLO—And it requires no change to the legislation. So isn’t that a wonderful thing. We made sure that in the
legislation there was provision for the guidelines to be put out so that this could be done. May I say this simplification is of course being opposed by the Australian Labor Party, so opposed to GST it wants to keep it and every item of simplification!

Mr Crean interjecting—

Mr SPEAKER—The Deputy Leader of the Opposition!

Mr COSTELLO—The old cocky on the front bench there, the cockatoo with his white frill and his shrill voice—the Deputy Leader of the Opposition—interjects.

Mr SPEAKER—The Treasurer will come to the answer.

Mr COSTELLO—Mr Speaker, can I say what this allows to be done. For example, if you have a hot bread shop, you can adopt a general rule which says that 50 per cent of your sales attract GST and 50 per cent do not. You do not have to itemise between which items GST applies to and which it does not. You can just say at the end of the quarter, ‘Well, we had so much in sales; 50 per cent is taxable and 50 per cent is not.’ If you happen to have a convenience store that does not have takeaway food, you can adopt the business norm approach and just apply GST to 30 per cent of your sales with no need to itemise. There are also other alternatives for small businesses in the food industry. They can do a snapshot of their sales if that will help them more or they can do a stock purchases method. This is dramatic simplification for the food industry. It is done under the legislation which the government put through the House and the Senate. It will be warmly welcomed by small business in food retailing and it is part of simplifying compliance costs for the new tax system which will get Australia into the 21st century.

Nursing Homes: Belvedere Park

Mr BEAZLEY (2.06 p.m.)—My question is to the Minister for Aged Care and it follows the previous one I asked. Minister, it is not our intention to get some understanding of the court case you have proceeding. I ask you again: given that you have received reports from the agency and that these reports go back to July 1998, why is it 18 months under your charge before any action was taken in regard to the Belvedere Park Nursing Home? Haven’t you been asleep at the wheel and negligent?

Mr Ross Cameron—I rise on a point of order, Mr Speaker. It is under standing order 144. That question is identical to the one previously asked. It has been fully answered. We should move to the next question.

Mr SPEAKER—I was going to observe that I thought the latter part of the leader’s question had imputations that were quite unnecessary in the question and ought to be ignored. I invite the minister to respond to the first part of the question.

Mrs BRONWYN BISHOP—I simply repeat the answer I gave before: this matter is currently before the AAT and the Federal Court.

Women: Business

Ms JULIE BISHOP (2.08 p.m.)—My question is addressed to the Minister for Employment, Workplace Relations and Small Business. Would the minister inform the House of the vital role being undertaken by women in Australian businesses? Minister, how will these businesswomen benefit from the government’s reforms? Is the minister aware of alternative policies that may hurt these businesses?

Mr REITH—I thank the member for Curtin for her question. We have seen in recent years a very strong contribution by small business to the Australian economy. That has obvious implications right across the economy, particularly as we have seen small business provide many of the 600,000 jobs that have been created since March 1996. The small business community has provided the bulk of those jobs. The question specifically asked was about the contribution of women to small business. It is very encouraging to see more and more women going into small business, setting up their own enterprises, employing other Australians, investing and building living standards. In fact, we have seen a greater growth of women in business than of men in business in the last few years.

Women have been particularly prominent as employers in education, health and com-
munity services, accommodation, food, retail, cultural and personal service industries. They are also expanding into what have been perhaps more male domains, such as manufacturing. It is good to encourage women into all of these sectors as they are obviously making a strong contribution. They have certainly been innovative and are playing a more important role in driving employment and in growing industry.

The government has a part to play in this. We have been addressing a number of policies to try to improve the environment in which these businesses will be given the opportunity to grow and to prosper. Obviously some of the big ticket items—tax, employment and workplace relations policies—are important, but we have also been busy with things which do not get a lot of public focus, like the Small Business Enterprise Culture Program, but are very practical measures to assist people in business, and in particular with some focus on women in business. The latest program, the Small Business Enterprise Culture Program, will receive $6.4 million over three years. It specifically helps to develop and enhance the business skills of female small business owners and managers by increasing access to skills development, mentoring and information services. For example, I know of one in Far North Queensland that is skilling women in business in the Cook Shire Council. The local member tells me that it has been very well received. It is not a lot of money—$30,000—but it has been directed specifically to help build skills in that area of regional Australia.

To conclude, I think there is a risk to this effort because, if you are running a small business, a lot of people in small business do not take a lot of dollars out for their recurrent expenses. A lot of people in small business put money back into the business because that is their nest egg for the future, and it is growing a business which is terribly important for creating jobs and for creating wealth. One of the greatest disincentives for growing a business has been the capital gains tax system. One of the things this government is determined to do for women and men in small business is to reduce the capital gains tax burden on them. Why work your guts out if, in the end, when you have finished running that business, the tax man says, ‘Thank you for building a business. Now I want to take half of what you’ve earned.’ That is why we are so opposed to the Labor Party’s plan to increase income tax, because that also means an increase in capital gains tax.

The consequence of that would be that, instead of having women out there building businesses, we would have a tax policy from the Labor Party that says, ‘If you give somebody a job, we in the Labor Party are going to penalise you for building job opportunities.’ This is madness. We have a policy directed to helping the creation of jobs, and yet the Labor Party is committed to destroying incentive in the small business community. It just goes to show, when it comes to creating jobs and helping small business, we are for it and they are out there to crush incentive and innovation in one of the dynamic parts of the Australian economy.

DISTINGUISHED VISITORS

Mr SPEAKER—I am pleased to inform the House that we have present in the Distinguished Visitors Gallery this afternoon members of a parliamentary delegation from France. I am very pleased to welcome our guests to the floor of the parliament. While I have the attention of the chamber, I indicate that we are pleased too to have in the Speakers Gallery a delegation of young Indonesians, including three parliamentarians, who are visiting Australia under the Australia-Asia Young Leaders Program. To all of you, I extend a very warm welcome on behalf of members of parliament.

Honourable members—Hear, hear!

QUESTIONS WITHOUT NOTICE

Nursing Homes: Riverside

Ms MACKLIN (2.13 p.m.)—My question is to the Minister for Aged Care. Has the minister satisfied herself about the welfare of each of the people who received kerosene baths at the Riverside home? Is the minister aware of whether any of these people have since died? If a death has occurred, will the minister refer it to the Victorian coroner to determine whether the death was caused or hastened by the kerosene bath?
Mrs BRONWYN BISHOP—I am not a doctor, so I cannot satisfy myself as to the medical condition of each patient. However, because I was sufficiently concerned that there may be matters to investigate, I had the department refer the matter to the Federal Police.

Education: Basic Skills Test

Mrs DRAPER (2.14 p.m.)—My question is addressed to the Minister for Education, Training and Youth Affairs. Is the minister aware of recent comments about basic skills tests? Do these comments amount to support for the National Literacy Plan? What implications do they have for education policy?

Dr KEMP—I thank the member for Makin for her question. I have seen that the Labor Party has recently announced its support for basic skills tests—ironically, on the very day that the New South Wales Teachers Federation forced the abandonment of the year 7 skills test in that state. So it gives us a chance to see just what the Labor Party’s support for the basic skills test adds up to. What did the Labor Party say? Did it call for the reinstatement of the test? Did it attack the union and say that it had to reverse its position? No. The Labor Party’s support for the basic skills test survives just so long as the union agrees, not one jot further.

This became very clear on radio 2BL yesterday, when the shadow minister was asked what his support for the tests added up to. His reply said it all. I will quote the question the interviewer asked:

He [John Aquilina] actually said he thought the Federation was too hard line. It was far too left wing and ideological. Would you share those views?

That is a very tricky question for a member of the opposition, because if you are not very careful you might end up criticising the union. But I do not think it will surprise anyone here to know that the member for Dobell was up to the challenge. He avoided that. His answer was:

Well, I really think that is up to John Aquilina, and in many ways it’s up to the membership of the Teachers Federation.

He then went on to say:

I don’t have as much to do with the New South Wales Teachers Federation as I had to do with the National Parent Organisations and Sharan Burrow, through the Australian Education Union.

He went on further to say:

I have regular discussions with Sharan ... and, my discussions with Sharan ... are usually constructive.

Mr Lee interjecting—

Mr SPEAKER—The member for Dobell knows the forms of the House. The minister may have thought that I was asking him to resume his seat but in fact I was asking the member for Dobell to exercise a little more restraint. The minister has the call.

Dr KEMP—Thank you. The shadow minister said:

My discussions with Sharan are regular, I have regular discussions with her and my discussions are usually constructive.

You can almost hear him before the speech on Monday night, ringing up Sharan Burrow to find out if the speech was going to be okay:

Hello, Shazza, I’ve got a bit of a problem here. I’ve got to say something about basic skills.

Mr Lee—I rise on a point of order, Mr Speaker. Is it in order for the minister to mislead the House in the way that he is by inaccurately quoting that transcript?

Mr SPEAKER—The member for Dobell knows the forms of the House. If he has been misrepresented or the House has been misled, there are other forms that allow that to be corrected.

Dr KEMP—He said to Sharan Burrow:

Shazza, I’ve got a problem here. I’ve got to make out that I am really supportive of basic skills testing but I don’t want to—

Mr SPEAKER—The minister will come to the question.

Mr Beazley interjecting—

Mr SPEAKER—I understand that the Leader of the Opposition may be raising a point of order on relevance. He may not have heard me invite the minister to come to the question, and I invite him to do so.

Dr KEMP—The shadow minister, the member for Dobell, clearly had a problem because he wanted to give the impression
that he was supportive of the basic skills test but he did not want to criticise the union. So, he is obviously asking the union what he can say and how far he can go. He finally comes out with the major criticism of the union: that it is not ‘progressive’ to do these kinds of things. It is not progressive to totally prohibit basic skills tests for year 7 students in New South Wales. Can you imagine a weaker, lamer response? That is what the Labor Party offers whenever the union stands in the way of implementing a positive education policy.

The basic skills test was first introduced in Australia in 1989. The Labor Party has just committed itself to it. It is 10 years behind and it is no wonder that the member for Werriwa said, regarding a conversation with Kim Beazley in 1996:

Kim Beazley said to me that Australian Labor was falling 10 years behind comparable parties in our policy development and our ideas. Now, that was the case then. We’ve probably got as much ground to make up now.

We have here a shadow minister who is not prepared to stand up even for a policy that is 10 years out of date. He is not prepared to stand up for parents and not prepared to stand up for disadvantaged students in New South Wales. He is so incompetent that he cannot even get the educational goals of the Leader of the Opposition straight. You cannot wholly blame him for that because the Leader of the Opposition has trouble getting them straight. He could not get these goals straight yesterday. He has not corrected himself. The Labor Party is in total confusion on its education policies. The Leader of the Opposition is demonstrating once again that he is not prepared to take action against an incompetent, weak education shadow minister. That is because he is incompetent and weak himself.

Nursing Homes: Riverside

Mr McMULLAN (2.22 p.m.)—My question is to the Minister for Aged Care. Minister, isn’t it a fact that the Aged Care Standards and Accreditation Agency’s report on Riverside in July 1999 identified the following concerns: pain management, the administration of medication, skin care, infection control, hygiene and building maintenance? Can you confirm that the most recent report of your agency, dated 2 March this year, identifies the following areas of concern: pain management, the administration of medication, skin care, infection control, hygiene and building maintenance—exactly the same list? Given that you now admit receiving regular, updated reports from the agency advising where various investigations are at, why did you fail to act decisively after the July 1999 report? Isn’t it the case that had you acted decisively after the July 1999 report, there would have been no kerosene bath incident and the residents would not have had to face an uncertain and anguished future?

Mrs BRONWYN BISHOP—If the member who asked the question had remained for the MPI yesterday, he would have seen that I outlined entirely the action that had been taken with regard to Riverside. Indeed, the report of 3 November was the report that said that the home had come back up to standard. With regard to the incident that occurred in January, and about which I heard in February, I acted speedily and I acted with a resolve that we were going to take action. I would remind the honourable member that it is the department that makes that decision. It is a bit like the DPP, if you like. It is not a political decision made by the Attorney-General as to whether a prosecution should be made. It is made by the department so that it can be appraised in an unpolitical manner. The decision was taken by the department that that action should be taken.

Can I now tell you that today all the residents have moved to St Vincent’s. This morning they had a morning tea where comments like this came out: ‘We didn’t know what quality care was’, ‘Oh, orange juice?’, and ‘There is actually enough fresh fruit for all of us?’ In other words, there were people in that home who had never experienced quality care and who are now saying that they realise how bad it was previously.

Aged Care: Accreditation

Dr WASHER (2.25 p.m.)—My question is addressed to the Minister for Aged Care. Minister, would you inform the House how
the government's new accreditation system has helped to raise standards in the nursing home industry?

Mrs BRONWYN BISHOP—I thank the honourable member for his question, because he is concerned about good care being given instead of political point-scoring. If I may make it very plain, the accreditation system is designed to have a comprehensive and targeted system of visits. Since its inception 18 months ago it has conducted 1,250 visits, which have included 827 support visits. There have been close to 400 accreditation site visits, and there have been 1,500 residential classification scale visits which have reviewed 14,000 care plans. There have been six spot visits by the agency, which has to determine when it is necessary to use that tool.

The accreditation system is designed to bring poor standard homes up to standard and to let them give good care, and it has been very successful. In Victoria alone, we have seen 35 homes which could not reach certification standards—that is the buildings. I would remind the opposition that they commissioned the Gregory report and then did nothing about it. It was we who followed the Gregory report and put in place the accommodation charge, which will give $1.4 billion over 10 years for upgrading of buildings. There is something like $800 million worth of work already under way, but there were 35 homes in Victoria alone which simply were not going to get up to standard. They have gone out of business and that means we are seeing new players come in to give good care.

Nursing Homes: Alchera Park

Mr SWAN (2.27 p.m.)—My question without notice is directed to the Minister for Aged Care. Minister, do you recall saying on Lateline last night, 'I should not be advised of every death that occurs in a nursing home, but I should be advised of an outcome.' Minister, why weren't you advised of the deaths last year of the three residents of the Alchera Park Nursing Home, given that these deaths were the subject of serious complaints by grieving relatives and carers? If a death in this situation is not an outcome, what is?

Mrs BRONWYN BISHOP—I said I ought not to be advised of every death, any more than the Minister for Health and Aged Care should be advised of every death in a hospital. The fact of the matter is that we have a complaints resolution scheme, and there was a complaint made. The advice to me was that there had been a complaint made about this home and that it had been resolved satisfactorily on 18 January. I was asked yesterday whether or not I had had a call to my office. I went back to my office and checked, and in fact Mrs Bohm telephoned the office on 28 February. It was referred by my office to the department and from the department to the agency. The department tells me they also had a call from Mrs Bohm on the 27th. In addition to that, today I have had a further complaint which was conveyed to me by the member for Hinkler. I have referred that also to the agency and asked that they take immediate action.

Building and Construction Industry: Victoria

Mr McARTHUR (2.29 p.m.)—My question is addressed to the Minister for Employment, Workplace Relations and Small Business. Minister, would you inform the House of the latest developments in Victoria over claims for a 36-hour week and a 24 per cent pay increase by unions in the building and construction industry.

Mr REITH—I thank the honourable member for his question. This is an issue which is obviously of particular importance in Victoria, but I think it does have broader implications. I suppose, in a nutshell, it is a classic example of where you have a weak state Labor leader unable to deal with the very unions that put him into the premiership in the first place. A statement has been made by the Master Builders Association, this morning, that they intend to take further industrial action over the next three months on a week by week review basis, which represents an escalation of this dispute. This dispute is centred around a claim by the unions for a 24 per cent wage increase, as well as a reduction in hours. Unlike the building industry in other states where other state leaders take a firmer line—those other states having taken 15 per cent over three years but
with no reduction in hours—in Victoria not only do they want a 24 per cent increase but they want to work less for it. In the last week or so, however, we have seen some attempt by the parties to resolve the issue, and some discussions have transpired. Whilst that was welcome, we are now advised from the comments of the builders in Victoria that, whilst there was a semi-cooling-off period, in fact the CFMEU had doubled their work bans on a number of major building sites. Furthermore, they were picking on individual employers and subcontractors for intimidation and standover tactics, leading to the decision taken by the employers today.

It is unfortunate that we now see this industry in the state of turmoil that it is. The consequence of this is that we have already seen projects in Victoria lost, abandoned or deferred—thereby costing jobs and investment. For Victorians, it is reminiscent of the days when we had a Labor government again and the BLF were running rampant. It is reminiscent of the days when we had a weak state Labor leader in Victoria and the tram tracks in Bourke Street were full from one end to the other because Labor governments cannot deal with their mates in the trade union movement. The fact of the matter is that we have this problem in one state. It is the same federal law Australia-wide, but it happens to be in only one state where we have a problem. It has been a particular problem since the election of a state Labor government which has not been prepared to stand up to the unions.

Sadly, what is happening in Victoria is exactly what you would get if ever the Leader of the Opposition were in a position of greater responsibility. Because, as we know, when it comes to workplace relations policy, the unions have been saying, ‘We want the individual agreements,’ and he says, ‘Yes, if that’s what you want, you can have it.’ The unions say, ‘We want greater rights of entry.’ And what does a weak Labor leader do? He says, ‘Anything you ask for, you get.’ When the unions say, ‘We want to abolish non-union agreements,’ what does a weak Labor leader and his former trade union shadow minister say? ‘Anything the unions want, particularly the abolition of non-

Nursing Homes: Alchera Park

Mr SWAN (2.35 p.m.)—My question without notice is directed to the Minister for Aged Care. Minister, yesterday you said you had never heard of the complaints about Alchera Park. Today you confirmed that your office was contacted about those complaints on 28 February. How could you advise the parliament yesterday that the matter was resolved when your own office was advised that it had not been resolved on 28 February?

Mrs BRONWYN BISHOP—Very simply because the department advised me that they had been advised by the accreditation standards agency that it had been resolved on 18 January 2000.

Goods and Services Tax: Rural and Regional Australia

Mr WAKELIN (2.36 p.m.)—My question is addressed to the Minister for Agriculture, Fisheries and Forestry. Minister, what benefits are there for rural and regional Australia from the government’s new tax system with
regard to the possible alternative tax proposals that have been floated? What impact would proposals such as winding back the GST have on rural, regional and farm based communities?

Mr TRUSS—I thank the member for Grey for his question. As the honourable member for Grey knows, as he represents a large number of farmers in an area where it has been particularly difficult over recent times, farmers are largely price takers. They cannot influence the world prices that they receive for their products and, therefore, it is very important for them to have the lowest possible cost structure. That is why the government’s new tax system, which delivers a billion dollars worth of savings to farmers, is of such importance to rural Australia.

I am aware that there is an alternative policy around. I am told that it has the title ‘roll-back’, but that largely the book is empty. We do not know anything about what is in this policy. We just know that it is called roll-back. It is important for those who are proposing roll-back to tell us whether roll-back intends to roll back the savings to farmers that will be achieved under the new tax system. For instance, the grain industry can expect to gain about $30 million every season from the abolition of excise on the diesel fuel used in the freighting of their grain by train. Are they going to wind that back under their new policy, or are they going to roll back the cuts in income tax that will mean that around three-quarters of all Australian farmers will pay no more than 17 cents in the dollar? Is Labor going to roll back the abolition of the assets test? Labor will put that sort of thing at risk. Is she going to roll back the income tax cuts, the diesel fuel reductions, the research and development? What is Labor going to roll back? It is time there were some answers to these questions. The Labor Party has not ruled out any of these options in its roll-back package and it is time that country people got some answers if the Labor Party expects any kind of sympathy and understanding for its proposal. Labor is all about tax increases. No-one believes there will be any roll-back when it comes to taxes.

Nursing Homes: Alchera Park

Mr McMULLAN—My question is to the Minister for Aged Care. Minister, how can you tell the House that the Alchera matter was settled on 18 January when you knew, or should have known, that the matter was still not settled on 28 February, six weeks later, when your office was contacted directly about this matter—and the complainant who contacted your office has still received no reply to that complaint?

Mrs BRONWYN BISHOP—I repeat the answer that I gave before.

Immigration: Regional Australia

Mr CAUSLEY—My question is addressed to the Minister for Immigration and Multicultural Affairs. Can the minister inform the House of the measures implemented by the coalition government to encourage more migrants to settle in regional Australia? What support has been given to these measures by state governments?
Mr RUDDOCK—I thank the honourable member for Page for his question. It reflects his significant interest in his own electorate as a regional centre in Australia and in some of the initiatives that the government has put in place to assist people in settling outside of our major cities in New South Wales and Victoria. Some of the measures that the government has put in place include the Regional Sponsored Migration Scheme, which enables regional certifying bodies to assist employers to sponsor skilled migrants—the number of certifying bodies has increased significantly from seven in May 1996 to 29 now—the state and territory nominated independent visa class, which enables state and territory governments to nominate individual migrants on the basis of state specific labour market shortages; the establishment of a database of potential skilled migrants, which is available to state and territory governments and some regional certifying bodies to select migrants; and a skilled regional sponsorship visa which allows people living in designated areas to sponsor relatives who can come without the need for the applicant to meet the points test applicable to the Australian skilled category.

The fact is that these measures have been significant. They have led to a situation where, over the last three years, the number of visas granted under the various mechanisms has increased from 1,060 in our first year in office—that is, 1996-97—to 2,775 last year. If honourable members opposite were seriously interested in regional migration rather than rhetoric, you would hear them talking about the substantial measures that they had in mind that might be able to be considered. You would hear them talking about the substantial measures that they had in mind that might be able to be considered. You would hear them talking about their record when they were in office to demonstrate that they had absolutely no commitment to regional migration, that they had no ideas. In relation to the state sponsorship the only state of Australia that has put the time and effort into developing this initiative so that it works effectively has been South Australia. When you go to those states that mouth some concerns about these matters, like Tasmania, where they have a Labor government in place, there is absolutely no interest at all in taking up these initiatives, even though they have members in this place coming in here and saying: ‘We are concerned about regional migration.’ You ought to be sitting down and thinking about some real initiatives that would demonstrate some concern about these issues and producing some substantial ideas.

DISTINGUISHED VISITORS

Mr SPEAKER—I inform the House that we have present in the Distinguished Visitors Gallery this afternoon members of a parliamentary delegation from the kingdom of Nepal led by the Speaker Mr Taranath Ranabaht. On behalf of the House, I extend to him and to his delegation a very warm welcome.

Honourable members—Hear, hear!

QUESTIONS WITHOUT NOTICE

Nursing Homes: Responsibility

Mr BEAZLEY (2.47 p.m.)—My question is directed to the Minister for Aged Care.
Minister, what kind of system are you running where a home fails a test in July 1999, passes in November 1999, bathes residents in kerosene in January 2000, fails again in February 2000 and has to be closed in March as a life threatening home, and by your own reckoning has never provided quality care? When are you going to accept some personal responsibility for this complete shambles?

Mrs BRONWYN BISHOP—I point out the hypocrisy of the Leader of the Opposition. Here he is out of one side of his mouth saying, ‘Why didn’t you close the home?’ and then out of the other side of his mouth criticising me for so doing. It is one of those things where you are damned if you do and damned if you don’t. If the Leader of the Opposition had paid attention to the matter of public importance yesterday, he would have seen that I put the record of that home, going back to 1988, during which time the ministers Staples, Howe and Lawrence, as the ministers responsible, did nothing about this home at all. Furthermore, I went back through the record to find just how many homes you had closed in 13 years and I found it was one—in 1991. I found that the number of spot checks that was used under your government was very few over 10 years.

There is a concern here that was rectified under this system. When I found out about this matter, decisive and swift action was taken. Indeed, I am very pleased to tell you that the welfare of the residents is now being properly looked after and they are looking forward to enjoying the rest of their time in residential aged care.

Member for Fremantle: Legal Defence Costs

Mr PYNE (2.49 p.m.)—Will the Attorney-General inform the House of the cost to the taxpayer resulting from the Labor Party attempting to use money donated expressly for the legal defence costs of the member for Fremantle for party purposes?

Mr Allan Morris—Mr Speaker, I take a point of order. Questions can be asked of ministers regarding matters within their responsibility. The question actually asks about disposal of funds by other parties and their responsibility.

Mr SPEAKER—The Attorney-General has been asked a question about legal costs and I would have thought it reasonable for him to respond to that. I do not think it is reasonable for him to respond to what other use may be made of that money. But it is reasonable for him to respond to the question on legal costs.

Mr WILLIAMS—Mr Speaker, as a result of a recent decision of the Federal Court—

Mr Melham interjecting—

Mr WILLIAMS—the Australian taxpayers are unfortunately obliged to pay at least $760,000 of the costs of the member for Fremantle associated with the Marks royal commission. The Federal Court found that—

Mr Stephen Smith interjecting—

Mr SPEAKER—I warn the member for Perth. That sort of behaviour will never be tolerated.

Mr WILLIAMS—The Federal Court found that advisers in the offices of former Prime Minister Keating and the then minister for health, the member for Fremantle herself, had committed Commonwealth taxpayers to pay the cost of her lawyers—

Mr Melham—What about Peter Reith’s bills?

Mr SPEAKER—I warn the member for Banks.

Mr WILLIAMS—The Treasurer will note that it is not just by tax increases that Labor seeks to slug the Australian taxpayers. Members are of course aware that a fund was created for the purpose of paying those costs. The government believes that it may have as much as $100,000 left in it. The trustees were Joan Kirner, Gary Gray and John Della Bosca. I wrote to Mr Gray on 23 February requesting that the funds—

Mr Albanese—Mr Speaker, I rise on a point of order. My point of order is that he is defying your ruling. You ruled this part of the question out of order.

Mr SPEAKER—I reassure the member for Grayndler that if the Attorney-General defies my ruling I will sit him down. I am
listening closely to his answer. To date, all he has given is a series of people who happen to be trustees of an account and that is hardly in defiance of my ruling.

Mr Reith—Mr Speaker, on a point of order: as I understand it, you made some comments about the question, but there has been no ruling about the minister’s entitlement to answer the question as he so wishes in accordance with the standing orders.

Mr SPEAKER—As I am sure all members of the House are aware, I required the Attorney-General to answer the question with reference to sums of money. To date, he has not stepped outside of my ruling.

Mr WILLIAMS—As I said, I wrote to Gary Gray on 23 February suggesting the money be paid over to reduce the taxpayers’ obligation to pay the costs. I have not received a reply. But I have learned today through the media that the ALP and the trustees are refusing to hand over any money to pay for what work—

Mr McClelland—Mr Speaker, on a point of order: while the Attorney-General had information as to what he put in his letter, he is not in a position to speak on behalf of the Australian Labor Party. Under authorities of this House, if he is referring to a newspaper report, he is required to assert that he has reasonable grounds to believe that. He cannot possibly have reasonable grounds to believe that if he has not received a reply from the Australian Labor Party.

Mr SPEAKER—As I have indicated to the House, I am listening closely to the Attorney-General’s reply. I felt that, had he continued speaking in the vein he was, the member for Barton’s point would have been initiated.

Mr WILLIAMS—The newspaper report to which I referred suggested that Labor was apparently endeavouring to get the original donors to agree to use of the money for other purposes.

Mr SPEAKER—The Attorney-General is now moving outside the grounds on which I invited him to answer the question.

Opposition members interjecting—

Mr SPEAKER—I am clearly listening closely to what the Attorney-General has to say.

Mr WILLIAMS—The Labor Party has before it a proper purpose for the use of those funds. Gary Gray and Labor should pay up, not impose on Australia—

Mr SPEAKER—The Attorney-General will resume his seat.

Nursing Homes: Responsibility

Mr BEAZLEY (2.56 p.m.)—My question is to the Minister for Aged Care. Minister, do you recall saying in 1992 about a then minister, ‘We want to know in this chamber that he is actually paying attention to what happens in his department as distinct from trying to blame yet another public servant’? Minister, is it a fact that you have now blamed for the nursing homes crisis your own department, your own aged care standards agency, the government of Victoria, the federal opposition, your own departmental delegate, some nurses and your own aged care act? What do you actually accept responsibility for? Why are you always shifting blame to someone else when it is your own inaction and incompetence that has caused this crisis?

Mrs BRONWYN BISHOP—The first thing I would like to say is that there is no crisis in aged care in general. I must say it because I must support those good people who give good care and look after people very well. And I have got to say this is more than around 98 to 99 per cent of those people who are in the business. I find it deplorable that you want to besmirch them. As Leader of the Opposition, you ought to know better.

Mr Beazley—Mr Speaker, I rise on a point of order. My point of order goes to relevance. I asked her: when is she going to own up to some responsibility for the mess that she has created?

Mrs BRONWYN BISHOP—Further, there is an obligation to make it known that people in the private sector and the religious and charitable sector find the sort of attack that you are making on them quite unacceptable. The besmirching of their good name by calling it, in your terms, a ‘crisis’
does precisely what I said it does. We have a problem which we are dealing with—and dealing with decisively and effectively. And there is one more thing I would like to say: where is the Labor Party’s aged care policy? Is it like your tax policy? And are you going to roll back accreditation?

*Opposition members interjecting—*

Mr SPEAKER—The minister will resume his seat.

Mr Brereton interjecting—

Mr SPEAKER—I would not if I were the member for Kingsford-Smith. I required the minister to resume her seat because of the interruption that was occurring. Has she concluded her answer?

Mrs BRONWYN BISHOP—Yes.

**Rural and Regional Australia: Women’s Health Services**

Mrs GASH (3.00 p.m.)—My question is addressed to the Minister for Health and Aged Care. Would the minister inform the House of the latest initiatives by the government to improve health services for women in rural areas.

Dr WOOLDRIDGE—I thank the honourable member for her question. The Commonwealth has long funded a number of rural programs. More recently we have funded these under the public health outcome funding agreements such as programs for breasts, cervical cancer screening, alternative birthing services and programs related to genital mutilation. In recent times we have funded a number of new programs that are of particular benefit to women living in rural Australia. Last week I was in Derby with the member for Kalgoorlie launching a visiting female general practitioner program for rural communities. This idea first came up about two years ago at a breakfast I was at, with the now Deputy Prime Minister, for women in agriculture. One thing that was put to me very strongly was that, in many rural communities, females never have the chance to consult a female general practitioner. This can be particularly difficult when there are sensitive personal issues or health issues. In response to this concern, we are funding a visiting scheme to 150 rural communities around Australia, mostly in what the Bureau of Statistics calls RAMA 3 to 5, but also some in RAMA 6 to 7. We are auspicing it under the Royal Flying Doctor Service, and it will for the very first time give a very large number of women in rural Australia access to a female GP from time to time.

Two weeks ago I was in Mackay with the member for Dawson and met a local surgeon, Peter Donnelly, who told me of research that showed that, if a woman delays seeking treatment for breast cancer for three to six months, it actually increases the risk of death from that breast cancer by 10 per cent. One of the problems that rural women have with breast cancer is in getting all the specialists together in one spot. This is something that is taken for granted in city teaching hospitals, where there are multidisciplinary teams. I was launching a trial there that we are running in three locations around Australia. One is in Mackay, the second is in western Victoria and the third is in central New South Wales. We are trying to do two things. First, we are seeing how we can best give country women with breast cancer the full range of services that people in the city would expect—counselling, reconstruction and a whole range of treatment options; and, secondly, we are using technology to put together all the specialists in a virtual manner so that we can actually save time in initiating treatment. I am very optimistic about these trials.

The government has also funded the Jean Hailes Foundation in Melbourne, which focuses on research, particularly on menopause. This funding has enabled them to start an outreach service into rural Australia for the first time. Recently they held a women’s health forum in Broken Hill, where 300 women attended, and they were able to provide intensive training for 30 local health professionals on the latest research and treatment concerning women’s health issues.

Finally, on behalf of the government, I would like to acknowledge the enthusiastic participation of women from rural Australia to the regional Australian summit, convened by the Deputy Prime Minister last year. In the health services area, for example, the women involved made a very significant contribution to its overall success.
Wednesday, 8 March 2000

Aged Care: Ministerial Performance

Mr BEAZLEY (3.04 p.m.)—My question is to the Minister for Aged Care. Minister, do you recollect the Prime Minister saying on 8 February 1996:

I think it would be much better if we said to Ministers: right, you are the Minister, you’re running the department, you take the decisions but you know, if you really make a hash of it, well it’s a very competitive world out there and we can have a few changes.

Minister, is it making a hash of it when you mislead parliament and the Australian public about whether spot checks are occurring, when you fail to act decisively on reports of serious risks in nursing homes and when you blame everybody but yourself? Why don’t you take some of the Prime Minister’s advice and sack yourself?

Mr SPEAKER—The Leader of the Opposition knows that an accusation of misleading parliament has to take the form of a substantive motion. The minister is welcome to respond to the question but to ignore that particular reference.

Mrs BRONWYN BISHOP—I would never accept that the Leader of the Opposition was correctly quoting anything. Nonetheless, if that is advice that he could accept for himself, he has failed abysmally as the Leader of the Opposition and ought to resign.

MINISTER FOR AGED CARE Motion of Censure

Mr BEAZLEY (Brand—Leader of the Opposition) (3.06 p.m.)—I seek leave to move that this House censures the Minister for Aged Care for placing at risk the safety, health and wellbeing of nursing home residents through her general inattention, inaction and incompetence in the conduct of her ministerial duties.

Mr Reith—We will give leave.

Mr BEAZLEY—I move:

That this House censures the Minister for Aged Care for:

(1) placing at risk the safety, health and wellbeing of nursing home residents through her general inattention, inaction and incompetence in the conduct of her ministerial duties;

(2) failing to act decisively on reports of serious risks to nursing home residents—ignoring reports and updates which she regularly receives from her officials;

(3) her media-driven, panic-stricken response to developments in the nursing home crisis, which have created uncertainty and anguish amongst nursing home residents, their loved ones and staff; and

(4) her misleading of the Parliament and the Australian public over this issue.

We have seen yet another prevaricating, evasive performance by this minister in this House on matters that directly relate to her accountability. I must say that this minister has a record as far as issues of ministerial accountability being looked at are concerned. That record of course goes to statements that she was making on the subject of ministerial accountability. Let us go through a few quotes from Bronwyn Bishop circa 1992, before Bronwyn Bishop became a minister. She said:

... under the Westminster system we must hold the Ministers accountable for what is occurring in their departments. Simply to say that they were uninformed or did not bother to inform themselves will not do, because under our system of government accountability of the executive arm of government to the Parliament is essential.

If the Minister cannot uphold those standards... then resign. If a Minister will not resign voluntarily, we must ask the Prime Minister of the day to cause that Minister to resign, and that includes for such things as misleading the Parliament.

Further, she said:

... we want to know in this chamber what he is actually paying attention to—this is about a minister—what happens in his Department as distinct from trying to blame yet another public servant...

What have we heard from Bronwyn Bishop over the course of the last three or four days in this place? What we have heard from her is that everybody is to blame but her. 'I have no fingerprints; I have had them surgically removed. There is nothing going on in this department that I know a single thing about. I was shocked and horrified to find all these terrible things going on. Of course, when I found out they were going on, I acted decisively.' She acted decisively, in so far as she
acted decisively anywhere, only when she was confronted with a journalist’s question.

I must admit that for most of this parliamentary week we have been operating simply on the assumption that Bronwyn Bishop knew nothing about what was going on in the department—and she should have. That has been the assumption and that is still an accusation on our part as far as she is concerned. But we found out something yesterday. What we found out yesterday, when she marched up to the dispatch box here and gave yet another bumbled answer, was that in fact she gets regular reports of some description about what is going on in those nursing homes. There is some description of bad practices with regard to medication, some description in one or two of these reports on practices which could produce strangulation in patients and some description of inadequate nursing home care and a large number of patients in 29 nursing homes who are at risk. We find she has reports which say something about that, although we do not know exactly what they are, because she flashed the reports at us—like a dirty postcard seller—in one of the lesser ports of this globe. She said, ‘Take a look at this.’ Then she slammed it shut when we asked her, ‘What is it that has been reported to you?’ She said, ‘Oh, no, I couldn’t tell you that.’

Last August Bronwyn Bishop was saying things like, ‘Yes, of course spot checks are continuing. Anything bad is put on the web site so that people,’ she said, unctuously and pretentiously, ‘can make judgments about what is going on in the nursing homes, make their choices and put pressure on the people concerned to ensure that there are better practices.’ What did we find this week? There were two things. Firstly, she is out there denying precisely what she said back to parliament on 31 August, which gave every indication of her intending spot checks to continue. She was being all overbearing about the department. That was Bronwyn taking on board her own advice back in 1992: ‘I am responsible for the policy; the department is responsible for something else. I will ensure that these things take place. Don’t worry about what the public servants might have said to the Senate estimates committee, that is all irrelevant. I, Bronwyn, stand above that process. I, Bronwyn, am going to ensure that those spot checks take place.’

Those spot checks did not take place, despite her assurances to the Australian people and to the people who have the most to lose and who are of least concern to her—those who are residents of nursing homes and their families. That was to assure them that the department was on the ball. That was to assure them that she was on the ball. To make absolutely certain that there was an ability on their part to cross-check, then of course recalcitrants would find themselves placed upon the departmental web site and they could be examined. So we found out a second thing this week: the web site has gone silent. There is nothing there on the web site about the recalcitrant homes. Different numbers have appeared at different times—29, 18 and, yesterday, 11 in relation to Queensland—but those out there who need to know do not know any longer. Those out there who need to make a judgment do not have a basis any longer on which to make a judgment. Why? Because it is all of a piece with what this minister has been on about. It has not been about proper accountability or about responsibility for the people who are residents, but all about protection of her own worthless hide as far as this entire issue has been concerned.

This has been a shameful episode. She blames everybody else. Yesterday she thought it was actually a defence of herself when she stood up here and said that the Labor Party had had only 160 spot checks in 13 years. Only 160 in 13 years? That is about the rate of one a month. Inspected at the rate of about one a month, do you not think that it might strike the odd provider in nursing homes that there is a bit of a risk around? If there is a spot check occurring every month and somebody is rocking into a home somewhere around the place to take a look at the levels of staffing, to take a look at the medical practices, to take a look at the way medication is being given and to take a look at whether practices are being pursued that might threaten the strangulation of one or
other of the patients, do you think that there is just a possibility that nursing home proprietors might take that a little bit seriously?

To tell the truth to the minister, we would have actually settled for two or three spot investigations last year, following her own undertaking to this parliament that this is precisely what she would do. But of course we saw nothing from her at all. While she denied that there was anything in this that involved her directly and said that she had no responsibility, that it was the department that was responsible for that administration and we ought not to be bothered with her, we had the case last year where directly from the Senate and placed in the hands of the relevant Senate minister came a report from Elite Care on what was prevailing in a number of nursing homes that ought to have set alarm bells ringing in the mind of any minister. Given the character of her staff, which includes people who have been placed in situations at different points of time where they have been responsible for accreditation, it is inconceivable to me that this particular proposition did not make her office. What does it say in this report from Elite Care? It says these things:

The systematic abuse of AINs and PCOs.
Those are assistants in skilled staff. It says:
The problem of an ever increasing number of retirement villages and hostels with no registered nurse in the management seat, and worse still not even one on site, is fast becoming a legal issue.
The use of any person off the street with no nursing or medical background to manage and supervise these establishments is common.
I take another section of a paragraph:
On night duty the situation deteriorates alarmingly as AINs are left unsupervised in many establishments to administer all the medications that are locked in the treatment room or on the drug trolley. That is to do a complete drug round as a registered nurse with no training and no idea of what they are handing out.
It says elsewhere, on errors on overdoses:
The errors are not recognised as they are unreported due to unqualified people who do not know or understand what has happened. Some establishments are giving crash courses on how to give out medication.

And so it continues. As you go through this report, it is a litany of horrors, but nowhere near the litany of horrors as has come through in specific reports on nursing homes that we have been able to obtain and which ultimately produced the sort of drift followed by panic reaction which occurred at the nursing home in Riverside. Then we had the twaddle in this parliament about Alchera Park. We have here a set of situations where complainants have pointed to a set of practices which may have produced the death of some of those in the nursing homes. I stress that they may have produced that. We find that there was a report placed in the minister’s hands about that and we find, too, that there were calls to her office well beyond that point of time by complainants worried about the sort of treatment that is being handed out to residents for whom they are currently concerned. Those complaints go into her office, but while she runs that office they may as well go into an archive, because there has still been no answer. Despite the fact that she asserts that all complaints have been cleared up, there has still been no answer to those complaints a month later.

The only thing we learned from her yesterday about the situation, apart from the fact that she is completely ignorant of matters that are raised with her office by complainants, is that as far as she is concerned Alchera was not one of the ones you really needed to worry about. ‘I have got a list of 11 of these here,’ she said, ‘but Alchera is not one of them. But there are these other 11 out there.’ Which are they, Minister, and what are their practices? These are the sorts of homes that were going on the web site so that families could make decisions about them. These were the sorts of homes that were going to get out there to be dealt with. And, of course, nobody in Queensland knows a darned thing about it because nobody in Queensland is told which they were. If you were serious, Minister, about protecting the reputation of the 90 to 98 per cent of nursing home owners who follow exemplary practices in this country, that is exactly where you would put them. You wrap yourself in everybody else’s flag except your own defence or your own responsibility. Today in question time you wrapped yourself in the
flag of the vast majority of nursing homes which are exemplary in their behaviour. You are prepared to wrap yourself in that flag, but you are prepared to leave those homes hanging out to dry by leaving a question mark over every one of them through failing to do what you said you would do on 31 August and put every one of those propositions out there.

There is something else that folk need to understand about this situation. There have been something like 4,000 complaints. It is not generally known but it is the case that, under the weak procedures associated with this legislation, if you make a complaint you are potentially at risk of legal action. In this utterly weak legislation put forward by this utterly worthless minister there is not a level of protection that we would regard as suitable for persons to be able to have confidence that they can with security make complaints. We have heard of instances of persons being threatened with legal action for making complaints on behalf of one or two of the residents, people for whom they are responsible in family terms. Even given that, there are 4,000 complaints and no spot checks. There is a reason why there are no spot checks, and it goes beyond simply the minister’s unwillingness to regard anything that she says in this place as binding upon her and as her word. Hers is merely a sort of situational ethics performance: what I say on the day is what counts; what happens tomorrow is some other thing. The reason is that the agency which is supposed to enforce this has some doubt as to its powers and no doubt as to the inadequacy of its numbers of personnel. Indeed, when the head of this agency was questioned in the Senate committee as to why he could not do the sorts of spot checks that the minister was undertaking to do, he said, ‘For example, in the states of Victoria and New South Wales I am 60 to 65 assessors short.’ That is not a small number—60 to 65 assessors short. Sixty to 65 assessors can do a very great deal in terms of spot checks, Minister. If your agency head was actually able to find himself in a position where he had enough resources, then something might at least have been pursued that kept your word, even if you were incapable of keeping it yourself.

We have had damming report after damming report. We have had a little longer than a couple of weeks in which the minister has moved from her state of drift to her state of panic in dealing with nursing homes. But what we have yet to see is a picture of this minister inside an at-risk nursing home. We have seen pictures of this minister at opening nights of the theatre, we have seen pictures of this minister at opening nights of the opera, we have heard stories of this minister abusing the adequacy of Commonwealth car drivers and everybody else to transport her to these places; but we have not seen this minister in an at-risk nursing home anywhere—not once. Not once have the Australian people seen her in a situation where it looks as though she has even a passing interest in her portfolio.

This is the Prime Minister’s social coalition at work. What the Prime Minister intends with this social coalition, which is dropping like a lead balloon around this country, is that government retreats from responsibility and others accept it. It does not matter whether others are properly resourced or clothed with adequate powers, it does not matter whether others have an inclination to do anything at all; ministers are not there. Ministers are like that person hiding on the stairs. You can walk up the stairs, you can walk down the stairs; you sense a presence, but you never find it.

What this minister wants to do in letting down her government so severely, in betraying the people for whom she is most directly responsible, is to create a situation where she is never there. Let us remember this about Riverside, as we do not mourn its passing. It was not one of the 29, it was not one of the 18 and it is not one of the 11. These are all much worse than Riverside ostensibly. It fails in July; it passes in November. It bathes residents in kerosene in January 2000, fails again in February 2000 and has to be closed as a life threatening home in March. You cannot get me to believe that the situation in March was any different from the situation in July. I am sorry, you cannot get me to believe that. Indeed,
when you look at the reports you see that they are exactly the same.

Did you ever ask of your department the question: how did it pass in November? After all, Minister, you got reports—you said that. You unguardedly said you got reports. Did you ever ask your department why somehow it passed in November and exactly the same complaints were made a couple of months later. Minister, you have been asleep at the wheel. That does not matter a darn in an awful lot of situations, it has got to be said, but when you are dealing with the vulnerable people in this society—the frail aged—they require a minister on the job, they require a minister accepting responsibility and they require a minister of competence and not profile. What they have is a minister who is more concerned about how she looks on the social pages than what she produces in good public policy in the most vulnerable area of our community. She is an authentic John Howard representative, but it is not good enough for this parliament, nor is it good enough for the people of Australia, and she should be censured. (Time expired)

Mr SPEAKER—Is the motion seconded?

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

Mrs BRONWYN BISHOP (Mackellar—Minister for Aged Care) (3.27 p.m.)—I was extremely disappointed by the things that the Leader of the Opposition had to say. Opposition members interjecting—

Mrs BRONWYN BISHOP—They certainly were not going to sit in here and listen to that bluster. We have just heard feigned indignation and false bluster, evidenced basically by a failure to understand how the act works. Finding out how the act works would actually require you to do a little homework.

Opposition members interjecting—

Mr SPEAKER—The minister is entitled to and will be heard with the same courtesy as was extended to the Leader of the Opposition. Anyone who defies that ruling will be dealt with sternly. The minister has the call and is entitled to be heard in silence.

Mrs BRONWYN BISHOP—The fact of the matter is that we have brought in reforms which were sorely needed. The fact of the matter is that we inherited a system where there were homes which were not up to standard and were simply swept under the carpet. We have had an awful lot of talk from the Leader of the Opposition and his cohort, talking about the importance of spot visits. Spot visits are important as part of the entire, comprehensive system of visits. I would point out to the Leader of the Opposition, as he was talking about and boasting of his 12 visits a year that were spot visits under Labor, that it would take 25 years for one spot visit to be done on each residential aged facility. One visit in 25 years is not an effective means of ensuring that good care is provided. The bottom line is that it was quite apparent that under the old system five years could go by and a facility would never be visited.

Under our accreditation system and under our reforms, by the end of this year every home will have been visited once and a third of them will have been visited more than once. This is a complete change in the way that we are approaching the problem—and problem is the right word. The vast majority of our providers are good providers. They provide good, loving and tender care. I include the people who work in those facilities, be they registered nurses, enrolled nurses or whatever terminology is used around Australia to describe the various people who study, become care workers and reach their level 3 certificates, and people who work hard to ensure that they are giving good service to people who need that care. This is a whole new approach.

Let us go back to the sort of system that we inherited and what we had to deal with when in 1998 the accreditation system and the agency went into place, the 1997 legislation having been put in place. The first thing was that there were 44 homes of concern which had existed under the old system which had been established by the Labor Party. Among those 44 homes was Riverside. Riverside had been the subject of many visits under the old system. It had a history of reaching a standard and then dropping down, being visited and brought up and dropping down. That continued until such
time as we had an incident that was so barbaraouss that the sort of action that had to be
taken was indeed taken.

I would remind you that it was a regis-
tered nurse who ordered elderly patients to
be placed in a bath containing 30 millilitres
of kerosene. This included patients who had
open stoma wounds taped up and people
with catheters. To say that this was some-
things that was out of the ordinary and was
extraordinary I do not think can ever be put
too highly. The fact of the matter is that the
system was in place for the department’s
complaints mechanism to refer it to the ac-
creditation and standards agency, but the
officer dealing with it made a decision not to
do that and to contact the provider and ask
the provider to fix up what was going on in
that home. The provider’s response to that
was to say he would put in a nurse consultant
on 6 March. Quite clearly, that was not a
satisfactory response.

When I was advised of this on 15 Febru-
ary, we acted speedily and with precision.
We worked through the night and at 9
o’clock the next morning a spot visit team,
which was desperately needed, went in. It
conducted a two-day evaluation. As a result
of that evaluation, we kept our own nurses—
agency and departmental nurses—going into
that home every day at random times to en-
sure the patients’ safety. What happened then
is that the delegate made a decision. As I
explained at question time, the powers reside
with the delegate of the secretary. It is a de-
partmental decision for a very good reason,
because it must not be a political reason; it
has to be a decision that is made on the basis
of the evidence which is produced, and that
is precisely what the delegate did.

The delegate decided that a sanction
should be put in place to withdraw provider
status, to suspend that on the condition that
an administrator be put in place and that
certain things were brought up to standard.
Under the legislation, the provider had 14
days to concur with that finding. But the de-
partment got another report from the nurses
who were going in on a daily basis. They
said very simply that they believed there
should be a second review audit done by the
standards agency. Accordingly, the depart-
ment ordered that that second review audit
be conducted. As a result of that, far from the
nonsense that the Leader of the Opposition
was making, saying it was the same as the
problems in 1998, certain things were found.
Let me read you some of the things that they
found. A resident’s broken arm was not X-
rayed and treated for nearly a week, after
which the resident was left in an incorrect
position, causing pain and increasing the risk
of fat embolus, a condition that has a very
high death rate. Medication was not safely
administered and patients were being given
medication that was not prescribed for them.
Twelve out of 30 of the medication charts
were not signed. There was a resident who
had a peg tube—that means they were fed
through the abdomen—who was fed orally
and there was no assessment being done to
indicate whether that was safe or unsafe. In
other words, I can go through things which
were definitely placing people’s lives at risk.
The delegate responded to that report by
making a decision that the provider status
should be revoked and so should the li-
cences.

Under the legislation, that meant that ac-
tion had to be taken immediately. There was
no provision to give notice and therefore,
when the residents heard that they had to
move, there was obviously disquiet and con-
cern because of the shock of that announce-
ment. I can understand that and I can under-
stand how their relatives would react. We put
in counsellors who worked with the residents
and the nurses, and the residents understood
what they were being offered by the Sisters
of Charity at St Vincent’s—spacious rooms
and ensuites. Now that they have gone in,
today the comments coming back are that
they did not know that care could be this
good—there was enough fruit for all of
them. In other words, here was a home
which did justify the action that the delegate
recommended. From the opposition, as I
have said, I have had members speaking out
of both sides of the mouth.

Mr Leo McLeay—But it was too late.

Mrs BRONWYN BISHOP—Here we
have somebody saying it was too late to
close and somebody else was saying it
should never have been closed. They want it
both ways. The fact of the matter is that this was a decision that was taken by the delegate and justified by the delegate. The whole purpose of the accreditation standard is to work with homes which are substandard and to bring them up to standard. That is the whole aim of the process—it is not to close down a great number of homes but to give those homes which show that they are willing and will come up to standard an opportunity to do so. Those which have not raised their standards by 1 January 2001 will lose federal funding. Substandard conditions existed for 13 years under Labor—they closed one home only in 1991—and since this act has been in place we have closed one in 16 or 18 months.

Mr Crean—How many spot checks?

Mrs BRONWYN BISHOP—You came in late.

Mr Crean—You came in late, Minister. That is the problem.

Mr SPEAKER—The Deputy Leader of the Opposition would find it very inconvenient if I were to take action at this stage. I invite him to exercise more restraint.

Mrs BRONWYN BISHOP—In the time that is remaining to me, I want to give you an example of a home that had been found to be at serious risk and has worked with the agency and come up to scratch. The St John of Kronstadt Russian Welfare Society wrote to me last year. They said:

I feel sure you will be interested in our story, which is a good news story.

In December of 1998 our Aged Care Complex was the subject of an Aged Care Standards Agency visit which resulted, much to our dismay, in some areas of serious risk and some unsatisfactory areas of our aged care provision being identified. The board and the new management team had already identified many areas which needed improvement, and the Agency report confirmed our worst fears. We immediately set about accelerating our Change Plan timetable and at subsequent support visits by the Agency were told they were satisfied with the progress being made to address these serious deficiencies.

Of course, you will have seen the unfavourable stories about the residential aged care providers in the popular press in July. Unfortunately we featured in one story titled ‘Shame of our homes’ in the Victorian Herald Sun newspaper on 16 July 1999... They drew material for the story from the Standards Agency Website.

The good news part of the story is that we had a final Standards Agency visit over 8 and 9 September 1999 and their resultant Reports gave us a satisfactory rating across all standards for both our Nursing Home and Hostel facilities. We have moved from being so far behind with contemporary practice that we were putting residents at serious risk across three standards to today where we are providing a satisfactory level of care across all standards. And having done this in eight months we intend to go on improving at the same rate into the future. Our goals now include achieving at least one commendable rating in 2000.

I think you will agree, this is evidence of improvement in the industry and an individual case study to demonstrate how your Standards system works to encourage providers to put the systems in place which will ensure ongoing improvements in their provision of high quality residential care. It is a shame the Newspapers are not likely to publish a story like ours. Our story can illustrate how the system works. And we will try to have our story told, but I suspect we will have little success.

I hope you share our sense of elation at having moved so far in such a short time. All our staff do and we’ve celebrated our achievement with them. The momentum is there now for us to continue and become a model in the industry. This is what we are striving for.

Yours sincerely,
Ross Hamilton Barnett
Chief Executive Officer

That is the story of the reforms, and that can be repeated in many instances.

Mr Swan—Table it!

Mrs BRONWYN BISHOP—I am happy to table it. That is the whole aim of the policy. I ask again: with the Labor Party having no aged care policy at all, what part of our reforms are they going to roll back? Will it be accreditation? Will it be the complaints mechanism? Will it be the hope of continual improvements? In other words, we have heard bluster, and we have heard lack of commitment to Australia’s elderly. I simply say to the people in the House: we are pursuing an excellent policy. We will deal with those problem areas as they arise, but at the end of the day the reforms were desperately
needed because of the dreadful legacy that we inherited from the Labor Party.

Mr CREAN (Hotham) (3.42 p.m.)—This is the censure of a minister who made a career of demanding responsibility and accountability from others, and when she actually got the responsibility she failed her own test—her own public standards. Minister, you were the person who used to terrrortise and make a sport of intimidating junior officers in the tax department. But from all of this we have now learned that your belief—your sham—was that these standards had application to everyone else but you.

This is a minister who has been totally negligent in the way in which she has administered her department, her brief and her responsibility. She is a minister with no care and no responsibility, and a minister who, when she gets into strife, seeks to blame everyone else. Minister, the buck stops with you. You cannot pass it. You failed that test, and that is why you must go. There is a chorus of editorial comment around the country calling for your resignation because of this botched job that you have done.

What we are talking about here is the Minister for Aged Care. There cannot be a more sensitive area in the community than that of the care of our aged people. This requires someone whose finger is on the button, someone who can demonstrate the right sort of sensitivity and someone who, rather than just claiming that she has an empathy for people in nursing homes, senses when there is a problem through all of the briefs and all of the reports that come across her desk and actually does something. She is the Minister for Aged Care and the minister for nursing homes. On her own admission in this parliament, she said that she has received regular reports. What we know is that she has failed to act in relation to any of them in a significant way until that report ended up on the front page of a newspaper and she was forced to act.

Just take the circumstance of Riverside. The facts of the matter are that the Aged Care Accreditation Standards Agency report on Riverside dated 15 July 1999, in the middle of last year, identified the following concerns associated with Riverside management: pain management, the administration of medication, skin care, infection control, hygiene and building maintenance. It is very interesting that when the minister received the second report, dated 2 March, the one on which she said she had to act, it identified the identical areas of concern: pain management, the administration of medication, skin care, infection control, hygiene and building maintenance. There was no difference between the report in July last year and the report in March of this year.

Why is it then, if there was no difference in the reports, she closed the nursing home in March but did not close it in July? If the facts are that the same concerns were raised in July as in March, it should have been shut in July. If that had happened, there would not have been the kerosene baths. There would not have been the traumaisation, there would not have been the anguish and there would not have been this rush to judgment that led to us seeing so many distressed people on our television screens across the country on Monday night. If the report applied in July it should have been acted on in July; it was not. If the minister is claiming credit for having done it in March as her responsibility, why did she not act back in July? That is a fundamental issue that the minister has failed to address.

The issues raised in both reports are identical. Why were there different outcomes, Minister? It is because on the second occasion they were made public. It is only because they ended up on the front pages of newspapers that you acted. You must be accountable for your responsibilities, and you are required to have influence and to act when these things are drawn to your attention. It was interesting today in the parliament to hear the minister say in relation to Riverside that the Australian Federal Police have been asked to investigate. The opposition understands from sources in the care industry that a death did in fact occur some time after the kerosene bath of a patient at the Riverside Nursing Home. The fact that the minister has referred a death at the Riverside Nursing Home to the Federal Police must ring an alarm bell. Presumably, the minister would only have taken that action if
she had been advised that there was a prima facie case of criminality. That necessarily means that there must be evidence of a causal connection between the patient being placed in a kerosene bath and the cause of death. The minister must come clean in this parliament with that evidence. It is incumbent on the minister to advise the Australian public of the facts of this disgraceful incident. But the fact is that, if the minister had acted when required back in July, the bathing incident would not have happened, and this new evidence suggests that the death may not have occurred.

That is Riverside. Now let us turn to the Alchera nursing home. Here we had a complainant from Alchera Park contacting the minister’s office in relation to a complaint that had not been resolved. When this was asked of the minister in the parliament on March 7, she appeared unaware of one of the serious complaints raised in relation to Alchera. She said:

... I went through today’s report and gave you that report. The details which you have mentioned here in the House today, I would be pleased to receive them and follow it up.

The minister then found her brief. She actually had been told about Alchera but did not know it when she came to the dispatch box the first time, or the second time for that matter. Minister, you are hopelessly out of your depth on this. You are incompetent and you have been shown up for it. Do not try to smile and smirk and grin your way out of this. You have been asleep on your watch. You have a responsibility for these people and you have failed them. You stand condemned for that. It is appropriate in the circumstances that, as a consequence of it, you resign, because we will not get appropriate attention for our aged care in nursing homes whilst you are at the helm. You have demonstrated an inability to cope and an inability to set in train a mechanism for dealing with these things. You have been found out on numerous occasions, as you were in relation to Alchera. You came into the House later and said:

With the agreement of all complainants, these complaints were finalised on 18 January 2000 on the basis of the actions put in place to remedy previous care problems.

Minister, this is the question you would not answer in the parliament today, and which you still have to answer: if the complaint, according to you, was resolved on 18 January, why did a relative contact your office on 28 February seeking further answers? Why is it that today’s Daily Telegraph talks of the daughter of one of the men, who did not want to be identified—this is in relation to Alchera—who told the Daily Telegraph she was angry that ‘Mrs Bishop’s office had failed to get back to her after a phone conversation on February 28.’ She said:

I have been given the shaft all along about this from the department and her office—

Minister, you still have to tell the House how it is that you could come into this place and say that it was all resolved to the satisfaction of all of the complainants back in January, when you have still got one complainant, at least, prepared to say that it was raised again on 28 February and there was no answer. You have misled the House yet again in relation to your shoddy performance in this matter.

This is an issue that does not just go to negligence on the part of the minister. It is the result of a harsh, single-minded policy drive that she is committed to—a policy drive that is about deregulation replaced by self-regulation, and it is self-regulation which she does not bother to check. She comes into the parliament and tells everyone she is going to have a policy of spot checks, but they do not do anything. A policy of spot checks indeed. It has become a game of ‘spot the check’, Minister. Four thousand complaints have been raised with you, and we now learn that there was only one spot check ordered—and that was when the issue appeared on the front page of a newspaper.

What is the point of moving to self-regulation and telling the world that you have a sanctioning mechanism that is going to be driven by spot checks if you do not implement them? It is not as if there have not been material, information, requests for advice and complaints coming to this minister. There has been a litany of it, but she has not acted. Yet she came into this parliament and,
in answer to a question, told us that it was still the policy to have spot checks. Some policy. They talk about policy vacuums, but what more of a policy vacuum is there than to tell us that you have got a policy that does not have one hit? Spot checks, indeed. Your policy was implemented with people believing it would be checked and scrutinised. It was not, and you stand condemned again. This is your policy choice, this the direction that you want nursing homes to proceed under, but you will not put in place an effective sanctioning mechanism.

What do we have when the minister gets herself into strife in relation to all of this? She finds it, as a matter of course, convenient to blame everyone but herself. When she is asked to answer a question, she blames first her own department, then the Aged Care Standards and Accreditation Agency—another part of her department—then the Victorian government, then the federal opposition, then her own departmental delegate, some nurses, and then her own Aged Care Act. Today we had the stupid position of her hiding behind proceedings taking place under that act. She gave that as the reason she could not answer a question about what steps had been taken about issues raised with her some 18 months ago. Minister, what do you accept responsibility for? You are getting your money by false pretences. The Minister for Aged Care, when she is caught out, blames everyone else. It is a disgrace and it is the reason she is being censured in this parliament today. If you had any decency you would be passing your mantle over to someone who is prepared to do the task—someone who does not find an easy way out by passing the buck. Minister, I quote your words:

We have to ensure ... that we find a way in which the Minister is responsible for the efficiency ... of his or her department.

... ... ... ...

... under the Westminster system we must hold Ministers accountable for what is occurring in their departments. Simply to say they were uninformed or did not bother to inform themselves will not do, because under our system of government accountability of the executive arm of government to the Parliament is essential.

Minister, those are your words. They are the standards that you have set. They are what you should be applying to yourself, and if you do not sack yourself, the Prime Minister should. (Time expired)

Mr SPEAKER—In the interests of consistency, I did not interrupt the Deputy Leader of the Opposition, but I would remind him of the obligation, which members have frequently been reminded of from the chair, to address remarks through the chair.

Mr NEHL (Cowper) (3.57 p.m.)—Let me say at the outset that I am absolutely fed up with the Labor hypocrisy that has been pouring out from that side of the House ever since this started. At the start, we had a situation where the Riverside Nursing Home was exposed as being subject to bad management. What happened then was that the media and the Labor opposition started screaming for the residents to be moved out and for the nursing home to be closed. Minister Bishop took the action that was necessary when she became aware. She has moved the residents out and closed the nursing home, and what happens? They still scream and attack her for doing what she was asked to do. This is not true concern. This is only the vultures vainly trying to get a scalp—and it is a scalp they are not going to get.

At the Riverside Nursing Home—and surely everybody in Australia is now aware of the facts—there were kerosene baths, bandages washed with clothes, and cornflour used on skin ailments. I wonder: would any of us in this House like our parents to be treated like this? No way. Does any of us accept that that is the right way for a nursing home to behave? No way. We all totally reject it, as we should. The Alchera Park Nursing Home in Gladstone has come into focus as well, with three residents who were transferred to a hospital subsequently dying. Everyone agrees that is totally unacceptable. Nobody is supporting Riverside or Alchera for what they have done. I note the minister’s comments about St Vincent’s in Melbourne, which is run by the Sisters of Charity, a great organisation. The elderly Australians who were moved out of Riverside immediately commented on the difference, with the fresh orange juice and ‘enough fruit for all of us’.
The only question that remains is: who is responsible? I know it suits the Labor opposition to say, ‘The minister! She’s the one! Off with her head!’ That is what they are saying. But who is responsible? Surely the blame must be apportioned to the management of that nursing home. Did the minister say to the staff, ‘Give that patient a kerosene bath’? Certainly not; what absolute nonsense. This is the pathetically appalling stuff that they are trying to get us to believe. The reality is that the actions were taken—which we reject on both sides of this House—by the responsible management of those establishments. When they were found out and the report was given to the minister, she took action.

This whole censure debate is not about aged care. This is not about concern for our frail aged in Australia. This is a shameful vendetta. This is an unjust attempt to vilify Minister Bronwyn Bishop, to try and destroy her. Let me tell those people on the other side that she will not be destroyed. The truth is—and if they had any decency they would admit it—she is doing a great job; she is an excellent minister. She cares and she took action as soon as she became aware. But what about the sanctimonious lot on the other side? They have very short memories indeed. They have forgotten the Gregory report on nursing homes. They have forgotten the many other reports. I happen to have some of them here: in May 1994, Review of the structure of nursing home funding arrangements: stage 2 and in August 1993, Review of the structure of nursing home funding arrangements: stage 1. In 1986 there was the Department of Community Services report Nursing homes and hostels review, and in 1984 the Senate Select Committee on Private Hospitals and Nursing Homes report.

It is very interesting that these reports are all about care and the structure, financing and running of nursing homes. When were they presented? I have given the dates. All were presented to a Labor government. These people have got an absolute memory lapse but, as I said, I have not forgotten. I can tell you that I have not forgotten the colour photographs of the seeping, weeping bedsores. I remember the rotting heels of one patient. I intend to show these photographs. They will wipe the smug smiles off the faces of the jackals on the Labor benches. I am informed that Hansard does not have the technology to include photographs. I think that is a great pity, because I believe what was happening during the Labor years should be shown.

The top photograph is of patient 1 with multiple pressure areas and contraction of the limbs. This person suffered from confusion. The bottom inside picture is the same patient with the pressure area over the coccyx. I wish you could all see it close up. I hope the television is getting it. The bottom outside picture is of the same patient showing a close-up of a pressure area on the right leg. It is sickening! This is what they have forgotten. We turn the page to patient 2. We have heard mention of scabies at Riverside. This patient suffered from scabies and multiple pressure areas and confusion—under Labor governments and Labor ministers. On this side is patient 3. You can see the toes and the nails. This is a non-ambulatory patient. I feel sick when I see them. Finally, patient 4: a confused, bedridden patient with large necrosed areas over the heels. This is appalling. I have to be fair—and I will be fairer than they are—and say that this was not widespread. These are only some examples, just as Riverside and Alchera are only some examples. If they want to damn Minister Bishop for that, then they stand condemned too. Can I say: did Labor care? No. Did Labor take any action? No, they did not. Of course there are not just one or two homes. We have heard about Riverside and Alchera, but in Labor’s day their record was pathetic and appalling; it was disgraceful and disgusting. Who were the ministers? They were Staples, Howe and Lawrence. Labor, to their eternal shame, did nothing. They were responsible. Now they say Minister Bishop is responsible. She is. She is a very responsible minister. She has accepted responsibility. She has demonstrated by her every action that she is a responsible minister who has done the right thing.

What are we talking about? We are talking about two nursing homes with bad management. Appalling—we all agree. Labor
would have us believe that Minister Bishop is personally responsible for kerosene baths and all these other things. There are 3,020 nursing homes in Australia, and they can find two which we all agree are disgraceful. That is not the basis for demanding the head of a minister. The vast majority of nursing homes in Australia are well run, and the two under discussion are an exception. As an example, I look at my own electorate of Cowper. I have been in every aged care facility in my electorate—not as often as I would like but I have been in all of them—and I know the people who run them personally, and I know that they are wonderful, caring and loving people, just as those conducting nursing homes throughout Australia are, with these few cowboy exceptions. Labor would say, ‘Because there are a few cowboys’—crooks for want of a better word—\n
Senator McGauran—That existed in their years.

Mr NEHL—That did exist in their years, indeed. What they are saying is that she should go. That is absolute nonsense. I have been in every nursing home in my electorate. In Kempsey, I have visited Vincent Court, Cedar Place and Fyson Nursing Home. In the Nambucca, I have visited the Autumn Lodge complex run by Nambucca Care Ltd, a community organisation devoted to caring for people with love, warmth and caring. In Bellingen, I have visited Bellorana. In Coffs Harbour, I have visited the Legacy Nursing Home, Ozanam Villa, Coffs Harbour Nursing Home, St Joseph’s and St Augustine’s Nursing Home. What Labor is doing is attempting to damn the whole nursing home industry of Australia. It is trying to put a noose around the neck of the minister, who is responsible and is doing the job responsibly.

Labor’s concern is not with the patients. They are headhunting. They are not concerned with care; they are scalp hunting. All they think about is trying to win political points. The frail aged nursing home patients of Australia should not be treated as a political ploy. I believe that they should rethink their appalling hypocrisy. All they are trying to do is win political points. The Minister for Aged Care, Minister Bishop, does care about the people she is responsible for. They will not get this minister’s scalp.

Mr Leo McLeay—Mr Speaker, I rise on a point of order. The Deputy Speaker held up a report that you allowed him to refer to and showed pictures to the House. I do not think the Deputy Speaker put it into the record what the report was. It should be on the record that it is the Giles report of 1984.

Mr SPEAKER—The honourable member for Watson will resume his seat. Clearly, the action taken by the Deputy Speaker was unusual, but I thought it parallel with action that I had seen taken in this House on previous occasions by ministers—in one case the then Minister for Science, Mr Jones.

Mr McLeay interjecting—

Mr SPEAKER—Any reflection by the member for Watson on rulings of the chair will have him promptly dealt with. As the member for Watson knows, no matter who the occupier of this chair, the rules are evenly applied for both government and opposition. I have in the past, as I have said, seen a minister use an illustration of something that he found difficult himself to explain. In that sense I thought the action by the member for Cowper was entirely consistent with previous rulings from this chair.

Mr Lee—Mr Speaker, I wish to make a personal explanation. During the speech by the honourable member for Cowper he accused me and my colleagues of being jackals. Is it in order for him to do that by holding up photographs of nursing home injuries—

Mr SPEAKER—The member for Dobell will resume his seat. The member knows that if he has been misrepresented in some way there is a facility to allow him to deal with it.

Mr Lee—Mr Speaker, I also have the right to ask the member for Cowper to withdraw the claim that I am a jackal. The photographs that he held up were photographs of injuries caused to people during the years of the Fraser government.

Mr SPEAKER—The language used in the debate from time to time has not been the sort of language that I would want used, and I must say that that has applied to both sides. If the member for Dobell is offended by what
was said, I would ask the member for Cowper to withdraw it.

Mr Nehl—The member for Dobell is obviously not a jackal: he has only got two legs. I withdraw it.

Mr Leo McLeay—I rise on a point of order, Mr Speaker. The Deputy Speaker, above nearly every member of this House, knows the rule, and the rule is that you withdraw unreservedly. I ask you to make him withdraw in that way.

Mr SPEAKER—The member for Cowper has withdrawn without reservation.

Question resolved in the negative.

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

PERSONAL EXPLANATIONS

Mr Lee (Dobell) (4.13 p.m.)—Mr Speaker, I wish to make a personal explanation.

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

Mr Lee—Yes.

Mr SPEAKER—Please proceed.

Mr Lee—In question time the Minister for Education, Training and Youth Affairs made a number of claims. He said that clearly I had a problem because I had not wanted to give the impression that I was supportive of basic skills tests and did not want to criticise the union. That was the claim of the minister. In fact, in the speech that I gave I made it very clear that we support not only the basic skills testing but also support targeted intervention—

Mr SPEAKER—The member for Dobell will come to where he was misrepresented; not the Labor Party.

Mr Lee—The minister referred to me on several occasions, accusing me of not supporting basic skills testing. I made it very clear in my speech that we support not only the basic skills testing but also the funding for remedial action.

The minister also went on to say that I was not prepared to stand up for parents, that I was not prepared to stand up for disadvantaged students and that I was not prepared to criticise the union because I was afraid of the union. The simple way to explain how the minister has misrepresented me in making those claims is to refer the member to the Prime Minister’s paper of choice, that is, the Daily Telegraph, which reported my speech under the headline ‘Labor attacks teachers’. It says:

The split between New South Wales teachers and the Labor Party widened last night with a federal opposition attack on literacy test bans. Shadow education minister Michael Lee challenged the progressive credentials of the New South Wales teachers union and said that the bans would affect students and the most serious literacy problems.

The point I make, finally, is that the minister selectively listens but he obviously needs to read—

Mr SPEAKER—The member for Dobell has indicated where he has been misrepresented and he has had a chance to respond. He knows that he is now out of order and will resume his seat.

PAPERS

Mr Fahey (Macarthur—Minister for Finance and Administration)—A paper is tabled as listed in the schedule circulated to honourable members. Details of the paper will be recorded in the Votes and Proceedings.

Motion (by Mr Fahey) proposed:

That the House take note of the following paper:

Funding of Consumer Representation and of Research, in relation to Telecommunications Annual Report 1998-99

Debate (on motion by Mr Tanner) adjourned.

MATTERS OF PUBLIC IMPORTANCE

Nursing Homes: Aged Care Facilities

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

The Prime Minister’s failure to act to protect the interests of frail and elderly Australians in aged care facilities.
I call upon those members who approve of the proposed discussion to rise in their places.

The proposed discussion not having received the necessary support (the proposer not being present) the matter was not proceeded with—

**TIMOR GAP TREATY**
**(TRANSITIONAL ARRANGEMENTS)**
**BILL 2000**

**Report from Main Committee**
Bill returned from Main Committee without amendment; certified copy presented.

Ordered that the bill be taken into consideration forthwith.

Bill agreed to.

**Third Reading**
Bill (on motion by Mr Fahey)—by leave—read a third time.

**AUSTRALIAN WOOL RESEARCH AND PROMOTION ORGANISATION AMENDMENT (FUNDING AND WOOL TAX) BILL 2000**

**Report from Main Committee**
Bill returned from Main Committee without amendment; certified copy presented.

Ordered that the bill be taken into consideration forthwith.

Bill agreed to.

**Third Reading**
Bill (on motion by Mr Fahey)—by leave—read a third time.

**DAIRY INDUSTRY ADJUSTMENT BILL 2000**

Cognate bills:

**DAIRY ADJUSTMENT LEVY (EXCISE) BILL 2000**

**DAIRY ADJUSTMENT LEVY (CUSTOMS) BILL 2000**

**DAIRY ADJUSTMENT LEVY (GENERAL) BILL 2000**

**Second Reading**
Debate resumed.

Mr MURPHY (Lowe) (4.20 p.m.)—Prior to the interruption of the debate on the dairy industry adjustment bills before question time, I was speaking about the Senate Rural and Regional Affairs and Transport References Committee’s report last year into the deregulation of the Australian dairy industry. While the committee noted that a staged approach to deregulation may moderate its immediate effects and allow farmers more time to restructure their businesses, it concluded that a one-off, properly designed, adequately resourced and fully coordinated approach to deregulation is a preferred approach should deregulation occur on 1 July 2000. The government has indicated that the readjustment package will not commence unless all states deregulate their market milk.

Assuming that the bill receives royal assent by 1 April, then the dairy structural adjustment program payments will only begin when all states have repealed those parts of their legislation relating to the current market milk arrangements. Accompanying the structural adjustment packages are three separate levy bills that impose the 11c levy on fluid milk. Collection of the levy will commence on 8 July 2000 regardless of whether there is state agreement to deregulate. It is therefore possible that consumers will be funding the levy before all state governments have abolished their regulatory controls and before dairy producers are able to receive grants from the program. This means that milk prices will rise in the short to medium term. The program is to be totally funded through an 11c levy on all retail milk sales. Minister Truss in his announcement on 28 September 1999 suggested that this levy will not affect milk prices. However, there can be no guarantee that this will occur. It is a similar situation to that of the goods and services tax on certain items; that is, the reduction of a neutral effect on milk prices. But there are no guarantees.

It is understood this levy is unlikely to have any impact, of itself, on retail prices as farm gate prices are expected to fall after deregulation by at least this amount. Similarly, the dairy industry expects that removal of market milk regulations would result in a drop in farm gate prices of 11c to 15c per litre. Therefore a levy of 11c to fund the compensation package should not, of itself, increase the retail price of milk to consumers. However, these are only suppositions put
forward in the Senate report and are yet to be tested in the open market. On the other hand, the Senate inquiry was concerned by evidence that suggested that costs associated with deregulation would fall on milk producers and any benefits would not flow through to consumers in the form of cheaper milk. If anything, the prices may rise, let alone remain neutral, let alone fall.

According to the committee report, the funding of the package via a consumer levy appears to be opportunistic. Consumers will probably not get any real benefits from the deregulation of the farm gate price for market milk—at least, not in the short to medium term. The committee is therefore at a loss to understand why consumers should fund the package. It seems the producer’s point of view is that they consider that they themselves are funding the package through the fall in the farm gate price. The cost to consumers is claimed to be neutral. The price of milk is not expected to increase, as ‘it replaces the present price structure established through existing regulation’. However, there is a fundamental flaw in this claim. It assumes that the full extent or almost the full extent of the fall in price to the producer will be passed on to the consumer. The committee considers that this assumption is unduly idealistic; there will be nothing to stop retailers and processors from increasing their margins and the consumer will be paying the price. The demand for drinking milk is highly inelastic. The processors and retailers know this and will take advantage of that fact.

With regard to this point, the member for McMillan, the Honourable Christian Zahra, made a very good point in his speech prior to the interruption of the debate, when he spoke before question time about what might happen in the rural communities in his electorate, namely, Yarragon, Trafalgar, Drouin, Warragul and Neerim South. The member for McMillan alluded to the dairy producers being unlikely to plough their profits into their local communities. They will obviously try and maximise profits to themselves, to the detriment of local consumers. Little wonder rural communities like those of the member for McMillan and the area where I was born and bred in Dunedoo, New South Wales, would start haemorrhaging as a result of this. Little wonder they are deserting the Howard government.

The government’s response to these concerns has been to fund the Australian Competition and Consumer Commission, to the amount of $500,000 from the dairy structural adjustment fund so that the ACCC can monitor milk prices during deregulation. What assurances are there in this arrangement that prices will remain neutral, let alone fall? We will have the ACCC acting as a toothless tiger after the new laws have come into operation and the damage has been done. The government’s measures to allegedly monitor prices will not influence the fundamentals in this economic realignment of the dairy industry. If the net effect of these dairy industry bills is that prices must rise, then the ACCC will be in the precarious position of being forced to allow prices to rise or face industry meltdown as producers are driven to economic ruin as the ACCC compels them to fix their prices at unrealistic levels.

The two major long-run beneficiaries from deregulation will be domestic consumers and producers of manufacturing milk, particularly that going to the highly competitive export market. The Productivity Commission estimates that in 1997-98 the effective rate of assistance on fresh milk exceeded 200 per cent whilst that on manufactured milk was 18 per cent. This represents a gross distortion of the Australian dairy market and industry and has hindered restructuring within the industry. The current regulatory regime involves a massive cross-subsidy from domestic consumers to producers of manufacturing milk, a transfer estimated to exceed $500 million annually. The bulk of this cross-subsidy will eventually be eliminated under deregulation. This will benefit the domestic consumer through lower prices and also is likely to provide benefits through new milk products which will be more competitive with competing fruit and soft drinks following deregulation.

The major production of manufactured milk occurs in Victoria. It is largely exported and largely controlled by two processing
companies. Producers and processors in Victoria are quite certain that they will be major beneficiaries from deregulation and have voted accordingly. The explanatory memorandum argues that the Australian community will benefit from softening the adjustment process. It can be argued that the Australian taxpayer should bear this cost, but in the adjustment bill it is proposed that the domestic consumer of dairy products should pay a levy to fully finance the adjustment program. In effect, the domestic consumer is being asked to wait eight years before enjoying the full benefits of dairy deregulation. Given the protracted period of time the consumer is expected to wait for any tangible gains from dairy industry deregulation, coupled with the government’s puerile attempts to convince the public of any protection at the hands of the ACCC after these events, it is entirely reasonable that this House should endorse the shadow minister’s second reading amendment, especially clauses 4 and 11, and accept this amendment as part of the bill tabled in the House. (Time expired)

Mr SECKER (Barker) (4.27 p.m.)—I rise to speak on these amendments concerning the dairy industry. It was interesting to hear the previous comments on these dairy industry bills. Unfortunately, the member for Corio seems to be suggesting that the government should have all the answers. That is typical of his party’s socialist approach. The history of Australia is littered with government failures—when it became involved in the commodity industry, such as the wool industry, for example. The Labor minister John Kerin ruined its consistent approach with his intervention. Labor’s approach was to say that the dairy industry would deregulate on 1 July 2000 but do absolutely nothing in the intervening years to help the dairy industry face the future after deregulation. Even their sham amendment is their first voice in several years on this issue of dairy industry reconstruction. Where have they been? First, they announced deregulation and did nothing about it. When we responded to the dairy industry package in a positive manner, they complain because we have given the dairy industry what they want. Their simplistic answer is to involve the government and taxpayers’ money—without giving them any choice—but not the consumer where they had the right to choose.

But this is typical of Labor and the member for Corio, who thinks a centralist government has all the answers instead of the industry itself. The industry has asked for this package and we have responded. All the Labor Party has come up with is another blank piece of paper for a policy and its usual negative carping nonsense that will do nothing for the dairy farmers. Labor hypocrisy is the same: do nothing, just complain; do nothing, just say the government should have all the answers. It is typical of the Labor Party to get up here and say they support the four bills and the amendments, but those amendments delete all those four bills anyway. Labor wants to be seen to agree with everything and nothing at the same time. I suggest the members for Corio and Braddon want to have a leg each side of the barbed wire fence, and we all know what that can do to you when the fence is strained up.

Then we had the member for McMillan, who thought he had a vision—a wet one, no doubt. Unfortunately, like most of his colleagues, he failed to tell us what that vision was. I can hear him say, ‘I have a vision, I have a vision, I have a vision.’ But what was that vision? ‘Oh, yes; let’s knock the government because it is heavy in tragedy.’ Those are the words he used. Some vision—the member for McMillan’s lack of understanding of what happens when people exit an industry because, like Hanrahan, we will all be ruined and nothing will stay in the area. Does he think that, because a dairy farmer leaves the land, the land disappears with him? His answer and the Labor Party’s answer is to do nothing, which would cause more dairy farmers to go broke and leave the land. Some vision. The land does not disappear. It can be used to allow another dairy farmer to expand and increase his or her efficiency. It could allow the existing dairy farmer to keep the land and diversify into another profitable industry. The opportunities are enormous because the land does not disappear as the member for McMillan might suggest in his ill-thought-out contribution, if you can call it that. Unfortunately, his inexperience and lack of expertise show clearly
that he does not know what he is talking about.

It is with pleasure that I have risen to speak on this important measure affecting dairy farmers throughout Australia with the impending deregulation of the dairy industry. As we all know, the dairy industry was put on notice several years ago when the then federal primary industry minister, John Kerin, told the dairy industry that, come what may, the dairy industry would be deregulated on 30 June 2000, and that will happen. That was actually one decision I agreed with. Presently, our dairy industry has been limited in its ability to compete for overseas export markets due to socialised quota systems and the like which have un-naturally forced up the price to manufacturers in the name of that old socialist warhorse, orderly marketing. We have had two pricing structures under this old antiquated system: marketing milk, with a higher price; and manufacturing milk, which was the same milk but with a different purpose or milk which simply did not fit the bill of qualifying under a quota system. Same milk, but a different price.

As a result of this unfair pricing system, we, as a country, have been limited in our ability to compete abroad, especially against the deregulated system of New Zealand, who were continually able to undercut the Australian price of production. This not only limits our ability to compete but also limits the ability of the Australian dairy industry to expand because it stands to reason that any production over and above our home consumption has to be either exported or poured down the proverbial drain. Therefore, if we cannot export our milk due to our inability to compete, when we expand the industry, we will end up pouring it down the drain or taking losses on our exported milk products unless, of course, we subsidise those export products by charging our Australian consumers more than they should be charged and using those superprofits to subsidise the export price. It would clearly be an unsatisfactory state of affairs to charge virtually every Australian more than they should be charged, especially when milk is such an important staple food to our families and especially to our children who, in most cases, are encouraged to drink milk products as part of a healthy and nutritious diet.

In the long term, deregulation of the dairy industry will be of benefit to both consumers and dairy farmers provided that they are efficient and well managed. Some people have charged that some dairy farmers will have to leave the industry. That is true because those that are inefficient will leave the industry, sometimes through no fault of their own. Some will leave the industry because they are simply too small to be efficient, but that has been happening all my life and before that. Fifty years ago my parents were milking four cows a day and quite healthily supplementing their other farm income. In fact, 35 years ago they were still milking two cows a day, but that was because there were eight children in the family and we had our own home consumption to cater for. Thirty years ago there were several dairy farms milking 30 cows and doing okay. But they have all disappeared now, and that was under the present system of controls. Twenty years ago there were plenty of dairies milking 50 cows, but they have all disappeared. Now you need at least 100 cows, and probably many more, to survive. So there has been a natural progression in the size of dairy farms for them to remain viable.

There are several reasons for this increase in the minimum size of dairies, including the need for better hygiene requirements, which surely none of you would reject. Even though I was brought up on milk that would never go anywhere near passing today’s health regulations, I certainly do not feel any the worse for it—in fact, I have never heard of someone dying from milk produced under what we would now say are antiquated and unhealthy conditions, but that is another question for another time. These extra health requirements are costly and made some of the dairies unviable unless they got either bigger or better at producing milk. Other costs of production, including the price of land, the price of inputs and the price of labour, have all led to the size of dairies increasing, even under the present regulated and protected regime, which we all know is
going to end in a matter of months on 30 June 2000.

So the dairy industry knew it was to be deregulated and that this would result in lower prices to the dairy farmer, which would put further pressure on dairy farmers if they want to survive. Many dairy farmers are already under pressure and might be halfway through a process of upgrading their stock or equipment in order to become more efficient. The effect of overnight deregulation and the resulting lower price received for their commodity may not allow them the ability to adjust, so dairy farmers are in an unenviable predicament.

Therefore, the industry was faced with two choices: (1) to do nothing to allow the farmer to face the future confidently or (2) to come to the government to try to sort out some sort of restructuring package that allowed their constituents to restructure their enterprises to become more efficient or to leave the industry with dignity. What they needed was some sort of guarantee of the future, which doing nothing would not have produced for them. So the dairy industry did come to the federal government and should be congratulated for coming up with a package that allowed restructuring with some sense of confidence in the future of each dairy farmer’s respective enterprise.

I also congratulate the federal Minister for Agriculture, Fisheries and Forestry, Warren Truss, and his predecessor, Mark Vaile, for their work and involvement with dairy industry representatives to ensure a workable package for restructuring the dairy industry in Australia. I would also heap a lot of praise on the member for Corangamite for his wise stewardship and chairmanship of the government’s dairy industry committee, which worked assiduously for 12 months on this single issue. I have been pleased to be a member of this committee’s deliberation over that period. We spoke with many dairy farmers and their representatives, and we spoke to many milk processors and manufacturers. I am sure that many members of that committee spoke with many farmers in their own electorates, like I did, and came to the undeniable conclusion that a package of some sort had to be delivered without a government subsidy.

After looking at many schemes, we finally decided that the 11c a litre levy on milk sales was the appropriate way to go. Whilst I had, and still have, some reservations about the size of the scheme, I will give it my support, as I hope this parliament will. This will result in existing dairy farmers having the choice of exiting the industry with dignity and receiving a one-off payment of up to $43,000 or remaining in the industry and receiving payment for eight years, which is being paid for by that levy. This gives participants the chance to plan for their future with guaranteed payments that will give them a range of choices, such as debt repayment, increasing their herd size, increasing the genetic background for more efficient production or expanding their whole production ability, all in order to become more viable production units.

Approximately 80 per cent of South Australia’s milk production occurs in the seat of Barker, which I have the privilege to represent. As South Australia produces about six per cent of Australia’s milk, this equates to about five per cent of Australia’s milk production occurring in the seat of Barker, which is a significant proportion. From the areas on the Fleurieu Peninsula through the River Murray flats to the south-east of South Australia—all areas I represent—there has been general agreement with this restructuring package, with the one exception that I have received several representations based on the need to take into account the quality of milk produced, such as protein content, which is not allowed for under this package. For example, those using jersey cattle or high protein producing friesians are penalised for producing quality rather than quantity—or, rather, quantity is rewarded instead of quality. The present payment schemes allow for this, so it would seem to be a simple exercise to use this as a basis for the restructuring payments. Unfortunately, those at the top of the dairy industry peak body have not seen fit to recommend this to the government. One can only question the motive for this treatment when, for an efficient dairy industry, it could be argued that we should
be encouraging quality rather than quantity, or a mixture of both as there is under the present payment regimes.

I actually believe that the South Australian dairy farmers will benefit under this restructuring program more than all the other states, with the possible exception of Victoria. This is because the South Australian dairy industry had the foresight and strength to largely deregulate their industry some time ago. So, when full deregulation occurs, there will be less dislocation of and shock to its industry than in those other states where they clung to their antiquated, orderly marketing systems that penalise new and expanding entrants. Also, South Australian dairy farmers have the potential for more expansion in production, especially in the south-east of the state with the enormous irrigation available to enhance the productive capabilities of their dairy herds.

The writing was on the wall when the Victorian dairy industry voted five to one in favour of deregulation and the restructuring package just a few months ago. As they produce over 60 per cent of Australia’s milk, it stood to reason that deregulation would occur and milk would cross state borders—in fact, it already had. Therefore, it is sheer folly for any other politician to get up here and suggest that we should not support this restructuring process. A former member for Wakefield, the Hon. Bert Kelly, used to use the story of King Canute hopelessly trying to stop the tide coming in. Of course, we cannot. Likewise, we cannot stop the tide of milk crossing state borders—and nor should we, because it is not in the best interests of our consumers and it is not in the best long-term interest of our dairy farmers.

Let me also congratulate the handling of this issue by the South Australian Minister for Primary Industries, the Hon. Rob Kerin, who has continually used commonsense over this issue, especially when faced with the irrational behaviour of some of his interstate counterparts. I support the restructuring package, with which we are helping the Australian dairy farmers, because the only alternative was to do nothing and to let them suffer without some hope of a viable future. This package allows dairy farmers to plan their future with confidence, and that is a good reason for this parliament to support it.

Mr ADAMS (Lyons) (4.43 p.m.)—The honourable member for Barker had a few words to say in blaming the Labor Party for this outcome or for reaching this stage in the evolution of the dairy industry, saying that it was because of the Labor Party and the Socialist Labor Party that we have reached this conclusion. I do not know if he remembers or ever read about Black Jack McEwen or the Fraser government. The Howard government has been in power for four years, so I would have thought that they would have had a bit of time to try to pull together a better opportunity for the future of, and a bit more vision for, the dairy industry.

Even at this stage of the day and this late in the debate, this government is foreshadowing that it is going to make amendments to this legislation before it goes through this House. Before the bill finishes going through this House it has got about seven or eight amendments to put before the House. So it cannot even get its own legislation right on this vital industry for the country; it has to have amendments coming into the House late in the day when the bill is three-quarters of the way through its debate. That is a disgraceful situation and just proves this government’s incompetence and the incompetence of the Minister for Agriculture, Fisheries and Forestry in the way he has gone about the dairy industry arrangements.

This is a collection of bills in response to the proposed deregulation of the dairy industry at the end of the Commonwealth domestic market support arrangements. As I understand it, the package contains a total of approximately $1.74 billion for compensation and exit payments to dairy farmers, to be funded by a Commonwealth levy of 11c per litre on sales of drinking milk, applied at retail level and collected at the wholesale level over the next eight years. Of course, it is a wholesale milk tax. The Treasurer gets up here every day and attacks wholesale taxes, but this is the wholesale milk tax that we are imposing on the consumers of Australia.
The levy is due to begin on 8 July 2000 with payments rights accruing from 1 July 2000. It will apply to all liquid milk products sold domestically, including whole milk, modified milk, UHT milk and flavoured milk. Imported milk will be subject to the levy, as it is a tax on use, and export milk products will be exempt from the levy. The determination of producer entitlements will be the responsibility of an independent body, the Dairy Adjustment Authority. There is an additional clause which says that the package will be automatically withdrawn should all the states and territories not deregulate the milk marketing arrangements to the minister’s satisfaction within six months of royal assent. What this all means to me is that the Liberal government has said to the big milk producers, ‘If you want deregulation, you pay for it, and we are not a bit interested in what happens to the small milk producers and the workers in the dairy industry around this country.’ The government has failed to ensure that the industry can continue to prosper and expand. I have had consultation with a number of producers and many workers in my electorate in Tasmania and they were not impressed with the way in which some of them are being treated. They cannot get out because the exit provisions are so mean that you would have to have a property worth less than $90,000—not a very big operation. Few properties that run cows are that small, and you would have to be pretty small and run down to be worth only $90,000. So, even if their accountant or professional has advised them to leave the industry, they will not be able to with this sort of compensation.

I think the most distressing thing about this deregulation is that the government has failed to make any specific arrangements for those regions that potentially face a significant contraction of the local economy in the post-deregulation environment. No studies have been done on the impact on regions. The only area that I know of is around Bega. The honourable member for Eden-Monaro is in the House, and I think that is in his electorate. There has been some work done on the impact of the industry in that region, but nowhere else. So, for all the hot air about caring for regions, it is obvious that it is all just hogwash. This whole government talks about regions, but here is the vital opportunity for the government to have shown its concern for regions and it has failed that, and it is going to impose enormous hardship in some areas. The only evidence that we do have is that funds will not stay within local regions, that there will be a serious downturn in those areas, and probably some in South Australia as well. A good proportion of the dairying areas will be affected.

The whole thing is crazy and the way it is structured will not do the industry any good in the long run. Where is the research and development? Where is the retraining for those who will have to leave? There isn’t any. The industry is now in the hands of the big players, many of whom are now competing in the international market. This means the jobs will go as they struggle to compete, and the local market will come off second best. I have been pursuing on the Internet some of the issues being discussed in the dairy industry. People have been very vocal in criticising the European Union and the United States for subsidising their industries, yet they are still there. One of the reasons is that they have a mandate to protect the small farmers, because it allows the traditional country farms to continue to supply an income for rural families or they would have to throw them on the unemployment heap. This costs money, of course, in whatever country you are in.

My feeling, like that of many of the small dairy farmers with whom I have had discussions, is that total deregulation is not necessarily the way of the future. It could in fact be placing a valuable domestic and export industry at risk, especially if there is a major world downturn. As one of my very angry farmers said, the level playing field of international commerce may be considered a noble goal, but can we, as such a small minnow in the international trade shark pool, afford to risk the potential and probable damage to our industry? And in world terms we are small. However, the domestic dairy industry in Australia is one of our largest rural industries, with over 60,000 employees on farms, in milk processing and production and manufacturing plants, in trucks and in distribution and marketing. The industry turns over
around $7 billion a year and exports bring in around $2 billion a year. It sounds big and impressive, but compare it with New Zealand and we pale into insignificance. New Zealand, with a small land mass and a population of three million people, produces 11 billion litres with an export component worth $A4 billion.

Mr Nairn—It is a deregulated market.

Mr ADAMS—I will come to that in a minute. New Zealand exports 90 per cent of its milk production, which in international trade terms is 31 per cent of the world market, whereas Australia is managing to export only 12 per cent of its milk output. What these figures say is that those who are on the edge of the industry and want out will look for the quickest and easiest way. They will take their compensation and may sell out to New Zealand. Already in Tasmania we have companies which are New Zealand owned. The playing field has changed. The money goes out of the state. How does Australia compete with the power of the New Zealand cooperative milk company, which is now one of the biggest milk companies in the world with tentacles all over the place? And for the member for Eden-Monaro, with all the deregulation, they are still a one-desk seller because they know the significance of selling into the world market and have a great structure for marketing milk throughout the world. Maybe there is an argument for New Zealand to join forces with Australia. If you talk to New Zealanders, they will tell you that we should be selling into the world market, working together, but I doubt whether they will agree as they are doing very nicely on their own—thank you very much. They have just agreed to merge the two biggest New Zealand manufacturers, which will give them another advantage over us and over other milk exporters. They will be looking, I believe, for takeovers of Australian companies and will be moving in on Australian manufacturing in the near future, for sure.

Although we may be able to build our exports a little over the next eight or 10 years, I doubt whether we will be able to overtake what is happening in other parts of the world. So where does that leave our farmers? At the beck and call of one or two companies which control the price and distribution of milk. When the United Kingdom’s dairy industry was deregulated in 1994, the producer owned cooperative milk marque had 80 per cent of the suppliers. It now has only 50 per cent and they tend to be the smaller dairy farmers with no clout at all.

The milk market is going to be under pressure and the levy being paid out will end in eight years. Farmers are free to do whatever they like with the money, so there is no incentive to do any further restructuring or redevelopment of the industry. What will happen in eight years time when the industry is crying poor? Will they come back to the government of the day doing an Oliver Twist and asking for more? Subsidies will be things of the past and I can pretty well predict that I would say to the industry, ‘Well, you did not heed my warnings back then that the industry needed to insist that government carry out a proper assessment of the likely impact of deregulation in dairying regions.’ What sort of impact is it going to have on country towns in some of those dairy regions? We just do not know. It also needs to insist that farmers and other industry workers need retraining and reskilling to go into other areas.

I blame the government for being so short-sighted and for being such a cheap-skate. It is the government’s role to lead, to assist and to cajole to make things happen. It needs to understand and protect communities in which massive change is occurring. It needs to look at the long term. This government has failed dismally. I remind this government that, as a direct result of the Kerin and Crean plans over the 13 years when Labor was in government, dairying moved from being an inefficient, inward looking industry on the brink of collapse, limping along only with the assistance of support structures and subsidies, to its present position as a major rural export industry. Restructuring was achieved in an orderly manner over those years and now suddenly we are faced with deregulation without any structure. ‘Survival of the fittest’ is the motto now. What if the export prices drop and the world market is suddenly restricted? What if the exchange rates do not go our way and New Zealand
picks up the competitive edge, which it surely will? How is government going to help the industry?

We are not going to delay these bills on this side of the House. I see we are going to have amendments introduced before the bills pass through the House. We are certainly not going to be accused of interfering, seeing that people have voted to accept it. This government is quite good at accusing others of not doing what it should be doing. Many of us on this side of the House are not happy with the long-term effects that these bills are going to have on the rural areas we represent. We think it is a sell-out of small farmers and the domestic industry and a complete cop-out by this government. I condemn them for that.

I am pleased to remember that the Labor Party has a lot of runs on the board in helping restructure rural industries. Many rural products were developed and improved over Labor’s time in office. We looked after the workers who are being displaced and found proposals to put to work those who had been unemployed for years in the country. The uncaring approach which this government is using is typical of the questions now being asked out in the bush. The Prime Minister is city-centric. No amount of wandering around the bush with an Akubra on is going to make him anything else. He does not understand what is going on out there and never will.

I see that a small regional task force was set up after pressure from state Labor ministers on the federal minister to put it in place. I do not think it has any strength at all, but at least it is an attempt to try to get the minister to look at some provision of regional assistance if some of the matters I am mentioning here start to appear. But of course it will not be enough, and there is no indication anyway that money will be spent in those areas. So deregulate, but do it at your own peril and do not blame us if we say, ‘We told you so,’ when it falls in a heap. The only worry I have is that Labor will have to pick up the pieces. That will require some very advanced thinking. I believe the second reading amendment deserves support so it reminds people what could have happened with a government that thought in advance, had some vision, had some caring feelings about regional Australia and really thought deeply about what to do. When a major industry is being restructured in your country, you would think you would have some compassion for the people that are going to be affected in the way that many dairy farmers will be in this case. I believe the amendment picks up what could have been with a little bit more effort and a little bit of forward thinking by the minister who represents the government in this parliament.

Mr NAIRN (Eden-Monaro) (5.01 p.m.)—The dairy industry has come a long way since the early sixties when I used to go and visit my uncle up on the north coast of New South Wales, near Smithtown, and helped milk the cows in his dairy in the mornings and afternoons during my school holidays. We have seen a drastic change in the industry since those days, in many respects for the better because we are now looking at a lot of exporting that just was not done back then. Dairying in Eden-Monaro, the electorate that I represent, is a very important industry. Along the coast, in the Bega Valley and in the Eurobodalla it is a substantial industry. Historically, it has been a very substantial industry and has contributed to the sort of lifestyle and culture that has been created in that area. There are 154 dairy farms in my electorate along that part of the coast and I would remind the House of some of the names of the very famous milk products that have come out of that region over the years, particularly in relation to cheeses—Bega, Tilba, Bodalla, Kameruka. They are household names right around Australia and they come from this one small area down on the far south coast of New South Wales.

The history of deregulation is a long one and in many respects the move towards it started quite some years ago when the Victorian industry got rid of their quota system. I think that was 10 or more years ago. Going back to the early 1990s, the previous Labor government introduced the DMS scheme. When you look back at that, it was basically putting a buffer into the industry leading up to deregulation. If the people from the Labor Party were honest with themselves, they would admit that really was the reason why
they put that buffer in, to enable the industry to do the further restructuring that would be required to be able to cope with deregulation. The DMS scheme saw consumers paying a higher price for milk, which was then used to compensate the dairy industry. The industry has known since the introduction of the DMS that deregulation would be inevitable once the DMS ended. I think this is particularly apparent given the Victorian domination of milk production in Australia. It produces something like 63 per cent of Australia’s milk.

Many dairy farmers have been planning for that change and many have not. The debate in my electorate has certainly been intense. Farmers quite rightly concerned about a potential drop in income have expressed their concerns about deregulation. Throughout this debate over the last 12 months we have had representations made here in Parliament House from people in parts of my electorate. A group called Concerned Dairy Farmers—in particular Bill Caldicott and Tony Allen—from my electorate down in the Bega-Cobargo area were quite forward in putting the case of many dairy farmers against deregulation. I ensured that those people were able to come here and put their case in Parliament House, meet with the minister, meet with the government members policy committee and discuss all of these issues.

At the same time I was meeting with members of that group down in the electorate as well so that I could understand what they were putting forward. In the early days of the debate they were putting forward a national regulation scheme, basically a milk pool, something that the dairy industry itself had actually looked at and determined could not work. You would have to have 100 per cent agreement right across Australia for such a scheme and clearly that was not going to happen. I understood the diverse views and ensured that everyone had access to the minister and the government members policy committee and discuss all of these issues.

So what has prompted this legislation? The Australian Dairy Industry Council, ADIC, which is the industry’s peak body, came to the federal government. The council saw the writing on the wall and understood that many of their members could be hurt if an adjustment package was not put in place. The federal government could have said, ‘This is a matter for the states,’ and done nothing. The member for Batman was in here earlier in the debate, criticising the government for leaving it up to the states to make these decisions. The man does not understand how this works. The federal government could not make a decision about cross-section of people, including the elected members of the dairy farmers associations down there, not just one group. I met with them all and made sure that all those views were taken into account when I made representations to government. That was in stark contrast to a few Labor people who wandered around the electorate at times during this debate—they did not really wander very far as they tended to fire press releases from Canberra or elsewhere—or talked only to one small group, the people who were very strongly opposed to deregulation.

It was a good populist line. It was a good emotional line to take out there to the rural areas—that deregulation will be the end of the earth, and all that sort of thing. It is easy to create emotions within small communities which might think they will suffer as a result. That was the populist line taken by local ALP representatives in Eden-Monaro. Not once did they bother to go to talk to the rest of the farmers or to talk to the elected representatives of the dairy industry in my electorate.

In isolation, keeping the quota system which exists in New South Wales is what everyone wanted, and I understand that. It is not a bad deal when you have a quota, with a guaranteed price for a particular part of your milk production—in some cases, all of your milk production—but we cannot live and trade in isolation. I understood the diverse views and ensured that everyone had access to the minister and the government member policy committee. No-one could argue that they were not listened to in this debate.
deregulation, when the states were running quota systems. I remind the member for Batman that the states, constitutionally, are themselves—they have their own legislation. It was not a case of the federal government making a decision on deregulation; it was always the case that it required the states to make that decision. The government said that, if they did make that decision, it was prepared to do something nationally to assist, which is its responsibility. So it worked with the industry to put together an adjustment package to help dairy farmers if the states proceeded to deregulation.

We all know that the Victorian farmers, and subsequently the Victorian Labor government—even though they were indicating otherwise before they got elected—decided to deregulate. This prompted the dairy industry in other states to determine the view of their members. In my electorate, the local elected representatives of the industry organised meetings to canvass dairy farmers’ views. In Bega, Max Roberts, one of the elected representatives for the region, informed me that 158 people attended the meeting. These numbers included sharefarmers, and 75 per cent of them voted to support the federal government’s package. At the Moruya meeting, attended by 24 dairy farmers, only four opposed the package. So in my electorate more than 75 per cent of dairy farmers support the package the federal government is now putting in place through this legislation.

This package is going to be vital for the dairy farmers in Eden-Monaro. I know that deregulation will have a large impact on many farmers, and that is why I have worked with the local industry to ensure the package assists them. We have heard also earlier on in this debate from the member for Batman, who made particular reference to Bega and my electorate. The member for Lyons subsequently did as well. The member for Batman initially—and the member for Lyons followed it up—referred to a study that was done in Bega on the potential effect of deregulation on the region. That study has provided some excellent information on what happens when major agricultural industries have to restructure. But the egg is on the member for Batman’s face. He was quite critical, saying that the Howard government was not interested in knowing any of these things, and that it took the local community to do the study themselves. He clearly was not told by local Labor Party representatives in the region—because they never get out into the community at all—that part of that study was funded by the federal government. I wish he was here to learn something, but part of the funding of this study that was done by the local community came from the federal government. So there he was, standing up and making a big man of himself, saying that the federal government was not interested, when we had actually funded part of that study.

That study will certainly be a useful document, but it did not take into account the benefits that will come from the package that the federal government is now putting in place through this legislation. Although there are many challenges that we have to be very aware of and follow through on, we also must take into account the sorts of payments that will come from this package into the region, and the impacts of those payments were not taken up fully in the study that was done.

The member for Batman used the unemployment figures in the area to try to make out there was an even further crisis. I suspect he has egg on his face once again. He talked about the very high levels of unemployment, and he used a figure of 16.2 per cent unemployment in the Bega Valley, which he took from some figures released last week for small labour market areas. I have demonstrated successfully to the minister that there was a gross error in those figures, because an increase in unemployment in Bega Valley, with figures going up to 16.2 per cent in the December quarter, would have meant an increase in unemployment of 540 people. Interestingly, the Centrelink figures for the same quarter show that only an additional 40 people were receiving Newstart or Youth Allowance—less than one-tenth of the figure he claimed. So the unemployment that the member for Batman almost gloats about—and probably he was part of the cause of the high unemployment in the early nineties
when he was in the ACTU, which he wants to get back to these days—are not correct. I think subsequent investigations within the department will show they are not correct. Anybody who understood the area would know that those figures were grossly wrong, but he and the other ALP representatives from the area have been running around saying, 'Look at these dreadful figures.' If he was out there on the ground, he would know that they were rubbish, and we will subsequently prove that.

The overall package means that something like $1.63 billion will be distributed to dairy farmers over the next eight years, at the rate of 46.23c per litre of fresh drinking milk sold in 1998-99 and 8.96c per litre used in the processed milk market. What that means for Eden-Monaro is about $40 million over that eight years, or something in the order of a quarter of million dollars on average to each farmer. Of course, there will be much higher payments to some and lower to others.

That is a significant assistance in the restructuring process. I should add here that we have heard nothing but silence from the New South Wales government on what they might do to assist even further. I remind the House that they are in receipt of substantial payments under national competition policy that they could use to buy back their own quota system, which would go even further to assisting the restructuring of the industry in New South Wales. But we have heard nothing from them. They constantly whinged and carried on, saying that the federal government was driving this when in fact it was the marketplace and the Victorian dairy industry that was driving deregulation. At the end of the day, they certainly made their decision to also deregulate. But they do have responsibilities in the quota system that they run, and they are receiving payments from the federal government that they could use.

The future for dairy farmers is in fact very bright, contrary to what the member for Lyons said. What he did not say was that, with the very high subsidy in the European Union, they have had an attrition rate of people in the dairying industries much greater than that in Australia. I should also remind the member for Lyons that, under the Crean-Kerin plan, the number of dairy farmers has gone from about 30,000 down to about 13½ thousand. I do not recall any restructuring package for the dairy industry under that plan. I do not recall any specific retraining mentioned in all of the rhetoric that he was throwing around. I just remember extremely high unemployment rates of over 11 per cent for the nation and high rates right through the region. I would just remind him of those figures.

The future for dairy farmers is in fact very bright, contrary to what the member for Lyons, who talked about the European Union subsidies, said. What he did not say was that, with the very high subsidy in the European Union, they have had an attrition rate of people in the dairying industries much greater than that in Australia. I should also remind
essed, value added and placed on any supermarket shelf in any part of the world. I would remind people also that five years ago Bega Co-Op exported not a single dairy product. It is now exporting something in the order of $30 million a year. With new markets, a strong economy and low interest rates, they have been able to make that investment and get into export. They are now exporting 60 per cent of their product whereas five years ago they were exporting nothing. That is a growing industry with a bright future. They made a $20-million investment recently in the packaging and cutting plant. They have employed another 110 people. More recently, they have in fact employed 12 people from the Heinz cannery in Eden that closed down last year, as members of the House will remember. Those 12 people who have experience in food processing are now working for the Bega Co-Op. So I think that is a very good story for the future. We will be there with a restructuring package, making sure that the farmers are assisted so that restructuring can occur and this great potential of further export is realised.

Even though deregulation will present some challenges for dairy farmers and communities in my electorate, I believe the future is very bright indeed. I think we have to acknowledge that and work to make it even brighter still and create many more jobs for young people, particularly in my region.

Mrs DE-ANNE KELLY (Dawson) (5.21 p.m.)—On 3 March, Australia’s agriculture ministers agreed in principle to proceed rapidly to introduce the necessary legislation to deregulate milk marketing arrangements. A statement issued by the ministers after their meeting acknowledged that deregulation was inevitable because of commercial pressures. This inevitability was made even greater so by the Commonwealth government’s requirement that all state governments agree to proceed to deregulation before the distribution of the $1.74 billion compensation package could proceed. Included among the ministers who agreed to the deregulation process was Queensland’s Minister for Primary Industries and Rural Communities, Mr Henry Palaszczuk, who said that Queensland’s agreement would mean that its dairy farmers would receive an estimated $200 million from the total package. Certainly this move by the Queensland government was made with the support of the Queensland Dairy Farmers Organisation chief executive officer, Mr Michael Prendergast, said prior to the decision that access by the Queensland dairy farmers to the compensation package was essential.

A mere 48 hours prior to the Queensland minister putting his hand up on behalf of his government, in favour of deregulation, his own Premier, Mr Beattie, launched a scathing attack on the very process that Minister Palaszczuk warmly embraced. According to an Australian Associated Press report of 1 March, Premier Beattie said that state governments needed to band together to stop the trend of deregulation because of three hikes in the price of milk since late last year. Premier Beattie went on to say that the escalating cost of milk showed deregulation was not benefiting consumers. He said:

'We’ve got to face up to the fact that a lot of the so-called benefits from deregulation have not happened. I think all governments in Australia should be carefully watching the price of milk. We’ve got to revisit the economic dogma and simply say where is the benefit to consumers. This has got to be done nationally. No state can do this alone.'

As I said, this attack from Premier Beattie came a bare 48 hours before Mr Beattie’s own minister for primary industries enthusiastically agreed, in the words of the joint ministerial statement, ‘to proceed rapidly to introduce the necessary legislation to deregulate market milk arrangements’.

I think we can reasonably ask: did Mr Beattie’s minister defy his own leader when he voted for rapid deregulation, or did Premier Beattie simply take it upon himself, in the most cheaply cynical way, to grandstand to milk consumers? I tend to the latter view, given Premier Beattie’s well-developed inclination to burst into print, saying anything that he feels people want to hear. I have no doubt that Premier Beattie launched his tirade about the alleged evils of deregulation in the full knowledge that his government had already made the decision, announced by his primary industries minister two days
later. Once again, Premier Beattie and one of his Labor ministers were trying to do the highwire juggling act, trying to be all things to all people and hoping that nobody would notice the glaring inconsistencies.

Now that the Queensland government has agreed to move rapidly to milk industry deregulation and gain an estimated $220 million from the industry compensation package, it also needs to come clean about what it will do with the considerable extra bonus it will receive from the federal government by way of a National Competition Council approved payment for making the commitment to milk industry deregulation. I am advised that the Chairman of the National Competition Council, Mr Graeme Samuel, has estimated that Queensland will receive $92 million by way of this NCC approval. The principle of what should be done with this windfall payment was established during the life of the Queensland coalition government from 1996 to 1998, when NCC approved payments from the Commonwealth to Queensland for efficiencies in local government were returned to benefit local government.

Now the Queensland Labor Premier, Mr Beattie, who has made such a show of breast-beating and other cynical histrionics over the impact and effects of the deregulation his own government agreed to, can put that money where it will have the most benefit. While such NCC approved payments will be made over the next few years, the Queensland government will receive a total of $120 million in this current financial year so there are funds immediately available to make allocations for infrastructure works and other projects in areas impacted on by dairy industry deregulation. There is no doubt that deregulation has been a contentious issue since it was first raised. Many dairy farmers who had worked for generations, secure in the knowledge that they were providing a high quality product to an accepting market at a fair and reasonable price, are understandably confused and dismayed by the prospect that the brave new world of the deregulated market has no place for them. It was a shattering blow financially and the trigger for a major crisis in their lives.

Mr Beattie’s little outburst followed an announcement by Queensland Dairy Farmers—the state’s largest supplier of milk—to lift its recommended retail price to $1.43 a litre from 13 March, a lift of 9c a litre. There had been previous price increases of 6c and 8c a litre following partial deregulation last year. As yet, Pauls, the major competitor, has not made any similar announcement. Dairy Farmers’ regional manager for Queensland, Mr John O’Hara, has justified this by saying that the price rise reflected the economic realities of the new milk market. That announcement was quickly followed by an announcement by the Australian Competition and Consumer Commission that it would investigate the price rise. There is no doubt that consumers were angered by this rise, but they were very much mistaken if they believed that embattled dairy farmers would benefit in any way from the new price regime. At the same time Dairy Farmers announced a price rise of 9c a litre for consumers, it also announced a price cut of 19c a litre from 1 July for farmers—down to an abysmal 40c a litre.

The chief executive officer of Queensland Dairy Farmers, Mr Michael Prendergast, was quoted as saying that farmers had a right to ask why the processing and retail sector needed an extra 28c a litre. I must say that consumers in Queensland are asking the very same question. When price movements are claimed by the major producer, Dairy Farmers, as a reflection of market realities, is it any wonder that farmers and consumers in Queensland are unconvinced about the claimed benefits of deregulation? In fact, the Chairman of Dairy Farmers, Mr Ian Langdon, was quoted in the Courier-Mail of 3 March as saying that the farm gate price on offer, 40c a litre from 1 July, was the best the company could offer, and he warned that this price could fall even further once the market was fully deregulated.

We have been assured that the removal by state governments of regulation on the price of milk would lead to a price drop of 20c a litre, to be replaced by an across-the-board levy on drinking milk of 11c a litre to fund the $1.74 billion industry compensation scheme. A spokesman for Minister Truss
was quoted by AAP on 3 March as saying that milk prices would drop by 8c or 9c a litre after 1 July, following the decision by all state governments to proceed rapidly to deregulation. I certainly hope that this finally is validated. In any case, the Australian Competition and Consumer Commission keeps a very close eye on the processors and retailers who frankly, to date, have been the big winners in this partial deregulation.

Farmers are certainly concerned in my area. Recently I received a letter from the Port Curtis Milk Suppliers Co-operative Association Limited Deputy Chairman, Mr Peter Woodland. That letter, which was dated 28 February, stated:

We have been placed in a position where the best price we will receive after 1 July 2000 is around 43 cents a litre (currently 58.9 cents a litre market milk). Deregulation will mean that the market milk price will drop by approximately 27%.

Of course, what Mr Woodland, and the rest of us, did not know at that time was that only a few days later the farm gate price would be cut to 40c a litre, with the warning that it could go even further. That scenario makes reading Mr Woodland’s letter even more difficult. I quote:

The latest cost of production that has been released by the Department of Primary Industries places central Queensland with an average cost of 46 cents a litre. This will mean that many central Queensland dairy farmers will have no choice but to exit the industry and try to establish a new profession on their farms.

This was the scenario Mr Woodland envisaged when he anticipated a post 1 July farm gate price of around 43c a litre. Now, as we know, that in fact is going to be 40c and it could go lower. While the compensation package being arranged by the Commonwealth and funded by a consumers levy for farmers hit by the effects of deregulation is welcome—and Minister Truss should be congratulated for working to achieve a compensation package at all—we must not forget that the government has decided that this restructuring package will be taxed as income, once it has been received by farmers. Therefore, farmers will not receive the full amount. It could mean that farmers could lose up to a third of their distribution, depending on their current income. In his letter, Mr Woodland made a practical suggestion, and I commend it to the government. He wrote:

The Federal Government stands to receive a huge taxation gain out of this industry funded package. Quite a lot of this money is going to be paid out of regions like central Queensland and we see a huge risk that those regions won’t receive any money back to put into their local communities that have been affected most by people that have been driven out of the dairy industry. Good examples of these are the areas of Monto and Eungella. At Monto, funds from this windfall in taxation for the Federal Government could be used for roads and infrastructure for water to enable different farming enterprises. At Eungella, funds from this windfall for the Federal Government could be used for roads to attract tourism.

I believe Mr Woodland’s point is a valid one. While the restructuring package will be of benefit to impacted dairy farmers, there will be an adverse impact on the communities as the farmers exit the industry and perhaps the area. The ripple effect of this closure of dairy farms in some communities will be very significant.

I referred earlier to the extra $90 million the state government will receive by way of NCC approved payments for agreeing to industry deregulation. Mr Woodland has already identified two areas which need practical help and assistance. I commend his ideas to the Queensland government. Mr Beattie should give a clear and public commitment that the NCC money will be used exclusively for projects in dairy industry areas which will feel the adverse effects of deregulation. Last Friday, when the decision was made by ministers to proceed to rapid deregulation, another decision to establish a high-level task force to monitor and evaluate the impact of deregulation was also taken. I welcome this decision insofar as it will affect regional and rural communities, because I can foresee circumstances arising where added assistance will be necessary to allow communities which lose dairy farmers to adapt and adjust. So far, many dairy farmers and certainly all consumers have seen only negative results from partial deregulation as prices have risen for consumers, though fallen for farmers.
Inside the industry there is intense speculation that the three big processors—National Foods, Dairy Farmers and Parmalat—will be reduced to two, with the most logical combination being a merger of Dairy Farmers and Parmalat. However, in Queensland, Dairy Farmers and Parmalat would control a massive 97 per cent of the industry. I hope that the ACCC would look very closely at such a merger if it were to create a virtual monopoly in Queensland. It would turn the whole process of deregulation into a very disadvantageous one for the farmers remaining. There simply would not be meaningful competition in Queensland at all. In the first half of 1999-2000, National Foods suffered a loss of $5 million in Queensland as it pushed to expand its three per cent market share, and a full year loss of $8 million is predicted. The reality is that millions of dollars are being spent on advertising programs to persuade customers to switch brands at a time when prices are increasing. Hopefully, the obvious will occur to the big milk processing companies that the best way to win and hold customers is to provide a quality product at a reasonable cost, just as it was in the days before deregulation. I believe the jury is still out on what the outcome will be for our rural and regional communities. The Queensland government must play a role in this through its national competition moneys, and I think the federal government should look at some way of directing tax moneys from this into those regions that are going to be hard hit.

Mr TRUSS (Wide Bay—Minister for Agriculture, Fisheries and Forestry) (5.36 p.m.)—May I thank all those members who contributed to this debate on the dairy industry bills. It is a very significant piece of legislation before the parliament. It is probably the biggest restructuring package in the history of any primary industry in Australia. As I said in my introductory speech, it is to the industry’s credit that they have been able to negotiate a package of this magnitude to win the support of dairy farmers, even though they acknowledge—as I believe everybody else in the industry and most members who have spoken acknowledge—that the dairy industry is going to go through a very difficult period associated with restructuring. They have acknowledged that this was inevitable and that the industry needed to respond. The government has been prepared to listen to what they have had to say, and this legislation is a practical demonstration of the government’s willingness to work with the industry to achieve the best possible outcome.

The opposition has proposed an 11-point amendment, which of course we will be opposing. It contains very little substance and I welcome the fact that, in spite of his criticism, the shadow minister basically indicated that the opposition would be supporting the bill. He made 11 points of criticism and I would like to respond to each of those. First of all, he criticised the fact that the bill was being pushed through at the latest possible time. In reality, the government has moved very quickly to bring forward the bill. It was only in very late December that the Victorian government completed their poll and made the decision that that state would proceed with deregulation. So there has been an extremely limited time frame. I compliment my department and particularly Tim Roseby and Paul Sutton who have worked very hard to put together a comprehensive piece of legislation and enabled it to be brought to the House so promptly.

The second point of criticism was that the package failed to deliver a clear vision for the future of the industry. What it does deliver fundamentally is a future for the industry. It provides some capital to enable farmers to make decisions about their future, to assist those producers who make the decision to adjust out of the industry but, most importantly, to provide some wherewithal for those farmers who want to reinvest within the new environment for the industry to get the capital they need. The package of legislation is indeed visionary and a positive and constructive move for the industry. The honourable member then criticised a failure to provide some way of directing tax moneys into the suitable regions that are going to be hard hit. ABARE have prepared a detailed summary. The industry itself has done a lot of work on the impact on various sectors of the industry. If the shadow minister has not had an op-
portunity to see any of that work, I am more than happy to make it available to him.

The shadow minister’s fourth point was to criticise a new tax on milk. This bill does impose an 11c a litre levy on milk, but it is a smaller tax than currently applies to milk. Under the current marketing arrangements, there is a much larger transfer from consumers to producers than will exist under the new arrangements. There will not be any kind of new windfall tax on milk because the consumer transfers will fall. I take this opportunity to comment on the matter of whether there is a government tax windfall, as referred to by the honourable member for Dawson. The reality is that, as a result of deregulation, dairy incomes will fall. The taxation paid by dairy farmers to the federal government will also fall. The government’s expectation is that deregulation will result in reduced income to the federal government and not any windfall in tax. It is in fact the case that the money paid to individual farmers is taxable. That is why the package was bulked up to its current level—to acknowledge the fact that the package would be taxable. Again, work done by Treasury implies that the actual tax impact is neutral because money that is paid by consumers in relation to the increased price of milk is money they would otherwise spend on other things and may, therefore, be taxable. The Treasury’s view is that the impact of this measure is revenue neutral from a tax perspective.

The fifth point of the opposition’s amendment expresses concern about the fact that the package does not assist workers in the dairy industry. The entire $1.63 billion paid to farmers will assist farm workers and indeed the industry as a whole. The money to individual producers will undoubtedly flow into the community, so the package is very much directed towards assisting workers in the dairy industry. The amendment also complains about a failure to retrain farmers. The reality is that the government already has a significant number of programs available to assist with training needs. For instance, the whole FarmBis suite of measures that are designed to assist farmers is certainly available to help dairy farmers as they look to the future of their industry.

The seventh point concerned the need to have measures specifically aimed at encouraging investment in new plant and equipment on farm or beyond. Again, I can say that here is $1.6 billion that will go to farmers. Many of them will choose to use it to upgrade their farm investment and to look at the best way of coping with the new environment in the industry. The amendment also talked about a failure to open up and expand overseas markets. Again, this whole deregulation push is being driven by exporters—those who desire to open new markets around the world. It also criticised a failure to provide money for research and development. The Commonwealth government already provides around $10 million each year for research and development in the dairy industry and we have no intention of reducing our commitment in that regard. The amendment complained about the assistance not being appropriately targeted to farmers. It is all going to farmers—the most affected people, the dairy farmers—whose incomes will fall as a result of deregulation of the industry.

In the final point the shadow minister talked about a failure to provide any adequate mechanism to ensure that consumers benefit from any fall in the price that farmers receive from their milk. Again I am sure he could have noticed that the bill provides $500,000 so that the Australian Competition and Consumer Commission can supervise the introduction of the new arrangements and ensure that the real benefits of price falls flow through to consumers and that there is no profiteering in the industry. The government rejects the opposition’s amendment.

We believe that the points raised lack substance and are not worthy of support. The deregulation of dairy’s farm gate pricing arrangements now look set to take place, with state agriculture ministers agreeing in principle last Friday to remove milk pricing arrangements from 1 July 2000. The government has responded to the likelihood of deregulation by proposing this adjustment package which will assist dairy producers to respond to the sudden and significant changes ahead in an orderly way, and which will also assist to minimise hardship and
provide exit opportunities for those farmers who wish to leave agriculture.

In summary, this package of bills, at a total cost of $1.74 billion, will provide dairy structural adjustments payments worth a total of $1.63 billion to help farmers adjust to the new market, paid in 32 instalments over eight years. These payments, available to eligible persons involved in dairying on 28 September 1999, will provide significant assistance to individuals and regions that are dependent on dairying. A dairy exit program worth $30 million will provide a tax-free grant of up to $45,000 to those who wish to exit agriculture. There will be an 11c per litre dairy adjustment levy on drinking milk products to fund the dairy industry adjustment program.

In the development of the package a number of issues have been raised, both by industry representatives and the broader dairy community. One thing is very clear, however. If deregulation occurs, this adjustment package will be vital, not only in maintaining the continuing success of the Australian dairy industry, but also in the response to deregulation able to be made by individual producers.

The purpose of the package has received considerable attention in recent months. It is important to remember that this is an adjustment package and it is not intended to compensate for the removal of regulated arrangements or to provide income support. I cannot stress enough: the package is designed to assist producers to adjust to the changing circumstances with dignity and in an orderly fashion and to improve industry performance, which in turn maintains and increases job opportunities and incomes in regional dairying areas.

In relation to any compensation issues, it is the federal government’s clear view that it is now up to the states to address issues that are the direct consequences of the states removing farm gate pricing arrangements such as any quota compensation. I refer in that regard to some of the remarks made by the member for Page and others about the responsibility of states also to play their part in any measures necessary to support the dairy industry in the years ahead. I have encouraged the states to implement regional assistance measures where they consider additional assistance is warranted.

The package addresses issues which have been brought about solely through the existence of state market milk arrangements and it is up to the states to provide additional import if they consider this to be necessary. The government is conscious that the Commonwealth taxing powers will contribute all the funds towards assisting the industry to adjust to the removal of the state arrangements, while the states will receive national competition policy payments for their dairy reforms.

Can I also reject this concept that somehow or other this is not a Commonwealth initiative; that because it is paid by the consumers therefore the Commonwealth is contributing nothing. That is clearly a nonsense argument. It is no more valid than suggesting that money contributed by motorists when they pay fuel tax is not Commonwealth money, or money paid to the states when people transfer their property is not state money. Governments have no money of their own; all of the money that they have to spend on programs is raised from the people. It is taken by way of various taxes on various commodities, taxes on income, taxes on transactions. All of those sorts of things raise money for governments, and this levy is no different in that regard.

I am aware of the very real concern about the likely impact of deregulation on the prosperity of regional dairying communities. The federal government offers a wide range of integrated policy initiatives for farmers and rural communities to provide positive incentives for ongoing farm adjustment and to encourage social and economic development in rural areas. Government programs also ensure that the farming sector has access to an adequate welfare safety net.

The principal Commonwealth assistance programs available to those affected by deregulation of the dairy industry include the Agricultural Advancing Australia scheme, the Regional Assistance Program, the Rural Communities Program and various job assistance training and income support...
schemes. Details of these programs are all readily available for affected farmers and their communities.

In addition, the Commonwealth is developing a whole-of-government response to issues raised in the Regional Australia Summit which was held last year. Outcomes from the summit can be expected to address concerns identifiable in most rural communities. The government has agreed with the states that it will be looking at these existing programs to see if they need to be better tailored to meet the requirements of dairying communities to adjust to deregulation. At my meeting with state agricultural ministers last Friday we agreed to set up a high level task force to monitor and evaluate any regional impacts of dairy deregulation.

It is inevitable that in any assistance package of this nature there will be individual producers who are concerned about their eligibility for payments from the package. The eligibility criteria were arrived at after extensive discussions with dairy industry leadership and as a result of a careful balancing of the levels of entitlement to the adjustment pressure they will face. The Dairy Adjustment Authority will be charged with making the determinations on eligibility for all applicants. The vast majority of producers’ eligibility and entitlements are expected to be determined without dispute by the Dairy Adjustment Authority. However, disputes will arise in some cases and the DAA will need to resolve them on the basis of clear guidelines and principles.

Other producers may not for various reasons be technically eligible, though they are current producers and were delivering milk during the 1998-99 financial year. The authority will determine eligibility for these producers taking into account the individual merits of each case. The government has been alerted to some minor problems with the complex package and I will later be introducing a couple of amendments to the bill to ensure it delivers on the intent of the package. These are in relation to the needs to address market milk payment anomalies in Victoria in 1998-99 and to ensure that partnerships in share farming agreements are not disadvantaged in relation to the sharing of the market milk premium. Both of these potential problems were brought to the government’s attention after the introduction of the bill. Of course, an appropriate appeals mechanism has been established in the legislation for those producers who are not satisfied with the DAA’s determination.

Finally, I would like to congratulate again the dairy industry leaders who recognised in advance the commercial forces facing the industry and examined the options to deal with these pressures. These industry leaders developed and presented a coherent strategy to the government and were able to demonstrate that this strategy had the support of the majority of the industry. I commend the legislation to the House. The government rejects the opposition amendments. This is a significant package. I would like to thank again all members who contributed constructively to the debate on the issue. The dairy industry faces very difficult times, but this package helps to make those difficulties somewhat easier and gives the industry a real chance to build a prosperous future for itself and for dairy industry communities into the years ahead.

Question put:

That the words proposed to be omitted (Mr O’Connor’s amendment) stand part of the question.

The House divided [5.57 p.m.]

(Mr Deputy Speaker—Mr D.P.M. Hawker)

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<th>Ayes</th>
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AYES


Wednesday, 8 March 2000

Representatives

Fischer, T.A. Forrest, J.A. *
Gallus, C.A. Gambaro, T.
Gash, J. Georgiou, P.
Haase, B.W. Hardgrave, G.D.
Hockey, J.B. Hull, K.E.
Jull, D.F. Katter, R.C.
Kelly, D.M. Kemp, D.A.
Lawler, A.J. Lawler, A.J.
Lindsay, P.J. Lieberman, L.S.
Macfarlane, I.E. Lloyd, J.E.
McArthur, S * McGauran, P.J.
Moore, J.C. Moylan, J. E.
Nairn, G. R. Nehl, G. B.
Nelson, B.J. Neville, P.C.
Nugent, P.E. Nugent, P.E.
Pyne, C. Nuttall, R. M.
Ronaldson, M.J.C. O'Brien, P.J.
Schultz, A. O'Byrne, M.A.
Secker, P.D. O'Byrne, M.A.
Somlyay, A.M. O'Keefe, N.P.
St Clair, S.R. Price, L.R.S.
Sullivan, K.J.M. Prosser, G.D.
Thomson, A.P. Quick, H.V.
Pynne, C. Roxon, N.L.
Ronaldson, M.J.C. Ruddock, P.M.

Noes:
Adams, D.G.H. Beazley, K.C.
Andren, P.J. Bell, J.M.
Berkley, L.J. Beazley, K.C.
Bryne, A.M. Beazley, K.C.
Crean, S.F. Beazley, K.C.
Danby, M. Beazley, K.C.
Ellis, A.L. Beazley, K.C.
Evans, M.J. Beazley, K.C.
Ferguson, M.J. Beazley, K.C.
Gerrit, J.F. Beazley, K.C.
Gillard, J.E. Beazley, K.C.
Hall, J.G. Beazley, K.C.
Hollis, C. Beazley, K.C.
Irwin, J. Beazley, K.C.
Kernot, C. Beazley, K.C.
Latham, M.W. Beazley, K.C.
Lee, M.J. Beazley, K.C.
Macklin, J.J. Beazley, K.C.
McClelland, R.B. Beazley, K.C.
McLeay, L.B. Beazley, K.C.
Melham, D. Beazley, K.C.
Murphy, J. P. Beazley, K.C.
O'Connor, G.M. Beazley, K.C.
Plibersek, T. Beazley, K.C.
Quick, H.V. Beazley, K.C.
Roxon, N.L. Beazley, K.C.
Sawford, R.W. Beazley, K.C.
Sercombe, R.C.G * Beazley, K.C.
Smith, S.F. Beazley, K.C.
Swan, W.M. Beazley, K.C.
Thomson, K.J. Beazley, K.C.
Wilton, G. S. Beazley, K.C.

Pairs:
Howard, J.W. Beazley, K.C.
Kelly, J.M. Beazley, K.C.

* denotes teller

Question so resolved in the affirmative.
Original question resolved in the affirmative.

Bill read a second time.
Message from the Governor-General recommending appropriation announced.

Consideration in Detail

Bill—by leave—taken as a whole.

Mr TRUSS (Wide Bay—Minister for Agriculture, Fisheries and Forestry) (6.02 p.m.)—by leave—I move amendments Nos 1 to 4:

1 Schedule 1, item 17, page 9 (after line 16), at the end of the definition of overall enterprise amount, add:

Note 3: See also clause 30A (which deals with abnormal market milk pool distributions).

2 Schedule 1, item 17, page 9 (lines 22 and 23), omit the note, substitute:

Note 1: See also clause 30 (which deals with the transfer of the whole or part of market milk delivery rights).

Note 2: See also clause 30A (which deals with abnormal market milk pool distributions).

3 Schedule 1, item 17, page 17 (after line 31), after subclause (5), insert:
For the purposes of paragraph (5)(c), the proportion of livestock owned by a partner in a partnership is taken to be the same as the proportion of the livestock owned by the partnership.

Schedule 1, item 17, page 32 (after line 22), after clause 30, insert:

30A Adjustment of eligibility for payment rights—abnormal market milk pool distributions

(1) The DSAP scheme may make provision for and in relation to the adjustment of eligibility for payment rights in relation to a distribution that, under the scheme, is taken to be an abnormal market milk pool distribution.

(2) Those provisions may include (but are not limited to):

(a) treating a particular dairy farm enterprise, for the purposes of this Part and the scheme, as if the enterprise had delivered a particular volume of market milk during a particular financial year instead of a particular volume of manufacturing milk; and

(b) treating a particular dairy farm enterprise, for the purposes of this Part and the scheme, as if the enterprise had delivered a particular volume of manufacturing milk during a particular financial year instead of a particular volume of market milk.

(3) In this clause:

this Part

includes:

(a) the definition of overall enterprise amount in clause 2; and

(b) the definition of premium component in clause 2.

These amendments relate to two matters of a technical nature which would inadvertently disadvantage a number of dairy producers if the Dairy Industry Adjustment Bill 2000 in its current form passed through the parliament unamended. The first provides for a correction to be made to an anomaly, to the entitlements that neutralise the effects of market milk billed payments made in the eligibility base year of 1998-99, which potentially affects a significant number of eligible dairy producers. The specific instance relates to the Victorian dairy industry, which operates under a pooling system whereby a certain proportion of the total milk delivered is paid for as market milk. The aim of the pooling system is to allow dairy producers to derive an equal proportion and share of market milk prices available in that state.

However, in 1998-99, differential proportions were paid to producers supplying different companies. This change in the distribution was made to overcome a problem that existed with payments in the previous year and was a one-off adjustment. As the Daily Industry Adjustment Bill is drafted, payments from the adjustment package would reflect the abnormal payments in 1998-99 unless provision is made in the bill for the Dairy Adjustment Authority to adjust entitlements to reflect the overall proportion intended to be paid to Victorian farmers as market milk, as was intended.

The proposed amendment in relation to this issue provides for the DSAP scheme to provide for adjustment of eligibility for payment rights to recognise this abnormal distribution of market milk pool distributions during 1998-99 to producers delivering milk through the pooling system. After adjustment, all entitlements would reflect the state market milk pool average, which was and remains the intent.

The second matter concerns the ability of share farmers and lessee partnerships to meet the test of providing essential capital contribution in cases where ‘it did not exist’ but where access to the market milk premium was available. The amendment is to avoid situations where, under the bill as drafted:

A partnership may jointly meet the test of providing at least 25 per cent of the enterprise’s livestock to be entitled to a market milk share but, separately, may not. For example, a share farmer partnership may contribute 40 per cent of the livestock to the eligible farm enterprise. However, as separate entities, they own only 20 per cent of the livestock and thus would not qualify for the larger entitlement.

The amendment proposed to overcome this problem is to add a section to clause 13 of the bill, providing that, ‘in the case of partnerships, joint ownership of livestock will count towards determining an individual essential capital contribution in relation to livestock’. I present the supplementary explanatory memorandum.

Mr O’CONNOR (Corio) (6.05 p.m.)—

These amendments have been lobbed on the
opposition fairly late in the day. We have taken them on board at very short notice and we are grateful for the brief on them that has been provided through the minister’s office by the department. We understand that the first amendment that was raised by the minister came out of industry’s examination of the bill and the potential anomalies that might flow from the legislation as it stands if it were passed. Of course, I have a particular interest in this, being a Victorian, and because of the fact that Victorian dairy farmers may well be adversely affected if these amendments are not accepted. The opposition will certainly be supporting them at this stage of the debate.

I think it is fairly instructive that these particular amendments have come out of the industry. After all, the whole package came out of industry. The whole package was—can I say—a labour of love by very dedicated people in the dairy industry. They were very concerned about the commercial forces that were going to be brought to bear on their industry with the ending of the Commonwealth domestic market support arrangements on 1 July 2000, and the implications of deregulation that were going to flow from the commercial pressures on the industry.

Once again, it has been industry that has identified this particular problem—not the government itself—and has come to the government seeking to have it addressed, even at this eleventh hour. Apparently this situation arose in 1997 out of a problem within the pooling arrangements administered by the Victorian Dairy Industry Authority in 1997 which led to some distortions in the payments and the proportions that would be used in this legislation to assess entitlement. If that anomaly had flowed through, it could have led to an inequitable situation where some farmers might have gotten more in the way of an entitlement from this package and some farmers less. Minister, we will assist you in this amendment to your legislation here this evening and we will not be opposing it.

The second relates to the partnership entitlements. I understand the diligent work of the department in grappling with the complexity of this industry in a very short time frame. It has identified this particular problem that may arise with sharefarmer partnership entitlements. I think it is best for it to be dealt with here. I would like to place on the public record my admiration for people in our Commonwealth Public Service. They have an unenviable job in trying to structure a legislative response to a very complex industry and a very complex set of circumstances. I understand at times that many of those public servants find themselves in places like Senate committees where they are grilled by members of those committees quite unjustly for the political gain of the particular member who may well be sitting on that committee. I pay tribute to the diligence of those public servants in this instance because they have identified a particular situation that, at the end of the day, may well have disadvantaged some share farmers and people in partnership situations. The amendments rectify this situation. These are both what we would term technical amendments to the legislation that has been presented and is being debated here today. While I am on my feet, I might pay tribute to those share farmers—(Time expired)

Mr KATTER (Kennedy) (6.10 p.m.)—I had some three hours of preparation to speak tonight and, unfortunately, the exigencies of the House prevented me from doing that. If I had had more time to consider the proposal put forward by the opposition, in all probability I would have crossed the floor tonight. I want that put on the public record. I am absolutely appalled at the way the issue of deregulation of this industry has been conducted. We have an industry that has provided growth from $430 million to $2,200 million in exports. One of the senior people in the Commonwealth Development Bank said that the only agricultural industry in Australia that was faring well was the milk industry. Even retail prices were stable. In fact, the New South Wales retail price before deregulation had only kept pace with the CPI. In Victoria they have kept pace with average weekly earnings. As far as the bill this evening goes, it facilitates the deregulation of this industry.
I belong to a very proud party that allowed, facilitated and ensured the ability of farmers to collectively market their product. They could stand toe to toe against the retailers. In this case, under deregulation, 13,500 farmers will face off against just two sellers: Woolworths and Coles. Minister Truss, I am deeply depressed about your speech. I thank the Prime Minister because, as I understand it, the Prime Minister’s position was that if the states forced us to do it then we would do our best to help the dairy farmers. But your position was that taken by certain leaders in the milk industry, and that position was that if you did not do this then you would take away the $100,000 from your farmers.

Mr McArthur interjecting—

Mr KATTER—You can say ‘disgraceful’, but my farmers on Thursday of last week received a letter from their factory telling them that instead of getting 58.9c a litre they will get 41.5c a litre. I wonder how you would take a letter if you received it from the Speaker of this House telling you that you would get paid one-third less than you got previously. You think that I should stand up here and supinely rubber-stamp the demolition of those decent, hard-working Australians throughout this country. There is not one person in this House who is not well aware of the fact that some 15,000 to 16,000 Australian families will vanish partially as a result of what is occurring here at the present moment.

Mr McArthur interjecting—

Mr KATTER—Let me answer your question. Every one of those reports that I have seen to date says that somewhere between 3,000 and 7,000 people will exit the industry. If they do not take two people with them, then I will walk from here to Bourke backwards.

Let me come back to the topic. It has been said that section 92 of the Constitution prevents the government of Australia—this government—from doing anything, and it prevents the state governments from doing anything. This is rather peculiar. We have a situation in this country where there is no sovereignty that resides with respect to marketing. In fairness, that probably was a proposition which was not unreasonable up to 1998. But I would have thought that some people would have had the energy to go down to the library, pick out the position paper which is section 92 after Cole v. Whitfield and read what the law says now on section 92. It can be argued that New South Wales is in breach of section 92 because Victorians are not allowed to buy quota in New South Wales. If in fact they are allowed to buy quota in New South Wales, then the regulations throughout Australia can stand and are not ultra vires section 92. I refer to Dr Kopar’s book on section 92 of the Constitution.

The Victorians should be given DMS. That is not a position that is popular in my state and in my area but, quite frankly, I think there is a gap between what the Victorians are paid and the rest of Australia. I know the historical background to that, but there should be DMS payments, though they should be capped at where they are now. I plead with the minister. He will be remembered as the person who participated in the demolition of this industry. One of our own National Party members said that this would be the worst happening in agriculture in Australian history, and I do not think that is an exaggeration. It is not too late to turn this around. (Time expired)

Mr O’CONNOR (Corio) (6.15 p.m.)—I return to the amendments before the House. I was making comment before about the importance of share farmers to this industry. As I understand it, there are some 2,000 people who get their entry into dairying via this means. In the Western District of Victoria where I grew up, there were many people who did not have the benefit of having farms left to them who entered the industry via this means, worked diligently with the owners of the enterprise, contributed their labour, contributed stock to the enterprise, built it up and then went out on their own. There is a very important part of this industry and I am pleased that this potentially adverse situation for them was picked up by departmental officers and is addressed in an amendment tonight. But I have to say that it is an odd situation that we have a bill before the parliament, the minister has had a long period of
time to prepare this bill and he has had a long time to bring it into the parliament, and the meal has hardly gone cold on the table when he waltzes in here with these amendments. I really do not know how many more amendments there are going to be to this legislation as this particular package finds its way through the wash, but I hope there are not too many.

As we see here on the floor of the parliament today, in this very debate on these amendments massive splits are appearing in the National Party. I happen to have toured the northern seats of Queensland with the member for Kennedy and I know the intense regard he has for the farming community. I would suggest to the Minister for Agriculture, Fisheries and Forestry that he take heed of the words spoken by the member for Kennedy when speaking to these amendments.

We know, as he knows, that behind the smokescreen of the commercial pressures on this industry driving deregulation was a government that literally held the deregulation gun at the head of the states and said, ‘Your farmers will not access this package unless you all sign up to it.’ I have said in other forums, not only on the floor of this parliament but out in public as well, that this government went missing, it went AWOL, when this package was being developed. You simply said to the industry, ‘You go away and do our work for us.’ This meant hundreds and hundreds of man-hours that could have been spent by the industry in other pursuits—and what did you do? You sat back and waited till the industry came with the package—you did nothing more from April to September—and then you brought this legislation into the parliament. Now, before the meal is even cold on the debate on this bill, we have amendments here before us. (Time expired)

Mr KATTER (Kennedy) (6.20 p.m.)—I would like to add, in speaking to the amendments being moved here, that when we had a policy in this place of assisting industries and becoming involved the Kerin plan involved what I might say was classical National Party policy until recent years. It was our philosophy that we got in and helped these industries. There was a 2c a litre DMS payment that was introduced to help the manufacturing side of the industry. There were two sides to the Kerin plan. There was the deregulatory side. Those champions of economic rationalism in this place would have loved the Kerin plan because it said, ‘On 1 July we deregulate this industry.’ The second side of it I suspect was put in there not by Mr Keating but by Mr Kerin, and that was the 2c balancing levy to help the manufacturing side of the industry. Let us have a look at the effect of the Kerin aspect of that plan. When the 2c levy was introduced, we exported $432 million a year of dairy product. Within 15 years we were exporting $2,220 million worth a year—an absolutely exciting success story, facilitated by the intervention of government. A tiny bit of assistance was able to take that industry to very great heights.

Let us have a look at the economist rationalist side of the industry which is being proposed and which we are addressing this evening in these amendments—that is, on 1 July we deregulate. I have already informed the House that farmers who sell to Dairy Farmers have been informed that their incomes will drop some 30 per cent. That is a wonderful achievement! We have now
achieved the farmers getting 30 per cent less on half of their milk that they sell to the fresh milk market. The second aspect is that the $2,000 million that is now going overseas will come back into New South Wales—which, of course, is the game plan of Murray Goulburn and Bonlac. It will be taken off the export market and be dumped back into New South Wales. So we will lose very significant exports from all of this, we can assume. Has it benefited the consumer? Consumers have seen their prices rise in Sydney and Melbourne over 10 per cent. In the previous four years, in Victoria they rose in line with average weekly earnings, which was about one per cent a year. So before deregulation there was virtually no price rise in milk in New South Wales and Victoria; after the price rise the price of milk to consumers goes soaring through the roof. The consumers have suffered, farmers have suffered and exports have suffered. The farmers, reeling on the ropes, will have to sell their assets. The only asset they have to sell that they can sell immediately is their shares in their cooperative—and guess who is waiting out there to buy them? Parmalat, a big European corporation. Presumably, they will take over the cooperatives in Australia. So those are the four effects of the process of deregulation.

For those who advocate deregulation in this place: look at your handiwork.

Mr DEPUTY SPEAKER (Mr Hollis)—The question is that the amendments be agreed to. Those of that opinion say aye; the contrary—I put the vote before you stood. The honourable member for Paterson, when you are here you should jump up. Otherwise, we will put the vote.

Mr Hockey—On a point of order, Mr Deputy Speaker: you had already proceeded to go to the vote. Under those circumstances, I think you should proceed with the vote.

Mr DEPUTY SPEAKER—The honourable member for Paterson was a little slow on his feet, but he did indicate to me that he wanted to speak. That was why I looked around. I had not actually put the vote. I started to put the vote.

Mr Hockey—On a point of order, Mr Deputy Speaker: you did start to put the vote and you called the ayes.

Mr DEPUTY SPEAKER—No, I did not.

Mr Hockey—And we had already exercised our vote. Under those circumstances, I do ask that you proceed with the vote.

Mr DEPUTY SPEAKER—Let us not have a debate on it. My ruling is that I had not put the question. I had started to put the question, but I did not put the question. I had not reached the ayes. I call the honourable member for Paterson.

Mr HORNE (Paterson) (6.25 p.m.)—I am sorry that the member for Kennedy has left because it was very refreshing to hear his comments. It is also interesting that democracy is not dead while the Hon. Joe Hockey is around. It just gives a good appearance under this government of being dead. I am not sure what the government is afraid of. I know what they will be afraid of come election time, when the dairy industry no longer exists in many parts of Australia where it is currently doing quite well, thank you. What I would like the Minister for Agriculture, Fisheries and Forestry also to consider is that the changes that this is going to bring to the dairy industry have already cost many dairy farmers a lot of money. Dairy farmers who want to stay in the industry have already expended considerable money—

Mr Ronaldson—On a point of order, Mr Deputy Speaker: the honourable member for Paterson should be aware that when we are in the consideration in detail stage like this he should speak to the amendments before the House. He has been going now for a couple of minutes and has not as yet referred to the amendments.

Mr DEPUTY SPEAKER (Mr Hollis)—I agree with the Chief Government Whip, but I would say in fairness that the amendments have been fairly widely canvassed.

Mr HORNE—I notice that part of one of the amendments relates to partnership entitlements. Most dairy farms are held in partnership because they are family owned. Many of those people have expended considerable money to upgrade their dairy, to get bigger or to get out. Many of them will find, because of the rigorous control and the changes that have come about in local government and state planning acts since the
time that dairy was established, that they will not be allowed to proceed to a bigger and modern dairy farm on the same site. Will the government be prepared to compensate those people who want to stay with the industry but cannot for reasons that are not their own? That is something that is going to affect many dairy farmers in coastal New South Wales where they will require extra land and effluent control and where they will be required to house their animals under cover because the local government and state planning act will not allow it? What will the federal government be prepared to offer those farmers? I can assure you it will be a problem to a number of dairy farmers who want to stay in the industry. I would have thought this legislation certainly is not about that. Thank you for your indulgence, Mr Deputy Speaker.

Amendments agreed to.

Bill, as amended, agreed to.

Third Reading

Leave granted for third reading to be moved forthwith.

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

Dairy Adjustment Levy (Excise) Bill 2000

Second Reading

Consideration resumed from 16 February, on motion by Mr Truss:
That the bill be now read a second time.
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 Truss) read a third time.

Dairy Adjustment Levy (General) Bill 2000

Second Reading

Consideration resumed from 16 February, on motion by Mr Truss:
That the bill be now read a second time.
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 Truss) read a third time.

Navigation Amendment (Employment of Seafarers) Bill 1998

Consideration of Senate Message

Bill returned from the Senate with amendments.

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

Committees

Industry, Science and Resources Committee
Membership

Mr Deputy Speaker (Mr Hollis)—Mr Speaker has received advice from the Government Whip that he has nominated Mr C.P. Thomson to be a member of the Standing Committee on Industry, Science and Resources in place of Mr Brough.

Motion (by Mr Hockey)—by leave—agreed to:

That Mr Brough be discharged from the Standing Committee on Industry, Science and Resources and that, in his place, Mr C. P. Thompson be appointed a member of the committee.
Debate resumed from 16 February, on motion by Mr Williams:

That the bill be now read a second time.

Mr McCLELLAND (Barton) (6.34 p.m.)—The position of the Labor Party is that we will not be opposing the second reading of the Telecommunications (interception) Legislation Amendment Bill but we will be proposing an amendment to the second reading motion. Essentially, the need for the bill arises from technological change and also from the experience of law enforcement agencies in the field and court cases which have construed the power of those agencies in respect of telephone interception.

One issue that the bill will address—and I will not speak to all of the issues in detail—is that it will enable the Inspector of the Police Integrity Commission of New South Wales to have access to intercepted material for the purposes of the inspector’s statutory functions. That has resulted from a request by the New South Wales government as part of its program to ensure that the New South Wales Police Force is beyond reproach. One must compliment the New South Wales government for its actions in that respect. The Inspector of the Police Integrity Commission will not have the power to intercept telephone calls but this bill will enable the inspector to receive intercepted communications. The opposition acknowledges the request by the New South Wales government and appreciates that the federal government has responded to that request.

The more controversial areas of this bill are in respect of expanding the categories of warrants that can be issued, and in particular a category of named person warrants. It must be said that those warrants are necessary—or at least a category of those warrants is necessary—because of technological change that has occurred, and they are primarily in respect of the ease with which people can communicate these days through a multiplicity of means. It is very easy, for instance, for those involved in criminal activity or, indeed, anyone to purchase—my daughters have recently purchased a prepaid phone card for a mobile phone—prepaid phone cards at relatively little expense and there are no formal account keeping records. Indeed, as I understand it, the SIM cards, which can be purchased from most of the telephone companies, can be inserted into the one phone so there is not even a necessity to purchase several mobile phones. It has been very easy for people, particularly those involved in drug trafficking, to use those facilities.

In terms of the development of these named person warrants, it has to be appreciated that the current powers in the Telecommunications (Interception) Act were framed over 20 years ago—in 1979. In those days there was a simple analog technology provided by Telecom, and interception was a very simple matter indeed. Of course, there is a whole range of technologies and a whole range of telecommunications companies involved in the industry in modern day Australia, and it is necessary to keep pace with them. There are rapid developments in multiple services that an individual can subscribe to at very little expense. Currently it has to be acknowledged that the present powers contained in the act are losing their efficacy as this technology is moving beyond them, so the opposition again acknowledges the need for that to occur.

There will be, under the scheme of the act, several categories of warrants. There will be telecommunications service warrants, which are those that currently exist in respect of identified phone services, and there will be named person warrants. It must be stated that one of the safeguards in respect of the obtaining of these named person warrants—and it is an important safeguard—is that the judge or member of the Administrative Appeals Tribunal issuing the warrant must be satisfied that no other form of telecommunications interception would be effective in the circumstances.

It has been argued on the one hand that these named person warrants are perhaps no different in principle from listening device warrants, which still can be obtained at a federal level. Certainly in state jurisdictions
the facility exists where a listening device is inserted, and that will record the communication that comes from a person over whatever means, whether it be in the room or whether it be over some other form of electronic communication. Nonetheless, the telecommunications interception policy review committee acknowledged, while recommending the need to keep pace with technological change, that there were significant potential privacy issues that arose from these enhanced powers. The review said:

This would however have serious privacy implications since it would facilitate agencies targeting services which may be used by others. Although this is also possible under the current system, the warrant issuing authority is currently able to prevent any misuse of the power.

The policy review committee recommended a number of safeguards required to ensure that those same powers of scrutiny were transferred into the named warrant procedure. It must be said that our initial reading of the government’s legislation is that those recommendations have been complied with, although we believe—and I think it is fair to say the government believes—it is necessary and appropriate for a committee to further examine those safeguards with a fine toothcomb.

The existing procedures and criteria for the issue of a warrant and record keeping and reporting requirements of the Telecommunications (Interception) Act will apply in full to named persons, and they are set out in sections 45 and 46 of the principal act. They require a federal judge or a member of the Administrative Appeals Tribunal considering an application to be satisfied that there is a telephone service involved, that that service is going to be used by a person who is suspected of having committed a serious offence as prescribed in the act, that the intercepted information would assist the information for prosecution purposes and, importantly, that other investigative methods are inappropriate or have been unsuccessful. These hurdles are currently in place. Indeed, a judge or a member of the Administrative Appeals Tribunal has specific powers to require additional information or clarification of any of these assertions, which have to be contained in a signed affidavit by the officer who applies for the warrant. However, in addition to those existing safeguards, before issuing a named person warrant the judge or member of the AAT must first be satisfied that other methods of investigation, including a less intrusive telecommunications service warrant, have been considered and are either unavailable or ineffective in the circumstances.

I should note at this point that consideration was given in the policy review report, to which I have referred, as to whether it was appropriate to include something analogous to the more stringent test that the United States has in respect of this form of warrant. They call them roving wire taps rather than named person warrants but, ultimately, the policy review recommended against further narrowing of the power. But it is worth flagging at this stage of the debate as an issue that should be appropriately considered by the Senate committee. Specifically, in the United States it is possible to obtain a roving wire tap warrant only if the applicant identifies the person believed to be committing the offence and establishes that there is probable cause to believe that the person’s actions could have the effect of avoiding interception from a specified facility. In other words, if there were evidence along the lines of someone acquiring multiple SIM cards for the purpose of making their communications more difficult to track, that would be a factor that would enable the granting of one of these roving wire tap warrants in the United States.

In addition to the more stringent safeguards at the warrant issuing stage in respect of named person warrants, there will also be greater and more stringent reporting requirements. The agency involved, whether it be state or federal, must report information about the warrant and what was achieved as a result of its services to the relevant minister under whose control they operate. They must also account for why the named person warrant was used in a particular circumstance and why the more common form of fixed or standard warrant that currently applies was not used. Experience, certainly in the United States, suggests that the use of named person warrants or their equivalent, the roving tap
warrants, is extremely rare. It is not the norm. The norm is for warrants to be the standard telephone interception warrants. For instance, the review committee heard that the Federal Bureau of Investigation issues about 1,100 warrants per year, and that is in the context of the massive population of the United States. Of those 1,100 warrants, only about 12 were required as roving wire tap warrants. Again, one would expect that in Australia's experience, with a much smaller population of course, the need for these named person warrants would be a rare occurrence and the exception rather than the norm. Again, those matters should appropriately be investigated by the committee.

I will turn now to the additional reporting requirements. In addition to the agency having to report to the relevant state minister, or at a federal level the federal minister, it is also necessary in the case of a state minister that they report to the federal Attorney-General. Agencies are required to keep records of warrants issued and details of warrants issued to bodies other than to the Australian Security Intelligence Organisation, which are kept on a general register maintained by the Commissioner of the Australian Federal Police. The general register is submitted to the minister every three months. Information is also required to be kept where a warrant is issued or revoked, details of the usage of the warrant, to whom the information gained from the warrant has been communicated and any arrests that have been made or are likely to be made because of the information gained from the warrant. The usefulness of the information obtained, together with the earlier information, must be provided within three months of the issue or revocation of a warrant. In other words, the report needs to constantly justify that these warrants have been effective and that they have not been issued willy-nilly. Indeed, there is another requirement for a register in respect of those occurrences of interceptions that have not resulted in criminal action as an additional safeguard.

In addition to that, the telecommunication carrier whose services were intercepted must give the minister details of action taken by the carrier within three months of a warrant ceasing to be enforced. This again cross-verifies exactly where the interceptions were made and, in the case of these multiple telephone services, will confirm what services were actually intercepted. The Commonwealth Ombudsman has the power to check the records of Commonwealth agencies. In respect of ASIO, there is a specific Inspector-General of Intelligence, who has a very detailed and extensive range of powers, who scrutinises its actions. The state agencies that have been certified as agencies appropriate for inclusion in the power to issue warrants must similarly have in place an inspection system by an independent office, such as an ombudsman. These requirements are in place as safeguards. We have to be aware of that and the community needs to be aware of that. They currently exist in the act so it is not as if these named person warrants are being brought into being without current safeguards or, indeed, without additional safeguards being brought into the legislation. We recognise that but, again, we believe it is appropriate for those powers to be scrutinised to see whether there are sufficient safeguards of human rights in the legislation. Again, a Senate committee reference is appropriate for that.

In addition to the law enforcement powers, there will also be greater powers for foreign intelligence gathering, through foreign intelligence warrants. It has to be appreciated that developments in technology, and in particular the fact that more and more communications are coming into Australia through digital technologies, have required an enhancement of those security gathering techniques. These matters can involve significant security issues for Australia, and it is necessary to constantly keep in mind that the greatest threat these days to the physical wellbeing of Australians is not invasion by a foreign power but from localised terrorist activity. In that context, it is important for the security of all Australians that we properly equip our security organisations and our intelligence organisations with the ability to, where necessary, intercept information that is relevant to their tasks of protecting Australia's security interests.
It must be borne in mind when we are considering these interception powers that they are not issued for trivial reasons. Under the Telecommunications (Interception) Act, category 1 offences which are relevant include murder, kidnapping and narcotics offences, together with conspiracy and assistance in those crimes. Those are very significant crimes, of course, and the community is always interested and justifiably concerned when they are reported. Category 2 offences also involve serious crimes which are punishable by at least seven years imprisonment. They would generally involve risk to life, personal injury or serious damage to property which is likely to present a danger to the safety of persons. They also include various forms of trafficking in prescribed substances, serious fraud, bribery or corruption of public officials, or serious loss to the revenue of the Commonwealth, a state or a territory. When we are talking about these powers, we are not talking about trivial instances; we are talking about serious criminal activity.

On the other hand, while we recognise it is necessary for any responsible government to properly equip their law enforcement and security organisations, it has to be constantly borne in mind that there are significant human rights issues. For instance, article 17 of the International Covenant on Civil and Political Rights provides that:

1. No-one shall be subjected to arbitrary or unlawful interference with his privacy, family, home or correspondence, nor to unlawful attacks on his honour and reputation.

2. Everyone has the right to protection of the law against such interference and attacks.

Article 8 of the European Convention on Human Rights is to similar effect.

It must be noted at this point that this parliament in the very near future will have to come to terms with whether we should have our own bill of rights. Even if it is not an attempt, as previously, to have a constitutional bill of rights, we could have a legislative bill of rights which includes a reference to the principles from the international treaties that I referred to. As members of this parliament we need to recognise—and the Australian people need to recognise—that we are the only Western democratic nation that does not have a bill of rights. Canada has the Canadian Charter of Rights and Freedoms; New Zealand has its own bill of rights; and recently the United Kingdom, which of course shares our common law principles of government and our legal system, has introduced a statutory form of a bill of rights. These are things we should consider when we are considering legislation such as this which has the potential—as the Telecommunications Interception Policy Review indicated—to significantly impinge on Australians’ human rights. This is a time to reflect on whether our more general safeguards are appropriate and on whether we need to start moving towards having our own bill of rights, charter of rights, charter of citizenship—whatever it may be—which specifically recognises the fundamental rights of Australians and which allows those rights to be intruded upon only in exceptional circumstances.

There are several other issues which I will flag as matters which the Senate committee should investigate. The former Labor government, in 1994, introduced amendments to the Telecommunications (Interception) Act. These established what I have referred to briefly before—a special register showing details of warrants which have not led to a charge being laid. Several reports in the past have considered this issue, and there have been recommendations to require law enforcement agencies to notify citizens who have been the subject of interception in circumstances where no criminal law enforcement activity has taken place. That is something that requires consideration. The Telecommunications Interception Policy Review Committee thought this was unnecessary and that the maintenance of this register, which is provided to the Attorney-General, is sufficient. There were logistics issues considered and issues about information which may not in the short term have led to conviction but which may in the longer term have been necessary in a criminal case.

These issues are complicated but they require further examination, along with the practicality of the mechanisms, and a Senate committee should consider them. I should also note for the record, lest my comments
create any alarm, that there are stringent requirements in the existing act that, in circumstances where communications from third parties are intercepted—which obviously will occur when someone is the subject of investigation—there is a specific obligation for law enforcement agencies to immediately destroy information that is irrelevant to the criminal activity being investigated. The purpose of the reporting and inspection requirements that are in place is to ensure that has occurred. So there are still safeguards in place.

The final issue which I wanted to comment on was coordination between these law enforcement agencies. I note that the Telecommunications Interception Policy Review expressed some concerns regarding the appropriate resourcing of the statutory office of agency coordinator under section 7A of the Telecommunications Act 1997. I note the primary functions of that agency are to assist primarily in respect of the execution of warrants. Clearly, it is something that the government needs to consider—although, again, in respect of this legislation, there are additional means for cooperation between agencies and the ability for one agency to engage the services of another to undertake the interception on their behalf. It should be stated and recognised in respect of that situation that, before such a request can be made, the agency requesting the other to conduct the interception on its behalf must itself be a certified agency as one which otherwise—if they had the resources available—could have itself undertaken the interception. The exchange of information between agencies in the context of existing powers in the act for the directors of these agencies, where appropriate, to communicate information that they have received to another responsible law enforcement agency, highlights the fact that there will be very sensitive information communicated between agencies. Again, I think it is reasonable to say that the Australian public would expect that, where information regarding a serious offence or potential criminal activity was received from one organisation, it would be appropriate to refer it to the appropriate agency, whether it be in another state or at a federal level. That in itself raises the question of whether these separate state based scrutiny provisions by an ombudsman or other agency—where relevant—are effective in the context of this overall transfer of information. I think what the government and the committee need to have a careful look at is whether there needs to be greater cooperation at that level.

In summary, this bill is necessary, but in the context of enhancing law enforcement powers we have to balance at the same time appropriate civil rights and privacy protections. In that context I move:

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

“whilst not declining to give the bill a second reading, the House:

recognises concerns that the bill has the potential to impact on civil liberties; and

(2) is of the opinion that the bill should be referred to a relevant committee of Parliament for consideration and report, particularly with reference to:

(a) whether the new categories of warrants proposed in the bill are appropriate in the circumstances;

(b) whether the processes which are required to be observed for the granting of warrants adequately protect both the interests of individuals named in warrants and any third parties; and

(c) whether the processes of accountability for action taken pursuant to a warrant are appropriate”.

With the goodwill that the government has shown with respect to liaising on this issue, we should be able to come up with appropriate terms of reference. (Time expired)

Mr DEPUTY SPEAKER (Mr Nehl)—Is the amendment seconded?

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

Mr NEVILLE (Hinkler) (7.04 p.m.)—I welcome the opportunity today to speak on this Telecommunications (Interception) Legislation Amendment Bill 2000. This legislation deals with telecommunications interception and aims to strengthen the ability of Australian law enforcement agencies to deal with paedophilia, organised crime and corruption by public officials. The interception of telecommunications by law enforcement agencies and the subsequent use of inter-
cepted information are regulated by the Telecommunications (Interception) Act 1979. This bill amends the Telecommunications (Interception) Act 1979 to include the Anti Corruption Commission of Western Australia, the Queensland Crime Commission as ‘eligible authorities’ under the act.

It is unquestioned that we live in an age where there have been enormous advances in broadcast and telecommunications. No country has been more ready to embrace changes in telecommunications and broadcast communications than Australia. We most readily adopted black and white television, colour television, VCRs, the Internet and mobile telephony in its many forms. We have been more ready than most nations to come to terms with these things. The greatest illustration of this at present is the great angst that people feel if one small area of Australia is missing from the CDMA net when it is rolled out. At the same time as giving us this great freedom in communications, it also makes us more vulnerable. We are a big country geographically speaking and with communications like this the opportunities for the criminal also increase.

Improvements in telecommunications have had a profound effect on the quality of our lives and on the way we do business. Just consider how the average telephone has changed even in the last 12 years. I can remember not that long ago in my previous position someone ringing me up and asking me to try and stop the last wind-up phone, the last manual exchange, being disconnected. They thought it would be very nice if we kept it. I do not say that to belittle the person who made that observation at the time. They thought it would be good to keep one of these phones in Australia so they would know where bushfires were and so on. That was only a few years back. Since then we have gone from that very basic form of communication to all sorts of mobile telephony, computers, e-net and the like. It is only just a short time down the track when satellite telephones will be available throughout Australia. Again, that will be a great boon for the farmer, the miner, the mineral exploration companies, people on the roads, such as truckies, and those who have to build highways, railways and the like. But it will also mean that the criminal who is up to no good—perhaps in northern Australia ferrying drugs around—will also have access to that same sophistication of communications.

Soon nowhere in Australia will be remote from telephony. While this provides enormous benefits for legitimate business—we can use phones in a variety of ways, including recording messages, call back diversion facilities, just to name a few—we also have to recognise that our current era of communications expansion has enhanced the opportunities of these criminals to harness the medium itself and to hide behind its relative confidentiality. The shadow minister made the very good point in his address that the rotation of SIM cards is a very simple, if not sophisticated, way of a criminal being able to dodge law enforcement agencies. When you are just about to swoop on them they change the SIM card. They have the same phone, the same location but a totally different connection.

I am a great libertarian. I always view with great scepticism anything that limits the freedom of the individual or intrudes on his or her privacy. Nothing is more abhorrent to any Australian than the thought that someone might be illegally listening to his or her conversation. In fact, people are quite paranoid about it. I always say to people who have that worry to immediately contact Telstra or their provider and make a complaint, in the same way as I say to people who are receiving threatening phone calls, ‘Don’t tolerate it; don’t put up with it. Immediately advise Telstra and have those calls traced.’ It is amazing how quickly even those petty criminals are brought to heel. Quite rightly, we have always had very strict laws regarding interception and the recording of conversations. Any move we make now to impinge on this principle needs to be measured against the right of privacy on one hand and the greater community good on the other.

Prior to 1960 there was no substantial prohibition on the interception of telephonic communications, although some activities, such as interference with the telephone lines, would have constituted an offence. A general prohibition on interception was introduced in
1960 with exemptions from the prohibition for interceptions relating to offences against the post and telegraph legislation and for national security purposes where warrants were issued to ASIO alone. The Telecommunications (Interception) Act 1979 extended the range of matters for which interception warrants could be issued to include narcotics offences punishable under the Customs Act 1901. This principal act also extended the services which could be intercepted to include data transmission, which is something that I welcome.

The major change in this area occurred in 1987 when the ability to apply for an interception warrant was extended to more general serious offences and to state law enforcement agencies. This bill today widens the power of interception but within fairly limited parameters. For example, in regard to potential offences, these amendments mean that agencies, other than ASIO, can only use interception to investigate class 1 and class 2 offences. Class 1 offences include murder, kidnapping, narcotics and conspiracy—emanating from these three crimes—while class 2 offences include a range of offences punishable by a maximum penalty of seven or more years. Examples include money laundering offences, offences relating to Commonwealth computers and data and serious bribery. We recognise that the malfunctioning of computers is a matter of the greatest gravity. We have become even more sensitised to this following the Y2K phenomenon. How many people lived in a state of nervousness while all that was going on? Equally, the artificial tampering with computers, especially where they relate to government services, should attract our concern and penalties for offences should reflect that concern.

Going on with the amendments themselves, this mode of interception can only occur when a warrant is issued by a judge of a court created by the Commonwealth parliament or a member of the Administrative Appeals Tribunal, while ASIO can also be issued with warrants by the Attorney-General or the Director-General of Security. The organisations currently eligible to apply for such interceptions include the Australian Federal Police, the National Crime Authority, the Victorian, New South Wales, South Australian and Western Australia police forces, the New South Wales Crime Commission, the Independent Commission Against Corruption and the Police Integrity Commission of New South Wales. The amendments proposed will mean that the Queensland Crime Commission and the Anti-Corruption Commission of Western Australia will be included within the definition of eligible authorities for the purposes of the principal act.

The QCC was first established in 1997 to investigate and gain evidence relating to criminal activity referred to it by its management activity. Relevant criminal activity included paedophilia, crimes punishable by imprisonment for 14 years or more, and organised crime. Paedophilia is of the utmost concern in Queensland following recent court cases. In Western Australia, the ACC was established in 1988 to receive or initiate allegations of corruption about police officers or other public officials and to investigate these allegations. The amendments will enable these agencies to receive and use interception information originally obtained by other law enforcement agencies where the information relates to matters the agency investigates. This will support these agencies by providing them with the best tools for fighting crime.

The second purpose of the bill relates to the power of nominated members of the Administrative Appeals Tribunal to issue warrants and it implements a recommendation of the Telecommunications Interception Policy Review. This review recommended that:

The provisions allowing interception warrants to be issued by nominated members of the Administrative Appeals Tribunal should be continued and transferred to the Administrative Review Tribunal when that body is established.

By virtue of section 3 of the Telecommunications (Interception) and Listening Device Amendment Act 1997, the power of nominated members of the AAT to issue warrants expired on 31 December 1999. The bill will repeal section 3 and ensure that this critical function continues to be carried out by peo-
ple with the necessary independence and experience.

The issue of effective law enforcement and the protection of the rights of individuals must be balanced when we consider telecommunications interception. The government is balancing these issues. While it widens the powers of interception, it is within fairly limited parameters. The amendments will strengthen the ability of Australian law enforcement agencies to fight crime.

Mrs May (McPherson) (7.17 p.m.)—

With the passage of the Telecommunications (Interception) Legislation Amendment Bill 2000 tonight we are helping to ensure that our law enforcement agencies are able to meet the challenges that rapid changes in technology present in the new millennium. We are helping to ensure that criminals, particularly drug traffickers, are not able to hide behind advances in telecommunications as a means to mask their illegal activity.

This legislation is further evidence of the Howard government’s desire to help create a safer community and take up the fight against crime. While honourable members of this place would be very aware that police and sentencing are state government matters, I am proud of the fact that the federal government continues to take a hands-on approach to helping make our community safer. It is an approach that is bringing results. We saw earlier this year that Australian Federal Police drugs strike teams in Brisbane and Sydney, established under the Howard government’s Tough on Drugs strategy, seize a record quantity of the drug ecstasy, or MDMA. An estimated 65 kilograms of ecstasy tablets, nine kilograms of MDMA powder and over nine kilograms of cocaine were seized. They had been concealed inside a shipping container with various items of farming equipment. The drugs are believed to have originated in the Netherlands and arrived in Brisbane via Malaysia. As a result of the investigation, seven men, all Australian residents, were arrested and a further eight kilograms of ecstasy was seized.

In the Howard government’s last budget an additional $221 million was provided for the Tough on Drugs strategy so that more can be done to assist state governments in tackling the drug problem and making our community safer. We all know what a devastating effect drugs can have on the lives of people who become addicted and their families, not to mention the cost to the community, particularly when you consider that the majority of crimes are drug related. This legislation is another step forward in the fight on drugs and crime.

This bill implements many of the recommendations of the Telecommunications Interception Policy Review tabled in parliament on 25 August last year. The review looked in detail at many aspects of this issue, including: warrants authorising the interception of any telecommunications service likely to be used by a particular person rather than a single identified telecommunications service; reporting obligations for law enforcement agencies and the accountability specifically minimising invasions of privacy in investigating offences through the use of telecommunications interception; national security requirements and associated accountability measures; the regulation of participant monitoring of telecommunications services; and the changing environment for telecommunications interceptions.

The key measure for all recommendations of the review, and this legislation for that matter, is finding the right balance between individual privacy rights and the public interest in effective law enforcement. Interception of communications is a sensitive issue. I acknowledge and understand the level of concern there is that somewhere out there ‘big brother is watching’. In the computer age, where data is easily stored and built upon, we all know of cases where responding to one survey can mean that our personal details are sold on to other companies.

I want to stress that this legislation is not about private companies or government agencies having access to anyone’s private conversations; it is not about giving wholesale powers to intercept our phone calls or other communications. This bill relates specifically to law enforcement bodies and the Australian Security Intelligence Organisation. It is about setting in place appropriate procedures for these bodies to carry out their work within the new telecommunications
framework. The safeguards that are embodied in the interception act are not in any way undermined by these amendments. The existing strict controls are retained and, in some cases, strengthened.

I think it is instructive to look at why this legislation is necessary. For example, this bill introduces two new forms of warrant, one of which is the 'named persons warrant'. In effect, this warrant will enable a law enforcement agency to intercept any service used or likely to be used by the suspect named in the warrant. This means that the law agency can intercept different services as they become known to them and disconnect and reconnect them without having to apply for a fresh warrant every time.

This makes sense, especially when you consider that we have such a wide range of services and means of communication since deregulation of the telecommunications industry. It is now a very simple matter for a person to subscribe to multiple telephone numbers by purchasing several different prepaid services that can be accessed from the one handset. Currently, there are 34 different licensed carriers operating in Australia. As the Attorney-General pointed out in his press release on this issue last month, criminals often use several telephone numbers to conduct their illicit activities. This bill changes the warrant regime to make it more difficult to evade detection. Nowhere is this more crucial than in the area of drug trafficking.

I should point out that the law enforcement agencies still have to go through the same procedures to obtain a warrant. As such, this bill does not present undue privacy concerns. It simply gets rid of a costly administrative system which criminals could shelter behind. This bill also makes special provision to allow the Inspector of the Police Integrity Commission of New South Wales to have access to intercepted material that is relevant to the performance of his duties.

The inspector is an independent statutory office set up to monitor the operation of the Police Integrity Commission of New South Wales and deal with any complaints against it. It is an important part of the New South Wales anticorruption scheme. We all know that a police force free of corruption is crucial to effective law enforcement.

I would like to take this opportunity to congratulate and thank the many hardworking police officers who help make the southern Gold Coast, where I come from, a safer place to live. I often think that as a community we do not do enough to acknowledge what a tough job policing is and to thank the men and women who serve our community in this way. All too often, the media focus on the very few instances where corruption is found to exist but forget to remind that public that 99.9 per cent of the force are honourable, hardworking people who are committed to protecting public safety. I would like to acknowledge in this House the great job that local police do on the Gold Coast. When we talk about getting tough on drugs, these people are the foot soldiers. They are the ones who have to deal with the many social problems caused by drug use day in and day out. As I said at the outset, the Howard government does not shirk from its responsibility of helping make Australia a safer place to live. We know that law enforcement is one part of that solution.

Another part is addressing some of the social problems we face by creating a more cohesive society where individual effort is rewarded and the values we share can help bind communities together, by helping our younger Australians to see the benefit of honesty, hard work and giving something back to the communities in which they live, and by giving young people hope for the future through a strong economy where more jobs are available and people are encouraged to succeed. These are not just ideals. They are the basis on which the government formulates policy. They are being achieved through a number of practical and common-sense programs. Making Australia a safer place to live has to be an ongoing and long-term plan. With this bill, the government is making sure that law enforcement agencies are able to more effectively and efficiently do their job of catching the criminals who prey upon our youth. I am pleased to lend my support to this bill.

Mr KERR (Denison) (7.26 p.m.)—In the few minutes before the adjournment, I wish
to speak briefly to the amendment proposed by the shadow attorney. The shadow attorney has spoken with a proper respect for the objectives of the government in making certain that law enforcement and our national security interests are not prejudiced by changes in the technologies available in the marketplace which, if not dealt with in some effective manner, would allow for those who wish to abuse the criminal law or interfere with our legitimate security interests to do so with greater impunity. But the shadow attorney has quite properly reflected the concern of many within the community and indeed many within the Labor Party that we should never be prepared to abandon a fundamental commitment to the principles of human rights. We must protect the interests of those who would potentially be subject to interception of their telephone systems in inappropriate circumstances.

To ensure that the interests of those who will be the subject of interception and third parties are properly protected, the shadow Attorney has proposed referring the questions that have been raised in the second reading amendment to an inquiry of this parliament. It is going to be an important inquiry. As the shadow Attorney mentioned, a number of other countries have adopted more stringent safeguards. These issues need to be examined. One concern has been the subject of some examination already. This is the question of the arrangements to secure the interests of third parties in circumstances where a warrant is sought not for a particular telephone service but for what is called a ‘named person warrant’.

Named person warrants would authorise law enforcement agencies to seek interceptions, not with respect to particular telephone services; agencies would be able to follow around any person, anticipating where they may be wishing to use services, and to intercept those services to ensure that they are not defeated by means of use of different SIM cards and various other devices. But there are potential dangers because it means that no longer will the regime apply where a judge will be authorising up front, in advance and in knowledge of the circumstances of the persons against whom those intercepts will be placed. For example, a service which may be associated principally with another person but which is used by somebody the police have an interest in could be intercepted. I will continue my remarks tomorrow morning.

Debate interrupted.

ADJOURNMENT

Mr SPEAKER—Order! It being 7.30 p.m., I propose the question:
That the House do now adjourn.

Second Sydney Airport: Badgerys Creek
International Women’s Day

Mrs CROSIO (Prospect) (7.30 p.m.)—Before I commence my speech on the adjournment debate tonight, I would like to acknowledge International Women’s Day and particularly congratulate all those wonderful pioneering women, who I do not believe would have thought that, 20, 50 or 70 years on, they would have brought about so much social change. I say to the women of today: keep up the fight and the struggle and we will bring about continued change.

I raise tonight Badgerys Creek airport and the government’s procrastination in bringing down a decision. It has gone on for a long time, and I feel that it would be an injustice if I did not raise it again in this House, representing, as I do, the objections of the community in my electorate to any type of Badgerys Creek, whether it is a baby Badgerys Creek, a dinky-di Badgerys Creek—if they want to call it that—or Badgerys Creek in total—A, B or C.

Some of the information that has now been collated, particularly by one group, the Campbelltown Airport Group, has certainly been in publication and has not been denied by any minister, and needs to be repeated in this House. I thank Leon Warren for some of the facts that he has sent me, and I am sure that he has sent them to most members in Western Sydney. One of the areas he has been able to investigate and provide information about is that regional airlines—major airlines—are now making it quite clear that they will not use any airport other than Sydney’s Kingsford Smith Airport.
We know that the National Party and the minister, who happens to be the Deputy Prime Minister of this nation, have insisted that regional airlines be given full access to Kingsford Smith Airport. We now know that air freight represents only one quarter of one per cent of aviation activity. We know that 90 per cent of all air freight which passes through Sydney is carried on passenger planes and that if passenger planes do not go to Badgerys Creek airport, then that leaves very little freight to be lifted from there. We also know that most air freight is now carried on Boeing 747s, which have an indicative runway take-off length of between 3,000 and 4,000 metres—much too long for the baby airport they are talking about in this government. We also know that the most dedicated air freight carriers are converting to 747s or their equivalent. There are now only 35 dedicated air freight flights a week allowed at Sydney (Kingsford Smith) Airport.

We also know that dedicated air freight flights follow a circular route around the Pacific Rim. As they fly out of Sydney mostly empty, they call the leg of the journey between here and Singapore the ‘dead leg’. We know that the most valued cargo carried in and out of Sydney is horses, mainly from New Zealand, destined for Randwick Racecourse, which do not have to be quarantined. Only horses from other overseas countries have to be quarantined at Eastern Creek, which of course favours Badgery’s Creek, but these are in the minority. Reports we have received go on to say that other cargo, comprising mainly fish products, passing through and transhipped at Sydney, is going to Singapore and Tokyo. These flights mostly originate in Hobart or Adelaide and, as there are no regular flights as yet to those destinations from these cities, they will continue to use Sydney as an airport. New Zealand transships fresh foods to Singapore from Sydney because, due to the lack of regular services from Auckland to Singapore and the paucity of cargo space, they can send their products through Sydney for 2c a kilo cheaper.

Virtually no air freight comes out of Western Sydney apart from some cut flowers and surplus fruit and vegetables from the Sydney markets or at Flemington. Most incoming freight delivered to Sydney is computer parts and software—valued at around $20,000 per kilo—and is destined for the wholesale warehouses situated mostly in the northern suburbs, much closer to Kingsford Smith than to Badgerys Creek. Most freight forwarders and customs agents do so much business with the Botany Bay Shipping Terminal that they would not want their activities spread 45 kilometres apart. The baby airport certainly will cost hundreds of millions of dollars to construct for very little gain. Where are we getting our priorities from? I ask the government: do they have priorities greater than building hospitals and roads and caring for the aged and the frail aged? Or do they want to build an airport that is going to be insignificant and not work?

I remind the 15 ministers who were faxed by one of my constituents yesterday concerning his complaints—he does this on a regular basis. He even faxed me today saying, ‘Please, Janice, can you ask these ministers to at least answer my questions.’ That person is Mr Colin Short of 3 Wylde Crescent, Abbotsbury, in my electorate. He continues to ask the ministers questions without getting any appropriate answers. He wants to know why the EIS has never covered or talked about the catalyst for the spread of urban development; why the EIS is not looking at what would happen with very substantial and permanent changes if an airport were to go ahead at Badgerys Creek; and, if it were to happen, the effects of a spillover into the world heritage area—for example, the Greater Blue Mountains.

He has asked a number of questions and I call on those 15 ministers that he has taken the time, the effort and the trouble to fax to at least take these into account. He is one of many people living within my community, and I think most people that we represent in Western Sydney would have the same thoughts as his. We do not want a waste of taxpayers’ money; we do not want an airport constructed that is not going to service the people of Australia; and, more importantly, we do not want Badgery’s Creek. (Time expired)
Parramatta-Chatswood Rail Link
Sydney (Kingsford Smith) Airport: Precision Runway Monitor

Dr NELSON (Bradfield) (7.35 p.m.)—Concerned residents on the North Shore of Sydney gathered recently in the Lane Cove National Park to protest the construction of a bridge across the Lane Cove River. About 200 people gathered. They are not opposed to the Parramatta-Chatswood rail link, but they were opposed to the bridge going across as distinct from under the river. During the meeting, one person interjected to ask, ‘What about the noise?’ While I consider a rail link across the river to be as obscene as it is unnecessary, its visibility spurs even the most complacent person into action.

But another insult is about to enter the final leg of consideration. There is currently a commission of inquiry for a precision runway monitor—a PRM—for Sydney airport that will be conducting public hearings on the North Shore and also in the inner west of Sydney from 13 March. PRM actually relates indirectly to the contribution that we have just heard from the member for Prospect. The problem we have in relation to Sydney air traffic management is that, of course, demand is increasing and the parallel runways at Sydney airport are separated by 1,035 metres. When runways are separated by less than 1,500 metres, when cloud cover is below 3,500 and visibility below 800 metres, the landing rate is required to slow by about 20 per cent. It drops from around 46 to 48 movements an hour to around 34 to 36.

So Airservices Australia have issued a notice of intent under the Environment Protection (Impact of Proposals) Act 1974 in that they want to run this precision runway monitor to basically maintain the landing rate during conditions of poor visibility. Many people, particularly those who live in the inner west of Sydney, to the north-west of the airport and certainly to the north of the airport, might ask what on earth does this have to do with them? It has a lot to do with them because if that landing rate is maintained in conditions of poor visibility and PRM is implemented what will happen is that the capacity of the airport will effectively be increased. If it was not going to increase, neither Airservices Australia nor the aviation industry would be arguing for it. It is important that people, especially those who live to the north of the airport, understand that at the moment the planes that are landing to join the final flight path actually join that glide path across a broad spectrum that goes from Hornsby down to Lindfield. Under PRM landing they will be required to join across a more concentrated spectrum between Hornsby and Warrawee. They will also be 1,000 feet lower than they currently are, which will bring them down from 4,000 feet to 3,000 feet between Hornsby and Warrawee. Then, of course, they join the final glide path to take them down to the north of the airport.

Worse than that, the problem that PRM presents for anyone in Sydney who was affected by the opening of the third runway in October 1994 is that it helps entrench the very system that the government has spent four years trying to address. What it does is to entrench north-south parallel operations for the airport. It actually makes it easier for Airservices Australia and the aviation industry to run through the course of least resistance in relation to Sydney airport by entrenching north-south parallel operations and, of course, it effectively increases the capacity of the airport. The member for Prospect is quite entitled to make her contribution in relation to Badgerys Creek, but if we are to maintain a curfew at Sydney airport and regional access to Sydney airport for planes that come from regional parts of New South Wales, as well as the noise sharing long-term operating plan for which I get the strongest support from the members for Grayndler and Lowe and from many Labor members, it is absolutely essential that there be increased airport capacity in the Sydney Basin. If there is not, one or all of those things will have to go and we will return by default to the sort of traffic management system that we had when the member for Kingsford-Smith was the Minister for Transport. That is something that would be a blight on everybody. (Time expired)

International Women’s Day

Ms MACKLIN (Jagajaga) (7.40 p.m.)—International Women’s Day is a day for cele-
brating the achievements of women and also a day for identifying what barriers are still to be overcome. Our commitment to advancing the status of women is made even more important because of the disastrous impact the Howard government’s policies are having on women. Australian women are hurting under this government. Rather than working to improve the status of women, the Howard government has implemented a litany of policies that turn the clock back and that make it harder, not easier, for women to participate fully as equal citizens. Let us just look at what they have done to child care. Budget cuts to child care under this government have resulted in the cost of child care rocketing up by at least $20 and sometimes $30 a week. The lack of access to child care is a barrier to many women realising their full potential, and restoring affordable, quality child care for women must be a priority for a government that is committed to advancing the status of women.

The government’s industrial relations laws represent a major barrier to women’s advancement. The government is determined to continue to strip awards back even further with the second wave of industrial relations changes. Women must continue the fight—women will continue the fight—against this government’s industrial relations agenda. It is a recipe for poverty and sets the struggle for equal pay back even further. I want to take this opportunity tonight to pay tribute to Jennie George, the first woman president of the Australian Council of Trade Unions. Jenny has been an inspiration to Australian women both through her leadership and through her struggle for women’s equal pay. Most recent has been her fight against the government’s draconian industrial relations changes which, if they had been successful—and we hope they are not reintroduced—would have seen women’s position in the workforce deteriorate even further.

Of course, now we see the government’s attack on women extending to its taxation policy. The new 10 per cent GST is an unfair and discriminatory tax that will hit Australian women hardest. Women are on the lowest wages and are more likely to be social security recipients. It is these women who will bear the brunt of the new tax. The government has no understanding of the complexity of women’s lives and no interest in assisting women to juggle work and family responsibilities. Women in the 21st century want to combine their work and family lives. To do this they need more family friendly workplaces, including the provision of family leave, paid maternity leave and family facilities at work. Of course, the Howard government has demonstrated that it is unable to develop and implement policies that address these needs.

Nine months ago the government was presented with the Human Rights and Equal Opportunity Commission’s report Pregnant and productive: It’s a right not a privilege to work while pregnant. Despite the report’s disturbing findings, the government has not acted on any of these recommendations. The opposition has taken up this blueprint for action and is committed to ensuring it is implemented. I have drafted a private member’s bill to amend the Sex Discrimination Act 1984 to implement some of the report’s recommendations, and I will introduce this into the parliament in the next sitting week.

The 21st century does offer great opportunities for Australian women, but there are, and will continue to be under this government, real barriers to achieving any of these possible gains. The barriers include the lack of affordable quality child care, the stripping of awards that are removing much needed protection for Australian women workers and the need for greater flexibility in the use of entitlements for family and personal leave. We need taxation and social security arrangements that encourage women to return to work and increase their hours of work, not discourage them, which is what this government is doing. The removal of labour market programs that had proven benefits to women was, of course, another mark of this government. This Howard government is not interested in improving the status of women; it is actively undermining women’s advancement. It is a government for the few and a government stuck in the past. It is definitely not a government for the modern Australian woman.
Eden-Monaro Electorate: Unemployment Figures

Mr NAIRN (Eden-Monaro) (7.45 p.m.)—
Last week the Department of Employment, Workplace Relations and Small Business released their quarterly figures for small labour market areas. These are figures that are produced quarterly a couple of months after the end of the quarter to give some indication as to what is happening with unemployment and the workforce in small, generally local government areas. Each month we see unemployment figures come out on a state and a national basis, which give us an indication of what is happening in that part of the economy, but it is impossible from those figures to look at regional areas. This is why the department puts together these small labour market areas on a quarterly basis. They stress in the publication that they put out quarterly that these figures are unadjusted estimates for those areas. If you look at the information provided in the preface to the report, you see that it also explains that they take data from Centrelink and they take ABS data and surveys and basically massage these out into the various regions. When these figures come out on a quarterly basis, political opponents take the opportunity to selectively choose the odd quarter here or there to supposedly prove one thing or another, whereas I have always stressed that you should treat these figures with some caution and look only over a long period of time as to the trend.

Last week the figures came out and they showed a quite horrendous increase in unemployment in every single shire in my electorate. In New South Wales there are something like 142 local government areas outside the Sydney area. Of those, 121 shire areas had reduced unemployment, one remained the same and 20 shires had increased unemployment. Eight of those 20 happened to be the shires that make up the electorate of Eden-Monaro. That in itself could be possible, but when you look at the figures you start to see there is something horribly wrong—not just a little bit wrong but horribly wrong. I could probably make a political speech and blame the New South Wales government, I suppose, but that is not the way I work. I look at these things fairly analytically and come up with reasons why these figures are not just slightly wrong but grossly wrong. For instance, according to the figures released last week, from the September to the December quarter the number of people unemployed in Eurobodalla supposedly went from 1,684 to 2,368, an increase of 684 people, which is a 41 per cent increase in unemployment, from 15.2 to 22.2 per cent. In the Bega Valley, which was mentioned in a speech earlier today, they supposedly went from 1,338 to 1,878, an increase of 540 or a 40 per cent increase as well. This is the same for virtually every single shire in my electorate.

Knowing that Centrelink figures are partially used to come up with these figures, I went to the Centrelink figures that had been previously released for people receiving Newstart allowance and youth allowance. Although that does not necessarily give you an absolute quantum of unemployment, it certainly is an excellent guide as to what is happening with unemployment. In Eurobodalla, for instance, between September and December 1999 there were an additional 10 people receiving Newstart allowance or youth allowance—but these unemployment figures claim that it went up by 684. In Bega there was an increase in that same quarter of 41 receiving those allowances whereas the unemployment figures claim that it was over 540. I am out on the ground all the time in my electorate and I knew just by experience that these figures were grossly wrong. But that did not stop my Labor opponents in the area, and the member for Batman, from immediately coming out and claiming these were disastrous figures. Clearly he and the representatives of the ALP have never been in my electorate and would not understand what is happening. We have had diminishing unemployment for two years and that trend is continuing. I have asked the minister and the department to urgently revise and look at the figures to find the gross errors behind them as they are. (Time expired)

International Women’s Day

Ms O’BYRNE (Bass) (7.50 p.m.)—I rise today to speak on this first International Women’s Day for the new century. As a relatively young woman in parliament, I feel
honoured to be in a position to speak on a day such as this. But I must confess I also feel somewhat sad. I feel sad because one could imagine that early last century women fighting for the most basic of rights for their sisters around Australia and around the world would have presumed that by the new century, by the year 2000, the fight would be long over. Nothing could be further from the truth.

Some two centuries ago, philosopher Thomas Paine wrote that, whatever the merits of the case for equal rights might be, even with changes in attitudes and laws, deeply ingrained and oppressing social prejudices remain which confront women minute by minute, day by day. Seventeen years later, Mary Wollstonecraft’s vindication of the rights of women argued:

The sexual distinction which men have so warmly insisted upon is arbitrary, and unnecessarily inhibits the role women could and should play in the world.

Unfortunately, these words could have been written today and they would be just as relevant as they were so many years ago.

In April 1895, the word ‘feminism’ appeared for the first time in the weekly journal Athenaeum. It was used to describe a woman who ‘has in her the capacity of fighting her way back to independence’. Women have fought hard and achieved great things over the years. Independence for many women today is a reality that was not experienced by their mothers and grandmothers before them. Women have certainly earned the right to celebrate the advances that have been made on this International Women’s Day. But have the attitudes of the establishment really changed that much from Thomas Paine’s writings of 200 years ago? With declining funding and legislative changes implemented by this government, we are seeing a slow erosion of rights women have fought hard to attain.

The Affirmative Action Agency is a classic example of the erosion by this government of services set up as a monitoring tool to assist women in their quest for equality. When the agency was established in 1986, it was the first attempt by a government to encourage and monitor the progress made by larger private firms in promoting equality of opportunity in the workplace. The agency’s success has been well documented. Why then would this government cut its funding by $900,000?

The Office of the Status of Women suffered a budget cut of 40 per cent in 1996. As a result of this cut, OSW was unable to provide its share of funding for the Women’s Statistic Unit in the Australian Bureau of Statistics, which closed in June 1997. Consequently the Women’s Year Books produced by this unit are no longer available. These were an important tool to monitor gender outcomes. At the same time, another form of gender audit, the federal women’s budget process, was also abolished. The Department of Employment, Education, Training and Youth Affairs also suffered, with the loss of all its women’s policy structures, including the Women’s Bureau, which had been in place since 1963.

Another loss was the Office of Indigenous Women in ATSIC. The Work and Family Unit, which was set up to oversee the working women’s centres which provide support to women workers under the decentralised wage bargaining system, are no longer grant funded. This has resulted in them not providing the policy input, as expected, to the coalition government.

Despite the improvements of the past two decades, women are still a distinct minority in the upper levels of most organisations and are virtually non-existent at the top. Whilst Australian society and the corporate world remains patriarchal, the opportunities for facilitating the change remains low. But this is where I feel inspired because women have an inner strength that enables them to thrive in the face of adversity. It is this inner strength that saw the birth of the women’s movement in the first place. It is this inner strength that enabled women to achieve the right to vote, to demand equal pay and to strive to achieve such things as regulated child care, parental leave, professional standing and trade qualifications. On International Women’s Day, women should be celebrating their strength to stand up against a government that tries to take back the hard-won gains of women in this country. I quote
from Tasmania’s newly appointed Anti-Discrimination Commissioner, Jocelynne Scutt:

The woman in the street, the Indigenous woman, the woman in the factory, the woman with impairments, the woman returning to education, the woman of non-English speaking background ... the woman with children in childcare, the woman struggling on supporting parents pension, ... These women count. They have voices. They have votes. They have strength. They have courage. ...

So long as any government in power seeks to take us backwards, not forwards, so long as any government in power seeks to turn the clock back for women; so long as any government in power forgets the force and strength of women’s voices, women will speak out ... We demand that this government hear our voices BECAUSE WE WON’T GIVE UP.

This inner strength demonstrated by women for so many decades is for me my motivation, my inspiration and my reason to celebrate on International Women’s Day 2000.

**International Women’s Day**

Ms JULIE BISHOP (Curtin) (7.55 p.m.)—Tonight, on the evening of International Women’s Day for the year 2000, I pay tribute to the Howard government for its ongoing commitment to a greater contribution from and participation of women across the board in all walks of life. For a start, take our strong employment policies. They have resulted in more women in employment in the workplace than ever before. This is what the Howard government stands for. Tonight, I want to look at women’s involvement on a broader level. In particular, I want to remind the House of the increasing level of participation of Australian women in virtually every facet of international affairs, from grassroots peace efforts to peace negotiations and within the various operations of the United Nations and non-governmental organisations.

Yesterday, with the presence in Parliament House of representatives from INTERFET which had been deployed in East Timor, we were reminded of the contribution that women are making to our defence forces. The INTERFET deployment will no doubt serve as a model for future peacekeeping operations. About 20 per cent of the Australian force were women. That is an enormous increase on most previous UN peacekeeping operations, where there have been no women or a very small percentage involved. I would urge that the presence of women in peacekeeping operations, as we know them today, is not only desirable but also necessary, and the Howard government is committed to this.

Yesterday, the Minister Assisting the Prime Minister for the Status of Women, Senator Newman, tabled a modification to one of Australia’s reservations to the United Nations Convention on the Elimination of All Forms of Discrimination Against Women, thereby effecting the withdrawal of our reservation concerning women in combat related duties. This is another positive step by the Howard government. At the time of Australia’s ratification of the convention in 1983, a reservation as to its applicability to women in combat and in combat related duties was lodged, as it was inconsistent with then defence policy and domestic law. Since 1992, defence force policy has been that women may perform combat related duties, but the policy still excludes women from combat duties. As more and more of the world’s military is being assigned to peacekeeping, as opposed to war making, it is time to recognise the value of women’s participation in peacekeeping.

There is little doubt that the 20th century could claim to be the most violent and bloody in recorded history. Yet in the last half of the 20th century the United Nations has authorised around 35 peacekeeping operations. From 1989 onwards, peacekeeping missions have expanded dramatically in number, expense and complexity and peacekeeping is no long just about truce maintenance by neutral soldiers pledged to use force only in self-defence. Today, the peacekeeper’s mandate often specifies humanitarian relief, human rights monitoring, institution building, civil policing, election monitoring, demobilisation and the like. The process can include matters as diverse as the collection of evidence for war trials and sometimes economic development.
While the potential for combat conditions is always present, the tactic of peacekeeping not only involves military elements but also incorporates many of the traditional approaches of peace activists. Because peacekeeping can be violent, combat training is necessary, but a peacekeeper must also be conciliatory, patient and peaceful. The role requires an intertwining of profound contradictions between the requirements of peacekeeping and conventional soldiering.

It seems to me that the need for more women in the emerging experiment of peacekeeping around the world is self-evident. As military forces will almost certainly continue to receive peacekeeping assignments—they are resourced and they are ready—and there is a need for more women in the military forces to undertake the inevitably increasing number of peacekeeping roles. Having a greater number of women on the ground in peacekeeping operations can only add to the success of future operations. Just take one statistic. In almost any conflict, about 80 per cent of the refugees are women and children. In the necessity to communicate for there to be effective peacekeeping, there is a need to have women present.

While there is progress around the world to open up the political process to women so that women can participate fully in decision making and policy making, there is an increased potential for women’s participation in peacekeeping. All of the arguments which apply to the importance of women’s political participation apply as well to peacekeeping missions.

Mr SPEAKER—Order! It being 8 p.m., the debate is interrupted.

House adjourned at 8.00 p.m.

NOTICES

The following notices were given:

Mr Anthony to present a bill for an act to amend the law relating to social security, and for related purposes.

Mr Anthony to present a bill for an act to amend legislation providing for assistance to families, and for related purposes.

Mr Anthony to present a bill for an act to amend legislation relating to child support and family law, and for related purposes.

Dr Wooldridge to present a bill for an act to amend the Therapeutic Goods Act 1989, and for related purposes.

Mrs Hull to move:

That this House:

(1) notes the Government’s commitment to delivering rural, regional and remote health services;

(2) notes the low numbers of available rural, regional and remote medical practitioners and registered nurses;

(3) notes the Government’s measures to readdress this problem; and

(4) calls on the Government to continue its commitment and allocation of resources to delivering equity of health services into rural, regional and remote Australia.
Mr DEPUTY SPEAKER (Mr Nehl) took the chair at 9.55 a.m.

STATEMENTS BY MEMBERS

Social Security: Funding Cuts

Mr WILKIE (Swan)—Last week in my electorate office, I had the pleasure of receiving a letter from Mrs Bangsa-Jayah. Mrs Bangsa-Jayah is a model parent. She participates in community events and prides herself in raising her family—one son is studying at university. Mrs Bangsa-Jayah’s problem is that she very recently became unemployed, with only some very hard-earned savings put away. Because of these savings, Centrelink has decided to delay unemployment payments to her for 13 weeks. This obviously leaves her both without a secure financial future and without the possibility of providing further assistance to her son at university. I will read you an extract from a letter she sent to my office. She states:

I am a sole parent with an 18 year old son studying Chemical Engineering and Applied Chemistry at Curtin University. In January 2000, on the day of the enrolment, I made an undertaking to pay the HECS fee up-front in order to receive a 25% rebate and not to mention to avoid interest being added to the fee annually. The amount I am expected to pay is approximately $4000.00, and I intend to fulfil that commitment. I have just received my car registration bill of $368.00 and there are other bills, such as books for my son and various outstanding amounts totalling approximately $1500.00. My car needs urgent repairs for approximately $1000.00. These are in addition to our normal living expenses. I did not attempt to cheat the system by hiding the cash at home and running the risk of losing my hard-earned savings. As a result I feel that I have been penalised by Centrelink Policies. How does this sort of scenario develop? It develops when this government, in its infinite meanness, passed the Social Security Legislation Amendment Bill 1996. This added up to about $1.5 billion worth of savings over the period. It contained quite a number of measures, which we in the opposition found objectionable. Citizens like Mrs Bangsa-Jayah have to live with the consequences.

Mrs Bangsa-Jayah and her son also have to contend with HECS at a higher rate than when the Labor Party left office—another not inconsiderable burden on the family. Of course, many in the community would also tell Mrs Bangsa-Jayah’s son that the quality of his education is now threatened due to budgetary madness and short-sightedness. It is no wonder that Mrs Bangsa-Jayah asks when the next election will be. Like many, she wishes to rectify this sort of social injustice.

According to the Australian Council of Social Service, cuts which mainly affect low income earners account for more than 30 per cent of all expenditure cuts in the coalition’s last four budgets. Under the guise of simplification, the coalition has broken many of its pre-election commitments, specifically in terms of not hurting the poor, the needy and the most vulnerable in our community. Members of this government should hang their heads in shame at this treatment of ordinary Australians.

Killarney Glen, Queensland

Mrs ELSON (Forde)—I rise today to bring to the attention of the House an issue of great concern to many of my constituents. This is an issue which dates back nearly 30 years and to which successive governments have been either unable or unwilling to find a solution. I am speaking of the Defence department’s pursuit of the Killarney Glen/Back Creek Gorge property—occupied by Mr Paddy Fitzgerald for his entire lifetime and for the last few years tended and maintained by his son Patrick after Paddy passed away.

I ought to point out that the Fitzgerald family owned this land since the 1880s, until the Defence department decided in 1971 to resume the property in Back Creek Gorge as a buffer
zone for the Canungra Land Warfare Centre. Can I say at the outset that I do not personally have any problem with the land warfare centre. I am proud to have this service established in my electorate, and I am particularly proud of the men and women who work there. What I am not proud of is the Defence department’s ongoing and bloody-minded efforts to defy all logic and community expectations to pursue the property at all costs.

I am standing here today on behalf of local residents who want to ensure that public access to the property is maintained and that the unique environmental aspects of the land are preserved for future generations. To fully detail the 25-year legal battle and the promises made and broken by successive governments to the Fitzgerald family would defy a 20-minute speech, let alone the short three-minute opportunity I have today. What I want to say is that this heritage listed property, admired by locals for years and by bushwalkers from all around the nation and overseas, should not be sacrificed for the sake of never taking a backward step, which seems to be the only reason for the Defence department’s trenchant position. They have yet to explain why this property remains so desperately needed while others nearby do not. They have yet to explain, if this property is so desperately needed for safety reasons, why there has been public access to it for the last 30 years and, indeed, Mr Fitzgerald and his family have lived there.

It is one thing to claim you have the law on your side; it is another to be doing the wrong thing. I share the views of many local residents who do not want to see this special property lost to the community. I want to assure the friends of Back Creek Gorge, the Local Progress Association and other concerned residents that I will continue to fight for ongoing public access. Killarney Glen is a special place. It ought to be preserved and admired and enjoyed by generations of local residents. I urge the Defence department to rethink its position, to consider the will of the majority of local residents and to help find a solution to this problem. I will personally continue to pursue this at the highest level.

Mr DEPUTY SPEAKER (Mr Nehl)—Order! In accordance with standing order 275A, the time for members’ statements has concluded.

TIMOR GAP TREATY (TRANSITIONAL ARRANGEMENTS) BILL 2000
Second Reading

Debate resumed from 17 February 2000, on motion by Mr Entsch:
That the bill be now read a second time.

Mr BRERETON (Kingsford-Smith) (10.00 a.m.)—I am pleased to support the Timor Gap Treaty (Transitional Arrangements) Bill, the purpose of which is to amend the Petroleum (Australia-Indonesia Zone of Cooperation) Act 1990 and related acts to reflect the fact that the United Nations Transitional Administration in East Timor—UNTAET—has replaced Indonesia as Australia’s partner in the operation of the Timor Gap Treaty. The bill is consistent with Labor’s approach to the future of the Timor Gap; specifically, that an independent East Timor could and should be encouraged to step into the shoes of Indonesia in respect of the operation of the Timor Gap Treaty. That policy position was first enunciated by Labor in September 1998 and elaborated in statements in January and later in 1999.

On 26 October 1999 Eastern Australian Time, UNTAET was established by resolution 1272 of the United Nations Security Council as the interim administrative and legal authority for East Timor. In Dili on 10 February, diplomatic notes were exchanged between the UN Transitional Administrator in East Timor, Sergio Vieira de Mello, and Australia’s diplomatic representative in East Timor on interim arrangements for the Timor Gap Treaty, so that UNTAET, acting on behalf of East Timor, becomes Australia’s partner in the treaty, and so that the terms of the treaty will continue to apply in the transitional period until East Timor’s
independence. It is a matter of public record that this agreement was negotiated in consultation with East Timorese representatives.

In a press release on 10 February announcing the agreement between Australia and UNTAET, Foreign Minister Downer and the Minister for Industry, Science and Resources, Senator Minchin, indicated—and I quote:

In talks in Jakarta last week—

that is the first week of February—

Indonesian representatives agreed that following the separation of East Timor from Indonesia, the area covered by the Treaty was now outside Indonesia’s jurisdiction and that the Treaty ceased to be in force as between Australia and Indonesia when Indonesian authority over East Timor transferred to the United Nations.

Ministers Downer and Minchin also took the opportunity to place on record their appreciation of Indonesia’s constructive approach to these talks. Since that press release, a number of Indonesian politicians, mainly from West Timor, have claimed that Indonesia should assert a continuing claim to at least parts of the Timor Gap and should retain a share of revenues from petroleum development in the region. The Governor of West Timor, Piet Tallo, was reported on 28 February to have said that Australia is in no position to unilaterally determine to whom the Timor Gap should belong, saying—and I quote:

It is unacceptable, if Australia says that West Timor has no right to the gas and oil deposits in the Timor Gap.

More significantly, Indonesia’s Minister for Mines and Energy, Susilo Yudhoyono, has been reported by the Jakarta Post and Agence France Presse as saying that Indonesia wants to hold talks on its sea boundaries with Australia in respect of the Timor Gap. The minister was quoted on 18 February as saying:

The termination of the Timor Gap Treaty should be followed by talks as to how we should determine the sea boundaries between the two countries.

In the light of these statements, I ask the government whether, before the conclusion of this debate, they can provide further details on the talks in Jakarta in early February. Specifically, who were the representatives on the Australian side? Who were the representatives on the Indonesian side? Were any formal agreements reached; that is to say, was the Indonesian agreement referred to in the ministers’ press release of 10 February contained in an exchange of notes or a memorandum of understanding, or, indeed, in any other formal agreement between Australia and Indonesia? What precise arrangements were agreed in respect of the Timor Gap joint authority, its personnel and its assets? A detailed response on these matters would be of some value and, indeed, some interest.

Turning, if I may, to the agreement between Australia and UNTAET, the exchange of notes of 10 February provides that UNTAET accepts all the rights and obligations previously exercised by Indonesia under the Timor Gap Treaty. Speaking on 10 February UNTAET Administrator de Mello rightly said that the agreement comes at ‘a very important moment for East Timor’, as it will guarantee potentially valuable revenues for the territory as it recovers from last year’s anti-independence violence. The agreement with UNTAET applies retrospectively from the establishment of UNTAET, thereby achieving a seamless transition between Indonesia’s exit from the Timor Gap Treaty and UNTAET’s entry into a treaty relationship with Australia.

This interim agreement is without prejudice to the position of the future government of an independent East Timor. Long-term arrangements for the Timor Gap will need to be concluded between Australia and an independent East Timor after the departure of UNTAET. There will, no doubt, be ongoing discussions between Australia and East Timor’s political leadership on this issue. It is a matter of public record that East Timorese leaders have
expressed a range of views on possible future arrangements for the Timor Gap and have raised the possibility of renegotiation. That said, I am confident that Australia and an independent East Timor should be able to conclude arrangements which ensure continuity, give security to the companies operating in the Timor Gap and ensure that East Timor will derive significant economic benefits from the Timor Gap.

Enactment of this bill should contribute to investor certainty in the Timor Gap. Over $US700 million has been spent on petroleum exploration and development of area A of the Timor Gap zone of cooperation since the treaty entered into force in 1991. The first commercial oil production commenced in July 1998 with the development of the small Elang-Kakatua field, which currently produces about 16,000 barrels a day and generates revenues to both Australia and East Timor at a rate of approximately $US3 million per annum.

Development of other potential projects in the zone of cooperation, notably the Bayu-Undan and the Sunrise-Troubadour gas condensate fields, could involve capital expenditures of about $US15 billion, including major onshore facilities in the vicinity of Darwin. The development of the Bayu-Undan liquids project, a world-class project by a Phillips Petroleum-led consortium, has the potential to provide several tens of millions of dollars per annum to both East Timor and Australia for a period of 10 to 20 years, commencing in the year 2004. The Bayu-Undan project has the potential to make a very significant contribution to the economic development and stability of an independent East Timor. Development of the second LNG production phase of the project has even greater potential both for East Timor and for the Northern Territory.

The changes contained in this bill should provide continuity in the arrangements under the terms of the Timor Gap Treaty to reflect the change in Australia’s treaty partner from Indonesia to UNTAET and validate actions of the Timor Gap Ministerial Council and joint authority since 26 October 1999. They will also enable the continuation of a range of Australian taxation, customs, immigration, crime and quarantine laws relating to petroleum operations in the Timor Gap. They should not have any direct financial impact on companies and individuals or on the Australian government. The bill has Labor’s strong bipartisan support.

Mr CAMERON THOMPSON (Blair) (10.09 a.m.)—This agreement on the Timor Gap Treaty shows some of the benefits of the actions that the Australian government and the Australian Defence Force have been involved in in recent times. We have, in the words of one columnist I have read, basically given birth to or assisted as midwives in the birth of a new country—East Timor. Its future will be an interesting prospect for the people who live there. It will also be a big burden for all the countries associated with the new nation of East Timor because, in part, it will be our responsibility to ensure the success of the nation that has been born as a result of all these activities.

In doing so, I think it is important that we set about trying to ensure the financial and economic future of East Timor. In passing, I am disappointed in the opposition spokesman, the member for Kingsord-Smith, Mr Brereton. We heard 8½ minutes from him on this issue. East Timor is going to be a very important part of our region. It has been all the way through. He can scoff. But the fact is that East Timor will share an important treaty with us on the exploration of oil and gas in this region. This will provide jobs and it will provide much of the economic base on which East Timor will rely. The future of our relationships with East Timor and with Indonesia will depend very much on the success of this treaty.

A significant thing will be whether or not the provisions of the treaty that has been in place with Indonesia for some time will remain in full. The result of this changed treaty was referred to by John Loizou in the Northern Territory News on 12 February 2000. He said:
The Northern Territory News has learned that it is also likely to mean the eventual relocation of the zone of co-operation’s administrator, the Timor Gap Authority, from Darwin to Dili.

I think that is a significant event because it does show the change in the power relationship. An independent nation like East Timor will have the opportunity to take a much more effective role in the administration of this zone of cooperation than it ever could as a province of Indonesia. I think that is an interesting prospect. That will mean a transfer of power to the new East Timor nation, a transfer of jobs and a greater economic stability than could ever have happened under the previous relationship with Indonesia. It is important that we recognise the value of that.

Historically, I would like to refer to a speech made by the Foreign Minister, Alexander Downer, at the National Press Club on 1 December 1999. Firstly, he said:

Australia’s policy on East Timor is clearly in line with our national interests.

Prior to the creation of INTERFET and the actions that followed that, he said:

And in considering in our national interest in this matter, one point I’ve often made is that East Timor stood in the way of establishing a genuine long-term productive relationship between Australia and Indonesia.

That is the problem of East Timor that he is referring to there. He went on:

In effect, the presence of East Timor on our bilateral agenda—between Australia and Indonesia, that is—made relations with Indonesia very one sided. For example, between June 1975 and November 1999, there have been 12 official visits by Australian Prime Ministers to Indonesia—indeed, by every Prime Minister from Whitlam to Howard. In that same period, the Indonesian President has not visited Australia once.

That is an indication of how one sided that relationship was as a result of this impediment in the relationship over East Timor. He went on to say:

President Soeharto did not visit because he knew there would be massive demonstrations on the subject of East Timor. The very fact that he felt unable to come here shows there was a very big problem in the bilateral relationship, one that made the relationship very unbalanced. From that lopsided situation we are now able to move on to resolve past tensions, and for both sides to have a more balanced and stable relationship.

That is a very important point to consider in this process. Juxtaposed to those comments from the Foreign Minister, I move to an article on 19 February this year in the Weekend Australian.

There was a discussion of the impending visit of the new President of Indonesia, Abdurrahman Wahid, to Australia and whether that will be in March or in May. In all that time, 12 years, there has been no visit by any Indonesian president. Now, in this very short time frame, we have the prospect that we will see the new president in Australia. That change in our relationship is a welcome development.

The foreign affairs spokesman on the other side mentioned some debate about whether or not Indonesia would now want further discussions about the seabed boundary between Australia and Indonesia. That is referred to in the same article in the Weekend Australian:

Meanwhile, the Indonesian Government said yesterday it wanted to hold talks on its sea boundaries with Australia after the separation of East Timor from Indonesia. … Mines and Energy Minister … had said the sea boundaries should be redefined to take into account the exploration of oil and gas under the Timor Gap treaty, which has been transferred to the UN.

That is right; they may very well want to have talks along those lines. But the fact is that at the moment there is a very effective agreement that is working, providing for three zones in that boundary. It must be one of the few places in the world where a boundary actually has a series of lines in it. It looks more like a venetian blind than a boundary. It provides for zone A,
the area of cooperation between Australia and now the new state of East Timor under its United Nations administration; zone B, the area which Australia basically administers but in which 10 per cent of tax collected goes to the East Timorese authorities; and zone C, which is basically administered by the East Timorese and in which 10 per cent of the revenue flows the other way, back to Australia.

The fact that we have been able to settle so quickly on this treaty coming into place, with basically the same old treaty with Indonesia able to be transferred straight over and administered in a new relationship between Australia and East Timor, shows the underlying strength of the relationship between Australia and Indonesia. A lot of work has gone into that over the years, and the fact that that has not become a huge source of irritation in this dispute is significant and shows that there is a maturity of the relationship. While the Indonesians will no doubt want now to have a series of discussions on the subject, the fact that there has not been an immediate blow-up on the subject is healthy and shows that our relationship is healthy.

I would like to discuss some of the benefits of this agreement coming into place. We should look first at the announcement itself. The foreign affairs spokesman on the other side referred to the agreement that was signed between Australia and the United Nations administration. I would like to read into the record a part of that exchange of notes between the United Nations Transitional Administration in East Timor and the Australian government. The UNTAET note states:

UNT AET therefore has the honour to advise the Australian mission in East Timor that all rights and obligations under the Timor Gap treaty previously administered by Indonesia are assumed by UNTAET, acting on behalf of East Timor until the date of independence of East Timor. UNTAET, acting on behalf of East Timor and Australia, may enter into subsidiary arrangements or agreements relating to the continued operation of the terms of the treaty. In agreeing to continue the arrangements under the terms of the treaty, the United Nations does not thereby recognise the validity of the integration of East Timor into Indonesia. If the understanding of Australia is in accordance with the foregoing advice, UNTAET has the honour to propose that this note and Australia's confirmatory note in reply shall constitute an agreement between UNTAET, acting on behalf of East Timor and Australia, which shall be applied as of 25 October 1999.

A short part of Australia's reply says:

The Australian mission has the honour to advise that the foregoing proposal is acceptable to the government of Australia and to agree that the UNTAET note and this reply shall constitute an agreement between the government of Australia and UNTAET which shall be applied as of 25 October 1999.

That is the guts of the two notes that went backwards and forwards and sealed in concrete the agreement between Australia and East Timor under the United Nations. Of course, once East Timor gains its full independence they may well want to come back and have further discussions on the shape of that agreement as well. But of the fact that it is a solid agreement there can be no doubt because it has resulted in a flurry of activity up there.

The fact that we have been so quickly able to establish this agreement on solid ground has resulted in a couple of developments, the first one being a joint announcement—and I have a copy of the press release here from Senator Nick Minchin—by the UNTAET administrator and Senator Minchin in which they announced the unlocking of a very significant petroleum development in the Bayu-Undan field as well as in the whole of the zone of cooperation in the Timor Sea region. That agreement, which is being led by Phillips Petroleum, involved a capital expenditure of $US1,400 million and the recovery of up to 400 million barrels of condensate and liquified petroleum gas. The first phase provides for a foundation for the second stage of development that will deliver gas to Darwin for use in Australian markets or for export as liquified natural gas.
That shows—if you are purely interested in this whole exercise from a greedy Australian perspective, a purely parochial viewpoint from our perspective—that the benefits that will flow on to Darwin from having a solid agreement on the zone of cooperation are manyfold. It is very good to see that occur. I am sure that the member for the Northern Territory will be welcoming that, and it is something that we should all welcome for sure. But, in addition to that particular project to which I refer, further developments have followed in relation to the Sunrise gas resource, involving a deal between Woodside Petroleum and Shell Australia. There was discussion of that on 7 March in the Australian where it was reported:

Woodside Petroleum and Shell Australia are on the verge of staging a $5 billion natural gas coup after securing a conditional promise to buy 110 petajoules of gas a year from the Sunrise field in the Timor Sea.

This Sunrise field does extend into the area that, as I said, looks like a venetian blind and that involves joint arrangements between Australia and the new United Nations administration in East Timor and will result in benefits as a consequence.

To underline that, the agreement involves Canada’s Methanex Corp and they have signed a letter of intent to build a methanol plant near Darwin, fed by gas from Sunrise, on condition enough customers can be signed for development to proceed, gas reserves are confirmed and government approvals granted. The partners are focusing on proving-up the recoverable reserves in Sunrise, and this is always a bit of a difficult process but it is under way. It is estimated currently that there are 9.16 trillion cubic feet of gas and 321 million barrels of condensate in the Sunrise area, which extends into the zone of cooperation with East Timor. That is another massive development that can flow from this good news. So in its efforts to help resolve the problem, the question of East Timor, I think the government of Australia has done a great service not only to the people of East Timor but also to the people of Australia, because we will be facilitating great developments, particularly in the Northern Territory, based on the strength of the resources there in the zone of cooperation.

I do not want to continue further because I think the major ramifications of this have been covered in what I have said. Fundamentally, if we take a wider world view rather than the parochial one that I have been focused on in the last five minutes, the question to ask is with respect to the future of East Timor itself and making that nation financially viable so that it can provide for the people who live there. As I said, there will be benefits to East Timor as a result of the zone of cooperation agreement. I am pleased to welcome this legislation and to endorse it.

Mr SNOWDON (Northern Territory) (10.26 a.m.)—I am pleased to make a contribution to the debate this morning on the Timor Gap Treaty (Transitional Arrangements) Bill 2000 for a number of reasons, including my historical interest and my involvement in the issue of East Timor, and the mere fact that I am the member for the Northern Territory and what that has meant over a number of years.

Mr Deputy Speaker, I was the chairman of the Timor Gap Task Force under the previous government. The purpose of that task force was to facilitate as far as we possibly could, as interested observers, developments in the zone of cooperation, and at the same time ensure that Australia got a fair share of the benefits. Of course, the agreement over the Timor Gap ensures that, but we were very concerned to keep our eyes on the ball. The Timor Gap Task Force had participants from the industry, from the trade unions and from governments—the Northern Territory and the Commonwealth government—and we had regular briefings from the joint authority.

That was very useful because it gave me an understanding of the issues involved in the development of the Timor Gap. I have to say that an important aspect of that is the agreement itself, which has been referred to previously by other speakers. An aspect which is crucial, of
course, is a fair division of the spoils, and that is that the benefits which accrue are divided roughly fifty-fifty between ourselves as a signatory and a partner, in this case UNTAET, acting on behalf of the East Timorese, previously the Indonesians.

I see this as a very positive sign. I have to say I was a person who had difficulty in accepting the initial signing of the agreement because of my own position on the question of East Timor. I was an advocate of the East Timorese cause over many years and yet a member of a government which had signed an agreement based on de jure recognition. That was something I had not really agreed with in the first instance and so it was quite difficult. Nevertheless, accepting de jure recognition is what we did under previous governments. It was initiated by the Fraser government in 1977 or 1978. As a result of that we accepted Indonesian occupation of East Timor and its annexation and we accepted Indonesian governance of the area.

On that basis we signed the agreement over the Timor Gap. It is a good agreement. I think it is fair to say that it is an agreement which can be seen by all parties as providing a fair distribution of the resources and as providing the capacity for industry to recognise that they, despite the sensitivities involved in the area, can develop the resource in an appropriate way.

Not long after the United Nations became heavily involved in East Timor last year we had visits by senior spokesmen for the CNRT, not least by the leadership. One of those people who came here very early on was Dr Mari Alkatiri. He came here to talk with our government about the way in which CNRT would approach the issue of the Timor Gap. In my discussions with Dr Alkatiri he made it very clear that their concern was to facilitate the ongoing development of their region and that it was not their desire for there to be any impediment to the commercial development of the Timor Gap. He did say, and I think it is a caveat which was mentioned previously by the shadow spokesman on foreign affairs, that at some point when East Timor has its own government and is independent of the United Nations it may seek to renegotiate the agreement.

I think we should say that is well and good. We should welcome the possibility of sitting across the table from a sovereign government of East Timor to renegotiate that deed if that is required. The important element of that is that renegotiation should not cause a difficulty for those people who are planning to invest considerable resources in the development of the region. It seems to me that the message which has been given by the CNRT leadership, independently from UNTAET but I am sure UNTAET has given it as well, is that it is their desire to facilitate the development in an appropriate way. Clearly there is the real question that, if there are major impediments to the ongoing development of the region and the investment of the billions of dollars which have been earmarked for Bayu-Undan and potentially for Sunrise, it is important that it does not take with it sovereign risk as a result of the actions of governments, given that agreement has been reached and given that they are working under the current arrangements and an agreement which has been signed initially by Australia and Indonesia and, subsequently, with an exchange of letters by Australia and UNTAET. That formalisation was made, as we have heard previously, on 10 February of this year.

I say that this is an important milestone. It is an important milestone for our country, Australia, to come to terms with our responsibilities as a neighbour to East Timor. Over recent months we have seen Australia become involved in East Timor in a very positive way. Despite whatever reservations I might personally have had about our past relationships and our de jure recognition of Indonesian occupation, I think it is fair to say that over recent months Australia has acted and shown its bona fides in a way which should be applauded by all Australians. I know it is recognised and acknowledged by the East Timorese community. Not only have we repaid an enormous debt in the form of the relationship that we have had.
with East Timor historically as a result of the Second World War through the leadership of General Cosgrove and INTERFET; we have recognised in a mature way the importance of the East Timorese being self-determining in their relationships with us. That, to me, is extremely important.

I know the previous speaker, the member for Blair, spoke of our relationship with the Indonesian government. It is true that it is very important to us that we maintain a very strong relationship with Indonesia. I personally believe that we are in a position to extend that relationship to well beyond what it has been, certainly over the last 12 months, as a result of what has happened recently in East Timor.

Important also is recognition by us of what this really means to the East Timorese community. Those of us who have had the privilege of visiting East Timor will understand how devastated that community is and will understand how important access to whatever material resources and benefits flow out of the development of the Timor Gap will be to the people of East Timor.

I do not think it is unreasonable to say that we should not be building false hopes. The fact is that we are talking about the development of a resource which is dependent on a whole range of factors which are by and large beyond the control of government. We are hopeful that this will be a boon that will provide the potential for tens of millions, if not billions, of dollars over the years ahead to our respective countries but it may not. I think what we need to comprehend is that while ever it does, the use of those resources, in terms of the benefits it will bring to the East Timorese community, is extremely important.

For my own community in the Northern Territory, we have been and are well placed to take advantage of the benefits that will flow from the development of the Timor Gap. We know already of the plans by Phillips Petroleum—and now we hear by Woodside and Shell—for the further development of the resources which come out of the Timor Gap through plants developed in the Northern Territory near Darwin. Those are very important to our economy. I do not think we should underestimate their importance to our economy or the fact that they will provide significant benefits to the people of the Northern Territory.

I have had some discussions with the people involved in these developments previously, and it is very clear that, whilst their interests are commercial, they see there are significant benefits of a non-commercial nature which will flow to those people who are participants in the Timor Gap. The spin-offs which will flow to my community in the Northern Territory are clearly significant and are very welcome, as they would be significant and welcome to the people of East Timor.

There is one issue about this which causes me some irritation, and that is the fact that really we have the United Nations as a partner in this deal at the moment. In my view, the quicker the United Nations is replaced, in a sense—at least in terms of these formal arrangements—by a sovereign government or sovereign representatives of East Timor, the better. That may well take some time, given the internal factors which are at work in East Timor and the need for the United Nations to act responsibly. I think it is extremely important, and I know that it is at the forefront of the minds of the senior people within the United Nations. UNTAET should act in concert with advice and with the views of the people of East Timor, particularly those people who act as the leaders of CNRT. I do not think we should underestimate that importance.

It is not appropriate for UNTAET to make decisions in isolation. I am not saying that they would intend to do that; I am hoping they will not. Certainly, statements which have been made by Mr de Melo and certainly by the Secretary-General of the United Nations would lead us to believe that that will not be the case. Nevertheless, it is an observation which I think is worth while making. There is a real issue here about the East Timorese community being able
to develop their own views about the world, to develop their own relationships with people of the world and to ensure that arrangements which are made on their behalf by UNTAET meet their objectives and their priorities. I am hopeful that that will be the case. I am just saying that I have some reservations about the role of the United Nations.

Nevertheless, this is an important piece of legislation and it is something which I think we can be proud of in terms of our role in it. I look forward to an ongoing relationship with the people of East Timor through this arrangement. It will be part of a very wide relationship. There is no question about that. As a person who lives in the Northern Territory, I am looking forward to that partnership, of Australia being a very close neighbour to the people of East Timor. I think this is a very important piece of legislation and I commend it to the House.

DISTINGUISHED VISITORS

Mr DEPUTY SPEAKER (Mr Andrews)—Before calling the member for Petrie, I acknowledge the presence in the gallery today of members of the Public Accounts Committee of the parliament of Fiji, led by the Hon. David Pickering, the Deputy Leader of the Opposition. I note that the subject of Timor, which is the subject matter in part of this bill before the chamber today, is a matter of interest in recent times to both our nations. I welcome them here.

TIMOR GAP TREATY (TRANSITIONAL ARRANGEMENTS) BILL 2000

Second Reading

Ms GAMBARO (Petrie) (10.39 a.m.)—I would also like to welcome members of the committee from Fiji. I met with them a few moments ago in our House of Representatives Standing Committee on Economics, Finance and Public Administration. It is good to see you in the Main Committee. So welcome once again.

I also rise today to speak to the Timor Gap Treaty (Transitional Arrangements) Bill 2000. I would like to add to much of what was said by the earlier speakers, including the member for the Northern Territory and the member for Blair. It has been a tumultuous year for the Timor region. While we have all been shocked and horrified by the events of the last year, it is also with some great hope that we look forward to a stable and independent future for East Timor.

It would be remiss of me not to congratulate the Australian soldiers, the Federal Police and other people from my electorate of Petrie who contributed to the East Timor effort. Yesterday’s function was just a small token of appreciation by the government and members of the opposition for the fine work that they contributed to in East Timor and the excellent work, leadership and role model provided by General Cosgrove in that particular campaign. I know that all of Australia was proud of their efforts over there and the way that the mission was conducted.

Under these very difficult conditions they were able to maintain peace and make life just a little better for the victims of the fighting. I know that all of us would hope that the atrocities that occurred in that area will never happen again. It is now up to the United Nations, through the United Nations Transitional Administration in East Timor, to continue the process as East Timor becomes an independent identity. With these transitions, it has become necessary for amendments to be made to the Timor Gap Treaty. Clearly, for investors to remain interested in the area, it is really up to the Australian government and the United Nations Transitional Administration to ensure that all existing regulation and administration of the region are maintained in an ongoing manner. I know that previous speakers were all in accord with this.

The specific purpose of this bill is to amend the Petroleum (Australia-Indonesia Zone of Cooperation) Act 1990 and related acts to replace Indonesia with the United Nations administration in matters relating to the region. Following the recent events in East Timor,
Indonesia can no longer hold sovereign rights over the area covered by the Timor Gap Treaty. It is therefore vital that these changes be made to ensure the continuation of development projects in the region. And we are talking about a world-scale project when we talk about this particular development.

I had the pleasure two years ago of visiting the North West Shelf as part of the industry, science and technology committee, and I was absolutely overawed by the level of the project and the process that went into establishing that particular project. Woodside are one of the partners in that project, and I understand that they, along with Shell and Philips, have expressed a very keen interest in the Timor Basin region.

The magnitude of the project was something that I never envisaged until I got there. I think we visited the North Rankin field and the platforms. The living conditions, the infrastructure, the pipeline to the shore, the amount of liquid petroleum gas that is exported by tanker every year to Japan and the wonderful effects that this is having on our export industry and the infrastructure were just amazing. That project took a long time to get off the ground. It was a project that was not without its troubles; it was a project that did not have a smooth road. But once it was established, it created an incredible infrastructure for the area. It also provided jobs for many hundreds of people in the area and also for people outside the area. As long as we have Japan as one of our partners in this export venture, we will continue to provide liquid petroleum gas to Japan in these huge tankers, the size of which I still cannot get over.

This is what we are talking about here—developing a similar project for the East Timor region. It is important that we look at some of the aspects of this. I know that it is in its early development stages. The member for the Northern Territory expressed some reservations about United Nations involvement. I can understand where he is coming from; I think that we all share those reservations. But in this transitional period before East Timor becomes independent and is able to maintain its obligations and responsibilities under the treaty, it is important that they have some foundation and some assistance, and this is where Australia and the United Nations have come into the picture.

Earlier, the member for Blair would have spoken about the enormity of this particular project and, again, I just want to emphasise the size of this project. There is capital expenditure of up to $US1,400 million. We are talking about something like 400 million barrels of condensate and liquid petroleum gas, as I mentioned earlier. The first stage provides a foundation for the second stage of the development. It will also deliver gas to Darwin and provide some very valuable gas for use in Australian markets as well as the export of liquid natural gas or LNG. It is important to emphasise the positive aspects of this.

It is in its infancy and it is important that governments be on hand to provide whatever assistance they can to companies like Woodside, Shell and Phillips. They are clearly interested in the area and willing to invest resources and considerable effort to ensure that the project is a success. Local content was one of the things that comes up all the time. Particularly in the North West Shelf, it is important that people and resources from the region be utilised in the best possible way. Clearly, that will be one of the benefits to East Timor of this particular project. It is not an easy project. It is going to involve a gas production line, a subsea trunkline, an online pipeline and the Syngas plant itself. The potential will be huge. It will not pay off in the early stages but the potential for returns down the track will be significant indeed.

It is important to note that this particular agreement was formalised in an exchange between Australia and the United Nations early in February. In usual situations this legislation would have been in place prior to that exchange. However, in the very exceptional circumstances it has been impossible to follow through with the normal procedure. Since the upheaval of the last year the Australian government has worked very hard to implement
continuity and certainty in arrangements like the Timor Gap Treaty. Historically, the Timor Gap Treaty has worked very effectively. I understand that approximately $700 million has been invested already in the exploration of the area and the flow-on from the benefits of these projects will certainly be beneficial for the developing nation. It is important that East Timor has the facilities and the ability to maintain its economy and expand. With estimates of follow-up investment at approximately $15 billion it is a huge project.

Most of the amendments to the treaty involve the replacement of the word ‘Indonesia’ with the ‘United Nations Transitional Administration’ in East Timor in the act. The bill also ensures that actions by the ministerial council and the joint authority are validated from 26 October 1999 when the United Nations established the Transitional Administration as the administrative and legal authority for East Timor. There are also validation provisions for things done since that date but with provisions to protect against retrospective criminal liability and to preserve the immunity from persecution.

In relation to the petroleum operations in the region, the bill will allow for various taxation, customs, immigration, crime and quarantine laws in the gap as well, and the Crimes at Sea Act 2000 currently before the parliament had amendments inserted to reflect the changes in the bill. The Crimes at Sea Act 2000 follows a new arrangement between the Commonwealth, state and territory governments regarding criminal actions at sea and will replace the current Crimes at Sea Act 1979. Other related acts to be amended in relation to the changes have been listed previously by my colleague the honourable member for Leichhardt. Whilst many of these amendments appear small they are absolutely vital to the smooth transition of the administration of the treaty, and the changes made in this bill do not alter the conditions of the exploration of the area but provide that continuity for the companies involved.

The events that followed the referendum results in East Timor were disgraceful, to say the least. It really is a testament to the strength and resilience of the East Timorese people that they are able to rise above that. They are able to look to the future with happiness and certainty and put their lives back together again. The Australian government have shown their commitment to the people of East Timor and will continue to have that commitment to them over the months and years ahead. This bill will ensure that companies investing in the region can be absolutely confident of the future regularity of administrative arrangements in the Timor Gap zone and for this very reason today I would like to commend the bill to the House.

Ms HOARE (Charlton) (10.50 a.m.)—I would like to join my colleagues, both in the government and the opposition, in expressing my pleasure at the opportunity to be able to speak briefly to the important Timor Gap Treaty (Transitional Arrangements) Bill 2000. The treaty between Australia and the Republic of Indonesia on the zone of cooperation, in an area between the then Indonesian province of East Timor and northern Australia, was signed on 11 December 1989 after 10 years of negotiation. The Timor Gap Treaty is the most substantial bilateral agreement concluded in the history of Australia’s relations with Indonesia. The treaty resolved a dispute over seabed boundaries and established the foundation for cooperative exploration for and exploitation of petroleum resources which would have been delayed by efforts to define a single boundary.

The zone of cooperation consists of three areas. Area A is the area of joint development. Area B is the area of sole Australian jurisdiction, with Australia paying 10 per cent of the gross resource rent tax revenues from this area to Indonesia. Area C is the area of sole Indonesian jurisdiction with Indonesia paying 10 per cent of its contractor’s income tax revenue from this area to Australia.

With the successful vote for independence by the people of East Timor in August last year came many problems and questions on the development of a new nation. There also came hope and inspiration. There also came the need to negotiate new arrangements with regard to
the Timor Gap Treaty in preparation for the transition to an independent East Timor. Though over the past few months some Indonesians have claimed that the Indonesian government should retain a share of the revenue from petroleum exploration and development in the Gap, in February of this year, Abdurrahman Wahid’s government agreed that the area covered by the treaty was now outside Indonesian jurisdiction. This agreement means that the Indonesian stake in the previous agreement will now be assumed by the party which has been given the responsibility by the United Nations to oversee East Timor in its development as a nation.

In February this year, the INTERFET forces handed this responsibility to the United Nations Transitional Administration in East Timor, UNTAET. In relation to the Timor Gap Treaty, UNTAET acting on behalf of East Timor has agreed to assume all the rights and obligations previously exercised by Indonesia under the treaty. The eventual outcome of these transitional arrangements will be, hopefully, for the East Timorese to own and use the revenue generated by the development of the petroleum sites. In the past nine years, $US700 million has been spent by an American company in this area. The potential for further petroleum exploration and development in the Timor Gap zone of cooperation could generate possibly tens of millions of dollars per annum for East Timor and Australia for decades.

Let us reflect on what this wealth could mean for the development of economy, infrastructure and the social structure of the independent nation of East Timor. To fully understand what these tens of millions of dollars could mean to the dignity, wellbeing and equality of life of the East Timorese people, we need to know what the current situation is.

The violence perpetrated during the independence vote and after the outcome of independence saw over 80 per cent of the infrastructure of the fledgling nation razed: houses destroyed, hundreds of thousands of people displaced, water supplies contaminated, crops ravished, roads, bridges and other transport infrastructure destroyed. The administrative structure of East Timor was largely made up of Indonesians who have since fled this emerging nation. With an increase in the economic wealth of East Timor, we will hopefully see a situation where Timorese workers who are paid only $3 a day for a 12-hour day will not have to strike to demand a minimum wage of $10 a day for a nine-hour day, including a one-hour lunch break.

So what we have is a brand new nation with minimal infrastructure and with no administrative structure, but with hundreds of thousands of people with passion and compassion determined to forge their own destiny. These people are encouraged and inspired by the leadership of Xanana Gusmao and Jose Ramos Horta.

Australia is spending nearly $75 million this year in a program of assistance for the East Timorese. This money is provided through our overseas aid program to help in their independence and future development. The funding will help provide for repatriation and resettlement and for the materials needed to rebuild this nation. We are also providing financial support for emergency health, nutrition, water and sanitation programs for the people of East Timor, who will be able to continue to develop these programs as they establish their economic independence with the assistance of the revenues which will come to them in relation to this bill.

I take the opportunity on this International Women’s Day, which celebrates the activities and the aspirations of women around the world, to pay tribute to the women of East Timor in their pursuit of peace, economic and political stability and a sustainable, secure future for their families and their communities. Women have always played a positive role in the rebuilding of communities. Women understand the need for healthy food for their families and children, untainted water for them to drink and shelter so that the children of East Timor can be nurtured in a caring environment where it is possible for them to become future leaders.
As the nearest developed nation to East Timor, Australia has the responsibility to facilitate the distribution of the potential wealth from the Timor Gap petroleum fields. We must remember that world attention will continue to be diverted away from the plight of a small new Asian-Pacific nation when other humanitarian crises occur. Just this week the international media has focused on the tragedy occurring in Mozambique due to the massive floods. When international attention is diverted, it remains our responsibility to bring forward and facilitate the self-development and welfare of the East Timor nation. A smooth process of transition for arrangements relating to the resources in the Timor Gap will make an invaluable contribution to the economic viability of East Timor by giving investors the confidence to proceed. Australia’s role is to ensure that East Timor has a tangible measure of economic self-reliance, not just political independence. If we cannot ensure that East Timor benefits from the wealth of the Timor Gap oilfields, we will sentence East Timor to an indefinite period of dependence on overseas assistance and aid.

Mr Rudd (Griffith) (10.58 a.m.)—I rise in support of the Timor Gap Treaty (Transitional Arrangements) Bill 2000. The purpose of the bill is to amend the Petroleum (Australia-Indonesia Zone of Cooperation) Act 1990 and related acts to reflect the fact that the United Nations Transitional Administration in East Timor, UNTAET, has replaced Indonesia as Australia’s partner in the regulation and administration of petroleum operations in the Timor Gap.

In a press release dated 10 February this year, Foreign Minister Downer and Industry Minister Minchin indicated that, in talks in Jakarta in early February, Indonesian government representatives had agreed that, following the separation of East Timor from Indonesia, the area covered by the treaty was now outside Indonesia’s jurisdiction and the treaty ceased to be in force as between Australia and Indonesia when Indonesian authority over East Timor was transferred to the United Nations. UNTAET, acting on behalf of East Timor, has agreed to assume all the rights and obligations previously exercised by Indonesia under the Timor Gap Treaty. This was formalised through an exchange of notes between Australia and UNTAET on 10 February 2000. This interim agreement is without prejudice to the position of the future government of the independent East Timor. Long-term arrangements over the Timor Gap, between the new independent government of the new state of East Timor and the Commonwealth of Australia, have yet to be determined. Those changes, when they do occur, will be reflected in subsequent amendments to this legislation.

The bill before us is consistent with Labor’s approach to the future of the Timor Gap which was enunciated by the shadow foreign minister, Mr Brereton, in September 1998 and elaborated subsequently in statements of January 1999. Enactment of this legislation is critical in terms of the long-term economic viability of East Timor.

So far, it is estimated that over $US700 million has been spent on petroleum exploration and development in area A of the Timor Gap zone of cooperation since the treaty entered into force in 1991. The first commercial oil production commenced in July 1998, and both Australia and East Timor are presently being remunerated at a rate of approximately $US3 million per annum as a consequence of that development. It is expected, or at least it is hoped, that there will be commercial development soon of the Bayu-Undan and Sunrise-Troubador gas condensate fields. If this occurs, the investment will be considerable; and it is estimated that, subject to the magnitude of that investment, several tens of millions of dollars per annum to both East Timor and Australia will flow as a consequence of that regime for a period of up to 10 to 20 years, starting as early as the year 2004.

This brings me to the related question of East Timor’s long-term economic development requirements and Australia’s role in that regard. I would argue that there are principles which should govern this nation’s future aid relationship with the emerging independent state of East
The first is a simple one, but one which we will need to remind ourselves of in the years ahead, in this parliament and as a country. It is simply this: let us not forget East Timor as it slides from national and international attention, as it ceases to be newsworthy in the international news media, as it drops from the attention span of voting publics across the world; we must never forget East Timor. There are two reasons why we should not do so. One, of course, is a universal moral obligation which we have, given our historical engagement in East Timor, both in World War II and most recently. The second is what John Stuart Mill would describe as enlightened self-interest. East Timor lies within the immediate sphere of strategic interest of the Commonwealth of Australia, and it is in this nation’s interest to ensure that there is a smooth and proper path of economic development in that newly independent state so close to our northern borders. That is the first principle.

If there is a second principle which should govern our future aid relationship with East Timor, it is this: we should learn from our experience with Papua New Guinea; we should not repeat the mistakes which both sides of politics in this country, when they have been the government of this country, have made in our national aid relationship with Papua New Guinea. I believe there is a bipartisan view across this parliament that there have been huge errors in our aid relationship with Papua New Guinea since 1975-76. A large part of those errors lay in the extent to which we have dedicated historically large resources to the delivery of budgetary aid for the government of PNG. We must intelligently and in a focused way research, understand and learn from the lessons of that aid relationship experience. We must not repeat the mistake with the new emerging government of the independent state of East Timor of delivering quantities, let alone large quantities, of direct budgetary assistance.

Before talking about the parameters which should govern our overall financial commitment to the future aid and economic development requirements of East Timor, we should focus on what, in fact, such a program of economic development should be. I draw the attention of honourable members to a very useful paper recently drafted and presented on this topic by Colin Barlow at the Australian National University and simply entitled, Development of East Timor. It is worth the attention of honourable members and the House in terms of some of the observations which Mr Barlow makes.

I believe that, when we construct our future aid program for East Timor, we should focus on three simple principles. The first is human capacity building. The record of the Portuguese in this period over nearly five centuries was a poor one indeed.

Mr Hollis—Appalling.

Mr Rudd—It was an appalling one, as my colleague rightly reminds me. Let us not have some view that there was some previous halcyon period in the political and economic evolution of East Timor—there was none. In fact, we can find extraordinary parallels between the absence of the development of the civil society of East Timor during the period of the Portuguese occupation and that which also occurred in Macau. If you looked at the different states, for example, of political evolution in Hong Kong versus Macau, you can see quite a different culture at work in the sophistication and the maturation of the local civil society in those entities by the time they returned to Chinese rule most recently. The Portuguese colonial record in East Timor exhibits all the hallmarks and much worse than we saw in their occupation of Macau. In the period since 1975, the record in terms of human capacity building during Indonesia’s occupation was not much better.

Of course, most recently what we have seen is the wanton destruction of the physical infrastructure necessary to provide such basic things as education and training opportunities to this new and exceptionally young nation state—both in age of the nation state and age of the population of that nation state, that we see in East Timor. Australia’s aid effort should therefore have as one of its first focuses, human capacity building through rebuilding and
constructing afresh major institutions, major programs of education and skills formation, within that society. I am pleased to note that AusAID, so far, has indicated that that is also one of its priorities.

A second governing principle as far as our future aid relationship with East Timor is concerned should be the rebuilding and the construction afresh of the physical infrastructure of that economy. Again, we have seen graphically through the television news the wanton destruction across East Timor in the period following the independence ballot in early September last year. The requirement for the physical construction of roads, electricity infrastructure, water infrastructure and basic sanitation, all the things we take for granted in the operation of a modern nation state, let alone a developing nation state, lie as large challenges for this emerging new society. They become the building blocks for subsequent economic development.

The operation of market forces in an economy so impoverished as East Timor is unlikely to generate this sort of basic economic infrastructure. If we reflect on the economic developments of this country—particularly in the 19th century, the laying out of the rail infrastructure, the establishment of the electricity grid and the establishment of the water reticulation systems of the country—we see that they were not in the main provided by private operators operating within competitive markets. By and large they were laid down by the state. They are the basic tools and building blocks through which subsequent economic development, hopefully based on a properly operating and competitive market economy, subsequently occurs.

The third focus should be institution building. This is probably the most difficult of all. It relates to comments I have just made about the extraordinary period of Portuguese colonial occupation. There was no emerging civil society in this Portuguese colony. In the period of Indonesia’s occupation, civil society consisted of how best to organise a revolutionary or independence movement in order to replace the Indonesian occupation.

The challenge facing the new and emerging government of East Timor is to construct, almost afresh, the civil society of that country. I am optimistic that the role of the Catholic Church in East Timor will be one of leadership in doing that. But the construction of a normal political exchange between competitive political parties in a normal electoral process—something which we have taken for granted in this country for the last 150 years—is something which is not taken for granted in East Timor. The assumptions which underpin our political process in this country are not alive in East Timor. Therefore, the challenge we face of how specifically to assist and construct indigenous organisations which can implant the basic principles of a normally functioning civil and political society must remain the third focus of what we seek to do in that country.

I repeat, as I said at the outset, that we must avoid like the plague the delivery of unqualified budgetary aid to the emerging government of East Timor. Our aid must be delivered with a clear orientation towards the three focuses to which I have just referred.

Related to the economic development requirements of East Timor is, of course, the associated development requirements of West Timor, which is still part of Indonesia and part of NTT province. I visited West Timor last November and it was an extraordinary experience. Already I have presented a report on that visit to the House of Representatives. The problem faced by the government of NTT province is simply this: subsequent to the independence of East Timor, NTT province became Indonesia’s poorest province. The resource base of that provincial administration is appallingly thin. They have a small population, somewhere between two to three million, to which has been added, since the events of September last year, an additional 200,000-plus refugees from East Timor. Some of those have returned, but a large number still remain there.
Practical needs such as the provision of health services, housing services and expanded economic infrastructure are being felt keenly by the administration of that province. In my discussions with the provincial governor in Kupang in November, it was plain that, given the limited financial resources available to what is a very small provincial administration within what is already a stretched national fiscal environment, this administration was facing real challenges in meeting the new needs and the new dislocations caused by the influx of people from the east.

I am also pleased to note that AusAID, in its involvement in the delivery of our historical aid program to NTT province, plans to continue and I hope expand that aid delivery program. Not only is that necessary, given the large influx of refugees into West Timor; it is also desirable given the benefit which such a continued program would give to our overall bilateral relationship with Jakarta. If you are looking at the world from Jakarta’s perspective, it is worth while to take note of the fact that when they in Jakarta see a large delivery of aid programs into East Timor to build the new nation state, which is entirely appropriate, they often ask where is the parallel international interest in the remaining 206 million people of the Indonesian republic, many of whom exist in dire poverty—and West Timor, NTT province, is the most impoverished part of that republic.

On the question of the refugees themselves in West Timor, I spent some time last November visiting a large number of the camps. The conditions in those camps then were appalling. Since the commencement of the wet season, they are trebly appalling. In the report that I presented to the parliament last November, I warned of the likelihood of large-scale mortality among children, in particular. Regrettably, that prediction has proven in large part to be correct. When I visited Jakarta again three to four weeks ago and asked for a briefing from the international aid agencies in Jakarta about the state now in the refugee camps, the picture which emerged was still a disturbing one. We have had between November and March some hundreds of deaths in camps, 80 per cent of those deaths being children under the age of five. The principal cause of death in those camps was malnutrition.

There are multiple causes as to why this is occurring. It is not that the international aid agencies have been derelict in delivering large quantities of food aid, in particular, to the authorities in Kupang and seeking to distribute them. The problem at heart has still been the attitude of local TNI supported and part supported militia commanders who have prevented the effective distribution of that food aid into the camps where the food is most needed. This is an appalling tragedy when you see it happen—the food delivered to local distribution points but not getting to kids who need it 200 metres up the road. It is therefore important, as I said before about the diminution of international interest and attention in East Timor, that simultaneously we do not forget West Timor and the 100,000 plus refugees who, as we sit in this chamber today, languish in camps. Part of the reason lies in the need to impose proper authority from Jakarta on the military commanders in West Timor to ensure that militia commanders are removed from what remaining political control they have over some of the camps there. Part of it lies in ensuring that a continued quantity and quality of aid delivery occurs. I repeat, and I will say it throughout this year, that we must not forget them because the fact that they exist in those camps is a direct consequence of the foreign policy actions of this government and the reaction to those actions by the Indonesian government in the events of last September.

Finally, it is important to reflect on where all this stands in our overall relationship with the new government of Indonesia. It is important, in delivering aid programs of this nature and in our deliberations on the Timor Gap Treaty, that we are mindful of how that relationship now develops. A couple of weeks ago in Jakarta I spoke at a conference hosted by the University of Indonesia on rebuilding the bilateral relationship between Australia and that country.
Foreign Minister Shihab also spoke at that conference and delivered a positive and encouraging address.

The conclusion I drew from that conference was that, in terms of rebuilding our relationship, the central problem is not so much Timor itself. If you look at the recent policy pronouncements coming out of Jakarta—the beginning of the normalisation of the role of the military in Indonesian politics and, subsequently, President Wahid’s reconciliation visit to Dili—you can see that the wise policies pursued by President Wahid are pointed in the direction of normalising the role of the military, asserting normal civilian control of the administration of that country, which means that there is associated with that a recognition that the Timor matter is now dealt with. Let us hope that that process of civilianisation of the military continues.

Regrettably—and this comment is somewhat partisan; I do not often make partisan comments in foreign policy debates—the clear perception emerging across Indonesian political elites on all sides of politics is that the single central impediment to the normalisation of the Indonesian relationship with Australia is their perception of our Prime Minister, Mr Howard. The Indonesian government, under President Wahid, knows this country well and knows it better than any other administration which has preceded it. President Wahid has personally visited here many times. He has many friends in this country and has two members of his staff who have lived and worked here for something like a decade between them. Therefore, what passes for domestic debate in this country is known well beyond our borders. It is read and studied carefully within the councils of government in Jakarta.

They know the full texture and depth of the Prime Minister’s statement last year through the Bulletin magazine—the so-called Howard doctrine—and asked themselves this question: what does this signify in terms of Australia’s future intentions vis-a-vis Indonesia? They read, and have read carefully, the statements made during the last several years by the Prime Minister on the question of Hansonism and his Voltairean defence of Pauline Hanson’s particular views on interracial harmony. They are also aware of the Prime Minister’s contribution to the immigration debate of the late 1980s. All these form a picture in the minds of the new government of Indonesia that this Prime Minister is not serious about Asia or, in fact, has a sceptical view of it.

I make these remarks with a degree of seriousness. I do not make them flippantly and I do not make them as some sort of polemic in an overall foreign policy debate, but they are core to our desire to build a future relationship, a new relationship, with Indonesia.

Mr HOLLIS (Throsby) (11.15 a.m.)—The Timor Gap Treaty between Australia and Indonesia was often used as an example of an unfair treaty. Everything that seemed to be wrong with that relationship between Australia and Indonesia seemed to be symbolised by that treaty. Some argued that it should not have been entered into or it should have been entered into with Portugal. At this stage, let me reinforce the view, regarding Portugal, of my colleague the member for Griffith.

The Portuguese were in Timor for over 400 years but they did very little and it has always, even with the debates over the years about Timor, somewhat amused me that the Portuguese took the high moral ground. The Portuguese have no reason to take any high moral ground on their role in Timor. On Monday, in tabling the Joint Standing Committee on Foreign Affairs, Defence and Trade report on the visit to East Timor last December, I said:

Geography and history dictate that we will have a close relationship with this new nation, but it will be a nation whose destiny will be decided by the Timorese.

This bill we are debating today will confirm that statement in more ways than one. It is one of the reasons why the opposition supports its introduction. The purpose of the bill is to reflect the fact that the United Nations Transitional Administration in East Timor—UNTAET—has
The bill is consistent with the approach the opposition has advocated on the future of the Timor Gap and announced on a number of occasions by my colleague and shadow minister for foreign affairs, particularly in September 1998 and in January 1999. It should be recognised that my colleague and shadow minister for foreign affairs has led the way in urging Australia’s reaction and renewed policy approach to East Timor both publicly and within the Australian Labor Party. I believe that needs to be recognised, and there is no better time than during this very timely debate.

UNTAET Administrator de Mello has said that this agreement has come at a very important moment for East Timor. The agreement provides for a simple transition for Indonesia’s exit from the Timor Gap Treaty and for UNTAET’s entry into the treaty relationship with Australia. East Timor’s political leadership has confirmed acceptance of the transition process both publicly and privately. On 18 October last year, Xanana Gusmao said that it was his intention to respect the terms of the treaty. The agreement is an interim measure which is without prejudice. Obviously at some time in the future when East Timor emerges from this important transition stage, the future government of an independent East Timor may wish to conclude longer-term arrangements with Australia. In those circumstances, this bill may require further amendment or new legislation may need introduction into the parliament during this term.

This bill reflects a true partnership between Australia and the new nation of East Timor. Australia and East Timor both recognise the important need to maintain stable, uninterrupted operations, revenue flows and continued investment. The bill will contribute to investments certainly in the Timor Gap and for petroleum exploration and development. Over $700 million has already been spent on petroleum exploration and development since the treaty came into force in 1991. This is an important investment to develop a key resource for a new nation aiming to build for itself a new community and economy.

In July 1998 the first commercial oil production began with the commissioning of the Elang-Kakatua field. This oil production field generates revenue for both Australia and East Timor of about $3 million a year. I suggest, important as this money may be for Australia, it will be even more important for East Timor. The development and commercial operation of other projects in the zone of cooperation has a potential to generate nearly $15 billion in capital investment. Major onshore facilities near Darwin will be constructed. These oil production fields will provide tens of millions of dollars in revenue to East Timor for decades, beginning in four years time.

The Timor Gap Treaty has a great potential to significantly contribute much needed economic development to a struggling new nation. The fact that East Timor did not have an economic base was one of the arguments against East Timor’s independence. It has also been suggested that one of the reasons Australia did not react more strongly when Indonesia invaded Timor in 1975 was that Australia did not want an economically poor and possibly unstable nation on its doorstep. Whether or not that is true is for others to argue, not me. The revenue generated for Australia will also assist us in ensuring economic development and stability in East Timor.

Australia has a tremendous obligation to assist this new nation, just two hours flying time away from our northern capital. But this association and assistance must be based on advice
from the East Timorese. I have a worry that, because there are so many aid agencies in Timor—and it seems that every aid agency in Australia has to have a presence in Timor, even if only for domestic reasons of fundraising—there will inevitably be an amount of duplication in the work provided. It must be stressed—and this is a point that the member for Griffith was also making—that anything relating to aid or revenue in Timor must be Timorese led. I think it is very important to always respect the sovereignty of East Timor.

In our troop commitments of September last year following the mindless violence of the independent ballot, Australia finally began to repay a historic debt. Today Australia must continue support. We must and we will. But, as I said before, it must be Timorese led. We must respect their sovereignty. What we do not want there is a mini Australia. We want a sovereign, independent Timorese nation and I believe our treaty obligations will help that process.

The estimated cost for Australia to assist East Timor is already on the public record, outlined in the Prime Minister’s ministerial statement of last November. The total cost for 1999-2000 to 2002-03 is expected to be over $3 billion. The changes reflected in the bill can provide a continuity in both countries’ arrangements in the Timor Gap Treaty and confirms actions taken by the Timor Gap Ministerial Council and the joint authority since late October last year. The bill also includes a continuation of other arrangements in our taxation, customs, immigration, crime and quarantine legislation which Australia has linked with operations in the Timor Gap.

Many of us in this place and, indeed, in the wider community, have been legitimately critical of elements of the Indonesian military and of the government over recent months. Some of us have been critical of Indonesia for much longer, since the invasion of East Timor in 1975 and its incorporation as Indonesia’s 27th province in July 1976. But I think it is fair to say that just as Indonesia under new President Wahid is mending bridges there, it is equally true that everyone in this parliament will want good and friendly relationships between Australia and Indonesia.

This bill and the arrangements it confirms could have been made more difficult had Indonesia insisted on keeping its claims under the treaty even after it ceased to exercise rights over East Timor. A number of Indonesian politicians from West Timor argued that Indonesia should continue to retain a share of the revenue from operations in the Timor Gap. However, such calls came to nothing when Indonesia made clear that its exit from East Timor also meant an exit from the treaty relationship with Australia, and we support this. The opposition provides bipartisan support for this important bill. It reflects the transitional nature of the political and economic developments now under way in the world’s most infant of new nations.

Following the departure of UNTAET, East Timor’s leadership and government are free to pursue aspects of this treaty and establish long-term arrangements. This is appropriate. East Timor should not be held ransom to a small economic base. The Timor Gap and the petroleum resource there must be available for East Timor’s development and for the Timorese. Australia and East Timor are now linked forever. We should show our goodwill and optimism about our close relationship by this bill. The Timorese have paid a very high price for their independence, but I would like to echo the words of my colleague the member for Griffith, especially in regard to aid and the lessons that we should learn regarding aid from PNG.

When our delegation came back from PNG our report said that we should exit from the budget support aspect of our aid to PNG—which I always thought was wrong. We must never get into that situation, as he said, with the same arrangements with Timor. Despite revenue from the Timor Gap there will be a responsibility for Australia to continue to give aid. I think that when Timor goes off the world map, as it inevitably will, it will be left to Australia.
Australia will continue to be the main contributor to aid there, and rightly so. My hope is that with this legislation we will maintain a good, strong, friendly relationship with Timor and quickly restore the good relations we have enjoyed for some time with Indonesia, especially now that an impediment to that relationship in Timor itself has been removed. The opposition, as all the speakers have indicated, strongly support this bill and I commend it to the chamber.

Mr ENTSCH (Leichhardt—Parliamentary Secretary to the Minister for Industry, Science and Resources) (11.31 a.m.)—in reply—I thank the opposition for their support on this important bill, the Timor Gap Treaty (Transitional Arrangements) Bill 2000, enabling the smooth process to give effect under Australian legislation to the new treaty arrangements. The purpose of the bill is to amend the Petroleum (Australia-Indonesia Zone of Cooperation) Act 1990. The bill provides both Australia and East Timor with an important bilateral treaty to ensure security for oil and gas exploration and development in an area of proven great potential by providing continuity and certainty in the legal arrangements for existing and future commercial operators in the Timor Gap zone of cooperation.

We have watched the tragic destruction in East Timor unfold following the ballot last year, and it is an honour for me to have carriage of this bill, as it plays a significant role in assisting East Timorese rebuild their lives and the economic future of their country. The treaty is no less important for Australia. The zone has proven its resource potential and the treaty signed by UNTAET on behalf of East Timor on 10 February will provide a smooth and seamless transition for the treaty arrangements, especially for the petroleum company’s rights and obligations under the treaty.

I take this opportunity to thank the officials of my department and the department of foreign affairs who facilitated, with their Indonesian counterparts, Indonesia’s disengagement from the treaty. I also thank the member for Kingsford-Smith for his strong support of this legislation. Unfortunately, I do not have on hand today the detailed information he seeks in relation to the talks and agreement made by officials on behalf of all parties. I will however forward the relevant information following this debate. I also thank the members for Blair, Petrie, the Northern Territory, Charlton, Griffith and Throsby for their contributions in the debate today. I commend the bill to the House.

Question resolved in the affirmative.

Bill read a second time.

Ordered that the bill be reported to House without amendment

AUSTRALIAN WOOL RESEARCH AND PROMOTION ORGANISATION AMENDMENT (FUNDING AND WOOL TAX) BILL 2000

Second Reading

Debate resumed from 16 February, on motion by Mr Truss:

That the bill be now read a second time.

Mr O’CONNOR (Corio) (11.34 a.m.)—The Australian Wool Research and Promotion Organisation Amendment (Funding and Wool Tax) Bill 2000 continues the process of reform of this very important industry to rural and regional Australia. I acknowledge the presence in the chamber today of the honourable member for Wannon who has a deep and abiding interest in this particular industry. He warned me not to get fired up on the industry, so I will not do that in this debate today. However, I remind him that the stockpile is still there. It is an issue that still has to be dealt with by the industry. I will now turn to the legislation that is before us.

The opposition does not intend to oppose the legislation that is before the parliament. The bill is part of the government’s response to the recommendations of the Future Directions Taskforce chaired by Ian McLachlan. That taskforce recommended, among other things, the establishment of a new company to commission wool innovation for the maximum benefit of
wool growers. The company would be established as a conventional company with shares issued to growers in proportion to their compulsory wool levy contributions, would be commercially focused with its key attributes being innovation, implementation and customer service, would have a mixture of commercial and levy funded activities and would be controlled by a newly formed board of directors with wide commercial experience. This bill will allow the minister, through the Australian Wool Research and Promotion Organisation, AWRAP, to meet the costs of establishing a new Australian wool service organisation, as was recommended by the taskforce.

Let us cast our minds back to that very historical day in November 1998—when I had just come to assume the shadow ministerial portfolio responsibilities for agriculture—to the AGM of the Australian Wool Research and Promotion Organisation, at which a resolution of no confidence was passed. That vote of no confidence was a watershed in the history of this industry: out of it came the formation, in December 1998, of the Wool Industry Future Directions TaskForce, chaired by a former minister of the government, the prominent South Australian wool grower, Ian McLachlan. The taskforce reported to the government in July 1999. In response, the government formed a working party which has conducted the WoolPoll 2000 survey of wool growers throughout Australia to gauge their views on how research and development moneys should be raised and spent. The working party produced a series of propositions on those levy funding alternatives, which have been put to wool growers. One important recommendation of the taskforce was the establishment of a new organisation designed to promote innovation and commercialisation in the wool industry; that is the subject of the legislation that we have before us today.

The working party identified some key issues. Some related to innovation and commercialisation but one related specifically to the empowerment of wool growers by assisting them to take control not only of their businesses but of their industry. It is a subject of some concern to me that, given the quite contentious and rather intense debate within the wool industry itself about its future, there has not been a greater response to WoolPoll 2000 on the part of wool growers. I understand that farmers are busy, I understand the requirements of their business, but at the end of the day, although growers can argue that governments ought to get out their way and get out of their business, it is very important for the industry and growers in it to cooperate with government when it attempts through a poll to genuinely gauge their attitudes to a very important aspect of their industry operation. I am referring to how moneys are going to be raised to fund research and development activities and the direction of those research and development activities once that money is raised.

I commend the government for taking the initiative to consult wool growers on the future of their industry. It seems that governments of all political persuasions at state and federal level have been conducting polls lately, and I refer to the polls that have been conducted within the dairy industry, both in New South Wales and in Victoria. These, I think, are honest attempts by government to gauge the feeling on the ground of farmers. But they are like everything else—they ought not to be the sole determinants of a policy direction, because often the information may be made available to producers but not digested sufficiently for them to make an informed judgment on the propositions that are before them. In the case of the wool growers and the Wool Working Party, the propositions that were put to wool growers were quite impressive. I commend the work of Dr John Keniry, the Chairman of the Wool Working Party, for the documentation that was put before growers on the funding options that might be available to them. The industry has not responded as we might have wanted it to do because the particular area that they were asked to pass judgment on is one that is critical to the future of the wool industry in Australia.

The working party identified four core business and service areas that needed to be addressed. Without going into them all, I want to make comment on one in particular, and that
relates to innovation, research, development and delivery. As a general proposition, I think it is fair to say the cutting edge of Australian agriculture in this millennium will be driven by research and development and by innovation. It is rather disappointing, if we look generally across the spectrum of industry research and development in Australia, to see the very poor performance and guardianship of this very important aspect of our economic development by this government. I will not quote the figures here today because they are well known in the parliament, but it is quite an appalling record for a nation that is seeking to propel its economic development off the back of the skills development and certainly of the research, development and commercialisation of new innovative technologies, not only in manufacturing industries but in agriculture industries as well.

I think it is acknowledged generally in the wool industry that there are some—if I could call them this—cultural obstacles to change. The McLachlan taskforce was about propelling the industry to change its cultural outlook to come to grips with some of the inhibitors that were holding the industry back from progressing and growing. It identified innovation, research and development as critical elements of the future of this particular industry. That taskforce identified, very importantly, the place of on-farm research as well as off-farm research in the manufacturing chain for wool.

As far as on-farm research is concerned, it is very important to dairy farmers—I mean to wool growers. My apologies, Madam Deputy Speaker, I have just come out of the main chamber debating the dairy bills. There was no offence meant there to wool growers. On-farm research and development will have positive impacts for wool growers because that research and development can be directly linked to the profitability of enterprises. When that on-farm research takes place we start getting the shift in the culture that is required to ensure that farmers open their minds up to new possibilities, look for new ways and are more receptive to the introduction of new technologies.

The wool industry is a case in point because surveys indicate that where wool growers have adapted and applied those new technologies, where they have been receptive to the application of information and other technologies, these growers invariably run more profitable enterprises. So we can actually make a direct link between the outlook of the farmer, his capacity to undertake and join in partnerships in on-farm R&D, and the eventual profitability of the enterprise. Of course, off-farm research is very important as well—the post-farmgate area; the textile sector R&D, the processing sector. The efficiencies there are important to the general efficiencies that are developed within the chain of production for this particular product.

Of course, in my electorate and in the electorate of the honourable member for Wannon—and we are joined in the chamber today by a great supporter of the wool industry, the honourable member for Lyons and, I am sorry, I absolutely throw myself on the ground for omitting the honourable member for Hinkler in this discussion—we all know very well that wool plays an essential and important place in the local economy. We all know very well the part played by Geelong in the history of wool. We are a hub for the transportation and storage of wool. There is a productive hinterland in the Western District and in the outer fringes of my electorate where there are very important wool growing areas. Of course, the port of Geelong is a major bulk handling port—the biggest bulk handling port in the Southern Hemisphere—and it is over that wharf that wool production goes.

We have in Geelong the National Wool Museum, a very advanced museum and very well patronised, not only by the people of Geelong but by people from throughout Australia. We have also the CSIRO Division of Wool Technology where research is conducted into the wool industry. In the processing sector we have Godfrey Hirst, Brintons Carpets and Australian
Wool Combing located in my electorate. So we really are the wool capital of Australia and we are quite proud of that fact.

Let me pay tribute here to a gentleman who passed away in 1999, Mr George McKendrick of Godfrey Hirst. There was no greater supporter of the wool industry than George McKendrick. He would not mind me saying that he was a cowboy from the old school, but he had the interests of this industry at heart and passionately believed that Australia ought to build its value adding capacity, and build it quickly. He put his money where his mouth was, the money that he and his family accumulated through this industry, and he grew this enterprise in Geelong from almost nothing to where it now employs over 1,100 people. Geelong mourned his passing, and the industry did as well.

I was walking down the street the other day and I passed a retail outlet called Juswool. It prompted me to go in and have a cup of tea with the proprietor, a person who I have not seen for some time, Hedley Earl of Hedrena Textiles.

Mr Neville interjecting—

Mr O’CONNOR—The honourable member for Hinkler is showering accolades on me today, just as I am on him. I popped in for a cup of tea with Hedley Earl because I had not seen him for a long while. When I was on the staff of Senator John Button, we assisted Hedrena Textiles in the infancy stages of the business. Hedley Earl was a producer of fine wool and at the time was manufacturing fine woollen baby blankets and dressing gowns. He has now moved—and honourable members will be interested in this—into the area of fine woollen underwear for both men and women. I purchased a pair of socks there the other day. They are top of the range and quite expensive, but for well-worn feet like mine, feet that have done some miles, they are a beautiful product to wear.

I congratulate Mr Earl because at one time this particular entrepreneur used to get in his car and travel around rural and regional Victoria and New South Wales to retail outlets to get his product into the marketplace. I would suggest he has made it now in one sense in that he has opened a retail outlet in the centre of Melbourne where the product is being snapped up by international visitors. They cannot get enough of it. He did have some harsh things to say about the impact of the GST on his business. I should just remind the House of that. We ought not gild the lily. The hard work of this entrepreneur is going to be burdened by the introduction of the GST. I will not go into the details of that but certainly it will happen where his product is going into the domestic market. He could not get the quality servicing here in the Australian market, so he had to have the fine wool processed in Germany. When it comes back over the wharf, he will be required to pay a GST. As the product is on-processed very carefully, it can take many months before the product gets into the marketplace and, of course, he is going to have to carry the burden of the GST like many other businesses around Australia.

Frankly, I have a great deal of sympathy for these small business people, who are trying to create jobs, because the GST is a job crusher. It is as simple as that. It is a job crusher. They try as hard as they can to generate jobs in this particular industry but along comes the government with a 1960s tax to burden them with compliance costs. Of course, all the money that has to go out to prepare for the GST I would imagine could, in the case of that particular business, go into promoting the product, getting more sales, securing his supply and securing the future of wool growers in the meantime.

In conclusion, might I reflect on the outlook for wool in the coming years. I noted with interest the assessments and the forecasts that were made at the Outlook conference recently. There is some potential for prices to increase in the short and medium term and I think wool growers will generally welcome that development. We have seen a strengthening of demand in the Asian markets, especially in South Korea and Chinese Taipei. Of course, China, which
had a slowing of its growth, is still in there as a significant buyer of Australian wool. We are seeing signs of a resurgence in the Japanese economy and that is very important to the demand for apparel. We have had some very interesting markets come on line for wool in recent times. India is emerging as a very important market. We are securing some interesting markets in Turkey as well.

How are wool growers going to respond to these developments? I guess over the long term we cannot expect a real or substantial strengthening in demand domestically but certainly the rise in prices will be moderated by the fact that the industry is holding significant stocks on farm and in brokerage houses around the nation.

This particular legislation also allows the government to set the rate of wool tax in accordance with the wishes of growers as they were indicated in the wool poll ballot. That ballot concluded on 3 March if memory serves me well—and these days, at my age, with overload, sometimes it does not serve me well but I certainly remember the policy omissions of this particular government. I think the results of this particular poll will be known late this month, around 23 or 24 March. This particular legislation will enable the minister and the government to set the rate of wool tax in accordance with the wishes of growers that were expressed in that poll.

In conclusion, let me say once again to wool growers in this fine industry: you have an industry which I honestly believe the current government believes in, as does the opposition. We see potential for growth here. But, as night turns to day, there will be many people in the industry who will be prepared to attack the government, regardless of its political persuasion, for the initiative that it mounts in that particular industry. I do believe that this government is motivated by a desire to see this industry grow, restructure and refocus its efforts in the sorts of ways that were outlined in the McLachlan report. We concur with many of those recommendations in the way these changes will encourage the industry’s development over time.

Having said that, it is up to wool growers themselves to participate fully when the opportunities are given to them in good faith by the government. I think that needs to be said. I would encourage wool growers who have not participated in this poll to examine why they have not and perhaps make it their business to keep themselves informed of the developments in this industry and its structure as those changes occur. They need to keep themselves up to speed, keep an interest in their industry and keep abreast of what is being done by the industry and by governments of all political persuasions, who genuinely want this industry to grow and to be restored to its pre-eminent place in Australian agriculture. Madam Deputy Speaker, the opposition will not be opposing the bill.

Mr HA WKER (Wannon) (11.57 a.m.)—I cannot allow the member for Corio to get away with misleading this chamber on the whole question of how the GST is going to work and how, in fact, it will benefit wool growers, processors and others in the wool industry, including Mr Earl. I think what he was saying was really quite misleading: that when you import a product back into Australia, you have to carry the GST maybe for many months. He should know, and he had better start learning—

Mr O’Connor—It is a job destroyer, and you know it.

Mr HAWKER—He should know, of course, that the GST can be claimed back. Again, he is just like his leader: he wants to play this duplicitous game. On the one hand, he is saying, ‘Look, it’s a terrible tax,’ but on the other he is saying, ‘If ever we get re-elected, guess what? We are going to keep it.’ So he really stands condemned on that. I also have to take exception to a couple of other comments he made.

People right around Australia know that the wool capital of Australia is Hamilton, which is in my electorate. It has had a sign up there for many years, and to try to suddenly impose
Geelong at this late hour really is insulting. Of course, as he would know, we have events like Sheepvention there and it is a national focus.

I would make one other observation. When the member for Corio talked about the implications of this WoolPoll, the results are not binding on the government, although I would expect the government would take very strong note of what they have to say. I also want to remind him that his approach is the typical Labor approach of, ‘We know best.’ Yet, when you look at the time the Labor Party were in government and their changes to the Wool Marketing Act 1987, we saw—not by design maybe, but by effect—the worst agricultural marketing disaster of this century. When we look at the problems of wool growers today, we can see it was the Labor government that brought in this change which then led to the accumulation of a 4½ million bale stockpile.

Mr O’Connor—You’ve got blood on your hands.

Madam DEPUTY SPEAKER (Hon. J.A. Crosio)—Order! The member for Corio has had his chance.

Mr HAWKER—It is very easy for the member for Corio to suddenly come in here all innocently and say, ‘We support wool growers,’ but you have a bit of form on this, mate, and some of us have a long memory.

This bill will allow the government to implement the results of the wool poll. The member for Corio mentioned how far the wool poll has gone. The latest figures I have indicate that something like 22,400 wool growers out of a total of 46,000 have voted. That is nearly 50 per cent. There are still some votes believed to be in the post, so obviously the number will be a bit higher. But I think it is also significant to note, although we are not sure at this stage, that we will probably find that those growers who have voted will in fact represent well over 70 per cent of wool production. The significant point about this is that those who have a primary focus on wool growing have taken the trouble to register—have taken an interest in what the future is. I would suggest—although I do not have evidence as such—that the majority of those who have not voted probably see wool as a sideline to prime lambs or as only a small part of their farming output and therefore do not see this as significant an issue as those who have a primary focus on growing wool. I am not criticising those for not voting but I am saying that those who are vitally interested in the future as their primary focus have taken the trouble to register their interest.

What is important when we look at what we are really debating here is how the government is setting about implementing changes for the wool industry. Already we have seen a very major change in moving to the privatisation of the stockpile through WoolStock Australia, and the change from Wool International to WoolStock, I think, is already starting to show some real benefits. Not only will it allow growers ultimately to get some direct reward for having carried that stockpile for so long and having paid the cost—and it is important to remember that growers have had a very big burden over the last decade in financing that stockpile—but also we are seeing the development of some marketing skills through WoolStock Australia which will be developed for the benefit of the industry. While it is true that the stockpile, once sold, will be gone, those who are developing those skills will not necessarily be lost to the industry. That is the first point—that the government has taken this very positive step.

The second point, having first of all set up the wool taskforce and now going through the steps of implementing it, is that it is important that we remember what the focus of this is going to be. As Ian McLachlan, who chaired the taskforce—and I believe the report they produced is an outstanding report; that is the only word that could be used for it—pointed out, the new body to replace AWRAP will have a simple mission statement, and that is ‘to
commission wool innovation and to commercialise the results for the maximum benefit of members or shareholders, however it is finally structured’.

This is a primary focus. I think it shows a big step forward from the diverse range of aims of the former body through the International Wool Secretariat and AWRAP, and I think that confusion often led to a lot of wastage—and I might come back to that if I have time.

The other points I think we want to look at are some of the key recommendations in the report. The report puts things in perspective when it makes comments such as ‘When we are dealing with the difficulties facing wool growers there are no magic puddings and there are no messiahs’. I think too often governments and agripoliticians have been guilty of trying to pretend they have solutions when they could not deliver them.

It also goes on to point out the need for a fundamental cultural and attitudinal shift amongst wool growers, which I believe is already happening. I think the report has been a great catalyst for this, so that we talk about wool growers individually now and we no longer talk about ‘the wool industry’. One of the great problems has been that, by referring to ‘the wool industry’, it has been too easy for growers to delegate responsibilities that they should have been assuming themselves, and I think we all share in the guilt for that.

It is also important, as the report highlights, that we celebrate the diversity of wool, not lament the fact that there is a range of wools produced. In other industries, for example, the wine industry, there is a range of products and everyone celebrates that—sometimes too much, maybe. We nonetheless recognise that that is an important aspect. Hedrena produces a very specialised product and a magnificent product; I will agree with the member for Corio on that. We also recognise that there are other excellent products that can be produced from different types of wool.

The other point in the executive summary that I think is very important is that it talks about the success of wool’s future critically depending on continual innovation and its quick implementation. There are examples where some magnificent research has been done, particularly by the CSIRO and others, yet there has been an inordinate delay in the implementation of that research into products. There is no doubt that it is a highly competitive field out there nowadays. If wool is to succeed against other fibres, then it has to be able to make sure that those innovations and research are implemented as quickly as possible.

When we talk about the way of the future, I think we have got to recognise that there are not unlimited dollars there. Wool growers are not in a position to fork out large sums, and what dollars are spent have to be focused on results. When you look at the report’s summation of the amount of money that has been spent on research and the promotion of wool over the last 50 years, it is horrifying to think that so much money was spent and the results really are not that significant.

There are two other points in the report which I think we should continue to draw attention to that are important and, while they are not part of this bill, I think they are significant in terms of getting a better future for wool. Those were the recommendation by the taskforce about truth in labelling—other products have found that there is a lot of value in that, and I think the wool industry would certainly benefit as well—and also the suggestion that the textile, clothing and footwear strategic investment program be tapped into for some funds for future development of innovative products. I know the minister has been looking at this, but we still have not, at this stage, heard back on what opportunities there might be.

It is also important to remind ourselves why some of these changes are needed. If you look at the conclusion of the report, you will see that it makes the point—and we must never forget it—that the Woolmark company has also been a blockage to more effective communication between processors and wool growers. It is a very important point which we should never lose sight of, because there is always a danger that people in that type of body, particularly as it
was structured in the past, have a temptation to continue that blockage of information. So we must ensure that that is not allowed to occur.

One other point made in the main report is that it is worth looking at the whole question of the costs involved in transport, handling and marketing of wool compared to cotton. It is pointed out that there is something like an 83c a kilogram clean cost differential between wool and cotton. As the report points out:

The transport, handling and marketing system from farm to domestic scouring and top making mills or shipped for export has been exhaustively analysed over the last 30 years. Indeed, the degree of scrutiny seems inversely proportional to the changes which have occurred.

I think this might sum up some of the problems with the structures we have had in the past. The report also goes on to talk about the cost of contamination, which I think all members will be aware of. In fact, I was a member of a committee that looked at this some years ago. While we have seen some improvements—for example, the introduction of nylon wool packs—I am not sure that we have got it all right yet.

In conclusion, I strongly support this bill. It demonstrates that this government is serious about helping the wool industry and the wool growers in particular to get onto a stronger footing for the future. It is another step forward. I believe the changes that have been occurring as a result of the wool taskforce are showing some very positive benefits amongst those who want to continue to have a future as wool growers. I support the bill. I believe it will show some very positive benefits as we continue to develop from this the new structure that will replace AWRAP. We must continue to work through the wool taskforce report and its recommendations because I think they are very soundly based and very well researched.

Mr ADAMS (Lyons) (12.11 p.m.)—The honourable member for Wannon makes claim for this government for what it is doing for the wool industry. It had many years in government to get involved in innovation and move the wool industry forward. It failed to do that. The Labor Party seems to have been in power when it has needed to assist the wool industry and move it forward to look at innovation. The wool price collapsed because people set the price too high. You know that. It had nothing to do with the minister of the day. The price was set too high by the growers themselves and it is a reflection on that period. The member for Wannon constantly raises this political issue in debates on wool to try and blame Labor for the collapse of the price of wool. This is a furphy and it should be treated as such. It is an untruth and it is something that will not hold up when history is written, as it has been.

The Australian Wool Research and Promotion Organisation Amendment (Funding and Wool Tax) Bill 2000 is part of the government’s response to the recommendations of the Future Directions Taskforce chaired by Ian McLachlan. Part of the recommendations from this study was the establishment of a new company to commission wool innovation for the maximum benefit of wool growers. The idea was that it be established as a conventional company, with shares issued to growers in proportion to their compulsory wool levies. It also would seek to be commercially focused and promote innovation, implementation and customer service. It is supposed to be a mixture of commercial and levy funded activities. It will be controlled by a board of directors with wide commercial experience.

In September last year, the federal minister announced an eight-point plan of action for implementing the report. One of them was to have an industry wide vote on future industry services and wool tax arrangements in a grower ballot that was to conclude on 25 February of this year. The idea was for growers to have a say up front. Growers were invited to vote on a series of wool service models delivering research and development, and consumer and retail marketing through the new commercially oriented innovation organisation mentioned before.

A number of financial models have been developed by the wool working party and independent business analysis consultants KPMG, in liaison with the National Woolgrowers.
Forum. However, the information about the poll must not be getting through to wool growers, particularly the smaller ones, as reports last week said the response was less than 50 per cent and came mostly from the bigger enterprises. That is a pity. It was a nice idea, but perhaps some growers in the more isolated areas are having difficulties getting onto the Net or getting their communications back. I am not really surprised, as I have been having a number of complaints of late about how tardy Telstra can be when dealing with country problems. One fellow rang me recently to have his phone connected just outside a small town in my electorate, on the east coast of Tasmania. When he had finally got through to someone in Telstra, he was told to wait a month. He did all the digging and preparation himself—still no-one. Then someone came out after six weeks, looked at the hole and the house and said no, he could not do it that day. That was just before the weekend. Four days later, with frantic phone calls, he finally got someone to connect him. It took three minutes only, but he had to wait for someone to drive out from the nearest city to put the thing in before driving home again. Total nonsense.

Maybe some of the wool growers also are having difficulties with their connections in communications. It reminds me of fleets of Telstra vans coming off the Spirit of Tasmania on a Monday morning and returning on a Friday to Melbourne. What sort of service is going on in this regard? I realise that I digress from the main issue, but this sort of thing makes you wonder how the devil some country businesses survive. It is a pity that some people did not fill in the questionnaire, but it is not surprising in view of some of the difficulties that people have with communications in regional Australia.

In the questionnaire it is stated that a vote is not compulsory, but if you do not vote you disenfranchise yourself. I hope all this also went out by snail mail, because people may not have realised what they were supposed to do unless they received a notice in the ordinary mail. I certainly hope that we are not going to see some sort of mess coming out of this voting situation.

The voting entitlement is calculated by every $100 that growers paid in wool tax levy during the two financial years ending 30 June 1998 and 30 June 1999 entitling the grower to one vote. The entitlement is based on the total levy paid during those two financial years. For example, if a grower paid $1,040 in 1997-98, this number is rounded up to eligibility for 11 wool poll votes. Likewise, if the grower paid $2,100 in 1998-99, this gives 21 wool poll votes. The big growers are obviously going to have more say than the smaller ones and it is very sad that the small growers are going to be virtually disenfranchised—another blow to the local man on the land, who will be controlled by the big conglomerates and the overseas money, sold out again by the Liberal coalition government. Farmers have reason to complain also about the GST, as the shadow minister rightly said, because of the extra time and the compliance costs of the GST which farmers are just starting to realise are coming upon them after 1 July this year.

The bill will allow the government to set the rate of wool tax in accordance with the wishes of growers as indicated in the wool poll ballot. It will also allow the minister, through the Australian Wool Research and Promotion Organisation, to meet the costs of establishing a new Australian wool services organisation as recommended by the taskforce. The whole thing is supposed to be in action by 1 January 2001. I would not hold my breath, though. The process seems to be taking an age to go through, because government is not prepared to put any facilitation or funds into it. We have big-noting, big speaking, big speeches up here in the parliament, but, when it comes to putting a bit of money in to assist making this happen, the government has failed the test and is failing the wool growers again.

One of the people who did get the information and is helping to promote the idea is an innovative grower in my electorate of Lyons, Clare McShane, of Oaklands. Casaveen
Knitwear is now going to the world. Clare was sick of getting low prices for her fine wool and not being able to do anything about it. She developed some downstream processing: she started having her own wool processed and returned to her on the farm. The result is now an internationally renowned company, putting together some great designs of jumpers, cardigans, skirts, scarves, hats, jackets and vests. If you do not believe me, you only have to look as far as the parliamentary shop, which stocks a good selection of Casaveen for overseas visitors and for any locals that wish to take up the opportunity to buy. The business engages 50 contractors using domestic knitting machines and 12 full-time staffers to provide a range of beautiful items. It markets 10,000 garments worth in excess of $1 million and has brought a much needed boost to a small rural community largely dependent, at the moment, on the wool industry. It is innovation, going the new way, the positive way in regional Australia—looking at new ways, looking to move forward, using a very good product.

The member for Wannon did mention innovation—he certainly has some very good examples in his own electorate and he should have mentioned more of those—as did the member for Corio, Mr O’Connor, who mentioned the examples that he has. He once showed me some examples of the superfine wool that is made into suits and that comes from that region of Victoria; I think they are called merino suits. I certainly do not knock the idea of having an innovation and marketing levy. In fact, I applauded it. I talked about such a scheme in my first speech in the House, in May 1993, and of the need for brands and labels to help identify regions that are proud of the particular product which they produce but who get no handle on it and have no recognition. That was how the wool industry operated in Australia.

Even though we produced the best superfine wool in the world in Tasmania and took the record price every year, with Mr Fuji buying it for his mills in Japan, we really did not get any recognition for growing that superfine wool. There was no flow-back to Tasmania in recognition that this was where superfine wool was grown, because we had no products out of Tasmania made out of the wool that was sold out of Tasmania. It did not come into our tourism thinking or tourism opportunities; it did not come into the value adding of that great product, wool. Of course, that is changing, and this process is helping change it. We certainly need those brands and labels.

I remember that in that first speech I made I talked about going to the Harris isles and seeing the roughest sheep I had ever seen in the world, but I always had in my wardrobe a Harris tweed jacket, like so many other people. You have to establish a brand name and a marketing skill, as with the Donegal cap which hangs on the hook at home. There is a need for us to have a Cressy worsted and Campbell Town tweed to get recognition for that quality wool. This is what will help drive the new regional Australia where wool is grown if we can get it back to where we are using innovation.

I hope this proposal works, for the sake of those who have these ideas and want to take them forward. I hope the small grower can contribute and I would like to see some of the retired growers being used for their expertise in making things work during the difficult times. We have a huge expertise tied up in people who do not want to or cannot do the backbreaking work anymore but would jump at a chance to help the industry move forward. There is a whole range of those people. In my own electorate, Ian Downie comes to mind, of Dungrove at Bothwell. He was an innovative farmer during his days—he is in his 70s now—who went to his own breed of sheep, the comio, in the early days. He has now passed on his property to Peter, his son, who is doing enormously new innovative things with forestry and forest farming. We need to have the expertise of people like Ian Downie being used in the new thinking. Youth and energy harnessed to experience and commonsense can make some great things happen. It does not need much to make those sorts of things occur, just a little bit of pulling together and recognition that those people exist.
Just coming back to the actual GST compliance cost for farmers, there has been nothing released but I guess it is going to be a substantial sum and that will hit some of these innovative ideas. Therefore, the GST is not going to do any favours for regional Australia, and that should be given some consideration.

We on the Labor side will be giving support to the bill, and I wish growers all the best for the future development of this great industry, the wool industry.

Mrs MOYLAN (Pearce) (12.26 p.m.)—I am delighted to be here to speak on the Australian Wool Research and Promotion Organisation Amendment (Funding and Wool Tax) Bill 2000 today because I come from that great state, Western Australia, which has been a very major producer of wool for this nation. In fact, I also represent the electorate of Pearce, which has been a significant contributor to wool production in the state of Western Australia.

I always get a little concerned to hear the kinds of comments made by my colleague the member for Lyons, because it is a very negative ‘can’t do’ approach to things. It is a sort of cynical, negative approach to this issue. If this country is to position itself as one of the leaders in marketing its products in a global marketplace we have to have a positive ‘can-do’ attitude. We have to be able to leave the past behind and move into the future. Indeed, that is what this bill does because the government has managed to draw together some of the best expertise this country has to develop the future directions paper and the WoolPoll 2000 documentation that came as a result of that. We are fortunate indeed to have not only the expertise that has driven that process but also the expertise of growers and others in the industry who are now going to be pivotally involved in ensuring a strong future for the development and production of wool and, of course, for its marketing, both domestically and internationally.

I could not help but reflect that Australia has had a history where all Australian people have benefited greatly because of the efforts of wool producers. Our country has had that kind of history. However, I could not help but reflect on the fact that life has been pretty tough on the farm over the last decade or so. I do not want to dwell too much on the past because I believe that we have got to move forward. But part of the problem in the wool industry was a government led by a man who said, ‘This is the recession we had to have,’ and, ‘This is as good as it gets.’ It was a government that was not willing to really try to get costs off the backs of producers and ensure that we had a sound and positive marketing process for their product.

We have seen a reduction of demand for wool which has resulted in low prices. We have added to that an increased cost of production, the Asian economic crisis, and a stockpile of five million bales of wool in 1990-91. The situation was reaching breaking point for many wool producers in my electorate of Pearce. The falls in the price of wool have been very dramatic. The eastern market indicator fell from 738c a kilo clean in 1997 to 540c in the early 1998-99 period, and prices proceeded to fall under 500c before climbing back up to 534c in early April last year. In 1998-99, the stockpile was about a quarter of the annual production in the past, and production in 1998 was the lowest it had ever been, and it is expected to decrease even further.

Having a competent organisation with contemporary ideas and a contemporary approach to managing wool marketing and a business plan for the industry is probably very critical at this point in our history. There is no doubt about that. Governments cannot afford to stand still and do nothing, as we have seen happen in the past. This government, I think, has taken a very positive step toward ensuring a future for this industry.

In 1993, the Garnaut review of the wool industry resulted in two new statutory bodies, Wool International and the Australian Wool Research and Promotion Organisation. Despite this, the industry still had to go through fairly tortuous times. The role of Wool International
was to dispose of the wool stockpile and retire debt. In July 1999 it became a corporate entity, WoolStock Australia, with wool growers becoming the shareholders. The Australian Wool Research and Promotion Organisation was funded with levies on wool growers, supplemented by a matching contribution by the government. This pays for research and development and, of course, for the Woolmark licence fees.

The catalyst for these changes was the growing dissatisfaction felt by wool growers. That led to a vote of no confidence in the board in 1998. Under that regime, wool growers had no control over the management of their industry’s future and they were frustrated over not being able to manage the changing environment. I think that frustration became very evident in recent times. In response to this, the government established the Future Directions Taskforce, which was chaired by the Hon. Ian McLachlan, AO. The conclusion of the taskforce was that the growers needed to take responsibility for the future of wool sales and marketing. I think it is important to once again stress here that we have a vast pool of talent out there in Australia. I think perhaps one of the failings of governments in the past has been not recognising that talent and ability and not employing that expertise to resolve some of the problems. These people, who had all the knowledge about wool and all of the problems associated with growing it and ideas for the future marketing of it, were not being consulted; they did not have a role. I think that is a great travesty. Hopefully, this is going to rectify that situation. The role of the government is really to concentrate on overarching industry reforms and, of course, the levy arrangement. But the principal driving force behind this new entity is going to be the growers themselves and that is a very positive move. Under the present legislation, wool growers are restricted to voting on the rate of wool tax. They cannot have a say in the services they want in return for the wool tax or the level of tax they pay. I cannot see that being a particularly satisfactory arrangement—it is not, and we have seen the evidence that it is not.

In December 1999, a working party provided the report to the minister. A voter kit and memorandum were developed, widely disseminated and publicised. Every wool grower has been given the opportunity to cast a vote and to determine the future of their industry, essentially. The bill provides that the minister may take the preferences of wool taxpayers into account, as expressed in WoolPoll 2000, in determining the rate of wool tax in a particular financial year; the minimum rate of wool tax is lowered from 2.5 per cent to zero per cent, effected in both AWRAP and the wool tax acts 1 to 5, to allow the range of options put to growers in WoolPoll 2000—that is, from the current four per cent down to a minimum of zero per cent—to be implemented; AWRAP’s functions are increased to allow it to plan, facilitate and participate in the reform, privatisation or abolition of the organisation, or the establishment of a new body to allow any of these processes to take place. These functions, of course, are constrained by any written direction from the minister.

There is no doubt that the government has a responsibility to contribute to these processes and to maintain a close watch over developments in the interests of the growers and in the interests of all Australians. There has been an exhaustive consultation process undertaken, including major peak industry organisations, overseas customers and processors.

Voting closed on the 3rd of this month, and it now gives wool growers the opportunity to directly participate in reforming and taking control of the future of their industry. The reality is that, in an increasingly competitive and global marketplace, our wool producers need every single advantage they can get. Someone once said that if you cannot measure, you cannot manage. I think that is pretty wise advice. Research does inform a whole range of issues which are very vital to the success of the sale and production of any product. Knowing the marketplace, understanding what buyers want and being able to respond in a timely way to the requirements of the marketplace are pivotal to our success.
Wool has many advantages as a natural fibre, and we have heard quite a bit about that today. But, like any other product, its disposal needs clear marketing strategies and the industry needs to have a clear vision and goal for the future in order to move forward and meet the new challenges and demands of buyers. I have said many times to my growers that, if your customer wants their wool baled in bales with pink spots, give it to them, as long as they are prepared to pay. I think sometimes we have taken the view that the customer is going to just take our product the way we want to sell it. We are not being responsive enough in a new environment in a new marketplace. We need to take that into account. By giving greater control to the people that grow the wool and know the wool, we should be able to achieve much better outcomes in the future.

There is a vast pool of talent and experience within the industry, and that can now be tapped into. We can now ensure that that is used for a good future for growers and their products. The government is acknowledging here that there is expertise out there and that WoolPoll gives maximum opportunity for growers to use that expertise in the most beneficial way. We have been fortunate enough to have the benefit of the experience of my former colleague the Hon. Ian McLachlan and Dr Keniry, who steered these processes together. It is in the interests of all Australians that we understand and acknowledge the importance to Australia of primary production, particularly that of wool, and support the efforts of the producers in determining the future of their industry.

Mr SECKER (Barker) (12.39 p.m.)—The wool industry in the last 10 years has continually been in the doldrums, starting off with some disastrous decisions made by the then Labor Minister for Primary Industry, John Kerin—although I hasten to say that he is not totally to blame for all the woes in the wool industry.

The wool industry had in place a reserve price scheme that had pushed the price up too high for the market to be able to support it. In fact, former Minister John Kerin allowed the reserve price to be pushed up too high when he had the power to reject that price. He accepted the advice of the wool growers rather than advice from his own department. The former minister then not only accepted that price of 840c a kilogram but also changed his mind after seeing the effects of that excessive reserve price. He then reduced the reserve price to 700c a kilogram, saying that the new lower reserve price was set in concrete and would not change. But, of course, the market ignored him. Only a few months later, he had to scrap the reserve price scheme altogether. So the market signal sent to the producers was to keep on producing because the reserve price scheme would guarantee a price above the market price.

As a result, we had too much wool produced at a price too high to sell, resulting in enormous debts and an enormous stockpile. We, the wool producers and the wool processors, are still paying the price of that inconsistent and disastrous chain of events. The wool processors bought the wool in the belief that its value would be guaranteed by the reserve scheme only to see it scrapped by the Labor government when it became untenable. They lost money. They lost confidence and they lost the desire to continue their involvement. No wonder the wool processors left the industry in droves, thereby reducing the demand for wool even further.

It would appear that the wool industry was let down by an inept Labor minister, an inept Labor government and a wool industry that misused the reserve price scheme. The reserve price scheme should only have been allowed to reflect the cost of production and not allowed to try to push the price of wool up. But this is typical of a Labor government and a Labor Party which think the government knows best and the government can set a market. The wool growers themselves must share in that blame because they advised the minister.

I, personally, have never believed in reserve price schemes because they corrupt the market. If the reserve price is too high, the market will rebel and simply not pay that price,
resulting in stockpiles and debts run up in the name of a reserve price that is unenforceable and unviable. This is typical of government intervention in the marketplace when clearly it is better for the industry to make decisions for itself. Agrarian socialism—or its misnomer, orderly marketing—simply will not work. It took a monumental blunder in the wool industry to prove it to some people, even if those opposite might not have come to accept it, even after seeing a wool industry in dire straits for over a decade now.

This government commissioned the McLachlan wool taskforce to come up with some proposals and recommendations to help give direction to wool industry participants. A large part of those recommendations dealt with the wool industry taking responsibility for themselves and reducing government intervention. The McLachlan wool taskforce headed by my predecessor in Barker, the Hon. Ian McLachlan, is hopefully the report to end all reports and has largely been well received by the industry. Last year, in partnership with Senator Jeannie Ferris, I met with a large number of wool growers, wool sellers and wool processors. We were both pleased to see the forward looking goals of all those people and their positive response to the McLachlan report. There was no doubt that there were several positive plans to deal with the wool stockpile and the future of the wool stockpile and their preparedness to take responsibility for their own industry.

I have risen to speak on an industry which is dear to my heart. As a fourth generation wool grower, it is great to see that this government is looking to promote research and promotion of this industry through the Australian Wool Research and Promotion Organisation Amendment (Funding and Wool Tax) Bill 2000. This bill has two important aspects to it. It will allow AWRAP to participate in and fund any subsequent reform of research and development and marketing arrangements, subject to ministerial direction.

The second aspect of this bill is that it will also allow the government to lower the rate of wool tax to three per cent as of 1 July 2000. This will again be subject to the wishes of the wool growers as foreshadowed in the minister’s eight-point plan of action for the wool industry. This reduction is aimed at providing immediate respite to wool growers experiencing hardship as a result of the poor prices they have been getting for their wool. Overall, this bill is needed to allow the smooth transition from WoolPoll 2000—or the first stage—into the second stage of wool reform which addresses the appropriate structures to deliver the services growers say they want. Voting in WoolPoll 2000 finished on 3 March 2000. I, personally, am looking forward to the findings. If I can be so bold as to make a prediction, my feedback from the wool growers in the electorate of Barker is that a two per cent wool tax will be opted for by the wool grower. But, of course, we all know what predictions are like and how dangerous they can be.

The background to this bill is vast and impacting. Following the 1993 report of the wool industry review committee, otherwise known as the Garnaut report, two new wool statutory bodies, Wool International and AWRAP, were established. AWRAP was given responsibility for the promotion of wool and wool products, and research and development. Wool International was charged with the disposal of the stockpile and discharge of the related debt. It was converted into the Corporations Law company, WoolStock Australia, on 1 July 1999 with wool growers as its shareholders. AWRAP receives the majority of its funding from levies on wool growers. This is supplemented mainly by the government matching contributions for research and development and Woolmark licence fees.

Wool growers have faced very difficult times since the early 1990s with low prices and poor demand exacerbated by the Asian economic crisis in 1998. I have had many of these disappointed members of the industry visit my office to discuss this matter. The vote of no confidence in the AWRAP board in November 1998 was an expression of wool grower dissatisfaction and frustration at their lack of control over the industry’s future and their
inability to respond to ongoing pressure. In response to this frustration and the dire circumstances many wool growers found themselves in, the government appointed the wool industry’s Future Direction Taskforce in December 1998, chaired by the Hon. Ian McLachlan AO, to help set future directions for the industry.

The majority of the taskforce recommendations were for individual growers and primarily addressed the need for growers to take responsibility for their businesses and their wool. The recommendations that the government is focusing on are those relating to reforming industry structures and levy arrangements. The current legislative framework governing AWRAP allows only wool taxpayers, that is the wool growers, to vote whether or not to accept the recommendation for a particular rate of wool tax. There is no scope to undertake the questioning about what services wool growers want in return for their wool tax and, indeed, how much wool tax they prefer to invest in such services. The government established the wool working party chaired by Dr Keniry of the Ridley Corporation in October 1999 to address this. The wool working party provided a report to the Minister for Agriculture, Fisheries and Forestry on 24 December 1999 including a draft information memorandum and voter kit to explain to growers the options that they have the opportunity to vote on. This was approved and distributed to a comprehensive mailing list which combined the voluntary AWRAP wool taxpayer register and WoolStock Australia’s shareholder register. It has also been widely advertised and canvassed in the media, giving every wool grower in Australia the opportunity to cast a vote on these fundamental questions.

I now turn to the amendments. The bill provides that the minister may take the preferences of all taxpayers into account, as expressed in WoolPoll 2000, in determining the rate of wool tax in a particular financial year; the minimum rate of wool tax is lowered from 2.75 per cent to zero per cent, effected in both the AWRAP and wool tax acts 1 to 5, to allow the range of options put to growers in WoolPoll 2000—that is, from the current four per cent down to a minimum of zero per cent—to be implemented; AWRAP’s functions are increased to allow it to plan, facilitate and participate in the reform, privatisation or abolition of the organisation, or the establishment of a new body to perform its current functions, or both. AWRAP will also be able to provide funding to allow any of these processes to take place. These functions are constrained by any written directions from the minister.

The consultation process in arriving at this point has been exhausted. The wool industry Future Direction Taskforce consulted widely with industry in Australia. It had meetings across Australia visiting most capital cities and several major regional wool centres. It also undertook a program of consultation with overseas customers and processors.

The wool working party travelled throughout Australia explaining WoolPoll 2000 and the voting arrangements in the lead-up to the wool poll’s closure on 3 March. The development of the poll has taken into account the concerns and issues raised by the National Woolgrowers Forum, which had three members on the working party. The National Woolgrowers Forum acts as the wool industry peak body. It includes representatives from the Wool Council Australia, Australian Superfine Wool Growers Association, Australian Woolgrowers Association, Australian Association of Stud Merino Breeders, Australian Interior Textile and Carpet Wool Council, Pastoralists and Graziers Association of Western Australia, New South Wales Farmers Association, Victorian Farmers Federation, South Australian Farmers Federation, Western Australian Farmers Federation, AgForce Queensland and the Tasmanian Farmers and Graziers Association. As you can see, the consultation has been extremely wide and broad ranging. The departments of Prime Minister and Cabinet, Treasury, the Office of Regulatory Review and the Attorney-General’s Department were also consulted in developing the amendments.
Given the diversity of views within the wool industry, virtually any decision by the government could attract criticism from some quarters. The National Woolgrowers Forum is supporting a levy rate of not less than two per cent. One group within the NWF, the Pastoralists and Graziers Association, has supported a zero per cent rate. Recent industry meetings in Queensland are reported to favour a three per cent rate. However, while ever there is uncertainty over the future of AWRAP, it has an unsettling effect on the wool market at a time of continued low wool prices. Removing impediments to funding the process will allow a more timely response to the grower poll and help to provide certainty to the market more quickly than would otherwise be the case.

These reforms are in response to wool grower calls for changes to the structural arrangements funded through their collective levy. Some in the industry will undoubtedly consider and say that the government should pay, rather than the costs being met from the wool levy funds from AWRAP. However, the generally accepted practice in these change processes is for the industry that benefits from the reform to pay for the process. This has been the case in the reforms of the Australian Wheat Board, the red meat industry arrangements and, most recently, Wool International.

This bill is working towards helping an industry, which has, in the past, predominantly been one of the country’s strongest. These amendments have had serious consideration, the industry has had serious consultation, and I believe that, in the end, this bill will be of benefit to the industry.

Mr TRUSS (Wide Bay—Minister for Agriculture, Fisheries and Forestry) (12.53 p.m.)—in reply—I thank all those members who have contributed to the debate on the Australian Wool Research and Promotion Organisation Amendment (Funding and Wool Tax) Bill 2000. These amendments themselves are not earth changing, but they are a significant further step in the reform in the wool industry. They are amendments which will progress the industry towards the new structures that it wants to put in place to ensure that effective services are provided to support wool growers.

The debate has ranged over a number of wool industry issues. The wool industry has been one of Australia’s greatest industries over many decades. In more recent times, its economic returns have declined and there has been considerable hardship confronted by many people, particularly coarse wool producers as the demand declines around the world for their product. It is in this kind of context that the industry is seeking structural reform to ensure that the services that are provided, and for which wool growers pay, are delivered in an efficient and responsive way. The government is committed to supporting the industry in coming to that position.

Wool growers throughout Australia have now cast their votes in WoolPoll 2000. The closing date for ballots was 3 March. I do not as yet, naturally, have any details of the wool poll outcome but the participation rate has been encouraging, with about 50 per cent of wool growers having voted and their ballot papers having been returned. That is better than we had thought was going to be the case a week or two ago, and obviously more ballot papers would be still in the mail. Whilst that represents about 50 per cent of the number of growers, the votes are weighted according to production and the amount of wool tax that has been paid, and so we believe that the percentage of the industry that is actually represented in the vote is very significantly higher than 50 per cent. The outcome of the poll will be a very clear demonstration of the industry’s real wishes in this matter. Wool poll gave growers the opportunity to vote on the types of business services they want and how much they are willing to invest in those services.

WoolPoll 2000 is the first stage of a two-stage response to the Wool Industry Future Directions Taskforce report. The results will be known later this month and then the
government will move to stage 2 of the reform process. This will involve, as I have foreshadowed, the establishment by 1 January 2001 of the most appropriate company structure to provide the services that wool growers decide they want for AWRAP’s successor. The bill allows this to happen by giving AWRAP the function of facilitating and funding the reform process, as was done in the privatisation of Wool International but is currently precluded by AWRAP’s governing legislation.

It will also allow the government to take wool growers’ wishes into account if WoolPoll 2000 clearly indicates growers’ wishes to have a lower wool tax from 1 July 2000. Currently the legislation would require a second vote of growers to actually alter the levy. That would clearly be a waste of time and effort when this poll has given growers the maximum flexibility in choosing the type of levy arrangements they want for the future. Obviously, whether we need to use this provision will depend on the outcome of the poll, but it is important that we are in a position to put wool growers’ wishes into place as soon as possible.

The honourable member for Barker, in his remarks, gave an excellent summary of the history leading to this legislation. I can do no better than acknowledge the summary that he has provided as a record of the events that have brought us to the legislation.

There will be costs associated with whatever decision the industry makes about its future structure. The costs will be the greater, the more radical the change to the existing arrangements that are required. And the greater the prospective reduction in wool tax revenue desired by the industry, the greater the costs of restructuring will be. Wool growers can be assured that every effort will be made to manage the process in a manner which minimises the costs. It may be appropriate to make any reduction in wool tax in phases to ensure that these costs are able to be met without unduly disrupting the transformation of the business activities of the new entity.

I want to be able to release the results of WoolPoll 2000 by the end of March, at which time I am hopeful of being in a position to map out more clearly the government’s approach to stage 2. The growers have participated in a very difficult exercise in working towards the future regime of measures and services that will be provided to the industry. I want to give an assurance again today that the government is committed to implementing the outcomes of the poll and to responding to growers’ wishes in relation to the future services to be provided to the industry. I thank honourable members for their constructive contribution to this debate and commend the bill to the Main Committee.

Question resolved in the affirmative.

Bill read a second time.

Ordered that the bill be reported to the House without amendment.

Mr DEPUTY SPEAKER—Order! It being 1.00 p.m., the debate is interrupted.

Main Committee adjourned at 1.00 p.m.
QUESTIONS ON NOTICE

The following answers to questions were circulated:

**Indonesian Government: Line of Credit**

(Question No. 686)

Mr Andren asked the Treasurer, upon notice, on 7 June 1999:

1. What were the terms of the $1 billion line of credit provided to the Indonesian Government through the International Monetary Fund (IMF) after the 1997 Asian financial crisis.

2. What measures has the IMF put in place to ensure funds flowing from this line of credit have been used appropriately to stabilise Indonesia’s financial system.

Mr Costello—The answer to the honourable member’s question is as follows:

1. In November 1997, Australia offered to provide, within the Manila Framework arrangements, up to $US1 billion in ‘second tier’ support to Indonesia as part of a $US23 billion IMF-led assistance package. No funds were lent to Indonesia under this facility.

   On 4 February 2000, the IMF Executive Board approved a new three-year, $US2 billion program for Indonesia, replacing the previous program. It is unlikely that Australia will be approached by the IMF to provide financial assistance to Indonesia in support of its new program.

2. As noted above, the proposed loan to Indonesia has not gone ahead.

**Regional Australia Summit: Consultation Fees**

(Question No. 1033)

Mr Martin Ferguson asked the Minister for Transport and Regional Services, upon notice, on 22 November 1999:

1. What was the (a) total and (b) itemised cost of (i) consultants’ fees, (ii) travel and motel costs, (iii) printing, (iv) preparation and (v) meals for the conduct of the Regional Australia Summit.

2. Which Members of the House of Representatives and Senate were invited to participate in the (a) Summit and (b) Summit dinner.

3. What was the cost of having departmental officers offline to attend the Summit.

Mr Anderson—The answer to the honourable member’s question is as follows:

1. Details of these expenditure items is at Attachment A.

2. (a) A list of Members of the House of Representatives and Senate who were invited to participate in the Summit and the Summit dinner is at Attachment B1; (b) those invited to attend the Summit dinner is at Attachment B 2.

3. Attending the Summit was part of the Department’s core business and in doing so departmental staff were carrying out their duties.

**REGIONAL AUSTRALIA SUMMIT - EXPENDITURE**

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*This is an estimate and cannot be itemised as the final invoice has not yet been received*

Attachment B1

MEMBERS OF THE HOUSE OF REPRESENTATIVES AND THE SENATE INVITED TO THE SUMMIT AND THE SUMMIT DINNER

- Senator the Hon Richard Alston
- The Hon Kim Beazley MP
- Senator the Hon Ron Boswell
- The Hon Peter Costello MP
- The Hon Alexander Downer MP
- The Hon John Fahey MP
- Mr Martin Ferguson MP
- Senator the Hon John Herron
- Senator the Hon Robert Hill
- The Hon Joe Hockey MP
The Hon Dr David Kemp MP
Ms Cheryl Kernot MP
Senator Meg Lees
Senator the Hon Ian Macdonald
Senator Sue Mackay
The Hon Peter McGauran MP
Senator the Hon Jocelyn Newman
The Hon Bruce Scott MP
The Hon Warren Truss MP
The Hon Mark Vaile MP
The Hon Daryl Williams MP
The Hon Dr Michael Wooldridge MP

Attachment B2

MEMBERS OF THE HOUSE OF REPRESENTATIVES AND THE SENATE INVITED TO
THE SUMMIT DINNER

The Hon Tony Abbott MP
Senator the Hon Eric Abetz
Senator Lyn Allison
The Hon Neil Andrew MP
Mr Kevin Andrews MP
The Hon Larry Anthony MP
Ms Fran Bailey MP
The Hon Bruce Baird MP
Mr Phillip Barresi MP
Mr Kevin Bartlett MP
Mr Bruce Billson MP
The Hon Bronwyn Bishop MP
Mr Mal Brough MP
Senator the Hon David Brownhill
The Hon Alan Cadman MP
Senator Paul Calvert
Mr Ross Cameron MP
Senator the Hon Ian Campbell
The Hon Ian Causley MP
Senator Grant Chapman
Mr Bob Charles MP
Senator Helen Coonan
Senator Winston Crane
Mrs Trish Draper MP
Senator Alan Eggleston
Senator The Hon Chris Ellison
Mrs Kay Elson MP
The Hon Warren Entsch MP
Senator Alan Ferguson
Senator Jeannie Ferris
The Hon Tim Fischer MP
Mr John Forrest MP
Mrs Chris Gallus MP
Ms Teresa Gambaro MP
Mrs Joanna Gash MP
Mr Petro Georgiou MP
Senator the Hon Brian Gibson
Mr Barry Haase MP
Mr Gary Hardgrave MP
Mr David Hawker MP
Senator the Hon Bill Heffernan
The Hon John Howard MP
Mrs Kay Hull MP
The Hon David Jull MP
The Hon Bob Katter MP
The Hon Jackie Kelly MP
Mrs De-Ann Kelly MP
Senator the Hon Rod Kemp
Senator Sue Knowles
Mr Tony Lawler MP
The Hon Lou Lieberman MP
Senator Ross Lightfoot
Mr Peter Lindsay MP
Mr Jim Lloyd MP
Mr Ian Macfarlane MP
Senator Brett Mason
Mrs Margaret May MP
Mr Stewart McArthur MP
Senator Julian McGauran
Senator The Hon Nick Minchin
The Hon John Moore MP
The Hon Judy Moylan MP
Mr Gary Nairn MP
Mr Garry Nehl MP
Dr Brendan Nelson MP
Mr Paul Neville MP
Mr Peter Nugent MP
Senator the Hon Warwick Parer
Senator the Hon Kay Patterson
Senator Marise Payne
The Hon Geoff Prosser MP
Mr Chris Pyne MP
Senator the Hon Margaret Reid
The Hon Peter Reith MP
The Hon Michael Ronaldson MP
Mr Martin Ferguson asked the Minister for Finance and Administration, upon notice, on 22 November 1999:

(1) Has the Government extended the method of payment of travel allowance applicable to Members of Parliament and their staff, to other sections of the Australian Public Service and its instrumentalities, including Centrelink; if so, to which departments and instrumentalities does the method of payment of travel allowance based on substantiation apply.

(2) Will the Government make this method of payment of travel allowance the norm within the public sector, and will it apply to persons engaged as consultants.

(3) Will the Government argue to the Remuneration Tribunal that this method of payment of travel allowance to Members of Parliament and their staff should apply to all persons covered by decisions of the Remuneration Tribunal, including judges; if not, why not.

Mr Fahey—The answer to the honourable member’s question is as follows:

(1) Employment conditions for staff of the Australian Public Service are a matter for local agreement, through Australian Workplace Agreements or certified agreements. There is no one travel policy that applies throughout the public service. Some staff receive allowances, others are issued with credit cards to cover expenses, still others are required to stay with accommodation providers who will direct bill the relevant Department.

Many Government agencies that pay allowances are currently considering whether they should move away from an allowance system.

Centrelink’s certified agreement provides that staff should be paid a travelling allowance unless meals and accommodation are provided. Centrelink is currently considering other methods of payment Centrelink’s agreement is due to expire in 2002.

(2) Refer to (1) above. Engagement of consultants including travel costs and reimbursement issues are matters addressed at an agency level through each department’s chief executive instructions.
(3) In November 1999, in its Statement on the 1999 review of judicial remuneration, the Remuneration Tribunal signalled its intention to conduct a wide-ranging examination of official travel arrangements across its jurisdiction in the near future. In its Statement, the Tribunal also advised it had agreed in principle to a new framework that will allow agencies to make greater use of reimbursement in meeting the travel costs of judicial and other public office holders and would make a public statement in due course.

Genetically Modified Crops: Consultations
(Question No. 1067)

Mr Griffin asked the Minister for Health and Aged Care, upon notice, on 6 December 1999:

(1) In approving applications for the deliberate release of genetically modified (GM) crops, does the Genetic Manipulation Advisory Committee (GMAC) consult local councils; if so, (a) what form does this consultation take, (b) how much time are councils given to respond, (c) are the local councils given the location of the field trials, (e) are the local councils able to consult relevant constituents on their views and (f) can local councils deny permission for GM crop trials in their area.

(2) Are non-GM crop producers with properties surrounding GM crop trials consulted about field trials.

(3) How do surrounding non-GM producers ensure that their crops are not contaminated by the trials.

(4) Will non-GM producers be compensated if their crops are contaminated; if so, who will be liable to provide compensation.

(5) Will all producers now have to test their crops for possible contamination prior to export under the Export Control Act which requires AQIS to attest to the freedom from GMOs in commodities such as grain and seed.

(6) On what evidence does GMAC base its decisions on the size of isolation zones surrounding GM crop trials.

(7) What types of isolation zones are used.

(8) Is evidence reviewed regularly and the requirements changed as appropriate.

(9) Which GM crops have been approved for deliberate release, how many hectares have been approved and what are the isolation zone requirements for each crop trial.

(10) What constitutes a field trial as opposed to a general release.

(11) How many, and what type of, general releases have been (a) approved and (b) rejected and what was the reason for rejection.

(12) Is there a difference between a commercial trial and a field trial.

(13) What are the perceived trade and export benefits of GM crops.

(14) Is the Minister able to say whether any Government Departments have researched the international market for Australian GM crops; if so, (a) what are the expected short, medium and long term financial gains to the Australian export market and (b) how do these compare to short, medium and long term income from non-GM crop exports.

Dr WOOLDRIDGE—The answer to the honourable member’s question is as follows:

The following responses are provided in the context of the current administrative arrangements that exist for the regulation of genetically manipulated organisms (GMOs). Legislation is currently being developed that will replace the voluntary scheme overseen by the Genetic Manipulation Advisory Committee (GMAC) with a statutory regulatory system. Many of the issues raised in these Questions on Notice are the subject of public consultation on the form and function of the legislative scheme.

(1) Yes, GMAC is the independent expert scientific committee that provides advice on the safety aspects of work with GMOs. It operates within the Interim Office of the Gene Technology Regulator (IOGTR) in the Department of Health and Aged Care. Both GMAC and IOGTR consult with a wide range of organisations and individuals, including local councils, on any proposals for deliberate release of GMOs into the environment for field trials or for general release. (a) For field trials, a letter and a short description of the proposed release are sent to each local council in which a release is to take place. The description is also placed on GMAC’s website. In addition, for general releases the proposed release is notified in The Australian newspaper and in State/Territory and local newspapers in...
areas that will be particularly affected by the release. Comments provided by local councils (or any interested person in the community) on safety matters are taken into account in GMAC’s assessment of the proposal. (b) A consultation period of 30 days from the date of publication of the notice of application in the Commonwealth Government: Government Notices Gazette is set aside for field trials. The period for consultation on general releases is longer. For example, the current general release application (for Monsanto’s Roundup Ready cotton) has a public consultation period of 66 days. (c) The precise locations of field trials are provided in some cases but not in others. Precise locations are generally not provided when the trial is on a private property, but these details may be requested from the organisation conducting the trial. (e) Yes. (f) Local councils can deny permission for GM crop trials in their area if their local town planning or land use regulations give them the power to do so.

(2) GMAC’s responsibility is to assess risks to the environment and human health. The location of the trial is therefore only relevant if it has a bearing on these risks. If the risks associated with a release are not able to be managed, a release is not permitted to proceed regardless of its location. Any member of the public can make a submission to GMAC on environmental and public health issues associated with a proposed release, and these comments are taken into account by GMAC in its assessment of the proposal.

(3) While GMAC is responsible for assessing health and environmental risks, sometimes people mistakenly believe that it has a broader mandate to, for example, consider issues of contamination that are not safety issues. While GMAC does not consider such issues, the scope of the new legislation (and whether it should cover such issues) is currently the subject of active consultation, including with organic farmers. Under the current arrangements, GMAC generally requires that field trials of GM crops are isolated by a certain distance from other crops with which the GM crop might be able to hybridise. These isolation distances will minimise the potential for contamination of neighbouring crops. For some types of plants, it is not possible to ensure zero chance of contamination of neighbouring crops by pollen from the GM crop. However, as noted in the response to Question 2, if contamination of other crops were assessed by GMAC as posing unacceptable risks to human health or environmental safety, the field trial would not be permitted to proceed.

(4) Not under current administrative arrangements, where responsibility is focussed on environmental and health risks.

(5) This question does not relate to this portfolio. It should be referred to the Minister for Agriculture, Fisheries and Forestry.

(6) The size of isolation zones is determined on a case-by-case basis using: results from previous field trials; data published in the scientific literature; data obtained in overseas trials; the expertise and knowledge of GMAC members; accepted distances for production of certified pure seed; assessment of the consequences, with regard to environmental safety, of gene escape from the GM crop.

(7) Isolation zones may be comprised of: a specified distance of the trial plot from specified plants; a specified amount of specified plants to surround the trial plot; other physical barriers to gene escape.

(8) Yes.

(9) Approximately 120 field trials of GM crops and extensions to these trials have proceeded. The crops trialled have been: potato, canola, tomato, cotton, carnation, sugarcane, apple, chrysanthemum, rose, subterranean clover, lupin, tobacco, field pea, white clover, wheat, barley, Indian mustard, oilseed poppy, pineapple, grapevine, papaya, lentil, and lettuce. The size of the trials has ranged from 0.002 hectares to 5000 hectares (spread over a large number of sites).

(10) GMAC’s Guidelines for the Deliberate Release of Genetically Manipulated Organisms, April 1998, define ‘field trial’ as: a deliberate release of a genetically manipulated organism into the open environment on a restricted scale, for a limited period, and under conditions which minimise or reduce the potential for dissemination or persistence of the organism or its genetic material in the environment. ‘General release’ is defined as: deliberate release of a genetically manipulated organism into the open environment with no provisions for limiting the potential for dissemination or persistence of the organism or its genetic material in the environment.

(11) (a) Three general releases have been allowed to proceed: a colour-modified carnation; a carnation with improved vase-life; and insect-resistant (Ingard®) cotton. The latter was approved and registered as a plant-pesticide by the National Registration Authority for Agricultural and Veterinary Chemicals. (b) Five proposals submitted as general release proposals were allowed to proceed only as field trials, with conditions for isolation and monitoring. These proposals were for: a herbicide
(Roundup)-tolerant cotton; a herbicide (Liberty)-tolerant canola; peas with resistance to pea weevil; a herbicide (bromoxynil)-tolerant subterranean clover; and a herbicide (Liberty)-tolerant lupin. For the herbicide-resistant crops, GMAC advised that general release should not take place in the absence of active consideration of a national strategy for the management of herbicide-resistant crops; for the proposal involving the pea weevil-resistant peas, GMAC advised that further information was required on a number of issues before general release.

(12) GMAC does not draw a distinction between commercial trials and field trials. The distinction drawn is between field trials and general releases, according to the definitions provided in the response to Question 10.

(13) This question does not relate to this portfolio. It should be referred to the Minister for Agriculture, Fisheries and Forestry.

(14) This question does not relate to this portfolio. It should be referred to the Minister for Agriculture, Fisheries and Forestry.

Aged Persons Savings Bonus: Qualification
(Question No. 1069)

Mr Ripoll asked the Minister representing the Minister for Family and Community Services, upon notice, on 6 December 1999:

(1) How many aged persons does the Government estimate will qualify for the Aged Persons Saving Bonus component under subsection 8(3) in Part 2 of the A New Tax System (Bonuses for Older Australians) Act.

(2) How many qualifying persons does the Government expect will receive less that $500 under the scheme.

(3) How many aged persons does the Government expect will receive no bonus at all.

Mr Anthony—The Minister for Family and Community Services has provided the following answer to the honourable member’s question:

(1) 1,160,340

(2) 838,818

(3) The Department of Family and Community Services does not hold income information for the entire Australian population of aged persons. As such, it is unable to estimate the number of aged persons who will receive no bonus at all.

Exports: Pork and Citrus Products
(Question No. 1077)

Mr Latham asked the Minister for Agriculture Fisheries and Forestry, upon notice, on 6 December 1999:

(1) What has been the growth in (a) pork and (b) citrus exports in both price and volume since June 1998.

(2) What financial assistance has the Government provided to (a) pork producers and (b) the citrus industry since June 1998.

Mr Truss—The answer to the honourable member’s question is as follows:

1(a) Exports of Australian farmed pork were at record high volumes during the 1998/99 financial year. This trend continued in the four months to October 1999.

Exports for the 1998/99 financial year reached 19,041 tonnes, up 31% on the previous financial year, which were valued at $57.6 million.

In the four months to October 1999, Australia exported 12,935 tonnes, valued at $48.6 million. In comparison with the same period last year (July - October 1998), Australia exported 4,351 tonnes, valued at $14.6 million.

1(b) The total value of citrus exports has increased by approximately 5% since June 1998.

Total Value of Australian Citrus Exports
### $A’000

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<td>Grapefruit</td>
<td>222</td>
<td>273</td>
</tr>
<tr>
<td>Non-specified</td>
<td>4,274</td>
<td>1,068</td>
</tr>
<tr>
<td>Orange juice</td>
<td>15,012</td>
<td>15,000</td>
</tr>
<tr>
<td>Citrus juice</td>
<td>1,828</td>
<td>1,747</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>158,232</td>
<td>165,948</td>
</tr>
</tbody>
</table>

### Total Volume of fresh citrus fruit exports

The total volume of citrus fruit exports has decreased 3% since June 1998. The volume figures do not include citrus juice exports.

### Tonnes

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Oranges navel</td>
<td>73,406</td>
<td>59,883</td>
</tr>
<tr>
<td>Oranges valencia</td>
<td>41,787</td>
<td>52,443</td>
</tr>
<tr>
<td>Oranges others</td>
<td>1,837</td>
<td>529</td>
</tr>
<tr>
<td>Mandarins (plus)</td>
<td>13,005</td>
<td>16,112</td>
</tr>
<tr>
<td>Lemons/Limes</td>
<td>3,805</td>
<td>4,026</td>
</tr>
<tr>
<td>Grapefruit</td>
<td>205</td>
<td>238</td>
</tr>
<tr>
<td>Non-specified</td>
<td>2,951</td>
<td>996</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>136,996</td>
<td>134,227</td>
</tr>
</tbody>
</table>

### Volume of Citrus Juice Exports

The total volume of citrus juice exports has increased by approximately 17% since 1997-98.

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Frozen Con Orange</td>
<td>1,236,816</td>
<td>306,431</td>
</tr>
<tr>
<td>OJ cont &lt;4.6lt</td>
<td>8,406,090</td>
<td>10,809,997</td>
</tr>
<tr>
<td>OJ cont &gt;4.6lt</td>
<td>807,873</td>
<td>895,273</td>
</tr>
<tr>
<td>Grapefruit &lt;4.6lt</td>
<td>179,640</td>
<td>526,138</td>
</tr>
<tr>
<td>Grapefruit &gt;4.6lt</td>
<td>76,800</td>
<td>89,816</td>
</tr>
<tr>
<td>Lemon &gt;4.6lt</td>
<td>107,363</td>
<td>213,160</td>
</tr>
<tr>
<td>Lemon &lt;4.6lt</td>
<td>265,759</td>
<td>187,170</td>
</tr>
<tr>
<td>Any other Citrus</td>
<td>30,716</td>
<td>104,818</td>
</tr>
<tr>
<td>Any other in &gt;4.6lt</td>
<td>71,131</td>
<td>600</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>11,182,188</td>
<td>13,133,403</td>
</tr>
</tbody>
</table>

2(a) The Government and the pork industry are working in partnership to improve the pork industry’s international competitiveness. The Government’s Pork Industry Restructure Strategy includes a $24 million integrated package of programs to assist individual enterprises and groups along the
supply chain achieve a strong market focus, improve their international competitiveness in the global market, or exit the industry.

The $24 million Pork Industry Restructure Strategy comprises:

- the $9 million National Pork Industry Development Program (NPIDP) to fund projects ranging from market research to skills development. The program is designed to improve the industry's international competitiveness and boost export market development;
- an $8 million Pigmeat Processing Grants Program (PPGP) to stimulate investment in the processing sector and help address efficiency and productivity problems;
- a national skills enhancement training initiative for pork producers costing $1 million under the FarmBis program known as PorkBiz; and,
- $6 million for financial assistance for non-viable pork producers to exit the industry.

The 1998 Productivity Commission Report into 'Pig and Pigmeat Industries' concluded that there was justification for measures that directly promoted industry restructuring and an export focus while providing assistance to those leaving the industry. While the PPGP targets processors and the NPIDP supports all levels through the supply chain, the $6 million Pork Producers Exit Program (PPEP) and the $1 million PorkBiz initiative focus specifically on producers.

The PPEP is designed to assist the most severely affected pork producers voluntarily exit pork production. Producers who are in financial difficulty, are unable to borrow, and who have decided to exit the industry, can do so with dignity under the PPEP without exhausting all family assets.

The PPEP had, as of October 1999, received approximately 440 enquiries. To date 50 applicants have drawn on $1.9 million in funds from the program. Applications are still being received and will be accepted until 31 May 2000.

The PorkBiz component of the package is targeted at assisting producers improve their business management skills, prepare business plans and develop risk management strategies. PorkBiz awareness forums and promotional meetings with producer groups have been held right across regional Australia between June and November 1999. PorkBiz workshops have also been held in all States to date and some on farm consultations in NSW.

The eligibility requirements of the $9m NPIDP, as detailed in the program guidelines, make it clear that applications are invited from all sectors of the production chain including producers.

2(b) The $8.4m Citrus Market Diversification Program (CMDP) has been the Government’s principal vehicle, since 1994, for assisting structural adjustment in the citrus industry. Its main objectives are to provide assistance to facilitate adjustment within and improve the international competitiveness and long term growth prospects for the Australian citrus industry. To this end particular emphasis is placed on measures aimed at increasing exports of fresh fruit and fruit juice as well as import substitution.

Members of the citrus industry, as rural producers, are able to access available funds from generic rural assistance programs such as the Rural Partnership, Exceptional Circumstances and Rural Communities Programs and may have done so, however this has not been included in this analysis.

Total assistance provided through the CMDP from June 1998 to 30 June 1999 was $1,638,102. This assistance was in the form of the following projects:

1998/1999

- $25,000 to NSW Agriculture for efficacy testing of dimethoate and fenthion for citrus.
- $30,000 to NSW Agriculture for testing of food dyes as an alternate to malathion.
- $10,000 for Horticultural Research and Development Corporation (HRDC) to manage joint experiments with Korean officials to facilitate the removal of non tariff barriers applied to Australian citrus exports, this is an additional amount to support the necessity of another visit by a Korean official.
- $115,000 over two years to Minneola Tangelo Grower’s Unit Trust to provide a quality control component to support the coordinated marketing of Minneola Tangelos.
- $150,600 over three years to the South Australian Research and Development Institute’s Entomology Unit to study the ecology and biology of Microseromagnamn vestita, a small snail which is a considerable pest in citrus orchards and a major threat to exports.
. $20,000 in new funds, a transfer of unspent funds (up to $22,000) from the previous grant to NSW Agriculture for TriState Community Awareness and the provision of funds to match industry contributions, up to a maximum of $15,000, to NSW Agriculture for funding a TriState Community Awareness program.

. $27,000 to Australian Citrus Growers (ACG) to develop a Hazard Analysis and Critical Control Point (HACCP) template for the citrus industry.

. $95,148 to the Victorian Department of Natural Resources & Environment (Sunraysia Horticulture Centre) to continue research into the movement of Queensland fruit fly into and through the fruit fly exclusion zone for a third year.

. $77,980 to enable the Queensland Horticulture Institute to evaluate pre-harvest bait spraying and post-harvest inspection for tropical and coastal citrus as part of a whole systems approach to reducing chemical use on citrus preharvest bait spraying for citrus.

. $100,694 for an HRDC/South Australia Research and Development Institute (SARDI) study to identify the risk of different species of mealybugs occurring on citrus which can be used to present a case for changing quarantine regulations to improve security of market access to the USA.

. $8,500 from the National Residue Survey (NRS) pilot residue monitoring project for the preparation of information on the Maximum Residue Limits (MRLs) for citrus in Australia’s major citrus export markets.

. $19,380 to NSW Agriculture for work on pruning strategies for citrus to produce optimum fruit size for the export fresh fruit market.

. $294,800 over two years for the HRDC to manage a consortium of the Central Queensland University, Queensland Department of Primary Industries and the Queensland Horticultural Institute to undertake development of near infra-red spectroscopy hardware to undertake internal quality based sorting of citrus fruit.

. $209,000 for the first year (1999/00) of a three year appointment of a manager for citrus industry propagation improvement under the management of HRDC.

. $232,000 for the Australian Horticultural Corporation to undertake market research and a communication program for the development of the domestic market.

. $168,000 to the ACG for the first year of a three year appointment of a citrus industry communication development manager.

. $50,000 for Australian Quarantine and Inspection Service to facilitate a visit to citrus growing areas by the Korean Director-General of Agriculture and for orchard testing of oranges and lemons to support Australia’s application for market access.

. $5,000 for Agriculture, Fisheries and Forestry - Australia to publish and disseminate a brochure outlining the outcomes of the program.

Sydney (Kingsford Smith) Airport: Runway Changes
(Question No. 1098)

Mr McClelland asked the Minister for Transport and Regional Services, upon notice, on 8 December 1999:

(1) Has the Bureau of Air Safety Investigation (BASI) claimed that the constant juggling of runways at Sydney (Kingsford Smith) Airport (KSA) was tiring, demoralising and overwhelming for the air traffic controllers.

(2) Has his attention been drawn to complaints by pilots that they are sometimes given up to three runway changes on descent and that they are being required to land on short runways under tail and crosswind conditions.

(3) What steps has he taken to ensure that these complaints and other similar concerns are addressed as a matter of priority.

Mr Anderson—The answer to the honourable member’s question is as follows:

(1) No. In Section 2.1 Rate and Complexity of Change of the BASI Air Safety Report Systemic Investigation into Factors Underlying Air Safety Occurrences in Sydney Terminal Area Airspace, BASI states:
“The volume and complexity of the changes occurring in the Sydney TCU may have exceeded the capacity of many of the controllers to assimilate such change. Whereas, a safety case may have considered a change to be an acceptable risk in isolation, a holistic approach to system capacity for change has not yet been addressed. The constant pressure for change has overwhelmed a number of controllers who, in turn, have resigned themselves to quiet acquiescence. Alternatively, some controllers believe that there will be some occasions when they will not be able to cope with a problem, and others believe that they will have to manage the situation ‘as best they can’ at the time. It is therefore important that Airservices Australia take a more considered approach to forthcoming changes in order to ensure that all controllers are adequately prepared at both the initial and ongoing phases of the change process and that the cumulative effects of change are being adequately assessed and addressed.”

In response to this BASI recommendation Airservices Australia extensively reviewed the program of change in Sydney to prioritise changes to ensure that safety was not compromised. For example the training for The Advanced Australian Air Traffic System transition was postponed and the introduction of new Long Term Operating Plan Modes 8 and 6A was also deferred.

Airservices Australia has instituted an ongoing program of monitoring the introduction of new procedures and processes to ensure that the operational impact of change is well managed.

2 and 3 I am advised that pilots are not being required to land under conditions which they believe unsafe. The pilot-in-command of an aircraft always has the discretion to reject the nominated runway in favour of another for safety reasons.

**Spent Nuclear Fuel Rods: Radioactivity**

(Question No. 1166)

Mr McClelland asked the Minister representing the Minister for Industry, Science and Resources, upon notice, on 15 February 2000:

1. What is the level of radioactivity of the 308 spent fuel rods that were transported to Cherbourg, France from the Lucas Heights reactor.
2. What will be the level of radioactivity of the waste remaining after reprocessing?
3. Will the radioactive waste from the reprocessing operation be returned to Australia; if so, when?
4. How will the radioactive waste be transported to Australia?
5. Does Australia have the appropriate facilities to store or dispose of the radioactive waste material once it is returned to Australia; if so, where are those facilities located?

Mr Moore—The Minister for Industry, Science and Resources has provided the following answer to the honourable member’s question:

1. 8494 Tbj (one Tbj is $10^{12}$ becquerels)
2. Less than 8494 Tbj
3. Yes, by 2015
4. In specially built and licensed, dual purpose transport/storage casks.
5. The casks mentioned in (4) are designed to serve as the necessary storage facility. They will be stored at the national store for long-lived intermediate level waste which is to be constructed to manage Australia’s existing holdings of radioactive waste in this category. The location for this store will be considered by the Government once a site has been chosen for a national waste repository for low level and short lived radioactive waste. It is expected that a preferred site for the national repository will be determined during 2000.

**Interest Rates: Increase**

(Question No. 1190)

Mr Kelvin Thomson asked the Treasurer, upon notice, on 16 February 2000:

1. Which 64 investment banks and other institutions gained information about the interest rate increase of 2 February 2000 before the general public.
2. Is he able to say which of those banks and institutions traded in a manner to exploit the early release of information.
(3) What profit was made by the banks and institutions that acted on the early information.
(4) What action will the Government take to prevent this occurring again.
(5) What disciplinary action, if any, will be taken by the Government concerning the breach in security.

Mr Costello—The answer to the honourable member’s question is as follows:
(1, 2, 3, 4 and 5) These issues are covered in the Governor’s Statement of 18 February 2000 on ‘Review of the Reserve Bank’s Arrangements For Releasing Market Sensitive Information.’

**Land Clearing**

(Question No. 1091)

Mr Kerr asked the Minister for the Environment and Heritage, upon notice, on 8 December 1999:

What action is the Commonwealth taking to stop unregulated land clearing.

Mr Truss—The Minister for the Environment and Heritage has provided the following answer to the honourable member’s question:

The honourable member would be well aware that regulation of land clearing is a State/Territory responsibility.

The Howard Government is however concerned about the level of land clearing in Australia and has taken positive action to address this important issue.

The Bushcare Program of the Natural Heritage Trust, an initiative of this Government, is the largest investment in the sustainable management of Australia’s native vegetation ever made by an Australian Government. The goal of Bushcare is the reversal of the long term trend of native vegetation decline in Australia through funding on-ground projects and providing incentives to assist farmers and other landholders to reduce land clearing and increase revegetation; to catalyse institutional reform; and to assist communities at local and regional levels to improve native vegetation management. In signing the Natural Heritage Trust Partnership Agreements all State and Territory Governments made a commitment to contribute to that national goal.

A further key initiative of the current Government is the *National Framework for the Management and Monitoring of Australia’s Native Vegetation* which was endorsed by the Australia and New Zealand Environment and Conservation Council at its meeting in December 1999. The Framework provides a vehicle to implement the commitment made by the Commonwealth and State/Territory Governments to reverse the long-term decline in the quality and extent of Australia’s vegetation cover by June 2001. Interim work plans have also been prepared by all jurisdictions as the principle means of implementing the National Framework in a consistent and coherent manner.

This is a major step forward in the protection of Australia’s native vegetation. Regulation of land clearing is only one aspect of a best-practice framework for managing native vegetation. Through Bushcare and the Natural Heritage Trust, the Commonwealth is working with landholders, communities, industry and all tiers of government to develop more effective and practical incentives for the conservation of native vegetation. For example, I have to date approved Bushcare funding of $20m in Queensland and $15m in New South Wales for conserving remnant native vegetation and enhancing well-planned revegetation efforts. The Commonwealth is also investing directly in the conservation of high priority native vegetation throughout Australia.