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Mr SPEAKER (Mr Neil Andrew) took the chair at 12.30 p.m., and read prayers.

COMMITTEES

Primary Industries and Regional Services Committee

Report

FRAN BAILEY (McEwen) (12.31 p.m.)—On behalf of the Standing Committee on Primary Industries and Regional Services, I present the committee’s report, incorporating a dissenting report, entitled *Time running out: shaping regional Australia’s future*, together with the minutes of proceedings and evidence received by the committee.

Ordered that the report be printed.

FRAN BAILEY—This report, *Time running out: shaping regional Australia’s future*, represents 12 months’ work in response to the terms of reference as detailed in the report. Essentially, my committee was asked to inquire into the role of infrastructure in assisting the economically sustainable development of Australia’s regional areas. This report covers in detail deficiencies in infrastructure, potential for development, the role of the public sector at the three levels of government in both planning and funding, and the potential for private sector involvement. The report also highlights successful models of regional development based on clustering of projects with involvement of more than one level of government and with strong and active local leadership. It identifies the erosion of regional social capital and the lack of expertise and community cohesion that results from that erosion, and it calls for a cohesive national approach to regional development.

We have made 92 recommendations to address the obstacles to infrastructure development and the depletion of skilled human resources in regional Australia. They cover leadership and local skills, policy planning and coordination, finance and investment, telecommunications, transport, energy, education, water resources and health. The title of this report *Time running out* indicates the level of concern of the committee that, unless action is taken to redress the lack of services and obstacles to investment, regional Australia faces an uncertain future. The problems regional Australia faces today have happened over past decades. But a number of communities and regions have identified and developed their own competitive advantages by specialising in particular areas, upgrading skills and forming alliances with other areas or industries, attracting investment and forming a cluster of enterprises. They have succeeded because there was strong local leadership and they were able to attract both public and private sector investment. But there are regions depleted of skilled human resources and lacking access to services and infrastructure, and they will need assistance to redevelop. Governments in Europe, North America and Japan have recognised this need and have already developed private financing initiatives. As well, the OECD has established a territorial development service to deal with the effects of globalisation on regions.

Throughout this inquiry, at the recent regional conferences—including the Regional Australia Summit, the Innovation Summit and the Rural Women’s Conference—and going back to the Kelty report in 1993, to the McKinsey and Co. reports of both 1994 and 1996, to Australian Project Developments through their regional workshops and to the many others referred to in this report, the lack of local skilled leadership was identified as a constant problem and was quoted as a major reason for the lack of advancement of infrastructure projects progressing to an investor ready status. It is well established that, when services are withdrawn from a region, the loss of skills compounds the difficulty for a region to redefine and redevelop itself. The committee believes that the best way to assist regions to recapture the strengths and expertise that underpin and assist in fostering the growth of leadership from the grassroots is for the Commonwealth to relocate Commonwealth departments whose expertise is directly related to regional areas. For that reason, we have recommended that Agriculture, Fisheries and Forestry and also Environment Australia be the first to be relocated in regional areas.
Access to telecommunications is access to opportunity and telecommunications infrastructure is the most critical in the future development of regional areas in terms of economic viability and social cohesion. Throughout the inquiry, this was the most widely expressed view relating to all areas of infrastructure. It is often quoted in Silicon Valley that one year of IT development is equal to seven years. That means that many areas of regional Australia are starting from a position of disadvantage. Many of the submissions received by the committee echoed the theme that in the future ‘information technology and e-commerce will be the key drivers of economic growth’. Any competitive advantages that regions have will be compromised by lack of access to reliable, affordable and high-speed voice and data telecommunications systems.

As well as the economic benefits to regions, the social benefits in providing learning opportunities and access to health services was reiterated to the committee. We have therefore made a number of recommendations to the Commonwealth to assist in developing regional competitive advantage as well as in raising community awareness of the potential and opportunities of IT. In an age when the IT revolution is taken for granted, telephony is still a problem in many regional areas in terms of access and level of service because the infrastructure is old and needs upgrading. Seventeen per cent of people in regional areas still have to rely on technology that is too slow to transmit data and therefore miss out on using the Internet. We therefore recommend that telephone carriers be required to meet the levels of service established under the customer service guarantee for all customers regardless of where they live or work. Further, we recommend that telephone carriers be required to develop pricing, technical standards and levels of support that are independent of distance. The committee believes that alternative communications solutions exist for regional areas that can overcome the limited nature and cost of services being offered by Telstra. These include digital broadband microwave-link technology. We believe that it is imperative to match telecommunications solutions to the needs of regional communities.

While expenditure on roads has increased in recent years, the committee received evidence from state and local governments and industry that current levels of expenditure are insufficient for the work needed to maintain and upgrade roads because of the projected demand. With a change of industries in many regional areas, regional roads built originally to service grazing industries must now carry heavier and longer vehicles. Add to this that almost two-thirds of fatal accidents occur outside urban areas. Safety has become an important issue for regional road users.

We have made a number of recommendations to encourage private sector investment and illustrate a number of successful examples like the build-own-operate-transfer or design-construct-maintain schemes that have delivered successful infrastructure projects. Evidence was received from both government and industry that reaffirmed the findings from previous inquiries that our national rail infrastructure is in need of urgent upgrading. Further, we learned that inadequate investment is impacting on regional development and that the poor standard of track in many areas was a disincentive for private investment. AusCID told the committee that without the continuing participation of the private sector in the provision of rail infrastructure, opportunities for regional development may be lost.

In order to facilitate private sector investment in all areas of infrastructure, the committee recommends that the Commonwealth remove section 51AD and amend division 16D of the tax act as soon as possible and recommends other measures designed to expedite and encourage private sector funding. Transport is such an important area of infrastructure that so directly impacts on the ability of our producers to be competitive and of regional communities to develop that we have recommended that 3c per litre of the excise collected from fuel sales be preserved for expenditure on transport infrastructure. We received overwhelming evidence that the development of reliable, low price power in a region contributes significantly to the development of the region. Many examples are listed in the report. The committee believes
very strongly that in all areas of infrastructure there is a need for the Commonwealth to work with the states and territories to develop coordinated national planning across regions and between states. An example of this would be to develop planning for a national gas pipeline network. The committee recommends the establishment of a national infrastructure advisory council to provide a connection between all levels of government and the private sector, to report through COAG on projects that can be developed across regions and to ensure the compatibility and availability of data between government agencies and the private sector to better facilitate infrastructure planning. This report has bipartisan support and we believe that it can provide a direction for the Commonwealth to take the lead in reshaping development proposals.

Mr ADAMS (Lyons) (12.41 p.m.)—This report of the House of Representatives Standing Committee on Primary Industries and Regional Services entitled *Time running out: shaping regional Australia’s future* was based on the premise that all sides of the political divide now recognise that there is a problem with our regional economies. However, one interprets the meaning of region, there has been a growing disquiet that country Australia is missing out on massive economic and technological changes only because of the tyranny of distance. Since Federation, Australia has prospered on the basis of the hard work and commitment of Australians who live outside the major city boundaries. We rode to economic independence on the back of the sheep. We took our prosperity and earned our title of a ‘lucky country’ through our mineral wealth. ‘The streets of Sydney are paved with gold’ was a concept that brought thousands to this country. Yet the gold certainly did not emanate from that city. Although regions are sparsely populated and the focus of governments historically has largely been metropolitan, regional Australia’s contribution to the nation’s development has been well in advance of the proportion of its influence on national affairs and policies. So it is not surprising that those who are still part of our regional population are feeling that their contribution to the nation continues to go unrecognised. I believe it is this concern that lies at the heart of the reference of this inquiry. The problems facing regional Australia are not new or confined to Australia, but the pace of change is increasing rapidly and the need for action is more urgent. It is hoped that this government, and others that follow it, can take on board the breadth of this inquiry and act. Time is running out for the regions.

Across the range of topics that were canvassed, a number of key elements emerged. However, I believe the biggest by far, and the most important, is the fact that government cannot afford to let the infrastructure of the country run down, nor is it economically feasible to rely totally on the private sector and the community to fund infrastructure development. Government has to take on the responsibility. It is an imperative for the livelihood of the nation that the Commonwealth government be involved in providing infrastructure, whether it be communications, telecommunications, roads, health services, educational institutions or energy and water resources. All have to be co-ordinated for the access and equity of all by one common factor: the federal government.

I am not saying that we should not joint venture or seek private capital or should not involve the community in regional development; I am saying that as the federal government we, or whoever is holding the reins, should be leading the development, pushing the arguments and making the decisions, not for the benefit of one particular sector, nor the market, but for the people of Australia. Even a body like the Institute of Engineers referred to findings demonstrating that public investment ‘crowds in or stimulates private capital expenditure rather than excluding it’. The Northern Rivers Regional Organisation of Councils strongly advocated the fundamental link between direct federal financial support and regional development.

This report, I believe you will find, highlights what I have been talking about. It is not a grand solution. In fact, in some areas I believe it only touches the tip of the iceberg. But it does start to question the sorts of philosophies that have been floating around the
country in the last couple of decades. For example, competition policy does not work for everyone. The way it has been used in some regional areas has actually voided competition rather than encouraged it. The closure of regional services and the removal of those services have had a deep-seated physical and psychological impact that is very hard to overcome. Towns are literally dying. Some have managed to overcome the decay, but the majority are in a very sad state. Time after time the committee heard stories of the difficulties facing our rural areas. Coming from Tasmania as I do, I can recount an example of almost every barrier that emerged from this report.

One of the major issues that came out was the use of and accessibility of water. In the past the Commonwealth has not seen this as part of infrastructure investment. Perhaps it can be summed up in the Queensland Farmers Federation submission, which commented:

It is unfortunate that the Federal Government appears to have used the COAG agreement on water reform to abandon any support for States seeking to invest in the development of underutilised water resources. In doing so, it has turned its back on a very effective way of generating rural and regional development.

The committee took their comment seriously, and there are two recommendations that start to deal with this problem. I believe that government should set about finding ways of assisting the funding of the infrastructure.

With the debate about Telstra raging at the moment, I would have found amusing, if it were not so serious, the comments being made by the chairman of Telstra that services in the bush were as good as ever and improving. We have a whole chapter in the report that says otherwise. We say in the report, talking about what services were around despite competition, that ‘the committee was concerned with this lack of investment in telecommunications infrastructure beyond the major cities’. Poor service, costs, access to bandwidth, poor and unusable infrastructure, mobile phone inadequacies and dropouts are part of a whole list of concerns. And these were mostly directed at basic services, as many areas had received only those. The problem, put simply, is that Telstra has reneged on its community service obligations since it was part-privatised. Communities have come up with some ideas which can help as local solutions. It was interesting that the committee took this issue so seriously that it has 33 recommendations, 19-51, to put forward to try and effect change, as this issue was seen as one of the major barriers facing the renewal of regional Australia.

Other aspects of the report studied the difficulties of rural health and finding doctors, providing appropriate education and accessing finance for developing projects. Lack of transport, both for passengers and freight, was also seen as a deficiency impeding development.

This inquiry has been held over 12 months and has criss-crossed the country hearing from the people who live in these regions. It features 92 key recommendations that were developed from this inquiry. I believe it represents fairly the discussions held. I do not agree with all the recommendations and some of those I do agree with do not go far enough, but for a House of Representatives committee I believe we did a very fair job in putting forward the arguments put to us by communities around Australia.

I thank my colleagues on the committee for all their work and also for being decent people. It is much easier to work with people on these committees when you can work through the differences of opinion but find solutions at the end. We stuck at the task, particularly the chair, Fran Bailey. I would like to pay tribute to my Tasmanian colleague Sid Sidebottom. I give special thanks to the hardworking secretariat, who had to wade through a lot of information to put it into some sort of order and draw out our recommendations. And special thanks to Catherine Bright, who had to keep it all together.

I believe people will find the report interesting even if they are not directly affected by it, because it does provide a framework for government to follow. It will remain to be seen if they are brave enough to take up all of its recommendations and work towards implementing them or like ones into the future. I recommend the report to the House.
Mr ANDREN (Calare) (12.51 p.m.)—
First, may I thank my fellow members of the Standing Committee on Primary Industries and Regional Services and the chair and deputy chair for the effort they put in, along with the staff for the huge task of preparing and collating all of the hours and pages of evidence in this particular inquiry. I applaud the 92 recommendations, particularly the first recommending that the government assist regional development and regeneration of skills and leadership in regional and rural Australia by relocating strategic government departments. Such a move is vital to restore confidence in the regions. I believe recommendation 6 is crucial, calling for the establishment of a national infrastructure advisory council to facilitate the provision of national infrastructure. This can begin the process of developing a national infrastructure blueprint that would survive changes of government so that we no longer see the awarding of scarce federal funding for political rather than nation building purposes.

In the time available, I want to concentrate on two key areas: transport and communications. For almost a decade we have watched the emergence of a dedicated air freight industry around the world, and I have mentioned before many times in this place the research and financial commitment that have gone into developing the Inland Marketing Corporation proposal, including an export airport for Parkes in central western New South Wales. The committee inspected the inter-modal rail-road complex at Parkes and heard evidence of the logistical and transport problems confronting city based export facilities like that at Avalon. Recommendation 64 of this report states:

... that the Commonwealth Department of Transport and Regional Services increase its efforts to facilitate resolution of logistics issues associated with international air freight and work with state and territory governments and the private sector to facilitate development of an integrated, dedicated international airfreight industry.

The groundwork has been done at Parkes and, with recommendation 64 in mind, if the government and its National Party members and leader, and indeed the opposition, ignore the wealth of supporting documentation and public support for this project, they will suffer further condemnation in the bush. It would confirm suspicions in rural New South Wales of a government more prepared to give a leg-up to mates in Victoria, through generous long-term leases like Avalon, than any logical development of road, rail and air freight infrastructure in regional Australia. Any serious consideration of recommendations 64 and 65 of this report would require urgent attention to the Parkes IMC model.

In the chapter on telecommunications, there are 32 recommendations ranging from customer service guarantees for terrestrial, satellite and mobile telephony and for data services. It is all prefaced by the heading ‘Access to service’. While we talk of levelling the international playing field for trade opportunities, we should ensure the playing field is levelled within Australia, for without access to the same standard of telecommunications enjoyed by their city cousins rural Australians will fall further behind.

The downsizing of Telstra to improve its share value, the length of delays in servicing clients and the rush to streamline Telstra amid the push for full privatisation are all signs that no customer service or community service obligation is worth anything if Telstra is unable or unwilling to meet its obligations under current public ownership. For instance, recommendation 28 calls for the universal service obligation to be extended to include Internet access for all Australians in regional areas. What chance is there of that under full privatisation? I have grave doubts that the tendering out of the USO or the proposed bush branch of Telstra will deliver the necessary outcomes when all the players are concerned only about their bottom line.

It saddens me that recommendation 60 has to ask the government to respond without further delay to the 1997 standing committee report Tracking Australia: the role of rail in the national transport network or that progress in the rail reform report Revitalising rail or the 1997 road funding Planning not patching report have yet to be responded to by this government. It is deplorable that those reports are still sitting on the shelf. This report and those others must not be allowed to lie idle. They must be acted upon. Time certainly is running out for the gov-
ernment and particularly for the National Party to respond to this report and to those other reports. If they fail to do so, then the sense of loss and abandonment out in rural and regional Australia can only continue. I commend the report not only to the House but to the minister and to every other member.

FRAN BAILEY (McEwen)—Mr Speaker, I ran out of time previously, but I do want to place on the record my thanks to all committee members, all of whom represent regional electorates, and my thanks to the secretariat. I move:

That the House take note of the report.

I seek leave to continue my remarks later.

Leave granted.

Mr SPEAKER—In accordance with standing order 102B, the debate is adjourned. The resumption of the debate will be made an order of the day for the next sitting, and the member will have leave to continue speaking when the debate is resumed.

Economics, Finance and Public Administration Committee

Mr HAWKER (Wannon) (12.57 p.m.)—On behalf of the Standing Committee on Economics, Finance and Public Administration, I present the interim report of the committee entitled Review of the Reserve Bank of Australia Annual Report 1998-99, together with the minutes of proceedings.

Ordered that the report be printed.

Mr HAWKER—This is a unanimous report which addresses significant aspects of monetary policy and some other features of the operation of the Reserve Bank, as discussed between the Governor of the Reserve Bank and the committee at public hearings in Sydney on 29 November last year and 9 February this year. The November hearing was one of our biannual meetings with the bank to discuss such matters. Let me immediately focus on our major concern in this report—recent interest rates rises. In the last four months, the basic interest rate has been increased twice by a total of 0.75 per cent. These increases, taking the rate from 4.75 per cent to 5.5 per cent, mark a significant change in the Reserve Bank’s policy compared with declining interest rates since July 1996. The committee has been pleased with the way the Australian economy has weathered the difficult circumstances of the last two or three years. However, we would be very disappointed to see a strong growth trend, now in its ninth year, brought to a premature end by excessive interest rates increases. While appreciating the governor’s explanation that the changing international economic circumstances have been a good reason to move away from existing expansionary monetary policy, it would cause concern in many parts of the economy to see that trend in interest rates rises continue.

Another issue of particular interest to the committee which is discussed in the report is bank fees charged to small business. For a number of years, the Standing Committee on Economics, Finance and Public Administration, and its predecessor committees, have discussed with the Reserve Bank interest margins, bank fees and charges and bank profitability. Recent events like the Commonwealth Bank offer to take over Colonial State Bank and concerns about the likely impact on branch closures and staffing levels make sure of our interest.

Based on the data produced by the Reserve Bank on bank fees charged to small business, the committee was able to draw some preliminary conclusions. While there have been fee increases, there does not seem to have been a systematic increase across the board. However, as the statistics cover only two years, the committee would like to see some more figures before placing too much weight on them.

At the time of the hearing, the bank also reported that it was unlikely that the increase in fees charged to small business had offset the benefits received when interest rates fell. With the recent two interest rate increases, though, the time is coming to take another close look at that. The bank has promised to provide more data as soon as possible, and that information is awaited with interest. Similarly, the committee was able to report on the work being carried out by the bank on so-called interchange fees. These are the fees charged by the banks that issue credit cards
to the businesses where the cards are used. One of the main issues of concern is that the interchange fees for credit cards may be encouraging the use of credit cards relative to other more efficient payment instruments. That study will also encompass the question of loyalty schemes that provide bonus points to credit card users.

A third issue I would like to raise is the rapid rise in household debt. In the last two years, household debt as a proportion of disposable income has increased by 12 percentage points to reach 94 per cent. The bank maintains that this is largely offset by concurrent increases in household wealth. Despite this assurance, the matter remains one of concern to the committee. In our report we discuss the matters I have mentioned in more detail, together with a range of other issues, including points of commonality in Australian and United States interest rate policies, the effect of the GST on inflation levels, the possibility of wages pressure as the inflation rate begins to rise, derivatives trading and the smooth changeover to the year 2000 by the financial sector.

In conclusion, the committee is able to report that the Reserve Bank is predicting that the current financial year will be another good one for the economy. Growth is anticipated to be four per cent, inflation will be in the two to three per cent range and unemployment is expected to edge down below seven per cent—in fact, it is already down to 6.7 per cent. The committee will continue to monitor all these issues and will follow them up with the governor at our next hearing with him, to be held in Melbourne on 22 May. I would like to thank the Reserve Bank, especially the Governor, Mr Ian Macfarlane, for their assistance with our inquiries. I would also like to thank all members of the committee and the deputy chairman, the member for Isaacs; our secretariat staff, particularly Bev Forbes and Tas Luttrell; and all others who have assisted in making contributions to the hearing and this interim report. Finally, I would like to say that the cooperative and bipartisan way in which the members of the House economics committee continue to approach this work once again shows the parliamentary committee system working at its very best. I commend the report to the House.

Mr WILTON (Isaacs) (1.02 p.m.)—Mr Deputy Speaker, I wish to endorse the remarks of the chairman of the economics committee, who is indeed a fine chair. When David Hawker speaks, people listen. I would like to begin where the chairman concluded by thanking most sincerely the secretariat of the committee, led most ably by Bev Forbes. In particular I would like to acknowledge the work of Mr Tas Luttrell, the committee’s principal research officer, for the tireless work that he has undertaken, not only in preparing first rate briefs but also in overviewing the outcomes in a way that few other people could. I by and large endorse the remarks of Mr Hawker, the chairman of the committee. He has gone to some lengths to discuss the question of interest rates, so I will not dwell on that. The government inherited an economy which the Prime Minister had described in 1996 as being better than good in parts. Overall, the committee would consider that the economy remains in reasonable shape. That as much as anything is due to the responsible and mature approach, as I have described it in times past, of the Reserve Bank in its management of monetary policy regimes in the Australian economy.

Something that the member for Werriwa and I have continually raised in this House and that is of continuing concern to the Reserve Bank is the fall in the household savings ratio. The committee had expressed concern to that end over recent statistics which indicated a substantial rise in the level of household debt. This referred to comments in the November semi-annual statement, which indicated that the ratio of household debt to disposable income of households had increased some 12 per cent in two years to reach 94 per cent. While the committee acknowledges the comments of the RBA that it is not responsible for managing household debt and providing an interest rate regime in which households are best able to manage their own debt, clearly it is the role of the RBA to promote an environment closely related to the issue of household debt in which national savings are able to be promoted. The committee will endeav-
our to encourage and monitor the Reserve Bank’s activities in that regard, that being the promotion of an economic environment where national savings are fostered and nurtured. Clearly this is a detailed report. One cannot really do it justice in the five minutes allotted to speakers. In concluding, I simply wish to commend the report to the House as an excellent overview of the current state of the Australian economy and, in particular, commend the bank’s mature and responsible approach to the management of interest rates in this country.

Mr PYNE (Sturt) (1.06 p.m.)—It is a pleasure to follow the member for Isaacs’s short address on the question of the review of the Reserve Bank of Australia’s annual interim report. I note that he claimed a mantle of friendship with the member for Werriwa. He must be the only friend of the member for Werriwa on the opposition side, Mr Deputy Speaker. The member for Werriwa has many friends on this side of the House, of course, because of his more sensible—though I would not say particularly sensible—economic views. We do not often—

Mr DEPUTY SPEAKER (Mr Nehl)—I interrupt the member for Sturt briefly to suggest that he move to the seat in front of him where the microphone is expected to provide better service. We will not even criticise him for speaking out of his place.

Mr PYNE—Thank you, Mr Deputy Speaker. The microphone was slightly disconcerting—not only for me but, I am sure, for everybody else in the chamber. In 1999-2000, the Reserve Bank made forecasts on the Australian economy and, happily, they expect the economy to continue to perform well. Growth is expected to be over four per cent and inflation is expected to increase slightly to about 2.25 per cent, but certainly not outside the range that the Reserve Bank regards as acceptable. Unemployment is expected to continue to decline. It is now, as the chairman pointed out, about 6.7 per cent, which is the lowest it has been in 10 years—a great achievement for the government. The fundamentals remain in place—a budget surplus; decreasing public sector debt; and a firm fiscal and monetary policy.

In turning to monetary policy, the committee reviewed the Reserve Bank’s decision to increase interest rates last year and again in February 2000. The committee had explained to it the reasons behind the Reserve Bank’s setting of monetary policy and, in
particular, how the bank has moved beyond reacting to events to a more pre-emptive decision making process. The governor explained the use of the term ‘pre-emptive’ to the committee and it might be in the interests of the House to understand how the Reserve Bank is now thinking about monetary policy. He explained:

The term ‘pre-emptive’ was used mainly to distinguish it from a rather old-fashioned approach to monetary policy where you actually wait for clear evidence of overheating before you tighten monetary policy. We were saying that the economy is in good shape: growth is in a reasonable corridor and so is inflation. Yet there is a case to tighten monetary policy because, as we said, the stance of monetary policy that brought inflation back to the target is not the stance that you would use to maintain it within the target. And so it is pre-emptive in that it happened before the indicators of overheating.

So the Reserve Bank is now trying to get ahead of changes in the economy rather than reacting to them. Two aspects of the governor’s explanation for the recent increase in interest rates deserve mention. The first is that international factors played the major part and the Reserve Bank was taking action not dissimilar to the central banks of the United States, the United Kingdom, Europe, Sweden, Canada and New Zealand. The second is that the increase bore no relation to concerns that commentators are expressing about the inflationary effect of the GST. The governor made the point that no other industrialised economy is introducing a GST, yet they too are increasing interest rates. In fact, when asked categorically by the deputy chair to rule out the GST as a factor, he said—

Mr DEPUTY SPEAKER—Order! The honourable member’s time has expired.

Mr Pyne—I thought I might be allowed some latitude, given that I had to move around the chamber.

Mr DEPUTY SPEAKER—The member for Sturt should be grateful, instead of complaining.

Ms BURKE (Chisholm) (1.11 p.m.)—The appearance of the Reserve Bank of Australia before the Standing Committee on Economics, Finance and Public Administration is one of the major elements of the bank’s accountability to the federal parliament. This process of open reporting ensures that the setting of monetary policy in Australia is transparent. However, there were questions over the reasons behind the most recent interest rate rises which prompted the bank to again explain its decision making processes. The market, financial analysts and journalists continue to ask for greater insight into the bank’s decision making processes. The question of the release of minutes from the board’s meetings is an issue I will continue to pursue.

There is strong evidence that Australia fared so well during the recent Asian financial crisis because of its rigorous prudential regulatory system. It should be noted that the governor’s appearance before the committee is part of this open process. So I must express my concern at the government’s approach of criticising the decisions of the Reserve Bank. As the Prime Minister so rightly pointed out on 3 February 2000 in a doorstop interview, it is important to understand that the Reserve Bank sets interest rates. Obviously it is now fair game for the government to blame the Reserve Bank for increases in interest rate rises and not to accept some responsibility for the monetary implications of its own policies, such as the inflationary effects of the GST and its loosening of fiscal policy.

The governor’s explanation that the rate rise was pre-emptive to ensure that overheating does not emerge, while at the same time ensuring that economic expansion does not come to an end, is in keeping with monetary practice. In this context, with the GST and fiscal loosening looming, there are undoubtedly monetary policy considerations. This does not hide the fact that the bank has factored in concerns over the GST’s impact on monetary policy, including the impact on wage claims, to counter the effects of the new tax.

I wish to remark on a worrying trend in the bank’s reports to the committee over some time—the area of household debt. In the November semi-annual statement, the bank reported that overall the ratio of household debt to the disposable income of households has risen by 12 percentage points over
the past two years to 94 per cent. The argument is often made about the rise in household wealth, particularly given the rise in equity markets. But this is a double-edged sword: markets can go down just as easily as they go up. Whilst I do endorse the governor’s remarks that the reserve cannot manage household debt, the government can certainly introduce measures which encourage household savings, and returning the level of superannuation guarantee to the level committed to by the Labor government would go a long way to restoring this imbalance.

The November statement also raises the issue of annualised growth in credit outstanding to households, which has increased to more than 15 per cent over six months, with many households borrowing to purchase Olympic tickets and Telstra 2 shares. As my husband always says to me, you borrow for assets that appreciate and lease assets that depreciate. There are risks as to whether either of the above will appreciate and I am sure no mum and dad Telstra shareholder wants to see 10,000 jobs go to increase their share dividends. Given record credit card debt and general household indebtedness, all households will feel the effects of the GST, and any increase in interest rates, regardless of how marginal, will impact on households which have borrowed to the extreme. Indeed we have already seen rates rise by 75 basis points. The report also states that the sale of motor vehicles has weakened. This is being felt in the eastern suburbs of Melbourne around my seat of Chisholm where Kenworth have retrenched up to 80 workers and predicted that, as a result of government policy, imports will replace Australian manufactured trucks. Kenworth have stated that these job cuts have been induced entirely by the price reduction resulting from the abolition of the wholesale sales tax without providing adequate transition arrangements.

It was pleasing to see in the most recent reports that labour force participation is increasing. There has been a worrying trend that while the economy was growing employment was not, until its recent catch-up phase, and that a fall in the unemployment rate was associated with a decline in the work force participation rate. Whilst the trend in unemployment is downward—7.2 per cent in the September quarter, down from 8.1 per cent a year earlier—it is still too high. More worrying is the emergence of skill shortages in some areas.

In closing, I wish to comment on the work undertaken by the bank to review the impact on bank fees and charges. The recent paper examining the impact of bank fees on small business provides interesting reading, especially in the light of the Treasurer’s stance over further bank mergers following the recommendations of the Wallis report, where the Treasurer stated no further mergers would be considered until banks were more competitive, particularly in respect of small business. The bank’s report indicates this is not the case. The words from the governor express my concern over banks’ attitudes to customers and staff. The Treasurer should note these as he contemplates the merger of the Commonwealth Bank and the Colonial State Bank. The governor was talking about work he had recently done on bank fees and charges. About bank profits, he said:

Was it because they were putting up fees to offset the reduction in margins? We did that study and we discovered that the increase in fees was very small compared to the reduction in margins. So how have they remained profitable? They have remained profitable because they have cut their costs. ... we are finding the same sort of result here as people find in other countries, that banks have been able to remain profitable by massive cuts in costs.

This is a worrying trend, and I hope we do not see it continue. I recommend the report and commend all the committee members for their tireless efforts in this area. I would like to thank the secretariat, and Tas Luttrell in particular.

Mr DEPUTY SPEAKER (Mr Nehl)—Order! The time allotted for statements on this report has expired. Does the member for Wannon wish to move a motion in connection with the report to enable it to be debated on a future occasion?

Mr HAWKER (Wannon) (1.16 p.m.)—I certainly do, Mr Deputy Speaker. In moving this motion, I would like to thank all the members of the committee who have spoken.
I hope there will be another opportunity in the Main Committee later this week. I move:
That the House take note of the report.
I seek leave to continue my remarks later.
Leave granted.
Mr DEPUTY SPEAKER—In accordance with standing order 102B, the debate is adjourned. The resumption of the debate will be made an order of the day for the next sitting. The member will have leave to continue speaking when the debate is resumed.
EMPLOYEE PROTECTION
(EMPLOYEE ENTITLEMENTS GUARANTEE) BILL 2000
First Reading
Bill presented by Mrs Crosio.
Mrs CROSIO (Prospect) (1.17 p.m.)—Wage earner protection funds have operated in Western Europe since the late 1960s as a means of protecting workers from company insolvency. The funds operate in countries that are not traditionally welfare oriented economies, and yet there have been no moves whatsoever to have Australia put in place such a scheme. My bill will protect workers' entitlements. When I first introduced a similar bill to this in 1998, I had hoped that it would have been a catalyst for reform and would get this government motivated. To say that I am disappointed is certainly not exaggerating. I am extremely disappointed that no action from this government has been forthcoming over those years. The bill that I now reintroduce is about seeking justice for Australian workers. It is a bill about restoring equity to an important element of Australian industrial relations law. I said those same words when I introduced a similar bill in 1999. Again, it fell on deaf ears.

In the present bill before the House, three amendments have been made. These changes have been made to cover the Minister for Employment, Workplace Relations and Small Business continually saying, 'We can't work on that bill. It doesn't even cover redundancies.' Well, I am saying to you, Minister, and to the government how easy and simple it is to move amendments to the structured bill that has been in place in this parliament since 1998. To enlighten the minister on the fact that that you can have it rectified, in presenting this workers' entitlements bill of 2000 I have made those amendments to fully cover redundancy. It was not spelled out enough before and now it does. It also has a clause to cover small business. Employers having under 20 people in their employ will be exempt under the bill. It has also been amended to overcome an instance like we had with the recent Oakdale miners. I say to the minister and to Prime Minister: if you had wanted to get your act together you could have done this in 1998. You could have had a bill in here to protect the workers and we would not have seen the debacle that has occurred over the years since. I believe that this bill has overcome some of the remarks of the Minister for Employment, Workplace Relations and Small Business about not caring for the ordinary worker and not covering them for redundancy, and not really being suitable for the government to act on. I present the bill and say again: you can act on it.

I first spoke on this need to protect workers' entitlements in 1996. When nothing happened, I commenced work and researched to have drafted a bill that could and should have provided a basis on which to put into place in this House legislation to protect and guarantee workers' wages and entitlements in the event of their employer's insolvency. I had a certain amount of optimism in 1998. I thought that by then the government of the day would have at least listened and acted and something would have eventually been done. I was naive. I continue to be so, but at the same time I continue to be optimistic because at least I know that we in Labor, in the opposition, support what I am talking about. I am very grateful that the shadow minister, the member for Brisbane, is here during this debate and that he will second the bill that I have before me. When I introduced this bill in 1998 I believe that everyone believed that by January 2000—as he told us on more than one occasion—the minister would finally have in place a protection scheme for workers. Well, we do not have that in place.
The Prime Minister and the government can no longer just give sympathy to workers who have been made redundant. We saw the 160 workers at the Woodlawn zinc and copper mine in Goulburn and their $6 million entitlement. The Prime Minister and the minister came out and said, ‘Oh, how sympathetic we are, and we are going to do something about it.’ We saw the CSA mine in Cobar where 270 miners lost their entitlements and only through their continued fight were able to gain something back. We then saw 250 meatworkers in Grafton lose $3 million. Again, we had the minister getting out there and saying, ‘We are going to do something about it.’ We saw 150 nurses in Yeppoon, Rockhampton lose $1.4 million. Again, we were going to see ‘action’. We saw Oakdale and the demonstrations that happened there. It was only because of a particular fund structure that was in place that those miners were able to see even one penny of what was owed to them. Many of us remember last year when the Braybrook textile workers came up here by bus. Those women were out in the front of this house crying, asking for assistance and help. They had worked all of their working life with that one company—to receive nothing. They still have received nothing.

Then we saw National Textiles get a payout of something like $6 million. The decision of this government with regard to National Textiles just proves how poll driven they are. My bill could have been in place over two years ago. The workers I have mentioned here today could have been covered; their entitlements could have been protected. This government have failed to act, and they have failed to act for fear of upsetting big business. I repeat, for those who refuse to listen: the money required from employers not only to insure their workers but also to cover the scheme’s administration costs would be, as best I can work out, no more than 0.1 per cent of the total wage bill. That is a very small amount to pay to protect workers’ entitlements. But what does this government want to do regarding National Textiles? What the minister seems to be proposing is not that the employer will take action because he or she has done wrong; the government will ask taxpayers to foot the bill and to put in place a cap of up to $20,000. Of course, when that does not occur, they will start to blame the New South Wales government.

I remind the minister that I can bring in press item after press item quoting what he has said. Even as recently as 31 January this year, the Sydney Morning Herald reported this:

Mr Reith said yesterday that he was proposing a formula by which workers would be sure of gaining unpaid wages for up to four weeks, 12 weeks’ long service leave, and four weeks redundancy, up to a cap of $20,000.

“We think that would be a fair balance…”

I do not think the workers of Australia, when they are owed in the vicinity of $60,000 or $70,000, would think a $20,000 cap is a fair balance. I say to you, Mr Deputy Speaker, and to the minister and to all government members: if you are owed for work you have done, should you not be entitled to receive your full entitlement and not have, as the minister thinks, a cap in place? How unfair that is to the workers of Australia who have been deprived, not through anything they have done but because of the insolvency of the particular employer, of their rights. In that same article in the Sydney Morning Herald on that day it said:

Workers at National Textiles have been told they will receive their long service and annual leave along with unpaid wages straight away.

That was 31 January, of course. I do not know what he meant by ‘straight away’. However, they will have to wait six months for sick leave and up to two years to receive a portion of their redundancy payments.

They have been told not to expect more than half the redundancy money they are owed. Had this bill been in place in 1998, 1999 and even in the year 2000, we would not have had to have statements like that. These workers would have been covered for their full entitlements—which is what they should have now.

When the minister for workplace relations had a doorstop on 8 February 2000, he said:

...I only say to them—meaning the Labor states—that objecting about the details—
of any particular bill the minister might want to introduce—
only undermines the commencement of such a scheme if you want to argue about the details, you should put politics aside, just for once and support the Government in looking to the establishment of a National scheme...
I say to the minister that, if he had wanted to put politics aside, he could have had a national scheme in 1998—a scheme that I have always said was in the bill that I put forward. And it was paid for by this parliament. Time and time again I said that it may not have been perfect, but it provided the groundwork by which we could have had workers' entitlements protected as from the commencement day of the act. Again I quote the minister's doorstop of 8 February this year:
... put politics aside ...
If you want to argue about details, just for once, come in and make sure that this bill, or a bill similar to this, is put in place—not next year, not next month, but now. We would not have been having the problems we have been experiencing in the past had this bill been effected.

In 1996 in my community we saw one company fail and 680 workers lose $17 million in entitlements. Minister Reith in an MPI on 22 June 1999 stated:
In 1997-98, 3,000 companies were in liquidation, receivership or under deed of company arrangements ...
I can tell the minister that the strengthening of the Corporations Law, as we have seen in a bill before this House, will not protect one worker or one worker's entitlement. One only has to read the government's bill before this House to see that it is the greatest misnomer to call that bill relating to Corporations Law 'employee protection'. There is not one clause in it that gives one iota of protection to employees. I take offence that the minister feels that just putting that into operation will fix the problem. In that bill, a penalty for improper conduct by a director will not bring back any employee entitlements. It is no good after the event saying to the employer or to the director, 'Your conduct was improper.' Where then are the reserves put aside to cover the employee? Down the path, when he has lost everything, the employee does not want to hear what he already knew, that perhaps it was the employer's mismanagement or the fault of a director and that that is why he lost out on what he was entitled to. It does not bring one cent back to them.

What is needed in this country and what is needed in this parliament is real reform. We need to see the Minister for Employment, Workplace Relations and Small Business and the Treasurer drive this type of debate. It needs to be led at a national level. By reintroducing my bill, I am hoping to highlight the problems that continue to fester across this country. I know other options are available, and we, the Labor opposition, will support them, provided they have the same results. Bring on whatever you wish. Amend this bill if you wish. Year after year I have said that. But, for goodness sake, let us get legislation in this country that will, in the future, support the workers so they know they will have their entitlements protected. Workers need to be reassured. They have seen example after example through the publicity that has been given to some of the cases I have mentioned in the debate here today—and there are many more. Those cases have been given prominence because they have been able to bring to light a campaign that the media has taken the run of. In one or two cases they have actually been able to get the government to react in a particular way. That will no longer be accepted. Today, workers are saying—as in the Braybrook example—'We too are in a high unemployment region; we too are in the same area doing the same type of work. Why aren't we protected like the workers at National Textiles were protected?' That is a question the Braybrook workers will continue to ask this government—and so they should.

Workers in my electorate who have lost all their entitlements will continue to ask why there is a cut-off point in certain regulations when we have not seen any legislation from this minister as yet. There will be a cap of $20,000. But why is the cut-off point 1 January 2000? Why aren't they covered? Why aren't the employees who lost their entitlements last year covered? How did this magi-
cal date occur? It cannot just be from one statement of the minister for workplace relations because, as I have indicated in the short time I have had here today, he has made many statements. He is very heavy on words but very short on action. We certainly have not seen anything come forward to this House that will give the results that my bill will.

Before I table the explanatory memorandum, I want to repeat something that I have written in there. Government members say, ‘What have you done?’ Prior to 1993, workers were treated as a group of creditors, along with all other creditors to whom an insolvent company was owed money. Workers’ interests in keeping open the enterprise by which they were employed are fundamentally different from external creditors. Accordingly, workers’ interests were allocated preference over other external creditors, including the tax commissioner, following changes contained in the Insolvency Tax Priorities Legislation Amendment Bill 1993.

That has been proven not to be enough. That is why, even when preference in order of priority is accorded to workers following the company’s insolvency, it often proves to be either ineffective or meaningless. If a bankrupt enterprise no longer has any assets then workers, whatever their position in an order of priority, will not benefit. That is in the explanatory memorandum. I do not think it could be written more clearly for the members on the government benches to understand when they ask, ‘What has Labor done?’ Labor has made certain amendments. We now know, and in other cases that have been brought to light, that has not been enough, but at least it has been ongoing. This government in the last four years has done absolutely nothing, even though, time and time again, the need for legislation has been brought to the attention of the House. Time and time again because this is the third time, the third year in a row, that I have introduced this private member’s bill, asking the government to act.

What have we seen? We have certainly seen little activity from the government benches. We have seen statements by the minister saying, ‘We’re going to fix it up. Of course, it’s those terrible states; I wish they would get their act together.’ Yet, in the same breath, he comes in and makes a debate and says that at least 69 per cent of the nation’s workers are covered by federal awards. To me that is certainly big enough for the minister to act on and say, ‘Let me lead. Let the Australian parliament lead the states and get the states’ cooperation.’ We have also heard the New South Wales Attorney-General state that we did not have to wait when this Minister for Employment, Workplace Relations and Small Business sent this particular report off to a ministerial council. The then Attorney-General in New South Wales said, ‘You don’t have to wait. You can put in the insurance scheme straightaway.’ The insurance scheme he was referring to is a copy of the bill that I sent him in 1998.

So, if we have the cooperation of the states, what is this minister waiting for? Does he want more workers to come out and demonstrate? Or does he want more workers in Australia to be protected in the future? We need to have action, and we need it now. I ask leave of the House to present the explanatory memorandum to this bill. (Time expired)

Leave granted.

Bill read a first time.

Mr DEPUTY SPEAKER (Mr Nehl)—In accordance with standing on 104A, the second reading will be made an order of the day for the next sitting.

CRIMINAL ASSETS RECOVERY BILL 2000
First Reading

Bill presented by Mr Kerr.

Mr KERR (Denison) (1.33 p.m.)—The Criminal Assets Recovery Bill 2000 is the first in a package of legislation that the opposition is introducing to address the crucial issues of organised crime and drugs. In March of last year the Australian Law Reform Commission produced a report entitled *Confiscation that counts: A review of the Proceeds of Crime Act 1987*. The report concluded that:

... there is a clear basis in principle for extending the scope of the recovery of profits beyond the
In the words of the Australian Law Reform Commission, the present conviction based regime fails to meet either the objectives of the Proceeds of Crime Act or public policy expectations. This bill adopts one of the major recommendations of the Australian Law Reform Commission report by establishing a civil forfeiture scheme for the proceeds of criminal activity. The principal objects of the bill are: to provide for the confiscation of a person’s property if the court finds it to be more probable than not that the person has engaged in serious crime related activities; to enable the proceeds of serious crime related activities to be recovered as a debt due to the Crown; and to enable law enforcement authorities effectively to identify and recover property.

Serious crime is defined as criminal conduct which, if convicted in criminal proceedings, would result in an offender being liable to serve five or more years of imprisonment. This scheme is aimed at the ‘big players’ in the criminal world, at those people whose profession is crime and whose income is generated by criminal activity. The opposition introduces this bill as an exposure draft. This is a complex piece of legislation which covers complex policy and legal areas. With the minuscule resources available to a shadow minister’s office, we have drafted a bill which we believe will act as an excellent starting position for discussion as to the finer points of the legislation and the scheme in general.

In the absence of any real or effective leadership from the government, it has fallen to the opposition to set the agenda for what should be an ongoing implementation and refining of the most appropriate strategy on illicit drugs. The current Tough on Drugs Strategy, with its disproportionate emphasis on prohibition, is clearly not working to reduce illicit drug use in Australia. More importantly, it is not working to reduce the harm associated with drug use. This should be the main goal of any government strategy—to reduce the harm to society, both social and health, which is associated with our tendency to indulge in drug use, be it legal or illegal.

The focus of illicit drugs strategies must shift from the current overemphasis on prohibition to give increased attention to social, educational, rehabilitation and health programs. This however does not mean there is a lesser role for law enforcement. It is very important that there is effective law enforcement built into any strategy—the emphasis being on the word ‘effective’. In an illicit drugs strategy, the central role of law enforcement should be tackling significant offenders, not minor users. This is the position which Labor articulated in the discussion paper on illicit drugs, which was released in April last year. We want the focus of law enforcement to be on tackling organised and serious crime. Law enforcement has an important role, but with limited resources it is one which must be targeted where it will be most effective.

Australia should not follow the American approach, where there are almost two million people in prison, 60 per cent of whom are imprisoned for only drug related offences. Labor’s distinct preference for dealing with personal use and minor offenders is to keep them out of prison and to provide rehabilitation and detoxification opportunities for those who experience drug related problems. However, drug dealers who are engaged in commercial criminal transactions and organised crime should not be allowed to profit at our community’s expense. Labor’s strategy on illicit drugs, as outlined in the discussion paper, clearly identifies reforms to the law enforcement regime which are aimed at giving effect to this fundamental principle.

One of the reforms proposed in Labor’s discussion paper was a civil forfeiture regime. This bill will establish such a scheme. The scheme is a necessary plank in any effective strategy for ensuring that large-scale organised crime bodies are hit where it hurts. A non-conviction based civil regime will hit the Mr Bigs in the hip pocket.

Criminal activity has prospered with the restructuring of society, which emerging technology and shrinking national boundaries have facilitated. Crime is now organised, professional and transnational. One thing,
However, has not changed: the prohibition of drugs creates immensely profitable market opportunities. Organised criminal activity is reaping the rewards of a worldwide illicit economy. The global illicit drugs market is estimated to be worth $US500 billion annually, but drugs are not the only source of organised crime’s burgeoning income. Smuggling of illegal immigrants across borders is a growing source of illicit income and illegal global trading in endangered species returns an illicit profit of approximately $US10 billion annually.

All of these illegal activities, and countless others, give rise to an almost unimaginable level of income for criminal organisations and individuals. According to the International Monetary Fund, an estimated $US500 billion of hot money is laundered through the global financial system every year. While law enforcement is traditionally aimed at catching criminals perpetrating crimes, the vast income made from these crimes often remains untouched. This is an issue of particular concern when it comes to our approach to illicit drugs. Simply put, under the current laws those who are caught using drugs or selling small amounts are punished, but those who organise the trade and benefit from the proceeds of the illegal trade are often able to get away with it. The size of the heroin market in Queensland was estimated by Commissioner Carmody in November 1999 to be worth $400 million to $518 million, with something like $3.5 billion of the proceeds of heroin sales being laundered in Australia nationally.

The men and women behind organised crime are too often able todistance themselves from the individual instances of criminal activity which generate these vast amounts of money. This is a source of frustration for law enforcement agencies; while they are able to identify profits of illegal activity, and the person or organisation which is benefiting from these profits, sophisticated financial transactions and money laundering schemes often mean that it is difficult to identify beyond reasonable doubt the particular crime from which each amount of money or property stemmed.

Recent years have seen a developing judicial and legislative recognition of the principle that the law should not countenance the retention by any person, whether at the expense of another individual or society at large, of the profits of unlawful conduct. The civil forfeiture regime is built upon this principle. Other jurisdictions have extended and improved their proceeds of crime schemes. In New South Wales, the Criminal Assets Recovery Act substantially altered the New South Wales scheme by establishing a non-conviction based confiscatory regime for a range of serious criminal activity. In 1997, Victoria also extended their scheme to incorporate a non-conviction based regime in relation to a range of serious offences. Under both of these regimes, the alleged conduct needs to be established only on the civil omis of the balance of probabilities.

The regime contained in this bill is modelled largely on the regime applying in New South Wales. Under the bill, the Director of Public Prosecutions may apply to a court for a restraining order in respect of the property of a person suspected of having engaged in a serious crime related activity or activities. A restraining order is an order that no person is to dispose of or deal with an interest in property to which the order applies. A serious crime related activity is anything which is a serious offence, whether or not the person has been charged with that offence. A serious criminal offence is: an offence punishable by a Commonwealth or territory law by imprisonment for five years or more and involves narcotics, theft, fraud, obtaining financial benefit from the crime of another, money laundering, extortion, violence, bribery, corruption, harbouring criminals, blackmail, obtaining or offering a secret commission, perverting the course of justice, tax or revenue evasion, illegal gambling, forgery or homicide; or a prescribed indictable offence; or an offence of attempting to commit, or of conspiracy or incitement to commit, one of the already mentioned offences.

If a restraining order is in force, the Director of Public Prosecutions may apply to the court for an assets forfeiture order. An assets forfeiture order must be made if the court finds it to be more probable than not
that the person was, at any time not more than six years before the making of the application, engaged in a serious criminal activity. The effect of such an order is that the property is forfeited to the Crown and vests in the official trustee on behalf of the Crown. It is then sold and the money paid into the proceeds account.

The Director of Public Prosecutions may also apply for a proceeds assessment order, requiring a person to pay to the Commonwealth an amount assessed as the value of the proceeds derived from an illegal activity of the person that took place not more than six years before the making of the application. The onus rests on the Director of Public Prosecutions to meet the test of the balance of probabilities. Of course, anyone who can show that their assets have a legitimate source would be able to rebut the claim that the assets are the proceeds of a serious criminal activity. Legitimate income can be explained readily through financial records, tax returns or similar documents.

The bill will frustrate criminal attempts to hide the proceeds of crime through arrangements such as trusts, placing the assets under the control of a company, or transferring the proceeds or interest in property to someone with whom the person has a family, domestic, business or other relationship. A court can find that the person still has effective control over these assets, even though legal control has been transferred.

The bill also grants information gathering powers necessary in order to give effect to the scheme. A court may make a production order relating to any ‘property tracking documents’, that is, documents related to, involved in, or useful for identifying any interest in property belonging to a person involved in serious crime related activity, or which is serious crime derived property. A court may also make a monitoring order directing a financial institution to give information obtained by the institution about transactions conducted by a person involved in serious crime related activity or acquired serious crime derived property.

The potentially broad application of forfeiture and proceeds assessment orders is balanced by a number of safeguards for innocent parties. For example, an interest in property which includes money and property obtained through criminal activity is immune from forfeiture where: it is acquired by a person for sufficient consideration without knowledge and in circumstances that would not arouse reasonable suspicion that the interest was ‘tainted’, that is, acquired through crime or illegally; or the interest vests in a person as a result of the distribution of the estate of a deceased person; or the interest is sold or otherwise disposed of under the authority of the bill; or when it is acquired by a person as payment of reasonable legal expenses. The court may make provision for the payment of legal expenses if it is satisfied that the person cannot meet the expenses concerned out of the person’s unrestrained property.

The dependants of a person whose property has been forfeited, or who has been ordered to repay the Commonwealth proceeds made from illegal activities, are also given protection. If the court is satisfied that the order will operate to cause hardship to any dependant, the court may order that the dependant is entitled to be paid a specified amount out of the proceeds of sale of the interest, so long as the dependant did not play a part in the illegal activity.

This bill is a complex piece of legislation. We have attempted, with the resources available to us, to ensure that the bill is a balanced approach to improving the powers of our law enforcement agencies to combat serious crime, while also retaining civil liberties safeguards.

Mr SPEAKER—Order! It being 1.45 p.m., the member is interrupted in accordance with standing order 101. The member will have leave to continue his speech when private members business is resumed at a later hour this day.

STATEMENTS BY MEMBERS

Workers’ Entitlements: Braybrook Manufacturing

Ms ROXON (Gellibrand)—I would like to bring to the House’s attention—but primarily to the Prime Minister’s attention—a petition that is going to be filed today after question time, relating to the ongoing plight...
of Braybrook Manufacturing workers in my electorate who have been retrenched. Their company went into liquidation last September. They were not amongst the lucky number who have been helped by the Prime Minister, as the workers from National Textiles in the Hunter Valley have been. They have not received their legal entitlements and, unfortunately, despite some initiatives of this government and despite the protestations of Minister Reith, all of the steps that have been taken by the government will not assist these workers.

The petition pleads with the Prime Minister to treat these workers equally with other workers. It asks that the government implement a scheme immediately that will guarantee all workers’ entitlements. It also asks that the Prime Minister visit Braybrook to talk not just with the workers but with the community to assess what the real needs are in this area of extreme urban disadvantage. I urge the Prime Minister to pay attention to that petition and grant the people and the workers of Braybrook his serious attention.

Police Services: Hawkesbury Area

Mr BARTLETT (Macquarie) — One of my constituents sent me a copy of his letter to the New South Wales Minister for Police in which he described a case of assault against him and expressed his despair at the shortage of police in the Hawkesbury area. In his letter he says:

Over the last year or so however I HAVE GIVEN UP RINGING THE LOCAL POLICE ... Experience has shown me of late that the response time can be anywhere from 2-3 hours ... the Police are so undermanned locally that the 'offenders' will be safely home and tucked up in bed before the Police can get to the scene ... I believe that approximately 10 Police were transferred out of the District in the last year or 2 and that more are in the process of being transferred as I write.

How do I explain to my children that the Police will protect them and that they should go to them for help if they are in trouble, but that they may have to wait a few hours?

The shortage of police in the Hawkesbury area, and, indeed, in the Blue Mountains, is a big problem. My conversation with local police indicates that several police officers are needed immediately, and yet there are fears of further temporary losses during the Olympics. Richmond Highway Patrol is drastically undermanned, and the Richmond police station is still not open to the public. So drastic was the situation at the end of last year that local police officers had to resort to industrial action to draw attention to their chronic staff shortages. Despite several promises of reassessments from the state government, very little has happened. With their track record in the Hawkesbury, this is not surprising.

For the sake of the hardworking, committed local police officers and for the safety of Hawkesbury residents, help is needed urgently. I call on the state government to act.

Pope John Paul II: Apology

Mr DANBY (Melbourne Ports) — Karol Wojtyła’s apology for the Catholic Church’s role in the crusades, the Inquisition and other persecutions will cement his already significant pontificate. In the long run of history, this process, and his key role in the dissolution of communism, will make his pontificate very significant.

The Pope has a long and honourable history, going back to the Second World War, as an ordinary priest, and his personal safety would have been at stake in taking some of the stands he did. The apology was made not just by the Pope but by senior members of the Curia, including Cardinal Ratzinger, representing the Society for the Propagation of the Faith, the organisation that is the carry-on from the Inquisition.

I do not say that the Pope’s forthcoming visit to the Middle East will be easy or that I will endorse all the things that might be said, but the Pope, representing an institution of one billion people, has after 2,000 years made a clear and unequivocal apology. I think that has some message for Australia.

Australian Labor Party: Brisbane City Council Election

Mr HARDGRAVE (Moreton) — I rise today to report on the hypocrisy of the Australian Labor Party: in particular with regard to the Brisbane City Council election campaign. The hypocrisy is certainly breathtak-
ing when you realise that the Australian Labor Party have decided not to allocate preferences in so many of the wards currently being contested by some pseudo One Nation candidates. It is astonishing in the extreme to believe that Jim Soorley’s Labor administration threw ethics out of the window to such an extent that they have swapped preferences with a declared One Nation identity in Doboy, which shows that they will stop at nothing to gain some political advantage.

They have also taken the coward’s way out in the lord mayoral vote and in certain other wards by refusing to allocate preferences. I call on opposition leader Kim Beazley and Premier Peter Beattie to pull Jim Soorley into line. It is, after all, a stated policy of the Australian Labor Party that One Nation should go last. In the Brisbane City Council election, only the Liberal Party has stuck to the ethics of this question by putting any One Nation candidate or any One Nation style candidate clearly last on its how-to-vote cards.

Just a couple of months ago the new state secretary, Cameron Milner, said they would be preferencing the Liberals ahead of any One Nation style candidate, and yet, when push came to shove, they have abandoned their principles by letting preferences run wild in the Brisbane City Council election.

**Rotary: Foreign Aid Certificates**

Mr **SAWFORD** (Port Adelaide)—A couple of weeks ago I had the pleasure of being guest speaker for the combined Rotary Clubs in my electorate—Largs Bay, Port Adelaide, Grange, West Lakes, Woodville South—and Kidman Park in the electorate of Hindmarsh. I spoke on the topics of service, employment and the future of voluntary activity. However, part of the evening was devoted to a presentation of certificates to recognise service in foreign aid in PNG and the South Pacific by Rotary members. The evening was hosted by Neil Butler and his wife Brenda, and District Governor Alan Wilson and his wife attended. It was great to catch up with former colleagues Errol Chinner and Lambros Lambros; former staff member Wendy Dowling, who accepted a certificate in memory of her late husband, John; former student Udo Burkandt and his wife Alison; my den-

tist, Godfrey Evans; chemist Peter Shaw; and a former politician and neighbour, Norm Petersen, who could not attend on the evening and received his certificate in a private ceremony in my office on the previous Friday.

Although the services these Rotarians carried out occurred up to 10 years ago, it was nevertheless a most worthwhile ceremony, in which the member for Hindmarsh and I participated. Congratulations and thank you to all those people, and their families, who received certificates, and thank you to Neil Butler for coordinating the evening’s activities at the Eagles Football Club.

**New England Conservatorium of Music**

Mr **ST CLAIR** (New England)—Last Friday I had the pleasure of being invited to attend the New England Conservatorium of Music, where Professor Roger Woodward AC gave a short recital in celebration of the arrival of two D-model Steinway grand pianos from Hamburg, Germany which were donated by the Blickling family.

Roger Woodward is the new managing director and head of the conservatorium. His appointment, which included his appointment to the university’s chair of music, has been created by the University of New England. Roger Woodward is an internationally acclaimed pianist and, with him in the role of the head of the conservatorium, the region’s reputation will be greatly enhanced, attracting both national and international attention to the conservatorium and to the university.

The new conservatorium strengthens New England’s reputation as a major regional education centre and Armidale as a city of the arts. The positive reaction from the residents of Armidale and the wider community in the short time since it was publicly announced is extraordinary. This collective enthusiasm and confidence will have a significant impact on future investment in Armidale and the New England.

I wish Roger Woodward, his team and the university the best of luck in the development of the conservatorium of music. It is a wonderful commitment of Roger to live in New England and for him to give this huge
opportunity for the continued development of music as part of our heritage in Australia.

**Canning Electorate: Teen Spirit**

Ms GERICK (Canning)—On Saturday I was delighted to launch the group Teen Spirit in Kenwick in my electorate. One of the advantages of being involved in the Adopt a Politician scheme is that I have had the opportunity to meet a number of families and I have had my experiences widened in ways that otherwise would not be possible. Teen Spirit commenced a number of years ago when some parents with children with disabilities discovered that there were no activities for their teenage children to participate in during school holidays. So the group was founded and set about setting up a program where their children would get access to activities during school holidays because, obviously, they need a greater degree of supervision than some other children.

I am sure the group is going to be a great success. I congratulate each and every member of that group. They can certainly be very proud of their achievements. I think that both the state and federal governments should be encouraged to give them more funding, as it is quite sad to see the degree of fundraising they need to do to ensure that their group can continue.

**Petrie Electorate: Houghton Highway**

Ms GAMBARO (Petrie)—I rise today on the matter of the Houghton Highway, and I call on the state member for Redcliffe, Ray Hollis, and the state education minister, Dean Wells, to have a little bit of courage and to work for the people of the city of Redcliffe.

The Houghton Highway, which was built some years ago, is substandard. It is three lanes, and if there is an accident there there can be delays of up to three hours. In excess of 38,000 people a day use that highway. It is not a national highway; it is a state road, and nothing has been done about improving the services to the people of Redcliffe. How long will they continue to ignore the needs of the people of Redcliffe by doing nothing at all? I commend one of the councillors in Redcliffe, Councillor Houston, for having the courage to take up a petition and for lobbying them. I will continue to lobby for the improvement of the Houghton Highway. To shake their heads and do nothing at all is absolutely not enough for the people of Redcliffe. They deserve better. They have always been given substandard roads and highways. This is another example of inactivity from the state Labor members and the Beattie government when they should be out there helping the people of Redcliffe with decent roads and transport systems.

**Minister for Forestry and Conservation**

Mr ZAHRA (McMillan)—Last week in this place the people of my electorate were seriously insulted by the Minister for Forestry and Conservation because he suggested that some of those people had been stupid enough to think that I might have been his grandson. He also made the suggestion that people in my electorate did not know who I was. I can assure you, Mr Speaker, that he is completely wrong, as usual, on both counts.

This is the man whom the Prime Minister trumpets as the hero of blue-collar workers in Australia. I can recall—and I am sure other members of this House can recall—when the Prime Minister pointed proudly to Minister Wilson Tuckey as the hero of blue-collar workers amongst his ministry. Over on this side, we are proud to have as the hero of blue-collar workers every last member of the shadow ministry, not just one. When it comes to representing the timber industry, I do not need any lessons from the minister. He is a fraud, and he will be proven to be a fraud.

Mr SPEAKER—The member for McMillan should not reflect on members in quite that way. He may continue, but that is an inappropriate comment.

Mr ZAHRA—The Minister for Forestry and Conservation has not spoken the truth on this count. When it comes to who represents them, I can assure you that the timber industry workers in my constituency are under no illusion. They can see through people like Wilson Tuckey and Fran Bailey and other members who profess to support the timber industry in this place. *(Time expired)*

**Cook Electorate: SF6 Road Reservation**

Mr BAIRD (Cook)—I have just received advice through the state member for Cro—
nulla that it is planned that the RTA will sell off part of the SP6 road reservation, and that is of considerable concern. There is no doubt that the traffic situation that leads from the southern suburbs of Sydney into the city is now amongst the worst in the whole of the city and amongst the worst in Australia. This is a road reservation that has been on the books since 1948. It is one of the unbuilt sections of road which currently exist. It is important that that road reservation continue. Not only is it going to be important in the future to move traffic from the southern suburbs to connect onto the eastern distributor but it is also significant in terms of rail access to areas such as Wollongong and to southern areas and perhaps through into Canberra.

To sell off such a road reservation at this point would be a great travesty. It is important for transportation and it is important for relieving the congestion that exists daily on the roads leading from the south into the city. To take away the opportunity for a rail connection from the south in a direct fashion into the new southern railway would also be a great lost opportunity. Therefore, on behalf of the constituents of Cook, I regret that decision.

**Bendigo Electorate: AAPT Operational Headquarters**

**Mr GIBBONS (Bendigo)**—I am delighted to inform the House that last Friday the Premier of Victoria, Steve Bracks, together with AAPT Group Director, John Matic, announced that they had chosen Bendigo to locate the group’s operational headquarters. AAPT is Australia’s third largest communications company. In people terms this will mean work for up to 600 employees in both full-time and casual positions. This will mean an injection of around $12 million per year into Bendigo’s economy and substantial spin-offs for a range of businesses, small and large, throughout central Victoria.

This news follows some 1,800 public sector job losses throughout the region over the past few years as a result of the coalition governments, state and federal, preparing and implementing their privatisation agenda. These privatisation job losses have been estimated to cost central Victoria in excess of $40 million per year. AAPT’s decision to locate in Bendigo was in stark contrast to Telstra’s recent announcement that between 10,000 and 16,000 of its work force will be made redundant over the next few years. Obviously, many of these job losses will come from regional Australia. Three years ago Bendigo had around 800 full-time Telstra employees. Currently there are fewer than 500 people employed by Telstra and a large proportion of these are now casual workers. On the one hand we have the state Labor government working in partnership with the City of Greater Bendigo to create jobs only to have the Howard government and Telstra on the other hand undermining this process by announcing and supporting large scale job losses in the communications industry.

**Mr SPEAKER**—Order! It being 2 p.m., in accordance with standing order 106A the time for members’ statements has concluded.

**MINISTERIAL ARRANGEMENTS**

**Mr HOWARD (Bennelong—Prime Minister)** (2.00 p.m.)—I inform the House that the Minister for Sport and Tourism will return to ministerial duties on Friday, 17 March. The Minister for Financial Services and Regulation will continue to act in her absence and answer questions on her behalf. I also inform the House that on 10 March 2000 the current 12 parliamentary secretaries were appointed by the Governor-General, under section 64 of the Constitution, to administer their respective departments. In accordance with the Ministers of State Act 1952 as amended recently by the parliament, each has been designated by the Governor-General as parliamentary secretary and directed to hold the office of parliamentary secretary to the relevant portfolio minister. These appointments replace their appointments under the Parliamentary Secretaries Act 1980, which was repealed upon commencement on 10 March 2000 of the Ministers of State and Other Legislation Amendment Act 2000. There is no change in the allocation of portfolios or in the title of the parliamentary secretaries’ offices, so no change is required to the ministry list which I tabled on 16 February 2000. As indicated
during the debate on the Ministers of State and Other Legislation Amendment Bill 1999, the appointment of the parliamentary secretaries under the Constitution does not signal any intention to change the role or broad range of portfolio functions that have been performed by parliamentary secretaries under successive governments, and I can happily report that there were 12 men and women breathing well and freely on Friday morning.

**QUESTIONS WITHOUT NOTICE**

**Telstra: Rural and Regional Australia**

Mr BEAZLEY (2.02 p.m.)—My question is to the Prime Minister. Prime Minister, I refer to your Nyngan declaration that any threat to Commonwealth services in regional Australia would set off a flashing red light in your office. Prime Minister, does your Nyngan declaration apply to Telstra?

Mr HOWARD—I thank the Leader of the Opposition for that question. Clearly, the provision of communications services in the bush by a body in which the government holds a 50.1 per cent interest is one that attracts the reach of the Nyngan declaration. I am delighted that the Leader of the Opposition has chosen to give that statement that kind of notoriety and it is very important because I want the people of Australia to know—and I thank the Leader of the Opposition for his bipartisan support—that this government is very strongly committed to the maintenance and, where possible, the improvement of government services in rural and regional Australia. Our position is that Telstra has obligations not only to the government but, more importantly, to the Australian people. I remind the Leader of the Opposition that, when Telstra was 100 per cent owned by the government, there were 17,000 jobs taken out of it under the former Labor government and the justification used at the time was that there was no direct correlation between the employment level and the provision of services. On that occasion the Leader of the Opposition was right, and that is why we are right in saying that, just because there are going to be some redundancies in Telstra, that does not mean automatically that the quality of service is going to decline. Indeed, the quality of service in many industries has gone up in Australia over the last 10 years with fewer employees. Are people really arguing that the level of productivity, for example, in the steel industry in Australia is lower than it was 20 years ago when there were more people employed in that industry? Does the Leader of the Opposition have such a Neanderthal attitude towards the operation of the Australian economy that he fails to notice that one of the fastest growing sectors of the Australian economy is the communications sector?

Unless my hearing failed me more than normally, I thought I heard the member for Bendigo illustrating the very point I was making. He was extolling the fact that there are a few hundred people employed by a communications carrier in the electorate of Bendigo—I think it was AAPT—and he was saying that there were 600 or 800 new jobs created. Thank you very much, Member for Bendigo. That is precisely the point that I make: in a growing, rapidly changing economic sector such as communications, jobs disappearing in one area of communications can easily re-emerge in another area. We have seen that happen in relation to the Job Network. We had this rather fallacious argument from the opposition that, because Employment National, the government owned job provider, had fewer contracts in the second tender round, that automatically meant that services collapsed. The reality is that services in the area of communications are not directly related to employment levels; they are related to a large number of things. And I say again for the benefit of those opposite but more particularly for the benefit of the people of Australia: it is the policy of this government that the existing level of telecommunications services in the bush is not only maintained but improved. That has been communicated to the management of Telstra and over the weeks and months ahead that company will have an obligation to deliver on the community service obligation that it has, and it will be required to deliver by its majority shareholder, which is the government. I also take this opportunity of making it perfectly clear to those who sit opposite that in the long run it remains the policy of this government, subject to the conditions...
laid down at the time of the last election, to proceed with the full privatisation of Telstra.

**Tax Reform: Manufacturing Sector**

Mr PYNE (2.07 p.m.)—My question is addressed to the Treasurer. Has the Treasurer seen reports that business conditions in the manufacturing sector have improved? How will the government’s new tax system reforms continue to assist the manufacturing sector to achieve higher growth and thus jobs?

Mr COSTELLO—I thank the honourable member for Sturt for his question. In fact, he did draw to my attention the survey of manufacturing which was published recently by *Australian Business* and the Colonial State Bank, finding that manufacturers’ confidence is on a high after a back-to-back boost:

Business conditions for manufacturers have improved in the March quarter. It was the first back-to-back improvement in business conditions in more than five years.

So that is a very good finding about confidence in the manufacturing sector. The *Australian Business* Managing Director, Philip Holt, said this:

>We are particularly pleased to see that, for the first time since mid-97, a majority of manufacturers have had their export sales increased from the previous quarter.

So there are good manufacturing conditions and, most importantly, an improvement in exports for the manufacturing sector. Of course, one of the reasons why that is coming back since mid-1997 is that the Asian financial crisis which we went through in 1997 and 1998 appears now to have bottomed and the world is growing stronger.

Mr Howard interjecting—

Mr COSTELLO—The Prime Minister reminds me that we could have avoided the Asian financial crisis if his predecessor had remained in office! We saw that claim on the weekend.

Mr SPEAKER—The Treasurer will return to the question.

Mr COSTELLO—He interpolates on me, Mr Speaker. Manufacturing will be the industry which benefits the most from the government’s tax reform because, under Labor policy, indirect tax falls heavily on the manufacturing sector. Labor believes in having indirect tax on goods and only goods, and as goods shrink as a proportion of the economy Labor’s policy was to kick the rates up. So, after the 1993 election, it took the 10 per cent rate to 12, the 20 per cent rate to 22 and the 30 per cent rate to 32, as the manufacturing sector bore a heavier and heavier burden of taxation under Labor.

Basing a broad based goods and services tax at a low rate of 10 per cent helps the manufacturing industry. In addition, it particularly boosts exports. Mr Speaker, you do not have to take that just from me. That point has been made by the Manager of Opposition Business, Mr McMullen. When he was asked on radio station 5AA on 12 January 2000, ‘What about exports—what is the GST?’ he said this:

>Well, the GST overall should be good for exports. That was the Labor Party: the GST should be good for exports—on radio station 5AA on 12 January. That was the Manager of Opposition Business, a former senator, who is now the member for Fraser. Here is Labor: it has been absolutely opposing a tax reform which is good for exports, which is good for the manufacturing industry and which is going to help create jobs in Australia. So we now have a situation where the Manager of Opposition Business thinks tax reform is good for exports and the member for Lilley wants to repeal the GST between now and 30 June but on 1 July he wants to keep it. His policy is to repeal it up until 30 June and, when the clock goes past midnight, he is suddenly in favour of it from 1 July. We have got the member for Werriwa who wants GST-free areas, we have got the member for Griffith who wants good OECD practice, we have got the Deputy Leader of the Opposition yet to make his first speech on the economy—such a serious thinker, he is yet to make a speech on the economy—and we have the Leader of the Opposition, who is in favour of roll-back on an uncharted road with an unknown destination and who is so opposed to GST that, if he is ever elected, he wants to keep it.

Tax reform is good for the manufacturing industry. It is good for exports. It is about time the Labor Party dropped this pretence
and admitted they want this side of politics to do the hard work. They just want to take the benefit of it. You might as well join us and do the hard work if you ever want the country to take the benefit of tax reform.

Telstra: Rural and Regional Australia

Mr BEAZLEY (2.12 p.m.)—My question is to the Prime Minister. I refer to your answer to my previous question confirming that Telstra falls under your Nyngan declaration. Prime Minister, will you give a guarantee that your Nyngan declaration will apply to a fully privatised Telstra?

Mr HOWARD—I gave a declaration about government services. I acknowledge that Telstra was within that declaration. That remains the position.

Business Tax Reform: Benefits

Mr LIEBERMAN (2.12 p.m.)—My question is addressed to the Treasurer. What is the government’s timetable for continuing business tax reform? What consultation is taking place as part of this process, and what are the benefits of business tax reform?

Mr COSTELLO—I thank the honourable member for Indi for his question and acknowledge the contribution that he has made in this place over a long period of time. The government proceeds with the reform of business taxation. The company tax rate in this country, which is currently 36 per cent, is going to fall to 34 per cent on 1 July and to 30 per cent the year after. The government has cut capital gains taxes. I might say that again, because this is the first government to have ever done this in Australian history. This government has cut capital gains taxes, and we halved the application of capital gains taxes from the end of September last year. For small business in particular, for farmers who hold an asset for a period of 15 years and want to retire, there is no capital gains tax on an active asset in their business, and they can retire from the farm into a town without paying capital gains tax. And we have introduced scrip for scrip rollover between companies to allow for more efficient returns to shareholders.

In addition to these matters which have already been put in place, the government has asked for business consultation in relation to even more far-reaching reforms to business taxation. Those consultations have been conducted by the Business Coalition for Tax Reform under the chairmanship of Mr Dick Warburton. I want to acknowledge the work that Mr Warburton has done in consulting with the business community on the so-called option 2 from the Ralph review to see whether there is general support to proceed with those far-reaching reforms which would dramatically simplify the Australian taxation system. Mr Warburton has done a lot of work on this, and I note some of the comments that were in the paper today about where he is up to in his consultation. The government will be very interested to receive the results of that consultation.

I make it clear that for small business there is the option to go under the simplified taxation system, which will mean that on a cash basis most of the tax value method of option 2 will not be applicable and so they will be cut out of any transitional costs. I also make it clear, as the government has said on a number of occasions, that we will be setting up an advisory board on the taxation system which will allow access to private sector expertise on a regular basis, not only on business tax but on all aspects of tax law, to help with any transitional costs in relation to option 2 and the ongoing business taxation. Such an advisory body would give the government the opportunity to consult with the business community. It would have a number of business representatives on it, but not just business representatives; it would have consumer representatives and people who are familiar with issues for PAYE taxpayers. The government is currently receiving expressions of interest and will evaluate them. After considering those expressions of interest, I hope to be able to announce the establishment of the membership of that particular board. I commend the business coalition for the work that it is doing. The simplification of the Australian taxation system is a goal to which we should all aspire. Indeed, if it can generate widespread business support, it is something that
we can move to with consensus, which would be needed if this were to be put in place by 2001.

Telstra: Rural and Regional Australia

Mr BEAZLEY (2.16 p.m.)—My question is again to the Prime Minister. Prime Minister, as you evaded my question asked previously, will you give a guarantee that your Nyngan declaration will apply to a fully privatised Telstra or does it expire the day Telstra is sold?

Mr HOWARD—I point a couple of things out to the Leader of the Opposition. The first thing I point out is that the obligation to provide levels of service—in other words, the community service obligation—is enshrined in statute, and that obtains irrespective of who owns Telstra. This fact seems to have completely eluded the Leader of the Opposition. This notion that the only way you can have standards, the only way you can deliver services, is for the government to own it is totally fallacious. The requirement to provide services is there irrespective of who owns it, and I would remind the Leader of the Opposition that standards of service delivered by the old government owned to the extent of 100 per cent Telecom were in many respects massively inferior to the services that are being delivered today.

Mr Beazley—Mr Speaker, I take a point of order on relevancy. My question was not about community service obligations, which are a very basic service, as everybody in the bush knows; it was about the Nyngan declaration. He is not answering the question.

Mr Speaker—I considered the Prime Minister’s answer to be entirely relevant to the question asked, and for that reason had not interrupted him.

Mr HOWARD—I remind the Leader of the Opposition that if you are really interested in service delivery for the bush you will be interested in the community service obligation, because that is how you deliver services to the bush. If the Leader of the Opposition is really interested in this matter, he should turn his attention to the community service obligation. I did not evade the second question. Clearly, declarations made relate to government services. The Leader of the Opposition knows exactly what I mean by government services and I think every member in the House knows exactly what I mean by government services. I simply point out to the Leader of the Opposition yet again that, when under your stewardship, Telecom, as it used to be called, was 100 per cent owned by the government, in many areas the service delivery was massively below what it is now. So, far from partial privatisation having led to fewer services in rural Australia, although we are far from happy with the level of service delivery in rural Australia—and I make that very clear—in many respects the service delivery now is significantly in advance of what it was four or five years ago when Telecom was 100 per cent owned and when the Leader of the Opposition in his former ministerial manifestation presided over the loss of 17,000 jobs in Telstra. He comes into this place today peddling this nonsense, trying to draw a direct link between literal employment levels and service delivery when he knows that in all the years he held government under both Mr Hawke and Mr Keating he would argue the opposite.

Mr Beazley—Mr Speaker, I go to a point of relevance. It is the case that community service obligations are a basic service—

Mr SPEAKER—The Leader of the Opposition will resume his seat. Has the Prime Minister concluded his answer?

Mr HOWARD—I have for the moment, Mr Speaker.

Goods and Services Tax: Australian Business Number

Mrs ELSON (2.21 p.m.)—My question is addressed to the Minister for Employment, Workplace Relations and Small Business. Minister, would you inform the House of the registration uptake by the business sector of the Australian business number that will be essential for businesses in the new tax system? Would you also tell us the impact on the small business sector of any roll-back of the goods and services tax?

Mr REITH—I thank the member for Forde, who is a great supporter of small business, a member of the government’s committee on small business and a great advocate in this parliament for the interests of
small business. I know she will be interested to know that the huge effort the government is undertaking, the biggest education and information program ever to support a tax reform, is now I think starting to have results and starting to get through to the small business community. I am told we had something like 100,000 registrations last week. On one day for the Australian business number we had 28,000 registrations. It is interesting that people are using the Internet as a means of getting those registrations in. Apparently, 40 per cent have been lodged through the Internet, with a turnaround of those applications of seven days. The ABN hotline is receiving up to 17,000 calls a day, and I am pleased to advise the House that over 600,000 registrations have now been lodged with the ATO.

The effort continues in other areas. I was down the street in my electorate the other day, in Hastings, and I am pleased to report that, as I was waiting for my sandwich to be prepared, the person in the shop told me that the Taxation Office had actually door-knocked their particular business and offered them a helping hand with advice and assistance. We had 220,000 hits alone on the start-up assistance web site last week. We have had three million fliers distributed to assist small business. Under direct assistance for business, 5,300 supplier applications of GST related products have been made, and I recommend all members have a look at the GST start-up assistance web site to give you some sense of the very comprehensive service which is being provided to small business. We have had another 50,000 booklets and another 35,000 CDs sent or ordered. Most members would know that there have been something like 1,000 seminars conducted by the ATO up until Christmas and they are running apace now with the professional organisations.

Mr Crean—You will have to have another 2,000 after this.

Mr REITH—I am interested in the interjection because the Labor Party are opposed to this. They are totally opposed to the GST and they are totally opposed—by the interjection—to the pay-as-you-go system. And we know why. Usually it is just opposition for the sake of opposition. In this case it is opposition for the sake of research because we know the Leader of the Opposition was asked by Laurie Oakes on the Sunday program only last month, ‘What does your research show? What will change votes?’ and he said, ‘The two vote-changing issues that our research shows basically are people’s concerns about health and of course the GST.’ So this is a campaign based on the latest research. We know it is not based on their policy because, whilst they are opposed to the GST, if ever they were in government, of course they would keep it. And the Leader of the Opposition was out there saying on 1 June last year, ‘The problem for small business with this particular exercise that the incredibly cumbersome paperwork is totally unproductive labour,’ so they are totally opposed to the pay-as-you-go system. But what was their policy on pay at the last election? They were going to introduce it. They are now totally opposed to that which was their policy, yet obviously if ever they were elected they would be in favour of the pay-as-you-go system because that is their policy. Usually it is that side of the paper; on this occasion it is this side, and they are in favour of it.

Then just to add hypocrisy upon hypocrisy, if they were ever elected, they would roll back the GST, they would keep the pay-as-you-go system because they are in favour of it, but as they are now opposed to the pay-as-you-go system they are going to make it even more complex by the roll-back. This is just hypocrisy on a grand scale and, as the Leader of the Opposition says, it is not opposition for the sake of opposition; it is opposition because this is the latest research.

We are doing this because it is good for small business. That is why you are seeing small business now making their applications. Sure, there is a transition period, but this is a transition to a better system. These people are totally opposed to it, but they will keep it. Furthermore, they will make it worse.

Telstra: Rural and Regional Australia

Mr STEPHEN SMITH (2.26 p.m.)—My question is directed to the Deputy Prime Minister, Leader of the National Party and Minister for Transport and Regional Serv-
ices. Deputy Prime Minister, are you aware that last week the Leader of the National Party in the Senate, Senator Ron Boswell, said when asked on improving Telstra services to rural Australia ‘how are you going to do that with 10,000 less people?’ and that the Minister for Agriculture, Fisheries and Forestry last week questioned how ‘a better service for the bush could be delivered with less people’. Are you also aware that yesterday the Minister for Communications, Information Technology and the Arts, Senator Alston, when asked how the cuts would affect service levels, said, ‘You can dramatically do more with less’? Minister, who is right: your National Party colleagues or the minister for communications?

Mr ANDERSON—I know one thing is absolutely certain in this case, and that is that I am totally right when I say that the ALP has absolutely no credibility here—none. The Prime Minister has referred to what it was like in the good old days when you ran telecommunications. You have form.

Mr Beazley—On a point of order, Mr Speaker, obviously as to relevance: this is not remotely connected with anything he was asked.

Mr SPEAKER—While the Leader of the Opposition’s point stands, I have to indicate to the House that, 29 seconds into an answer, I could hardly have intervened in the actions taken by the Deputy Prime Minister.

Mr ANDERSON—Surely it is relevant to illustrate the point by referring to alternative approaches to telecommunications policy. I happen to remember what it was like in the days when you ran telecommunications. You have form.

Mr Beazley—I raise a point of order, Mr Speaker, I raise a point of order.

Mr SPEAKER—The Leader of the Opposition has not been recognised. I have asked the Deputy Prime Minister to come to the question, which I would have thought was consistent with the point being raised.

Mr ANDERSON—Those were the days when they had not established a consumer guarantee. There was no consumer guarantee; that is the point of all of this.

Mr Wilkie interjecting—

Mr ANDERSON—They were not able to set standards. They made no attempt to set standards.

Mr SPEAKER—The Deputy Prime Minister was asked a question about a comment made—

Mr Martin Ferguson—It was made by Ronnie de Bos.

Mr SPEAKER—by a member of the Senate and other comments made over the weekend. I ask him to come to the question.

Mr Martin Ferguson interjecting—

Mr SPEAKER—The member for Batman!

Mr Stephen Smith interjecting—

Mr SPEAKER—The member for Perth is warned.
Mr Reith—Mr Speaker, I raise a point of order. My point of order is that it is entirely relevant for a minister to canvass an issue, including the way in which this issue has been treated in the past. It can hardly be described as anything other than relevant that there were 17,000 job losses when the previous government had ministerial responsibility.

Mr Beazley—With regard to that point of order, Mr Speaker: four times you have drawn the minister’s attention to the fact that he is way out of order. It would be no more in order for me to point out that there are about 30,000 fewer people employed at Telstra now than—

Mr SPEAKER—The Leader of the Opposition knows that he cannot debate the issue when he makes a point of order. The Leader of the Opposition had no reason to raise a point of order when to date the rulings have been rulings that he ought to have been lauding.

Mr Beazley—I am lauding them. They are excellent rulings.

Mr McMullan—We are supporting them.

Mr SPEAKER—Well, the chair could be forgiven for not being aware of that.

Mr Wilkie interjecting—

Mr SPEAKER—the member for Swan is warned!

Mr ANDERSON—You went around the process of shedding labour all over the place, with no guarantees at all in relation to customer services. We have. We have laid down what is required and we have put the teeth behind it to make sure that Telstra has to deliver. That is the difference.

We have had Mr Beazley out there over the weekend saying, ‘When you remove lines’—by which he means linesmen—and techs from the bush, and they have been removed from regional Australia by the bushel over the last few years, when something goes wrong with somebody’s phone, there isn’t anybody to replace it.’ I remember what it was like moving around the constituency in the early 1990s. I remember going to Delungra, Warialda and Mungindi, where people were saying, ‘There aren’t enough people to fix the lines because they have all been pulled out of the depots.’ The point is that we have put in place the guarantees that mean Telstra cannot do that any more.

Foreign Policy: Asia

Mr TIM FISCHER (2.35 p.m.)—Mr Speaker, my question is directed to the Minister for Foreign Affairs. Can the minister inform the House of the government’s commitment to strengthening relations with our regional neighbours, including those in South-East Asia? Is the minister aware of any alternative approaches?

Mr DOWNER—Mr Speaker, I thank the honourable member for Farrer for his question. It could not have come from a more appropriate member of this House, because honourable members may be interested to know that the honourable member for Farrer is Australia’s representative on the ASEAN CER free trade area task force. He has already been to a meeting of that task force. The very existence of this task force demonstrates the determination of this government to build close, practical and constructive relations with our neighbours which can be to the benefit of people in this country. The idea...
that we are pursuing, of building those economic links with the countries in South-East Asia to open up markets for Australians in South-East Asia, is a practical and constructive way of engaging with our neighbours.

The government has recently become a member of the East Asia-Latin America Forum, another practical illustration of Australia building links with not just our own region but other regions around the world. The House should be reminded that this government played an extremely active role in helping our regional neighbours through the Asian economic crisis. We and Japan were the only two countries in the world that supported all three IMF packages, and we very considerably increased our aid budget for countries most seriously affected by the crisis.

It does beg the question, as the honourable member said: are there any alternative approaches? The fact is that there are alternative approaches, at least in a somewhat hypothetical sense. When I came back from Papua New Guinea on Saturday morning, I was greeted with the Weekend Australian magazine and a photograph on it saying, ‘He’s back,’ I wondered why the children were a bit disconcerted on Saturday morning. Opposition members interjecting—

Mr DOWNER—I knew that would get you going. You would not sit there quietly for long, would you? When I looked at this article, which I am sorry to have to report to the House is somewhat bitter and paranoid, I saw one particular part that I thought the House would be interested in, because it does demonstrate an alternative approach. The journalist who wrote the article seems to be somewhat of a fan of the former Prime Minister.

Mr Beazley interjecting—

Mr DOWNER—Labor men normally aren’t. The journalist wrote:

... Keating’s assessment of what he would have done in foreign policy is typically bold and breathtaking.

Then there was the quote:

“...I think we would have avoided a lot of the Asian crisis...”

Had Labor won the 1996 election under Keating, all of these people would have been ministers in the Keating government and the Asian economic crisis would have passed the world by; it would never have happened. If I have read a more fatuous and foolish comment in an interview I would be interested to be reminded of it. It is a pathetic reflection of the Labor Party—and this is the relevant point—that that statement by Mr Keating constitutes all there is of Labor’s foreign policy: had Labor been re-elected there would not have been any Asian economic crisis. In conclusion, I noticed that, had Labor been re-elected, according to Mr Keating, they would have done nothing about East Timor; that would not have mattered. They are bold on rhetoric in opposition but very silent in government. It is a sad thing that the Labor Party have to depend on Mr Keating now for any comment at all on foreign policy.

**Telstra: Rural and Regional Australia**

**Mr BEAZLEY** (2.39 p.m.)—My question is to the Minister for Agriculture, Fisheries and Forestry. It refers to the provision of telecommunication services to farmers. Do you still stand by your statement of last week in which you questioned ‘how a better service for the bush could be delivered with less people’?

Mr TRUSS—Obviously farmers and all people in rural and regional Australia are very keen to have a quality telecommunication service. That is their highest priority—a good quality service that enables them to interact and to transact business around the world and to get access to all the latest information as quickly as possible. That is their objective. They want that to be delivered in a competent way. If it is delivered by Telstra or some other company, their fundamental interest is in that service being delivered in a quality way.

There are many people in rural and regional Australia who are disappointed with the way in which Telstra has responded to their demands for services and the speed at which these things have been rolled out. They have looked to other companies to deliver that kind of service. Indeed, there are now many employees from alternative com-
panies who are providing services in the bush. I heard a little earlier that the member for Bendigo has identified that some of those are employed in the electorate of Bendigo. That is also true in many other regional areas. So it certainly takes people to deliver services; it takes technology to deliver services, but there are many ways in which those services can be provided and provided in a quality way. This government, through its community service obligation, has legislated to guarantee that there will be a quality service delivered and we are determined to see that happen.

**Education: Student Outcomes**

Mr BAIRD (2.42 p.m.)—My question is addressed to the Minister for Education, Training and Youth Affairs. Is the minister aware of any obstacles to the government’s attempts to promote better educational outcomes for Australian students? What is the minister’s response to actions which impede good student outcomes, and is the minister aware of any support for such action?

Dr KEMP—I thank the member for Cook for his question. I know how concerned he is about the actions of the New South Wales Teachers Federation in that state. I informed the House last week of the inexcusable slap in the face that the New South Wales Teachers Federation has delivered to the parents of New South Wales schoolchildren. This union has engaged in massive educational vandalism in that state. This was revealed today in the Sydney media, which reminded us of the extent of the union’s obstruction and educational treachery. On at least three occasions there have been bans on school reports, HSC marking, procedures covering student care and safety, and literacy testing. We are seeing inexcusable action by a union which is a close friend of the federal Labor Party. Parents in New South Wales are entitled to ask whether at any point the Leader of the Opposition has stood up and asked the union to stop its industrial action, has condemned the actions of the union and has said that the Labor Party will have none of this. Of course we have had crashing silence from the Leader of the Opposition. He has not, I am quite sure, telephoned Ms Burrow and asked for the Australian Education Union to intervene.

**Government members**—Shazza!

Dr KEMP—If he has rung up Shazza at all it has been to ask where the ALP’s education policy is. The union has been very slow in delivering this policy. There is no policy on that side. Until the union delivers one there will not be a policy. Make no mistake: this union, this destructive educational vandal, has carried out its action without the slightest word of condemnation from the Labor Party. The Australian Education Union will be writing the Labor Party’s educational policy and the Leader of the Opposition will not rock the boat. Why? He made that quite clear in *Workers Online* on 3 March when he said:

I want a close relationship. ... I regard the relationship with the union movement as a plus. With friends like the Teachers Federation, who needs enemies? We have a party on the other side of the House closely linked, day in, day out, with the most destructive educational organisation in the country. They make not a word of criticism or condemnation. Parents in New South Wales are entitled to draw the conclusion that they can expect nothing supportive of the education of their children from the Australian Labor Party.

**Telstra: Job Cuts**

Mr SIDEBOTTOM (2.45 p.m.)—My question is directed to the Deputy Prime Minister and Minister for Transport and Regional Services. Minister, following Telstra’s announcement last week of job cuts of 10,000, can you guarantee that the Telstra call centre in Burnie in my electorate of Braddon will not close?

Mr McGAURAN—As the minister representing the Minister for Communications, Information Technology and the Arts, I am more than happy to take this question. Telstra has indicated that no final decisions have been made in respect of the call centre optimisation program. It is therefore not possible to discuss individual centres. Naturally, the communications environment is very competitive and Telstra is reviewing all of its operations, including call centres, with a view to offering a cheaper and better service
to its customers. Competition also allows other companies to enter the market. The member for Bendigo gave us a classic example a short while ago with the new call centre being established in Bendigo by AAPT, a new entrant into the market. They have announced they are setting up a call centre in Bendigo, creating 413 full-time jobs. Telstra has indicated it is very aware of the effects of its business decisions on staff and the local community, particularly in rural areas.

Medicare: General Practice Memorandum of Understanding

Mrs DRAPER (2.47 p.m.)—My question is addressed to the Minister for Health and Aged Care. Would the minister inform the House how the memorandum of understanding signed with general practitioners in August 1999 is already leading to higher quality general practice care for Australians. Is the minister aware of any alternative proposals relating to this issue?

Dr WOOLDRIDGE—I thank the honourable member for her question. The historic GP memorandum of understanding is now delivering for both patients and general practitioners. It has been in place since the middle of last year. It showed great foresight and courage on the part of the medical groups that were involved in its signature and undertaking. It is already working for Australians. As a result of the GP memorandum of understanding, we now have an annual health check for older Australians. This was introduced in November. Already, over 20,000 older Australians have taken advantage of this with over 6,000 people having the annual assessment in their own homes. This changes the way general practitioners do their work and can treat their patients. It gives a greater focus on prevention. It allows items that have not previously been covered under Medicare to now be covered.

Secondly, it gives us a framework where we can modernise the medical benefits schedule in ways which can lead to better health outcomes. We are developing a program to enable GPs to undertake population health activities, something they have never been able to do under Medicare. We are looking at a patient-doctor charter which outlines the rights and responsibilities of each. We are looking at further scope for telemedicine consultations and mechanisms to improve access to patients for a wide range of services at doctors' surgeries. The GP memorandum of understanding is looking at ways in which we can increase facilities for patients to claim from Medicare. This was discussed in the House last week.

From 1 May, the memorandum of understanding will result in a 2.25 per cent increase in the Medicare rebate for GP attendance. This is over and above the normal 1 November increase. This is a one-off increase that would not have happened had this memorandum of understanding not been in place. This will increase the schedule B rebate by 50c per consultation, and will be a significant boost to high quality general practice. This is a direct result of cooperation between GP groups and the federal government. It has shown that, working in cooperation, we can deliver for both the public and general practitioners.

I was asked if I was aware of any alternative plans. I am not aware of any alternative plans, because the opposition has not had a single original idea on health in four years in opposition. The shadow minister for health was prepared to put out carping, negative, opportunistic press releases saying that this would lead to a blow-out in the Commonwealth budget. It has not. She has also said that it would lead to a collapse in bulk-billing. It has not. She has been proven wrong. We are delivering in this area.

Nursing Homes: Alchera Park

Mr SWAN (2.50 p.m.)—My question without notice is directed to the Minister for Aged Care. Minister, can you confirm that the daughter of a resident suffering gangrene who died in the Alchera Park nursing home last year contacted your office on 28 February and is still waiting for a response? Given that it is now seven days since you wrongly told parliament her complaint was resolved, why hasn’t your office contacted her as promised, and why hasn’t she been supplied with a report on her father’s death?

Mrs BRONWYN BISHOP—Alchera was visited on 8 March by assessors from the
aged care standards agency, who undertook a spot check. There is no immediate risk to residents. The accreditation agency has done two reviews and spot checks of Alchera.

Mr Beazley—Mr Speaker, I rise on a point of order. My point of order goes to relevance. This is a specific complaint raised by a woman with her office. It is not a report from Alchera nursing home.

Mr SPEAKER—As the question was asked by the member for Lilley, I noted it. In fact, it referred to Alchera Park. It was reasonable for me to presume that the minister was proceeding through what had been cases at Alchera Park.

Mrs BRONWYN BISHOP—Quite clearly, the opposition indicate that they want information, and then they purport not to want it. So I will continue. The accreditation agency is supervising a second plan of improvement with the service, and two assessors remained at the home until 10 March to provide support. I am aware that two GPs are now raising concerns relating to care at Alchera last year. But, if the GPs consider the matter to be serious and related to the death of a resident, they should report it to the Queensland coroner.

Mr McMullan—I have a point of order, Mr Speaker, under standing order 145, on relevance. We keep asking questions about what the minister has done; she keeps replying about what the department has done. We want to know what she did.

Mr SPEAKER—The minister had just responded about GPs reporting, I thought, on the death of patients at this particular nursing home, and that may easily have been relevant to the question asked. I am listening to the minister’s answer.

Mrs BRONWYN BISHOP—The fact of the matter is that Alchera was raised. There were concerns that were raised and, accordingly, the response was to have a spot check done and to have reviews in order that we can be sure that in fact this home is properly monitored. As I said, the Alchera Park Nursing Home had been the subject of complaint and, as a result of that complaint, spot checks were conducted to ensure that there is no serious risk.

**New Tax System: Pensioners**

Mr NUGENT (2.55 p.m.)—My question is addressed to the Minister for Community Services. Will the minister inform the House of measures the government has put in place to ensure that pensioners and other social security recipients are compensated with the introduction of the new tax system? Will the minister further inform the House how many pensioners will receive this assistance and how it will be delivered?

Mr ANTHONY—I would like to thank the member for Aston because I know he has a very firm commitment to helping the elderly and all those receiving some type of social security payment. Before I actually explain to the Australian Labor Party and the rest of the Australian public some of the enormous benefits that are coming through the new tax system on 1 July, this House should know that, as of next Monday, 3.5 million Australians will receive substantial increases in their payments. The pension rate will increase by $5.50 a fortnight to $372 for single pensioners, and for couples there will be an extra $4.60, taking it to $310.50. For those single allowees over the age of 21, there will be a $5.30 increase, taking the maximum rate to $358.70—

Mr Cox interjecting—

Mr SPEAKER—The member for Kingston is warned.

Mr ANTHONY—and for couples an increase of $4.50, taking it to $299.10. What this means, particularly for pensioners, is that, when our four per cent increase comes in, pensioners will have a $20 a fortnight increase within four months time. And that is equivalent to an increase of around $520 over a year. That is true compensation going to pensioners. And there are other measures that have been put in place. We are putting in compensation measures that were never put in by the Australian Labor Party with their policies. I will come to them in a moment.

Turning to other measures, there is the taper rate. For the first time the taper rate will be reduced from 50 to 40 per cent. There will be real increases in the maximum rate of rent assistance—by seven per cent. There will be an increase in the assets and income test free
areas—by 2.5 per cent—which the member for Lilley may wish to listen to. We are introducing an aged persons savings bonus of up to $1,000. But there is more than that, as the member for Aston knows. For the first time, after 1 July single pensioners can earn up to $14,500 and not pay taxation and couples can earn up to $24,500, giving them the incentive to save and to earn. And, of course, for the first time 50,000 self-funded retirees will become eligible for pensions.

But let us look at the alternatives. When you guys were in power, as the Treasurer articulated earlier on, there was no compensation when WST went up—none at all—from 10 to 12, from 20 to 22 or from 30 to 32 per cent. There was no compensation whatever. You promised tax cuts. We know what happened to those: they never materialised. There were no tax cuts. You did not tie it to total male average weekly earnings—which was probably just as well, because male average weekly earnings went down under your stewardship. Of course, these are the measures we have put in place. But you have no plan. You have no plan whatsoever. Of course, the member for Werriwa has his special GST exemption zones. The member for Griffith—well meaning as he may be—has his plans for the OECD. The member for Dickson does not have an employment plan; there is a discussion paper, and that is positive, I suppose. And of course there is the member for Lilley. The member for Lilley’s plan is roll back. Are you going to roll back the compensation package on 1 July? I will tell you what you all have in common—

Mr Swan interjecting—

Mr SPEAKER—The member for Lilley is warned.

Mr Anthony—What you all have in common is that theme of the lowest common denominator, which is fear. Fear and scare tactics are all very much encapsulated in Wayne’s world: create fear, whether it is with people in nursing homes or people who are less privileged and have less advantage, particularly the pensioners and self-funded retirees, who we are looking after.

Nursing Homes: Alchera Park

Mr Beazley (2.59 p.m.)—My question is to the Minister for Aged Care, and it follows the previous question. It relates to events which occurred before there were any spot checks at Alchera Park Nursing Home. I ask the minister again: can she confirm that the daughter of a resident who died suffering gangrene in the Alchera Park Nursing Home late last year who contacted her office on 28 February is still waiting for a response? Minister, given that it is now seven days since you wrongly told parliament her complaint was resolved, why hasn’t your office contacted her as promised, and why hasn’t she been supplied with a report on her father’s death?

Mrs Bronwyn Bishop—The complaints raised by Mrs Bohm require careful investigation and consultation with the agency. Indeed, a response will be provided to Mrs Bohm when the information is received. Officers from the complaints resolution scheme contacted the facility on 29 February by phone to follow up the matters that were raised, both on 27 February with the department and then with the phone call to me on 28 February, which I have already put on the record in this House. When that report has been furnished to Mrs Bohm, I have asked for a copy of it. I am informed Mrs Bohm has agreed that, if all the improvements proposed within the action plan were to be implemented, she would be satisfied with the action taken. The information that I gave to this House, when I was told that the complaint had been resolved on 18 January 2000, was in fact the advice that I had been given through the department and it was advice that I was entitled to rely upon.

Indigenous Australians: Employment

Mr Haase (3.01 p.m.)—My question is addressed to the Minister for Employment, Workplace Relations and Small Business. Minister, would you inform the House of the success of the government’s indigenous employment program, which was announced last year? How has government endeavoured to get indigenous people into jobs and assisted them to become self-sufficient?

Mr Reith—I thank the member for his question. I know of his interest. I was in his electorate last year, up in Broome, talking
with people about indigenous employment opportunities. The government announced a big program last year of a doubling of funds. We have been working with communities and others to see the full implementation of the government’s policy initiatives. One of the things we have been doing is to encourage some of Australia’s biggest companies, in particular the CEOs of those companies, to be personally interested in doing what they can through their companies to provide more employment opportunities. It is a long and difficult task, but I can report to the House that we have had a fair measure of success. I am pleased to announce to the House today that Pasminco has agreed to take on another 95 trainees at their Century Zinc operation in the gulf. I was there last year, and I personally spoke with trainees at Pasminco. They seem to have a very good operation in place. It is a very practical program. I believe it works, and I think they should be congratulated for taking this further step in their program with the appointment of an additional 95 trainees.

This is one aspect of a multifaceted approach that the government has. This is only one of seven subprojects to the total employment policy. In this area, though, we have something like $800,000 going in. In this particular case Pasminco are putting in $3 million, so it is a real commitment on their part. They are taking trainees from Normanton, Burketown, Mornington Island and Gregory. They will go through a lot of training programs, including hospitality, mining, environmental, pastoral and information technology traineeships and apprenticeships. I believe that, with reaching 700, we ought to be aiming for a thousand, and we are. Whilst these stories do not get front page in the Sydney Morning Herald, this is just another example of genuine efforts by this government to help Aboriginal people, indigenous people, into permanent jobs and to give them the training to back it up and make it a reality for them.

Nursing Homes: Riverside

Ms MACKLIN (3.04 p.m.)—My question is to the Minister for Aged Care. Do you recall telling this House last week that your concerns about the death of a resident at Riverside Nursing Home were sparked by the second report on Riverside, dated 2 March? Minister, if this is the case, why did you decide to refer the matter to the Australian Federal Police on 29 February—three days before you saw the report?

Mrs BRONWYN BISHOP—I would not take the word of the opposition that the quote is as they said it is. I will check the record as to what was said there, and the report.

Mr McMullan—I seek leave to table an extract of Hansard of the day in question.

Leave not granted.

Work for the Dole: Policy

Mr McARTHUR (3.05 p.m.)—My question is addressed to the Minister for Employment Services. Minister, what opposition to the Work for the Dole scheme has been encountered during the past few days? Would you inform the House of the government’s response to any alternative views on this issue?

Mr ABBOTT—I thank the member for Corangamite for his question and for his support for great government programs like Work for the Dole, Green Corps and others. Work for the dole schemes have a long and honourable history in Australia. As Noel Pearson has repeatedly pointed out, passive welfare is the poison that destroys communities. It is the kindness that kills. What is happening is that the government’s Work for the Dole program is in many ways an extension to the wider community of policies that have been helping indigenous Australians to regain the dignity of work for the best part of 20 years.

This lesson seems to have been lost on at least some members of the Australian Labor Party. Last Thursday, the Lord Mayor of Brisbane, Councillor Jim Soorley, derided Work for the Dole as being of no lasting benefit to the community. How dare he denigrate the work of participants and community organisations in projects that he has never visited. Last Thursday, Australian Labor Party members of the Australian Capital Territory House of Assembly unsuccessfully supported a resolution condemning Work for the Dole in ACT schools. How dare Labor members of parliament condemn projects
when they have never visited any? I challenge the diehard sceptics to break out of their ideological ghettos and go out and visit some Work for the Dole projects. They will discover that the 50,000 young Australians who have participated in this program are decent young people who are fair dinkum about getting work, and they deserve the support of all members of this House.

I have been asked about alternative views. There are all sorts of alternative views, but unfortunately there is no alternative policy. The ALP used to have a policy on Work for the Dole when the member for Batman was the employment spokesman. The policy was that community organisations should participate in the program and make the most of it. Since the member for Dickson has become the employment spokesman, this policy has sailed off into the Bermuda Triangle. Like so many other Labor policies and principles, it has disappeared into the Bermuda Triangle. When the member for Dickson was the Leader of the Australian Democrats, she opposed making Work for the Dole compulsory. She also opposed making Work for the Dole something like a Working Nation program with credential training.

A lot has changed. The member for Dickson has changed party, changed House and changed philosophy. It is important to know whether she has changed her views on this subject as well. So far, the only discernible policy of the member for Dickson is to demand that the government send out the ALP’s 2010 employment forecast to every school in Australia. I would have thought that that was something the member for Dickson could do herself, using her own postage allowance. It is just not good enough. The Leader of the Opposition ought to put his employment spokesman on probation. He ought to give that spokesman three months to come up with a policy. If a credible, costed policy is impossible, at least a considered opinion would do for the time being.

Nursing Homes: Riverside

Mr McMULLAN (3.10 p.m.)—My question is to the Minister for Aged Care. Minister, given that you have provided the second report into Riverside to the Victorian coroner following his request, have you also provided him with a copy of the first report into Riverside—that which arose from the inspection of 16 February this year? Further, given that your office circulated the second report just days after it was produced, why are we still waiting for public release of the first report even though it is now 25 days since the inspection? Minister, what have you got to hide?

Mrs BRONWYN BISHOP—The report upon which the delegate made a decision that sanctions should be applied to withdraw the licences and approved provider status in the Riverside Nursing Home case was released on the decision of the secretary, who decided that it was a matter of public importance that it be released. Otherwise, under the legislation it would not ordinarily have been released. A full review audit will be put on the Net in accordance with the time schedule laid down in the principles, which is the subordinate legislation to the act, and that will occur in accordance with the timetable that has been established. The second thing to say is that the action that was taken was the correct action. We could see that the residents who were at Riverside could not remain there, and the report has shown the reasons why the delegate made the decision. In accordance with the timetable laid down in the principles, the agency will be releasing the full audit report.

Trade: Export Achievements

Mr NEHL (3.12 p.m.)—My question is addressed to the Minister for Trade. Would the minister inform the House of recent export achievements in Europe as a result of this government’s policies? Is the minister aware of any alternative policy announcements that have been made?

Mr VAILE—I thank the member for Cowper for his question. Obviously, representing an electorate that has an enormous inbound tourism industry, he is interested in the export of services from Australia. Interestingly, my attention has been drawn to our trade relationship with Europe and the current trade statistics with Europe. Last week, the shadow spokesman for trade referred to the Australian-European trade relationship. He said, ‘Whichever way you view the facts,
it always comes out the same. The Europe-
Australia relationship is a significant one
which has been neglected in recent years.'
He makes the assertion that it has been ne-
glected, but the statistics tell a different story.
The member for Cowper will be very inter-
ested in them: since 1996, exports of manu-
factured goods to Europe have increased by
23 per cent and exports of value added pri-
mary products have increased by 54 per cent.
As part of those value added primary prod-
ucts, wine exports to Europe alone have
doubled to $716 million.

More interestingly, exports of services
have climbed by 8.5 per cent to $5.5 billion.
A lot of that is from tourism into Australia
and into the member for Cowper’s electorate.
Since we have been in office, we have paid a
great deal of attention in that part of the
world to expanding the capacity of our ex-
ports. Of course, that will increase, and we
will become far more competitive following
the introduction of the government’s tax
changes on 1 July this year, when we will see
a reduction of $3½ billion worth of indirect
taxes on exports—a reduction of taxes on
exports that will benefit exporters, which has
been acknowledged by the member for Can-
berra.

Unlike the Keating Labor government’s
policy on trade of Asia only—at least Mr
Keating had a policy—we have a policy of
Asia plus: Asia plus North America, plus
South America, plus the Middle East, plus
Africa and plus Europe. That is our policy.
We are focusing on developing strong export
markets in all those areas. It was interesting
to note that on the weekend, because of the
lack of policy from the current Labor Party,
they had to trot out Mr Keating to indulge in
his favourite pastime: rewriting history.
skipping along the yellow brick road, as
Miranda Devine put it in the Daily Telegraph
today—skipping down the yellow brick road
of reality.

Going back to the lack of policy by the
Labor Party in any area, as part of the
shadow spokesman’s speech last week, he
indicated that he was going to announce
some policy, which was quite enlightening
and quite hopeful for all Australian export-
ers. In his speech he said, ‘A Beazley Labor
government will breathe new life into the
relationship. I will announce how we intend
to do this while in Europe.’ He is not going
to announce it in Sydney, Melbourne or
Newcastle—where a lot of those wine ex-
ports come from; he is going to announce it
when he is in Europe.

Mr Bruce Scott interjecting—

Mr SPEAKER—Minister for Veterans’
Affairs!

Mr VAILE—It could be while he is
checking out the wine in Bordeaux.

Mr Bruce Scott interjecting—

Mr SPEAKER—The Minister for Veter-
ans’ Affairs is defying the chair. The Minis-
ter for Trade has the call.

Mr VAILE—We are interested in hearing
what Labor’s policy is going to be in this
area; unfortunately the exporters in Australia
will not be able to hear it first-hand, unless
they travel to some of those good Aussie
Labor heartlands like London or Paris or
Geneva.

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

PERSONAL EXPLANATIONS

Mr GIBBONS (Bendigo) (3.17 p.m.)—
Mr Speaker, I wish to make a personal expla-
nation.

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

Mr GIBBONS—Yes.

Mr SPEAKER—Please proceed.

Mr GIBBONS—During question time
today, the Prime Minister quoted me as say-
ing that there were some 800 new jobs at
telstra in Bendigo in the last three years.
What I said, as the Hansard will show, was
that three years ago there were 800 Telstra
employees in Bendigo; now there are 300, as
a direct result of the Prime Minister’s poli-
cies. If the Prime Minister is really serious
about winning the hearts and minds of re-
gional Australia, he needs to do a lot more
than ponce around the bush wearing a daggy
hat—
The member for Bendigo will resume his seat. He has pointed out where he was misrepresented.

Mr Howard—I claim to have been misrepresented, Mr Speaker.

Mr Speaker—The Prime Minister does not have the call. I have to ask you if you claim to have been misrepresented.

Mr Howard—(Bennelong—Prime Minister) (3.18 p.m.)—Mr Speaker, I wish to make a personal explanation.

Mr Speaker—Does the Prime Minister claim to have been misrepresented?

Mr Howard—I do.

Mr Speaker—Please proceed.

Mr Howard—With respect to the first part of the honourable member’s explanation, I did not claim that he had said there had been 800 jobs created in Telstra. I claimed, which was correct, that he had said that there had been some 600 or 800 jobs created in the employ of an alternative communications carrier, which is precisely our argument.

Questions on Notice

Mr Martin Ferguson (3.18 p.m.)—In accordance with standing order 150, I ask that you write to the following ministers concerning the following questions: to the Attorney-General, question No. 538 of 24 March 1999—we have almost got to 12 months; to the Minister for Health and Aged Care, question No. 827 of 9 August 1999; to the Minister for Health and Aged Care, question No. 1053 of 23 November 1999; and to the Minister for Health and Aged Care, question No. 1054 of 23 November 1999. I seek an explanation as to the tardiness in responding to members’ questions.

Mr Speaker—I will pursue the Hansard record in order to ensure that none of the issues is overlooked, and I will take the matter up on the member’s behalf.

Questions on Notice

Mr Kelvin Thomson (3.19 p.m.)—Mr Speaker, similarly I ask that you write to the Minister for Health and Aged Care concerning question on notice No. 404 concerning the private health rebate advertising program which I lodged on 10 February 1999. It has been over a year since this question was asked.

Mr Speaker—Does the member for Wills have any other questions he wishes to draw my attention to?

Mr Kelvin Thomson—No. Mr Speaker, but I do think it is time this minister answered that question.

Leave of Absence

Motion (by Mr Reith) agreed to:
That the leave of absence given to the Minister for Sport and Tourism for maternity purposes be extended to 17 March 2000.

Matters Referred to Main Committee

Motion (by Mr Reith) proposed:
That:
(1) the following bills be referred to the Main Committee for further consideration:
Appropriation Bill (No. 3) 1999-2000
Appropriation Bill (No. 4) 1999-2000
Fisheries Legislation Amendment Bill (No. 2) 1999
Transport and Territories Legislation Amendment Bill 1999
Telecommunications (Numbering Charges) Amendment Bill 1999
(2) the following order of the day, committee and delegation reports, be referred to the Main Committee for debate:
Foreign Affairs, Defence and Trade—Joint Standing Committee—Report on visit to East Timor, 2 December 1999—Motion to take note of the paper.

Mr McMullan (Fraser) (3.21 p.m.)—I am not opposing the motion, but I do want to say to the Leader of the House that there is a little concern on this side about the transport and territories bill going there. For the moment let us agree to pass that, and the Leader of the House and I might be able to have a discussion and resolve that small problem.

Question resolved in the affirmative.

Main Committee

Mr Speaker—I advise the House that the Deputy Speaker has fixed Monday, 13 March 2000, at 3.30 p.m., or such later time
as the Deputy Speaker takes the Main Committee chair, as the time for the next meeting of the Main Committee, unless an alternative day or hour is fixed.

PETITIONS

The Clerk—Petitions have been lodged for presentation as follows and copies will be referred to the appropriate ministers:

**Goods and Services Tax**

To the Honourable Speaker and Members of the House of Representatives assembled in Parliament:

The Petition of Certain electors of Australia draws the attention of the House to the unfair burden the GST will place on charitable organisations, particularly:

- the increased administrative costs to charities of GST compliance that will force these organisations to reduce service delivery to people in need;
- the imposition of the GST on fundraising activities that will reduce funds available to help provide additional services to people in need, and;
- increasing the running costs of many smaller charitable organisations by forcing them to pay the GST on goods and services they buy.

Your petitioners therefore request the House to amend the GST Legislation to remove charitable organisations from the GST net.

by Mr Mossfield (from 97 citizens)

by Mr Swan (from 736 citizens).

**Konrad Kalejs**

To the Honourable Speaker and members of the House of Representatives assembled in Parliament:

We, the undersigned, wish to draw the attention of the House to the inadequate investigations to date, regarding the activities of alleged Nazi war criminal, Konrad Kalejs’ during World War II.

Your petitioners ask that the House ensures that the Australian Federal Police investigate to full extent all available evidence pertaining to Konrad Kalejs’ war time activities. And that, the Australian Government fully explains to the Latvian authorities Australia’s new laws on extradition.

Further, that if the Latvian Government fails to apply to extradite Kalejs that the Parliament of Australia legislate to extend changes to the Citizenship Act facilitating a civil process to enable Kalejs’ deportation.

by Mr Danby (from 975 citizens).

**Gospel Radio**

To the Honourable the Speaker and members of the House of Representatives in Parliament:

The humble petition of the undersigned citizens of Australia sheweth:

Parliament to assist Central Victorian Gospel Radio Inc. to be issued with a permanent licence to transmit by the Australian Broadcasting Authority.

Your petitioners as in duty bound, will ever pray.

by Mr Gibbons (from 4,000 citizens).

**Goods and Services Tax**

To the Honourable Speaker and Members of the House of Representatives assembled in Parliament:

Considering that many people in Australia suffer chronic skin disorders which require them to outlay large amounts each week to treat or relieve conditions such as eczema or psoriasis;

Considering further that the entire range of products used to treat these conditions have been exempt from Sales Tax but that, with a GST, some only will be GST-free;

Therefore, your Petitioners request that the Parliament request the Minister for Health to determine, pursuant to section 37-48 of the A New Tax System (Goods and Services Tax) Act 1999 that all goods registered on the Australian Register of Therapeutic Goods as safe and efficacious for the treatment of dermatological conditions be GST-free.

by Mr Griffin (from 2,056 citizens).

**Goods and Services Tax**

To the Honourable Speaker and Members of Parliament of the House of Representatives assembled in Parliament:

We the undersigned request that the Government make all residential rentals GST free including rental on sites paid by residents of relocatable and mobile home villages or parks.

The GST on site fees unfairly discriminates against residents living in relocatable and mobile home villages or parks. The Government promised that no-one would pay GST on rent and this is an anomaly which allows village/park owners to charge GST on site fees.

Your petitioners request that the House of Representatives do everything in their power to make rental on sites GST free.

by Ms Hall (from 1,820 citizens).

**World Heritage Areas**

To the Honourable the Prime Minister, Environment Minister, Speaker and Members of the
Monday, 13 March 2000

Representatives

House of Representatives and Senators assembled in Federal Parliament

The community members of Armstrong Beach and Sarina and others draw to the attention of the government and parliament our opposition to the degradation of our coastal wetlands, Zone B Marine Park and the Great Barrier Reef Marine Park and World Heritage Area by intensive prawn farming.

We request the federal government and parliament of Australia take all necessary steps to commence the draft regulation:

Great Barrier Reef Marine Park (Aquaculture) Regulation 1999
to take effect immediately with reference to the Goldiland Pty Ltd project at Armstrong Beach.

by Mrs De-Anne Kelly (from 164 citizens).

Television Advertisements: Sound Volume

To the Honourable Speaker and Members of the House of Representatives in Parliament assembled:

This petition of certain citizens of the State of New South Wales respectfully showeth our concern about the serious problems confronting users of TV by the unacceptable increase in volume when advertisements replace the programs being viewed.

We bring to the attention of all members that this causes serious discomfort to a great many viewers who do not have the immediate relief facility of a remote control to shut off the unacceptable sound.

We call on all members of the Parliament to take such steps as will enable the Government to provide all TV viewers relief from the unacceptable increase in noise caused by the increase of sound volume when advertisements are run during the various TV programs.

by Mr Mossfield (from 59 citizens).

Kirkpatrick, Mr John Simpson: Recognition

To the Honourable Speaker and Members of Parliament of the House of Representatives assembled in Parliament.

We the undersigned request that John Simpson Kirkpatrick, of Simpson and the donkey fame, be awarded a Victoria Cross of Australia.

Under the Imperial Award system, the award of the Victoria Cross was denied to ‘Simpson’ as the result of an error in the original application. A second application, in 1967, was also denied as the British Government claimed a dangerous precedent would be set, in spite of such a precedent already existing.

Your petitioners request that the House of Representatives do everything in their power to ensure the appropriate recognition of John Simpson Kirkpatrick.

by Mr Mossfield (from 244 citizens).

Braybrook Manufacturing Pty Ltd

To the Honourable the Speaker and Members of the House of Representatives assembled in Parliament:

This petition of certain citizens of Victoria draws to the attention of the House, the situation in Braybrook, Victoria, where workers from Braybrook Manufacturing Pty Ltd were retrenched in September 1999 following the company’s collapse and are still owed their legal entitlements.

Your petitioners therefore request the House to:

Direct the Prime Minister to:

Treat the Braybrook Manufacturing workers equally to other workers, by providing a package to ensure each worker receives their full entitlements;
Implement a scheme immediately that guarantees that all workers receive their full legal entitlements; and
Visit Braybrook and talk with workers, the community and representatives about their needs so that he is better informed about the Braybrook community when making future decisions

by Ms Roxon (from 217 citizens).

Goods and Services Tax

To the Honourable Speaker and Members of the House of Representatives assembled in Parliament:

Considering that:

(1) 30% of Australians seek alternative medical treatments each year;
(2) The Government intends to proceed with its Goods and Service Tax (GST)
(3) This tax will be paid by persons seeing alternative medicine practitioners but not when seeing medical practitioners.

Therefore, your Petitioners request that Australians retain a choice of medical treatment and ensure that:

(1) all services provided by alternative medicine practitioners, as currently recognised in Schedule 1 of the Therapeutic Goods Regulations, be GST-free; and
(2) all medicines listed on the Australian Register of Therapeutic Goods, and all medicines mixed extemporaneously by practitioner, be GST-free.

by Mr Scott (from 13,771 citizens).

Uranium Mining
To the Honourable the Speaker and Members of the House of Representatives in Parliament assembled.

The Petition of the undersigned citizens of Australia points out to the House:

That we, the undersigned, object to the mining of uranium at Jabiluka, in World Heritage listed Kakadu National Park. Uranium mining and nuclear energy are damaging to the environment for hundreds of thousands of years, and we believe that these industries are unethical and not in the national interest, nor in the interest of the global community.

The Jabiluka site is being developed against the wishes of the Mirrar people, the traditional owners of the land. We support them in their opposition to the Jabiluka Mine.

Our petitioners therefore request the House of Representatives to call on the Federal Government to:

Act responsibly. Stop Jabiluka Uranium Mine.
Save Kakadu.

by Mr Smith (from 73 citizens).

Darwin International Airport
To the Honourable Minister for Transport and Regional Services and the Speaker and Members of the House of Representatives.

We, the undersigned residents of the Northern Territory, draw your attention to the development plans for Darwin International Airport as proposed by the lessee, Northern Territory Airports Proprietary Limited, in its Preliminary Draft Master Plan and Environment Strategy.

We respectfully ask that:

there be no clearing of native vegetation in the lease area, particularly adjacent to Rapid Creek and along McMillan’s and Bagot Roads
No development in the lease area be allowed that will have an adverse impact on the urban bushland
And your petitioners, as in duty bound, will ever pray.

by Mr Snowdon (from 2,356 citizens).

Goods and Services Tax: Books
To the Speaker and Members of the House of Representatives assembled in Parliament:

The petition of electors of the Northern Territory points out to the House our desire to see books retain their unique tax-free position in Australian society.

We are opposed to the imposition of any tax on books, especially a 10% Goods and Services Tax. We believe that the community benefits from books being tax-free and accessible to as many members of our society as possible. Your petitioners therefore pray that the House heeds our wishes and moves to remove books from the subject of a Goods and Services Tax.

by Mr Snowdon (from 281 citizens).

Food Labelling
To the Honourable the Speaker and members of the House of Representatives assembled in Parliament.

The undersigned citizens and residents of Australia call on you to:

Retain compositional and ingredient requirements for basic items so that meat pies still contain meat and jam contains fruit;
Prevent misleading labelling of low fat foods;
Keep responsibility for food regulation in the Department of Health;
Properly consider the impact on consumers and public health of any legislative proposals to water down ANZFA’s powers and objectives and further deregulate the food industry;
Make no tax changes that discriminate against healthy foods.

by Mr Swan (from 158 citizens).

University Education
To the Honourable the Speaker and Members of the House of Representatives assembled in Parliament:

We the undersigned citizens of Australia, point out to the House that the plans by Mr David Kemp to:

Deregulate University fees;
Introduce a voucher system for use in private and public institutions; and
Adopt a universal loan scheme with real interest rates
Will impact on university students to the point that many Australians will not be able to afford quality education.

We therefore request the House rejects these proposals for the benefit for all Australian students, now and in the future.

by Mr Swan (from 17 citizens).
Asylum Seekers: Political

To the Speaker and the Members of the House of Representatives in Parliament assembled:

Whereas the 1998 Synod of the Anglican Diocese of Melbourne carried without dissent the following Motion:

That this Synod regrets the Government’s adoption of procedures for certain people seeking political asylum in Australia which exclude them from all public income support while withholding permission to work, thereby creating a group of beggars dependent on the Churches and charities for food and the necessities of life;

and calls upon the Federal government to review such procedures immediately and remove all practices which are manifestly inhumane and in some cases in contravention of our national obligations as a signatory of the UN Covenant on Civil and Political Rights.

We therefore, the individual, undersigned Members of St Matthew’s Anglican Church, Glenroy, Victoria 3046, petition the House of Representatives in support of the abovementioned Motion.

And we, as in duty bound will ever pray.

by Mr Kelvin Thomson (from 28 citizens).

Australia Day

To the Honourable the Speaker and Members of the House of Representatives assembled in Parliament.

The following citizens of Australia draw the attention of the House our strongest support to retain the existing date (i.e. 26 January) as Australia Day.

Your Petitioners therefore request the House to preserve the current date and to ensure that it is not changed without the support of a referendum.

by Mr Truss (from 83 citizens).

Mr Price—Mr Deputy Speaker, may I inquire as to whether there have been any ministerial responses to petitions?

Mr DEPUTY SPEAKER (Mr Jenkins)—The chair is unaware of any replies from ministers to any of the petitions. I thank the honourable member for Chifley.

CRIMINAL ASSETS RECOVERY BILL 2000

First Reading

Consideration resumed.
which Labor has adopted with respect to illicit drugs is two-pronged, emphasising harm minimisation as the central element while also acknowledging the important role of law enforcement in combating the involvement of organised crime in the illicit drug trade.

It is imperative that an effective illicit drugs strategy have this dual focus. On the one hand, it has to be aimed at reducing the harm associated with illicit drug use, ensuring that the people at street level, the individuals who use illicit drugs, have access to health and social programs. On the other hand, an effective illicit drugs program must also be aimed at effective law enforcement to reduce the level of drugs which are on our streets. The illicit drug market is a phenomenal source of income for organised crime. While we have to make certain that our primary focus is on ameliorating and addressing the health and social effects of drug use on those whose use involves them in having some problems, we must also make sure that our law enforcement agencies have the tools they need to pursue criminals who profit from the illicit drug trade and the misery of a large and increasing number of Australians. This requires ensuring that the Australian Federal Police, Customs and the National Crime Authority are funded adequately, but it also means ensuring that they have appropriate and effective investigative powers available to them.

The National Crime Authority is tasked with investigating the big criminals, the professionals, organised crime. These are the people for whom crime is a business. They have resources, capital and funds for legal and financial advice. To successfully pursue and prosecute those people, who are profiting from crime and harming others, the National Crime Authority must have effective investigative tools. This bill removes one of the legislative impediments to the National Crime Authority’s capacity for effective investigation. At the moment, witnesses at National Crime Authority hearings are able to refuse to give evidence on the grounds that they may incriminate themselves. If a witness refuses to answer questions on this ground, the only way that the National Crime Authority is able to pursue the evidence is to obtain a court order requiring the witness to give the answer. In practice, this is a time consuming and costly process which is rarely pursued by the National Crime Authority. As a result, even if there is no proper basis for claiming that immunity, witnesses at hearings are often able to frustrate a national crime investigation by refusing to answer questions. A good example was given by the Chairman of the National Crime Authority indicating that an objection was taken to a question posed to a particular individual, the question being simply whether that person was a member of a particular motorcycle gang. This imposes a serious impediment to the effective pursuit of organised crime.

Neither the New South Wales Crime Commission nor the Australian Securities and Investment Commission are burdened with this impediment. It is unacceptable that the National Crime Authority, Australia’s premier investigative agency working with the premier law enforcement agency, the Australian Federal Police, does suffer that impediment. The National Crime Authority has brought this deficiency to the attention of the government a number of times through formal submissions to the Joint Parliamentary Committee on the National Crime Authority. There has been no legislative response from the government, and this bill does what the government has failed to do. Specifically, the bill removes the ability of a witness to refuse to answer questions on the ground that the answers may incriminate them. As a balance to this, the bill also provides a use immunity. That is, the evidence so given against the objection that it may incriminate may not be used in any other proceeding against that person, apart from a proceeding relating to the falsity of evidence during the hearing.

For example, assume that the National Crime Authority has before it an accountant believed to be the person who has managed the funds of a significant criminal identity. Because that accountant may have a peripheral role in the money laundering that has been involved, the accountant presently could claim privilege on the ground that any evidence they would give might incriminate them in legal matters. As the amendment
proposed by the opposition would stand, that would mean the objection could be overriden. The accountant would be required to provide the information but, with that person doing so, the NCA would have to accept that such evidence could not be used against the accountant in future criminal proceedings. But it would give them access to the information they need to move against the Mr Bigs, those whom the accountant is serving.

The other frustration relating to the limited powers the NCA has to obtain evidence is that, if a witness refuses to answer a question, the maximum penalty is only $1,000 or six months imprisonment. That is hardly a deterrent to somebody who is making huge profits from illegal activities. First offenders would usually expect to be penalised at the lower end of what is already a relatively light sanction. Faced with a choice between paying a small fine—or at worst a short term of imprisonment—or giving evidence which may lead to them facing a conviction for a very serious offence, not giving evidence is by far too easy an option. An effective deterrent to failing to answer or to giving misleading answers will substantially improve the National Crime Authority’s ability to investigate the activities of serious criminals and the people who work for them. The maximum penalty provided for in this bill is $18,000 or five years in prison.

It is becoming almost a matter of notorious information to those who are advising potential witnesses who come before a National Crime Authority hearing that witnesses can effectively avoid the consequences of compelled testimony by using one of the two routes that have been outlined earlier, either making a frivolous claim for immunity—on the basis that an answer might incriminate them—or simply refusing to answer such a question at all, knowing that the penalties, if any, that will be imposed when the matter is prosecuted are on the very minor scale of criminal responsibility.

The flip side to giving our law enforcement agencies effective tools is to ensure that these tools are used appropriately. At the moment there is no independent overview of the National Crime Authority, and the question can be fairly asked: who is policing the police? This is by no means intended to reflect on the integrity of the National Crime Authority or to suggest that corruption within the authority exists. However, history has shown that it is just naive to leave police or investigating organisations to supervise themselves.

There have been, and there will continue to be, complaints about the way in which some National Crime Authority investigations have been carried out, but currently there is no-one available to investigate those complaints. That is, of course, a matter which has been the subject of considerable discussion. The National Crime Authority have drawn attention to this absence as a significant weakness, because they are placed in the very awkward position when a complaint is made of having to investigate allegations against their own staff or members. That provides answers which engender little community confidence, because somebody investigating a complaint internally is not in the same position as an examiner from an external and independent body. There is no shortage of those who have raised allegations regarding the operations of the National Crime Authority. For an organisation placed in such a spotlight of public attention, that the government has left the state of the law as it stands is considerably surprising, given that the National Crime Authority want the law changed and there have been a number of reports on this issue.

Not least of these reports is report No. 82 from the Australian Law Reform Commission which raised the need for a complaints system for the National Crime Authority. It describes the current administrative procedure in which complaints are forwarded to the chairperson, who directs officers to undertake the inquiries. They maintain a complaints register, but there are no specific case management guidelines for the investigation of complaints. It is the chairman who determines the most appropriate person to investigate each complaint. At the time of writing the Law Reform Commission’s report, it was indicated that there were no statistics kept on the time taken to deal with complaints and that the intergovernmental committee and the parliamentary joint committee have no spe-
cific responsibility or ongoing role in the investigation or resolution of individual complaints against the National Crime Authority. As someone who has served on both those bodies, I believe that it would be plainly inappropriate for them to be vested with the responsibility of seeking to scrutinise current operational matters. It is not a task for which they are fitted or equipped.

The parliamentary joint committee raised this issue firstly in its 1991 report *Who is to guard the guards?* and there has been significant and continuing concern from the joint parliamentary committee. Against that background, this bill proposes an external complaints mechanism. We believe it is necessary both to protect the community from any potential abuse of the National Crime Authority’s powers and to protect the National Crime Authority from unfounded allegations of inappropriate conduct or corruption. In both situations, it is imperative that all allegations be investigated and appropriate action taken. No other law enforcement agency works without independent review. The Ombudsman has jurisdiction to review complaints about the Australian Federal Police. As Australian Federal Police members comprise about half the National Crime Authority investigators, it is sensible that the Ombudsman also have jurisdiction to review complaints about the NCA or members of the NCA.

The other amendment contained in this bill is an extension of the term of the chairperson of the NCA from four to six years. The amendment will give greater continuity to the NCA, giving the chair more opportunity to see investigations through to their conclusion and the opportunity to implement reforms and other initiatives to enhance the operation of the National Crime Authority.

To conclude, the opposition is committed to ensuring that those people who profit from the illicit drugs trade are targeted by the criminal justice system. Commonwealth law enforcement agencies must be able to direct relatively limited resources to protecting the community from the criminals who are a real threat to public safety—the organised and professional crime syndicates which import and supply drugs for no other reason than to make money. In the package of legislation which I have introduced today on behalf of the opposition are long-needed improvements to the Commonwealth criminal justice regime. This bill in particular increases the investigative powers of the National Crime Authority whilst also putting in place a necessary external review mechanism. These are amendments which the National Crime Authority has called for. The government has failed to act, but I urge the government to give its support to this reasoned and rational approach to improving Commonwealth law enforcement. I commend the bill to the House.

Bill read a first time.

**Mr DEPUTY SPEAKER (Mr Jenkins)**—In accordance with standing order 104A, the second reading will be made an order of the day for the next sitting.

**SEX DISCRIMINATION LEGISLATION AMENDMENT (PREGNANCY AND WORK) BILL 2000**

**First Reading**

Bill presented by Ms Macklin.

**Ms MACKLIN (Jagajaga)** (3.42 p.m.)—This private member’s bill—the *Sex Discrimination Legislation Amendment (Pregnancy and Work) Bill 2000*—amends the *Sex Discrimination Act 1984* and the *Human Rights and Equal Opportunity Commission Act 1978* to ensure that pregnant, potentially pregnant and breastfeeding women are not discriminated against in the workplace. The amendments contained within this bill are overdue. It has been nine months since the need for these changes was brought to the attention of this government, and we have seen absolutely nothing as a result. The government has repeatedly demonstrated no concern for protecting the rights of woman. If the Howard government were committed to ensuring that the right to work while pregnant is a reality for every Australian woman, it would not continue to delay its response to the Human Rights and Equal Opportunity Commission’s inquiry into pregnancy and potential pregnancy discrimination in the workplace. This report was presented to the Attorney-General in June 1999, and since then he has done nothing with it.
The reforms contained within this bill are one element of the Labor opposition’s commitment to assisting families to balance work and family commitments. Fundamental reform is needed to our social and economic institutions to enable Australian families to regain control over their working lives and to place limits on the continual encroachment on family time. Long-term solutions that diminish the conflicts between work and family life must be developed and implemented. Governments in collaboration with unions and employers have a key role to play in developing these solutions. Governments must instigate—and this one should start immediately—a review of what policies and programs are predicated on the outdated male breadwinner model of the family and establish industrial relations, taxation and welfare policies that enable all Australians to live full family and work lives.

Rather than make life easier for working parents, the government has implemented a litany of changes that make it harder for Australians to balance their work and family responsibilities. For example, formal child care is essential for many working families, but cuts to the child-care budget have resulted in the cost of child care increasing by up to $20 to $30 a week, taking it out of the reach of many families. This government also promised that its individual contracts would allow employees greater flexibility to set working times. However, evidence suggests that the increased flexibility has been all one way and, instead of empowering the worker, it means that employers now have even greater flexibility to dictate what hours will be worked and when. This type of arrangement, coupled with the increasing casualisation of employment, makes it more and more difficult for families to plan their care arrangements and robs children of predictable family time. This type of workplace flexibility is not family friendly; it is a parents’ and children’s nightmare.

The present organisation of work requires millions of families to make impossible choices between their family commitments and their work commitments. If governments can remove the need for these choices to be made, or at least make the choices a little easier, they have an obligation to do so. 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. This report found that ‘erroneous tactics and exploitative practices are, to this day, being utilised to remove pregnant women from the workplace or deny pregnant and potentially pregnant women equal employment opportunity’.

The HREOC report includes 46 recommendations on ways Australian workplaces can be made more family friendly. Whilst discrimination and harassment on the grounds of pregnancy and potential pregnancy are grounds for a complaint under the Sex Discrimination Act 1984, the Pregnant and productive report found that workplace discrimination and harassment on these grounds remain a real issue for many women and that clarification of the act is needed in a number of areas. Direct and indirect discrimination on the basis of pregnancy and potential pregnancy was documented in the report. A reading of it indicates that many workplaces fail to accommodate the realities of pregnancy and that urgent action is needed. The commission reported that some employees conceal their pregnancy for as long as possible because they feared pregnancy discrimination and that some senior professional women took accrued holiday leave so that they would not be replaced or have maternity leave on their files. When the report was publicly released in August last year, the Sex Discrimination Commissioner, Susan Halliday, said that the report had uncovered horror stories such as women miscarrying because they were not allowed to sit down at work, men sacked for attending their babies’ births and women harassed about their appearance or removed from front desk work. In one case documented by the commissioner, a woman working in a car factory was denied a chair despite bleeding and severe pain. She collapsed at work when seven months pregnant and her baby was born prematurely with an underdeveloped heart. Ms Halliday said, ‘Something has to be done. It is fair to say that there are lives at stake here.’
Despite the report’s disturbing findings, the government has shelved it, and hence the need today for the opposition to pursue the recommended legislative reforms through this private member’s bill. The amendments contained in this bill address 10 of the *Pregnant and productive* report’s 46 recommendations. The bill enhances the rights of pregnant and potentially pregnant women by: empowering the Human Rights and Equal Opportunity Commission to publish enforceable standards in relation to pregnancy and potential pregnancy; ensuring unpaid workers are covered by the Sex Discrimination Act 1984; removing the exemption for employment by an instrumentality of state from the Sex Discrimination Act; removing the exemption for educational institutions established for religious purposes in relation to pregnancy and potential pregnancy; allowing punitive damages to be awarded; specifically including breastfeeding as a ground of unlawful discrimination; allowing the Sex Discrimination Commissioner to refer discriminatory awards or agreements to the Australian Industrial Relations Commission without the requirement to receive a written complaint; clarifying that a complaint about a discriminatory advertisement may be made by any person; clarifying that the asking of questions to elicit information about whether and when a woman intends to become pregnant and/or her intentions in relation to meeting her current or pending family responsibilities is unlawful; and, finally, clarifying that it is unlawful to discriminate in medical examinations of pregnant women during the recruitment processes.

I am pleased to say that this bill also extends the antidiscrimination provisions to employees who are in the process of adopting a child. The bill does not give effect to the recommendations that require amendments to other pieces of legislation.

In addition to the legislative changes resulting from this bill, there is a need for attitudinal and cultural changes towards pregnant and potentially pregnant women in the workplace. An immediate education, guidance and awareness raising program around pregnancy, potential pregnancy and work should be undertaken. Until these attitudinal and cultural barriers to women working while pregnant are removed and family friendly workplaces become a reality, families will be forced to endure the stresses of balancing work and family or delay or even forgo completely having a family. This situation is unacceptable and must be addressed as a priority.

Women should not have to choose between working and family life. The research of ANU demography professor Peter McDonald into fertility rates indicates a growing trend by women to choose between work and family rather than pursuing both. Their choices are linked, and it is the job of governments to work to make social and economic institutions family friendly. To quote Professor McDonald:

The countries, through their social institutions, which make it difficult or unrewarding for women to combine work and family, or which provide incentives for mothers to stay at home rather than to be employed are the countries that have very low fertility. Faced with a choice between an uninterrupted career or having a child and withdrawing from the work force for an extended period, women in these countries often make the decision not to have the child.

Professor McDonald’s work therefore suggests that the barriers to combining work and family are at the heart of the trend for women to delay, limit or forgo having children. Australia’s declining fertility rate may, therefore, be directly related to the inability of our governments and our social and economic institutions to respond to a trend which has at its source increasing gender equality.

Australia’s fertility level is below the level of generational replacement and is declining. Business organisations and employers who argue against family friendly reforms to their workplaces because of their costs must be shown the true long-term consequences of these actions. Halting a declining labour force is far more difficult than removing the barriers to providing family friendly workplaces.

One barrier to combining work and family responsibilities that requires a substantial reform is the provision of workers’ benefits such as paid sick leave, holiday leave, long
service leave, maternity leave, family or carers leave. All the research indicates that the loss of these benefits due to women temporarily exiting the labour market to have children is a considerable burden and occurs at a time when access to these benefits is most needed. Greater flexibility in the use of benefits and the provision of benefits to casual and part-time positions must be a central part of a 21st century work and family policy.

This bill goes some way to addressing the discrimination that is a reality for some pregnant, potentially pregnant and breastfeeding women in our workplaces. The inability of many workplaces to manage pregnancy and work issues threatens a woman’s human right to work while pregnant. The amendments contained in this bill are not radical but they will make a substantial contribution to ensuring our workplaces are more family friendly—a goal worthy of the parliament’s support. I ask leave of the House to present the explanatory memorandum to this bill.

Leave granted.

Ms MACKLIN—I present the explanatory memorandum to the bill.

Bill read a first time.

Mr DEPUTY SPEAKER (Mr Jenkins)—In accordance with standing order 104A, the second reading will be made an order of the day for the next sitting.

PRIVATE MEMBERS BUSINESS
Cement Industry

Mr ADAMS (Lyons) (3.55 p.m.)—I move:

That this House:

(1) notes that dumping of cement from Indonesia, China, Malaysia and Thailand is significantly undercutting Australian cement prices;

(2) notes substantial industry investment and cost cutting has made the Australian cement industry cost competitive, but the companies cannot compete against imports being sold below their cost of manufacture;

(3) notes dumping is threatening the viability of Australia’s cement industry operations, with a real threat of plant closures unless urgent action is taken; and

(4) calls on the Government to

(a) recognise the threats to the cement industry by dumping;
(b) recognise the efforts of the Australian industry to comply with environmental safeguards that the dumping countries are not being made to follow;
(c) ensure that immediate action is taken under our current anti-dumping legislation to protect the Australian industry; and
(d) take steps to protect all industries that are susceptible to dumping.

My private member’s motion arises as a result of evidence of cement dumping which has been brought to my notice by the Australian cement industry. I have been told by the industry that imports are continuing to arrive at dumped prices, with no real signs of an export price increase in exporting countries. If not stopped, these imports could lead to further closure of cement manufacturing facilities in regional Australia. These facilities and supporting businesses cannot simply be reactivated in a couple of years if cheap imports are no longer available. Plant closures will be a permanent outcome. This would lead to direct loss of employment as well as flow-on effects to other businesses that rely on the cement industry for their existence.

As someone who occasionally stays in one of the major cities and watches the building industry at work, I know that cement is a vital component in the development of our infrastructure and we would be hard pressed to replace it with any other material at the price. The Australian cement industry has an annual turnover in excess of $1 billion and employs 2,200 people in rural and regional Australia. The existing cement plants have a capital value of $2.5 billion and there is one located in my electorate at Railton in Tasmania, which is why I am as concerned on this issue for my own constituency as I am for the nation. Others are located at Gladstone in Queensland, Berrima, Kandos and Maldon in New South Wales, Birkenhead and Angaston in South Australia, Geelong and Waurn Ponds in Victoria and Munster in Western Australia.

The industry has invested in excess of $1 billion in recent years to bring Australian cement production up to world-class stan-
dards, environmental benchmarks and competitiveness. Through the application of international best practice and leading edge technology, the Australian industry is well placed to compete efficiently with foreign cement suppliers in the Australian market at non-dumped prices.

Not so in other countries. Dumped imports are coming to Australia from Indonesia, China, Malaysia and Thailand. Companies in these countries are engaged in aggressive export programs to over 25 countries in Asia, Africa, the Pacific and South America. It is thought by industry that extreme overcapacity in cement production in these exporting countries is leading to sales at extremely low prices that often do not cover the costs of production. Those earnings are sought to meet the cost of borrowings that have funded recent unwarranted expansions in production capacity. Many of the plants that are producing cement are old, but a plant in China has been opened recently purely for the export market with the old factories supplying the domestic markets. So, while they are meeting the emission standards for exports, they are being subsidised by the government to export and the costs of running are not properly reflected in their prospectus. Costs are subsidised in these exporting countries to the extent that they could not cover the costs of the energy and the raw materials being used for the manufacturing.

Indonesia is a country that is technically bankrupt. Its revenue is not sufficient for the normal costs of operation. In Australia, we would not be allowed to operate like that. The input is subsidised by the government or some price control has been instigated. Either way, it is not reflected in the books. Customs has to be able to inspect the books and reassure itself that there is no unfair competition being permitted to occur.

So why is it thought that there is unfair competition? There is no evidence of any factors, other than dumping causing price depression. Competition within Australia is keen, but it is not the cause of price reduction. Australian cement suppliers reduce prices to customers to match prices being offered by importers. Customer contacts in many cases require price matching, the alternative being loss of customers to importers or to other Australians suppliers. Most of the sales to associated companies are at arm’s length. Even if they were not, this factor would not explain the price reduction in approximately half the cement sales in Australia.

The notion of cement imports for companies’ own use does not take account of customers in the cement industry demanding comparable benefits. Major investments since 1990 have reduced greenhouse emissions by approximately 12 per cent and have substantially reduced other emissions, such as dust and hazardous substances, to some of the lowest levels of emissions from industry in Australia. Yet there are no guarantees that imports meet the requirements of the Australian community or that there are any net environmental benefits to be gained from using imported cement.

The Customs dumping inquiry is currently assessing the injury and threat of injury from dumping of cement from Indonesia, Malaysia and Thailand. Dumped imports are continuing to undercut Australian cement prices—and we have a problem. Earlier today, the House of Representatives Standing Committee on Primary Industries and Regional Services tabled a report in parliament that looked at impediments affecting regional industries. The report sought to try to help those industries based in regions. This is one such industry that is being highly affected by circumstances beyond its control. I can only quote again the important role that the cement works at Railton plays in providing jobs for the local people in a regional area, which in turn helps dollars circulate in the community.

The Australian cement industry is internationally cost competitive, but it cannot compete against imports that are continuing to be sold below their cost of manufacture. They say that the prospect of continuing reduced profitability due to dumping is calling into question the viability of the cement industry operations in regional Australia. This calls into question how government is dealing with the whole problem of dumping. We need fair processes to be operating to make sure our industries are not penalised for do-
ing the right thing and are developing best practice in their particular endeavours. This government must recognise the threat to the cement industry by dumping. If it does not, we will not have an industry in Australia anymore. It is too hard and too expensive to start up again once a plant has closed. The private investment leaves.

Australia is doing the right thing by continuing to develop the environmental safeguards that the dumping countries are not being made to follow. I know that Customs are currently undertaking that inquiry, but their terms of reference must at least take into account a proper assessment of the books of the competing countries’ factories and have proper inspections carried out. It should not be up to Australia’s companies to always have to provide the onus of proof. Isn’t it about time other countries were asked to prove themselves worthy of exporting to Australia and that they were competing on equal terms? This is not the only industry about which the House has heard me speak. It seems to be too easy for other countries to import at our expense in accordance with unfair conditions.

I would seek to have this government take immediate action under our current anti-dumping legislation to protect the Australian industry and to take steps to protect all industries that are susceptible to dumping. This motion is seeking that government ask Customs to follow the proper procedures, to complete their overseas inquiries, to inform the Australian industry of the outcome of their inspections and to write the report that is a necessary part of the investigation. Time is of the essence if we are to protect our industries in a proper and fair way. Of course, transparency is what it is all about. Customs must make sure that all of their activities are open and transparent so that our industry and those of us who are interested in this can see the operation through to its end.

Mr DEPUTY SPEAKER (Mr Jenkins)—Order! Is the motion seconded?

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

Mr NEVILLE (Hinkler) (4.05 p.m.)—I welcome the opportunity to speak on this motion moved by the member for Lyons today. I am very concerned about cement dumping because it is significantly damaging Australia’s billion dollar a year industry. This is an important Australian industry that employs 2,200 people across regional Australia. The cement industry makes a considerable economic contribution to the Gladstone region, in my electorate of Hinkler; 140 people are directly employed at the world-class plant operated by Queensland Cement Ltd.

There is a range of facilities at QCL plant’s three sites, including a crusher and a rail loading facility, a dry process kiln, five-stage double-string preheating operation, a clinker silo, a cement silo and a despatch facility. In addition, Queensland Rail has constructed a rail loop between East End Mine and Fishermen’s Landing to transport 7,500 tonnes of raw material daily. It is a major operation. New technology introduced at the Gladstone plant has seen specific fuel consumption fall by 36 per cent, which has considerably reduced greenhouse gas emissions.

QCL has also introduced to Australia the first bag filters used in the de-dusting of kilns, reducing dust emissions by 90 per cent. The QCL plant is one example of many such plants in regional Australia that have been adversely affected by the dumping of cement from Indonesia, China, Malaysia and Thailand. The Cement Industry Federation of Australia estimates that cement is being dumped in Australia at between $10 and $17 per tonne below the Australian price. It is believed that since March last year the industry has lost sales revenue of around $100 million. Further, based on the impact of dumping in recent months, the industry stands to lose about $10 million each month if the dumping continues. Average selling prices for a tonne of cement fell by $20 or more per tonne over the last 12 months. This is not due to the normal ebb and flow in business: cost reductions and capital investment have been occurring at the same time as the price depression, so these reductions in investment are masking the real injury to the cement industry itself.

As the member for Lyons has pointed out, more than a billion dollars has been invested in new technology in the past decade to en-
sure the Australian cement industry is cost competitive, energy efficient and environmentally responsible. Energy demand has reduced significantly and greenhouse emissions, per unit of product, have fallen by 12 per cent since 1989. Over the last six months, the cement industry’s costs have been reduced by approximately 10 per cent due to actions and investments taken to improve profitability. But these cost reductions are not delivering returns, especially at a time of peak demand. Australian plants such as the Gladstone QCL plant have comparable costs to other countries. While salary levels may be lower in the overseas operations from where the dumped cement is being sourced, this is offset by the number of extra staff that need to be employed to match Australia’s efficiency. The industry is not objecting to the competition. It supports competition, even from imports. But artificially low prices are undermining the industry’s viability.

I am delighted that Customs is undertaking an inquiry into dumping. However, I am concerned about the long time frame of the inquiry. That was not the government’s intention when it tightened the time limits on various stages of the anti-dumping legislation. The Customs inquiry needs not only to be transparent but also to demonstrate that it is cutting to the quick of the issue. We cannot have a bureaucratic process dragging on for six to 12 months when Australian businesses, especially those in regional Australia, are in peril. If these dumped imports are not stopped, there could be closures of cement manufacturing facilities in regional Australia. This would result in a direct loss of employment, as well as flow-on effects to other businesses. Regional Australia is crying out for more infrastructure. I for one certainly do not want to see any reduction in employment levels or infrastructure as a result of cement dumping. I do not want to see cities like Gladstone put in peril because we cannot act quickly enough on the exploitation of Australian industry by heavily subsidised overseas operations that indulge in dumping.

Mr ANDREN (Calare) (4.10 p.m.)—I take great delight in seconding the motion moved by my esteemed colleague the member for Lyons. He, I and other members speaking in this debate know full well the importance of the cement industry to our electorates and to the Australian economy, and the threat posed yet again by cheap product dumped on these shores. The Australian Customs Service is currently conducting an inquiry into the dumping allegations and I urge it to look at not only the pressure from customers for import parity pricing but also what enables the dumping countries to achieve the price at which they land their product here.

It is a pity that the Customs inquiry is not looking at environmental standards in Indonesia, China, Malaysia and Thailand because, from what I understand, some of the plants subsidising production of this imported cement are a sad joke when it comes to pollution controls. Meanwhile, the local industry has embarked on a multimillion dollar upgrade in recent years to meet stringent environmental standards, and the substantial industry investment in new technology and cost cutting where possible have made the local manufacturers highly competitive if the so-called playing field is level. From what I understand, it is certainly not. The rapid reduction in prices on the local market may have helped the building industry locally, but it certainly has not helped the local cement industry. I am satisfied there are few more cost cuts that can be made, apart from plant and staff. The industry currently employs about 2,300 workers, all in 11 regionally located plants around Australia. The Kandos plant in my electorate has 140 full-time employees, seven apprentices and two contractors. If Australian Cement Kandos were to fold, so too would the town. It is the heart and soul of the small village between Lithgow and Mudgee just on the western side of the Great Dividing Range. With rail access charges so high and distance from major markets so great, it is in a vulnerable position should this industry be forced to rationalise any further to meet the unfair competition the dumping of imported product is creating in the local market.

While our cement plants must comply with rigorous labour and environmental standards and receive no assistance, they are
being forced to compete with foreign companies in Indonesia, China, Malaysia and Thailand, some funded by cheap American and other First World money that encourages them to sell at almost any price, with no world standards applied to domestic production plants in those countries. Asia’s cement production still way exceeds demand after the crisis of the past few years and it is a case of moving the product wherever they can. The international cement surplus is estimated at 50 million tonnes. In fact, I would argue that it is greater than that. It is no wonder the big Asian plants want to get rid of it at any price. As I have said, some of these offshore companies have highly dubious labour standards and dreadful environmental standards and benefit from generous government and foreign bank subsidies. Are these plants prepared to buy a billion dollars worth of carbon credits to offset their greenhouse gas emissions and level the playing field somewhat? I think not. Yet we are being asked to regard that as a level cement playground. No doubt the Customs inquiry will be investigating the local industry structure and selling practices.

The facts are on the table. Costs in the local industry have declined remarkably since a similar concern about cement dumping was investigated in the late 1980s. Technology is up, the number of staff has been trimmed, greenhouse gas emissions have been reduced by approximately 12 per cent since 1990, there are some of the lowest emissions of dust and other hazardous substances in Australian industry, and there is a recognition that more work will be done to make this country’s industry world’s best. I join other members in supporting this motion and ask particularly that paragraph (4) of the motion be carefully examined by the government. If it is not, Kandos and those other 10 cement towns in rural and regional Australia are in dire straits.

Mr McARTHUR (Corangamite) (4.14 p.m.)—I am pleased to join this interesting debate today because of my interest over many years in the cement industries. Members will recall the very powerful debate that took place in the late 1980s when Senator Button was the Minister for Industry, Technology and Commerce and the then Labor government were facing the dilemma of how to handle the problem of imports affecting the Australian cement industry. I was unimpressed with the industry at that time. I thought they had cartel tendencies, they had old technology, they were not competitive and, in my view, they were overmanned. Those observations have been confirmed by the present players, who say that those comments were true at that time. Those members who were part of the government will recall the quite strong and vigorous action that took place and the dilemma that Senator Button, the minister, had.

I have a cement operation in my electorate—Blue Circle at Waurn Ponds—where the technology is good. Alternative fuels in terms of old tyres are being used. That technology is good from an environmental point of view and from a cost point of view. As members opposite would be aware, the industry has been rationalised in a capital sense over the last 12 months. The bigger players have taken over some of the smaller operations and are becoming internationally competitive. We see the result of this in the Fyansford Geelong plant, which will be mothballed. It is of the older wet process and is not able to compete with the modern, updated plants. I also observe that historically some of the ready-mix operations had monopoly tendencies in conjunction with some of the cement companies. All in all, the history of the cement industries has not been encouraging in terms of competitive approaches. The Blue Circle plant, which I have inspected very carefully, has a very good manager, Max King. It has looked at its energy costs and at alternative fuels and tried to reduce its costs of operation as much as possible so that it can become world competitive.
We need to make sure that the industry are putting up a good case for the government to look at. On all the evidence, we know that Indonesia, China, Malaysia and Thailand are probably selling below their production costs. This has been largely brought about by the Asian financial crisis. Those countries have had a lack of demand in their own domestic economy and are seeing fit to dump their product in other areas. They are looking for new markets, and Australia is an obvious possibility. The important thing to note is: what is the cost of production in the country of origin? Customs are in some difficulty in establishing what would be the cost in Indonesia, Thailand and China with different labour and capital costs and of course different environmental control. As other members have alluded to, Australia has high greenhouse costs. We have made every attempt here in Australian cement production to contain these environmental costs. Blue Circle in Corangamite, particularly, have made every effort to make sure they meet the environmental standards. We have a five to 10 per cent environmental cost which has been factored into the cost of cement. I am sure that is not the case in the Asian countries. Australia has low levels of dioxin. Again, that would not be the case in those countries. As other speakers have said, the Australian cement industry have reduced their greenhouse emissions by 12 per cent since 1990. That was a very commendable achievement in circumstances where they were not required to meet these arrangements.

We support the efforts of the cement industry to become more competitive. However, the profitability of the industry is threatened by the dumping of products. We note that it will be some time before Customs are able to evaluate these claims, because there are eight other claims going on at the same time. I support the industry in a fair, bona fide application, so long as the industry is competitive and is meeting the environmental standards. I will support it in its claim provided it meets these standards and can compete on a level playing field with its competing Asian neighbours—and it is unusual for me to make such comments—in terms of the environment, labour costs and capital costs. I wish the cement industry well. It has put a much better case than it did in 1989. I hope, on the facts, that it wins its case.

Mr SAWFORD (Port Adelaide) (4.19 p.m.)—I am very pleased to be associated with the members for Lyons, Calare, Hinkler and Corangamite in supporting this motion to support the cement industry. I note the fair comments of the member for Corangamite on what happened and what was facing the Labor government 12 years ago. I thank him for that. The government’s facility for processing and assessing claims of product dumping on the Australian market is entirely inadequate, albeit there are eight at the moment. The cement dumping inquiry being discussed today is a good case in point. Cement imports from neighbouring countries to our north are being sold at an artificially low price, below their cost of manufacture. This practice of dumping is banned under the international trading agreements. It is banned for a very good reason. It is a practice designed to distort the marketplace and undermine the domestic industry.

The cement industry in Australia is efficient and internationally cost competitive. This is due to fairly huge investment in recent years. The unfair practice of dumping is having a detrimental effect on the industry’s profitability and on jobs. I accept that the process of proving that the cement, or any other product for that matter, is being dumped on the Australian market is not simple. It involves, among other things, complex investigations about manufacturing costs and inputs in the country of origin. Much of that information can be difficult and very time consuming to obtain. But it is for the very reason that it is so difficult that there is a dire need for the employment of additional personnel and the provision of additional equipment and facilities. This increased support for the investigation effort is vital if the Australian government is to afford proper protection to our own industries, our own companies and our own jobs. Every day that investigation drags on is causing damage to the Australian industry and companies within it. It gives further unfair advantage to overseas companies who are really doing nothing more than blatantly cheating on the rules of
fair play in the marketplace. We need to have in place a process that ensures that complaints are dealt with quickly and efficiently. In my electorate of Port Adelaide, Adelaide Brighton Cement has been a very good corporate citizen, employing many local people. The company is also very quick to respond to any aspects of concern raised within the community about the plant and the various aspects of the production process. Yet, because other countries are deliberately undermining companies by selling below cost, companies like Adelaide Brighton Cement and their work force face unwarranted difficulties.

While dumping may provide consumers with lower prices in the short term, the destruction or weakening of the domestic industry cannot be good for competition and prices in the longer term. Should the local industry be weakened to such a point that it is no longer able to effectively compete, it is certain that the dumping practice would end and prices would increase again. This is what happens when inadequate government support for the investigation process means longer than necessary delays in reaching a decision. Australian industry and Australian companies deserve to have their complaints about dumping dealt with in as fast and efficient a manner as possible. There needs to be an investigative team of sufficient numbers, appropriate qualifications and breadth of experience to ensure that every complaint is dealt with as expeditiously as possible. The experience of many companies that have made complaints demonstrates just how understaffed the investigation unit is. The complainants say that they have been told that the matter will be investigated and a decision reached in a specified short period of time, but it seems that the promised time frame is rarely adhered to and that decisions which it was said would just take a few weeks have dragged on for many months. This is simply not good enough. Every delay is undermining Australian industry, threatening company profitability and the livelihood of thousands of workers around this country. I call on the government to provide proper support to Australian industry and Australian companies. Australian industry looks to the government for support when companies in other countries cheat the system and indulge in unfair and anticompetitive behaviour in the marketplace. Unfortunately, from this government, we have received very little as yet. The time to act is now. There are eight cases of dumping before the investigative unit. It is time to increase their effectiveness in dealing with the Australian cement industry, and any other industry which is subjected to dumping and unfair trading practices.

Mr DEPUTY SPEAKER (Mr Jenkins)—Order! The time allotted for this debate has expired. The debate is adjourned and the resumption of the debate will be made an order of the day for the next sitting.

GRIEVANCE DEBATE

Question proposed:
That grievances be noted.

Employment and Unemployment

Mr SAWFORD (Port Adelaide) (4.25 p.m.)—Over the last 20 years the most spectacular failures in the developed world have been the creation of endemic unemployment, endemic underemployment, endemic hidden unemployment and endemic low wage employment. Orthodox economics, limited exposition of statistical data and overreliance upon financial theories largely devoid of ideas and processes and consisting of confused sets of outcomes have now dominated international politics, economics and financial markets for two decades. The reliance on failure spun into false successes has failed and, indeed, is a threat to the modern democratic state as we know it. When it comes to employment matters, the electorate at large has lost faith in the political process and the less than subtle manipulation of the economy by financial markets. People may not articulate the detail but they know employment opportunities and fair remuneration for labour in this country are deteriorating for far too many people. Under the current federal government that rate of deterioration has rapidly risen. This is of course a government that wallows in the populist pack, incapable of taking the necessary risk that leadership involves.

The electorate is told that the unemployment rate is around seven per cent and falling—that is, around 700,000 Australians
who are out of work. But that is not the whole story. For those 700,000 Australians officially out of work, there are only 70,000 advertised job vacancies—a ratio of one to 10. For those 700,000 Australians officially out of work, with only 70,000 advertised job vacancies there are another 700,000 underemployed and yet another 700,000—making 2.1 million in all—hidden unemployed. They either have given up or are simply not counted in the data. These employment facts are further distorted by the rapid increase in the casualisation of labour now believed to be about 40 per cent of the Australian labour market. No-one should be the least surprised that employment insecurity and failure contribute to the increase in depression and mental illness. We should all be shocked that depression, stress and mental illness now splits heart disease and cancer as the second biggest health problem in this country.

In Australia views exist that fail to see the contradiction in the 20 per cent reduction in expenditure on education and training of our young people, the abandonment of so many mature age workers and the promotion of immigration. I support sensible immigration levels. However, I have a real problem with calls to increase immigration whilst accepting falling expenditure of education and training for young people and mature age workers who are in transitional employment circumstances. Since 1979 there has been precious little evidence that employment solutions put forward by governments, the business community, unions or academia have worked. In fact, the reverse is more likely to be true. Downsizing trends simply prove that too many corporations are devoid of leadership and ideas and totally captive to and intimidated by the financial markets. The essence of Dr Switkowski’s performance last week is the latest evidence of that fact. The reality of downsizing to the whims of financial markets and shareholders—and for that I read personal gain of the few—is not a flash record. Even the short-term results of downsizing show that only one-third of businesses actually improve. Of the other two-thirds, there is no change whatsoever for one-third and the other third actually loses ground. The long-term results of downsizing are simply disastrous. Technology without people is next to useless. I suspect the answers to our current employment dilemmas are in the future, to be created by business leaders yet to be identified—and it would be prudent not to ignore the past.

One truth currently ignored of past labour markets is that for 150 years from 1830 to 1980 the actual hours worked by employees continuously fell. That has been reversed in the last 20 years. Yet in that 150 years productivity, efficiencies and capital investment grew, not fell; conditions of work improved; wages increased; and hours of work were reduced. It certainly was not all smooth sailing. There were depressions in the 1890s and 1930s and two world wars distorted improvements, but overall hours worked by workers were reduced and remuneration improved.

An analysis of what has happened in the developed industrialised world since World War II is enlightening: (1) capital investment has quadrupled; (2) productivity has trebled; (3) energy consumption has tripled; and (4) employment has grown by one-third. The latter factor has dominated the last 20 years, and there is the catch: employment has grown by only one-third, in spite of increased capital investment and productivity. What happened to the promise of shorter hours and higher remuneration for everybody? For the last 20 years, the benefits of increased wealth have gone to fewer and fewer people. The social contracts governments in industrialised democracies have had with their citizens since World War II have all but evaporated. Public good has been replaced by private good. Moral good has been replaced by the principle of user pays.

These factors present an enormous threat to democracy as we know it. Current talk about productivity and efficiencies is mostly ‘cobblers’. We have legitimised the operation of greedy profit-making without any responsibility whatsoever, except to be totally captive to and intimidated by financial markets. The great irony of this insatiable greed that has so dominated the 1980s and the 1990s is that it has operated in democracies which it also threatens. An economy that excludes young people from entry to the labour markets, thus limiting future revenues from them...
as workers to benefit the nation, is a dumb economy. An economy that excludes so many people from employment, 2.1 million, who want to work is a very dangerous economy. An economy that dismisses mature age workers—some as old as 35!—and then excludes them from future work is a very non-productive economy. An economy that creates debt, like Australia has in the last 20 years, is very worrying indeed. An economy with a current account balance as devastating as Australia’s is a cause of great concern.

Two major factors about providing solutions to unemployment are rarely discussed, and in many quarters they are simply ridiculed and discredited. That convinces me that they are probably worthy of serious examination. The two factors are: time and remuneration. They were recognised by corporate leaders 70 years ago. Obviously they were a lot smarter then than the current crop of corporate failures, supposedly leaders. Two classic examples, of course, are Ford, of motor vehicle fame, and Kellogg, of cereal fame. Henry Ford increased productivity, market share and long-term profitability with new technologies by doubling the wages of his workers. Mr Kellogg increased productivity, market share and long-term profitability by halving the hours of his workers but paying the same salary.

Both Ford and Kellogg used the new technologies of the time to grow productivity, market share and long-term profitability. What a contrast to the examples displayed by the fools we currently have as excuses for corporate leaders! These people often use the excuse of new technologies not to grow and increase market share and long-term profitability but to do exactly the opposite. In the process they accept often obscene personal rewards. Yes, that is correct: we now reward people in this country not for growth and expansion but for reduction. In some instances the rewards for people are gross for gross failure. Take Mr Trumbull and AMP. That is a classic but not uncommon example. We gave him $13 million for stuffing up. In this democracy we now have to reward people who exacerbate the employment dilemma. That is very dangerous indeed. Rewards are now for people who provide no leadership, no ideas, no processes and no solutions but who deliver smaller outcomes and larger incomes for smaller groups of people. That is dumb and very dangerous.

The exploration and analysis of time and remuneration is off the employment debate as a possible assist to the dilemma of employment. That is a classic example of dumb thinking, the closed mind, the narrowing of the agenda—the dumbing down of the nation. It is an example of the unwillingness to take a stand. It is time to take some new directions in the employment debate. Democracy demands challenges to expand, not reduce, horizons. Democracy grows when the public grows. Democracy is safe when the public is nurtured. Democracy is at risk and fails when the reverse is true, which is what is happening now. There are now, in March 2000, too many examples of the reverse being true in this nation. In fact there are examples in all developed nations in the world. (Time expired)

Petroleum Industry: Pricing

Mrs SULLIVAN (Moncrieff) (4.35 p.m.)—I am adding my voice once again to the many raised not only recently but also over the years on a subject of constant aggravation to Australians—namely, fuel prices. Last October I spoke briefly on this subject during a three-minute constituency speech in the Main Committee. I take this opportunity to elaborate a little further on the subject in this grievance debate.

Last year, I arranged to have recorded the early morning and late afternoon retail prices on weekdays at nine Gold Coast petrol stations, spread over approximately 15 kilometres, over a five-week period. I seek leave to have incorporated in Hansard a table detailing that record. I indicate that this table has previously been incorporated in Hansard but
my speech does not make any sense without it.

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\(^{1}\)nk - not known. \(^{2}\)Queensland school holiday weeks.
Mrs SULLIVAN—Whilst consumers have a gut feeling that they are being had by fuel companies, this record of prices tells an interesting story. The price fluctuations at nine different sites tell a very different story from the one the oil companies try to convey in their public relations campaigns designed to convince us—and by us I mean members of parliament—of their injured innocence when charged with exploitation of their consumers. The remarkable consistency of price movements, both in timing and size—particularly when the geographic spread of these petrol stations is taken into account—tells a very different story.

This table shows that the pattern of consumption of petrol in my home city is quite predictable. I must say that I have found it quite fascinating reading. I have learned a lot about my fellow citizens. It shows, for example, that prices are invariably higher on Friday evenings than on Monday mornings, by as much as 4½c per litre. The reason for this I can only speculate on, but the higher weekend prices probably have something to do with the fact that tourists come from our major market of Brisbane over the weekend, commonly arriving on Fridays.

In my speech to the Main Committee, I indicated that, some 10 years ago when I used to have occasion to visit Brisbane every weekend, prices in Brisbane were always lower than they were at Gold Coast outlets. The fuel companies would have us believe that this is a sign of competition. I believe it is a sign of exploitation. I indicated to the Main Committee last year that on one occasion I had driven from my home city of Gold Coast to the Sunshine Coast, passing through Brisbane on the way. When I reached the other side of Brisbane—and for the whole length of my trip to Nambour—every fuel station had a price that was 5c per litre lower than the Gold Coast prices on that very evening. There is no rational explanation for this.

The fuel companies try to tell me when I correspond with them—as I do quite regularly on this subject—that this is an indication of competition. That might be so were it not that, for years now, fuel station franchisees have been beating a path to my door—as I am sure they have been to the door of every other member of parliament—complaining about how the fuel companies are squeezing them out of their leases. Within a five-kilometre radius of my home, there are quite a large number of petrol stations, none of them owner operated and none of them franchisees. Some of them were until the last couple of years, but they are now all fuel company owned. This process of the fuel companies squeezing out the independent operator—taking over the leases themselves, not making them available for renewal and then conducting this sort of price fluctuation—gives the lie to the statements made in letters to me by the fuel companies.

My table shows that, virtually invariably, prices on any given day are higher in the afternoon than they are in the morning at the same fuel stations. There is a very simple explanation, I believe. Like 90 per cent of the population that uses a car, I rarely have time to fill up in the morning. I fill up the night before if I am getting low on petrol, because I know that the next morning I will not have time. That seems to be the pattern of the human race, and it shows why, day after day, fuel stations have a variation of several cents per litre between their morning and afternoon prices.

Prices at every outlet range remarkably over the course of each week. My survey showed that the difference between the highest and lowest price per week ranges from 4c per litre at certain service stations to as much as 8.4c per litre at more than one outlet. This variation had nothing to do with world prices. These records were taken at a time when world prices for fuel were not varying. People like the member for Eden-Monaro will probably laugh themselves sick when they look at these Queensland prices, but it is the variation that matters. Our prices in Queensland are significantly lower than they are in most other states. That is because Queensland state governments of various hues—since state governments started setting fuel taxes—have kept them low. It is not a state issue, of course, but the Queensland taxes that were operating when the federal government was obliged to take them over were relatively low. It is not the absolute price that is the
issue here; it is the variation. And it is extremely remarkable.

Fuel companies use the defence that this is all in the name of competition, but I reject that, and I reject it on behalf of those many franchisees who have been squeezed out of fuel stations over the years. Last week we heard in the news that world fuel prices had risen again. My husband told me that the next day prices at service stations in my electorate varied by as much as 10c per litre from one to the other. Two service stations five kilometres apart showed a 10c per litre difference. The higher one, I hasten to add, was at the station owned by a fuel company. Two service stations owned by the same fuel company, very close together and handy to my home, were both charging the higher price. The independent operator five kilometres away was still managing to get by on 10c per litre less. It just does not wash with the public. It is impossible for the effect of an increase of world fuel prices to be felt at an Australian bowser so quickly. It is just not credible. The fuel companies can dress up the explanation of prices any way they like. It does not wash.

There is one thing that is interesting about this, however. I have been in parliament for nearly 26 years, and it is only in the last three years that the fuel companies have bothered writing to me with their glossy little publications, crying that they are innocent on the subject of fuel pricing exploitation. I do not know the reason for this. Maybe somebody told them that these days they are ranking right down the bottom of the list of credibility. Maybe they thought that one of these days it is going to matter whether they have credibility.

I have to wonder whether it had anything to do with the sorts of negotiations that have been going on over the last couple of years, until very recently, between the government and the players in the fuel industry as to the legislation that governs them. Is it just coincidental that all of a sudden I have started getting these glossy publications and these letters claiming innocence? Is it that they want legislators to think that the fuel companies’ case is a clean one? It is patently clear to every one of us that their record is anything but clean. It will take deeds, not glossies, to convince us of their case when negotiations on this subject are entered into with government.

Ms O’BYRNE (Bass) (4.44 p.m.)—This government, since its election in 1996, has maintained that it has a strong commitment to regional Australia; but in this society, as with oil companies, you are judged by your actions and not claims of your intentions. In its treatment of regional Australia the government has been doing no more than paying lip service to the needs and concerns of those Australians who happen to live outside major capital cities. In particular, this government’s lack of concern impacts on Tasmania.

The federal Liberal government has left Tasmania far behind the other states. The neglect on the part of this government is appalling and grossly unfair. The people of the electorate of Bass have similar aspirations to those of the rest of Australians. They aspire to secure employment, education and job opportunities for young people, infrastructure which facilitates industry growth, and quality government services. On all four of these reasonable aspirations, this government is failing the people of Bass. Put simply, Tasmania’s economy and community face issues and impediments that are not faced by other states. It has long been recognised by the Labor Party that good policy for Tasmania is targeted policy. Government assistance and services must specifically take into account Tasmania’s geographic location—its separation from the mainland of Australia. Reference must be made to the largest population decline since the Second World War. This decline in population, caused in large part by the migration of young people to other states, makes it vital that governments specifically target policies. In effect, what Tasmania needs is a repopulation through the application of good policy—a policy that will create jobs for Tasmanians and develop industries and infrastructure.

It is encouraging to note that, through the efforts of the state government—not coincidentally a Labor government—the net migration rate from Tasmania has started to fall. But despite the hard work and good intentions of the state government, there is only so
much that it is able to do on its own. We need a commitment from all levels of government. Unfortunately, the federal government is largely ignoring Tasmania, and this is despite the fact that the Prime Minister, when in Grafton earlier this year, said, ‘Tasmania is probably the most impoverished state without any doubt in the whole of the Commonwealth.’

One of the real concerns to me is: if the Prime Minister claims to recognise the unique situation of Tasmania, why, when undertaking his much vaunted tour of regional Australia, was Tasmania not included? As I said, there are many problems facing Tasmania, and the best way of overcoming these problems is through the provision of increased employment. In this area, the Howard government is failing Tasmania. The unemployment level in northern Tasmania, in my electorate of Bass, is simply too high. The recently released small area labour market figures make for very interesting reading and clearly show this government’s inaction on job creation in northern Tasmania. In George Town, with a labour force of nearly 2,500 people, they have an unemployment rate of 11.9 per cent. George Town has a deepwater port, a large zoned industrial area and a large potential work force. With decent policy and assistance, this area would have great potential. What the people of George Town need and deserve is a government that will take actions to create and maintain employment.

If the government chose to apply itself to the matter of Tasmania’s future, it would come across some really exciting possibilities, from the Defence food nutrition centre in Scottsdale, to the information technology potential, to the fast-growing aquaculture industry. Opportunities exist in the north-east of Tasmania to build on industries that are already flourishing and to assist in the development of further industry. It is this government’s responsibility to invest in the people of regional Australia, and Tasmania in particular, and assure that Australia is not further divided into those who live in large mainland capital cities and those who live in regional Australia—the opportunity rich and the opportunity poor. Looking for and building upon new employment and export opportunities is not only required but essential for our region.

I am very proud to say that the Australian Maritime College is located within the Bass electorate. This facility, which contributes so much to the economic and social life of the Bass community, is an example of the sort of opportunity of which I speak. Despite the loss of the cooperative research centre, total investment in the Maritime College’s buildings and facilities is now valued at over $110 million. The college is ideally placed, as an international leader in maritime education and research, to build upon this reputation in a commercial sense. Indeed, in recent tendering for the provision of vessels to the Australian Navy, it was a requirement that the designs be tested at the Maritime College. A hydrodynamic testing facility—an option that has been available for some time now—would build upon the reputation of the college and the current facilities to extend the college’s research capabilities, creating jobs and a valuable knowledge based export: the expertise of our people.

Not only do we need to recognise potential and support existing industry; we need to get our basic infrastructure right. Given Tasmania’s physical separation from mainland Australia, freight transfer is an especially important issue for Tasmanians. With freight being transported by sea as opposed to road or rail, the importance of the freight equalisation scheme cannot be underestimated. In a Tasmanian context, I think it is reasonable to refer to an export as a good or a service which, through a commercial arrangement, is transferred out of the state. The reason for this definition being so broad is that, when Tasmanians sell a product to another state, there are great similarities with international export. The goods cannot simply be loaded onto a truck or train and sent on their way.

Bass Strait raises many issues for Tasmania, and the Bass Strait equalisation scheme is essential in attempting, in some way, to overcome the economic impact that Bass Strait has on Tasmania. Legislation providing for the medium- to long-term security of the scheme is therefore a reasonable expectation. In the last budget, the government crowed
about placing into the forward estimates an allocation for the equalisation scheme, but the people of Bass and of Tasmania as a whole who rely on this scheme for the conduct of their businesses need to know that this will not ever become another of the government's non-core promises.

It is not only goods going out but goods coming in that impact on jobs and industry in Tasmania. The Wheat Freight Subsidy Scheme currently supports the transport of wheat from mainland Australia to Tasmania. It is estimated that the scheme employs, directly and indirectly, around 1,600 people. Legislative security for the scheme is essential in order to provide freight recipients with the ability to plan and negotiate from a position of material security.

The Tasmanian economy is also greatly reliant on tourism. In a report produced by the Bureau of Tourism Research on the economic impact of tourism in 1996-97, it was found that 197,000 Tasmanians were employed in tourism—7.9 per cent of Tasmanians who are employed are employed in tourism. Providing the infrastructure necessary to facilitate and make the tourism industry grow would be a valuable contribution by this federal government to Bass and to its tourism potential. This need starts with access to and from Tasmania. The fast ferry, the Devil Cat service, which docks at George Town, significantly increases business activity in Bass during the summer season and has been a large economic stimulus for the Tasmanian economy in general and for the tourism industry in particular. Businesses in the north-east of Tasmania have estimated that during the operation of the Devil Cat fast ferry service, their business activity has increased by up to 30 per cent. The continuation and support of this service through infrastructure development grants would give the north-east of Tasmania increased economic security and confidence in the future. Notably, the state Labor government has again been the only one to work for the economic interests of Tasmania, which is in stark contrast to the attitude of this federal government.

A vibrant tourism industry exists and is growing in northern Tasmania. Benefits could be achieved through support of infrastructure development and the preparation and implementation of regional tourism plans. Tasmania is perfectly placed to provide an alternative for tourists wishing to escape from the urban sprawl experienced throughout much of Australia. As such, previous commitments from Labor to develop an ecotourism office in the north-east of Tasmania are important and should be taken up by this government. This will allow for growth in the lucrative and environmentally friendly ecotourism market and the target marketing of the beautiful north-east of Tasmania.

These are just a few of the things that this federal government could, if it cared about Tasmania, have done to assist the economic development of Tasmania and Bass in particular. Instead of jobs, this government offers Tasmania a tax. Instead of opportunities for the community to grow, this government gives us a GST—and I remind honourable members that, because most Tasmanians pay more for grocery items than nearly everyone else in the rest of Australia, the GST will have a proportionately higher impact upon them. Instead of innovative policy solutions to the population decline of Tasmania, this government offers a tax on nearly everything that we buy.

Mr Hockey—That’s rubbish; most items are GST free.

Ms O’BYRNE—I certainly hope that the member is saying the same sorts of things after the GST is introduced.

Mr Hockey—I certainly will be.

Ms O’BYRNE—I will take you up on it. The GST will place a huge burden on the community of Bass without providing any solutions to the problems that members of that community in Tasmania face. Population stability, employment growth and industry development are just three issues that this federal government needs to focus on when devising policies that impact on Tasmania. While this government is unable or unwilling to produce policies which benefit regional Australia and Tasmania in particular, I can assure all honourable members that a Labor government will address these issues.
Rural and Regional Australia: Telecommunications

Mr NAIRN (Eden-Monaro) (4.54 p.m.)—Today in the grievance debate I want to talk about telecommunications and join a number of people who have spoken on this topic, particularly in more recent days. It is particularly topical following the announcement last week by Telstra of a $2.1 billion profit for the half year to December and at the same time the announcement that there would be further job losses. Following those announcements, I notice that, in some of the media reports in more recent days, it has been clarified that Telstra intend to employ additional staff—something in the order of 3,000. So I presume from that that they are talking about a possible net loss of 7,000 in that particular case. Given the way in which some of these announcements were made last week, perhaps Telstra might be looking very closely at replacing some of the people in their public relations department. They might be some of the people being employed within the 3,000 new jobs that they intend to put in place.

There have been such drastic changes in telecommunications, I guess it is only inevitable that the sorts of emotional debates that we have had in this area have occurred. Telecommunications today is a much more key infrastructure than it was even 10 years ago. When you go back a few decades and you talk of infrastructure, people immediately think of the road that might run past their business or the water pipeline or the particular railway track. Telecommunications probably came well down the list. But more and more telecommunications is getting higher on that list of importance. That point was also brought home today with the release of the Standing Committee on Primary Industries and Regional Services report Time running out: shaping regional Australia’s future in which a significant number of the 92 recommendations in that report relate to telecommunications. Maybe it is a shame that that report was not out a week or so before Telstra devised their policy of releasing profit and other aspects in relation to their future business.

The key in telecommunications is service, and particularly when we are talking about rural and regional areas. I think most sensible people would acknowledge that the level of service and what people have access to today is substantially better than it was some years ago. There have been dramatic changes, but maybe the problem that certain individuals within Telstra do not quite understand is that the level of service is all relative. Even though services have improved, the problem that many people have in rural and regional Australia is that they look at the service level that is being provided in many of the major cities and they say, ‘Well, yes, service levels have improved—we don’t have the old party line system anymore—but look at our city cousins. They’ve improved at an exponential rate which is a lot steeper than the improvement within rural and regional Australia.’ So it is not an issue of improving services—I think it is very easy to demonstrate that services have improved—it is the relativity, and I think that is the point that really has to be addressed in the near future in relation to the level of service.

For instance, people in the city in a private capacity or a business capacity will take for granted that they can have call waiting or voice mail—all those sorts of things—by just lifting the telephone and saying, ‘Please apply it to my particular line.’ Those sorts of things that are now becoming basic services are simply not available in many parts of rural and regional Australia. I have people from the Milla area, which is south of Bombala, and from Jerangle, which is out from Bredbo in my electorate—quite a number of individuals—trying to simply get call waiting, voice mail or those sorts of things. The reason they cannot get those is that, although the exchanges were upgraded not so many years ago to get rid of things like party lines and to put in extra capacity, the exchanges are still not capable of providing those sorts of services. They are the small things. To some people they might seem very small, but to have call waiting, voice mail, et cetera is a huge advantage when you are in a rural situation. They are the things that need to get sorted out extremely quickly.
Over the last four years we have seen an extension of and improvement in services. For instance, in the last couple of years places like Bombala, Braidwood and Narooma—and Bungendore just in the last week—have had new digital mobile services go in, so certainly the coverage has been gradually improving all the time. But it is this aspect that really has to be addressed and Telstra is responding. We are finding the relationship of our office with Telstra, when we do have problems, is improving all the time. Telstra is getting on the job and following up some of the difficult things that have been occurring. I mentioned the example of the exchanges at Mila and Jerangle, which cannot provide those basic services. Telstra is working flat out to try to overcome those problems. The rollout of CDMA is another issue—and I will not go too much into that today because of time—that only really became an issue because of the legacy that was left by the former Labor government, which did the deal with Optus and Vodafone to cut off the analog system without any sort of viable alternative in place. Many of the problems that we have with CDMA are really a direct result of that.

I will give you the example of a constituent, Ray Madrid, who is down in Moruya right on the fringes of the old analog area. As a result of some of the changes that are taking place with the potential rollout of CDMA, he lost analog mobile coverage and consequently has to have a main line put in while he is trying to run a business. We have had satellite phones provided to him, but unfortunately sometimes they do not work and it has been a real exercise to get the actual landline in. That is just a small example of a business person out there in the regions trying to conduct their business. Telstra is responding to those sorts of things, but it has to respond a bit faster.

The main reason for improving these services and giving a better infrastructure is so that we can encourage more industries to get out into the regions and not be disadvantaged. You can be anywhere today if you have the right telecommunications and it does not matter where your markets are. That is a big selling point for us in the regional areas: from a lifestyle point of view, to encourage businesses to operate in our areas rather than in some of the heavily built up ones. We really want to push that as a reason to be in our areas. I would much rather be running my little business down in Narooma, Merimbula or somewhere like that—rather than being stuck in the middle of a city with huge rents—if I had there all of the services that were required. So we do want to improve our industries.

Call centres are often talked about. They are a growing area of industry that can be used more and more in rural and regional areas. One particular initiative in my electorate that was assisted by the federal government was the provision of $1.65 million to the Cooma area for the development of a community based call centre. This was in recognition of the loss of income in the town as a result of falling commodity prices and those sorts of things and it gives an opportunity for a whole new lot of industries to be developed. The money was allocated a year or so ago and the local committee headed by Tony Kaltoum is putting that project together. I think the committee members have been acting very responsibly, not spending their money willy-nilly but looking to get a client for the call centre. They have had an application in for a call centre through Defence, which Defence are looking at doing. I have made very strong representations to the Minister for Defence that Cooma would be an appropriate place for that call centre as part of this community call centre partly funded by the federal government. More recently, I have also made very strong representations to the Prime Minister on that and I am hoping that we can get a decision on that particular call centre very soon because it can provide a great way forward for the Cooma region with a different new sort of industry and other growing industries that can come from it. (Time expired)
stra gives first-class service to regional areas. I am here today to speak up for volunteer lifesaving organisations in the Hunter and on the mid-north coast of New South Wales who will lose, from June this year, pager services previously provided by Telstra. Last week Telstra announced in almost one breath massive profits and massive job cuts. In regional Australia this has many people concerned. Reductions in service continue in regional areas and no amount of corporate communications strategies by Telstra will convince rural people that this will stop with 10,000 job cuts.

My office is called almost daily with complaints about Telstra services. On 12 March, Senator Alston told us that Telstra is a government service and, as such, falls under the Prime Minister’s red light for the delivery of regional services. Senator Alston also said the government would come down on Telstra like a ton of bricks if services did not improve. Statements like this are incredibly naive when a reduction in the number of 10,000 in human resources is announced. How can service levels improve with the loss of 10,000 workers? Employees happen to be an important resource to the continued good management of a service provider. I have some pop human resources management books in my office and maybe the government would like to read some. This is a common theme in industry, one that should be addressed with a level of leadership and community responsibility.

It is frustrating to hear an organisation announce massive profits in the same context as job cuts. This stuff smacks of old world rationalism. Shedding jobs like this does very little other than make management look neater. It is not smart management, it is neater management, and it certainly does nothing for the corporate citizenship of Telstra. Only last week, four subcontracting companies laid off 100 workers in the Hunter region. They were doing contract work to upgrade the Telstra network in the north and north-west of New South Wales. The work is now over budget and has stopped until the new financial year. If that is Telstra’s idea of smart management, it is certainly not mine. Perhaps it is also an admission that the contract system is not working for Telstra.

On 30 June this year, Telstra will phase out its pager services in rural areas. This will have a huge financial impact on volunteer lifesaving organisations like the Rural Fire Service, the Volunteer Rescue Association and the State Emergency Service. Rural emergency services like these rely on the pager service to do their job effectively. When questioned about this last week, Dr Switkowski told me that mobile phones may be used as a replacement. In areas like Bulahdelah, this simply will not work. Firstly, there is extremely bad mobile phone reception and CDMA has not been rolled out. Secondly, a pager service sends out one signal rapidly to all emergency workers. A mobile phone can be used only one call at a time.

In conjunction with the New South Wales state government, the New South Wales Rural Fire Service is spending over $1 million to replace the pager system. There was no consultation from Telstra—no consultation and no negotiation. The emergency services were simply told the service would cease to exist at midnight on 30 June. You can see the problem this has caused. Private providers do not have the coverage of Telstra and were not a suitable alternative. The volunteers are not impressed. I would like to know how many cake stalls these committed and tireless lifesavers will have to hold to get a new telecommunications system put in place. I know that councils in my area are paying the equivalent of a category 7 firefighting vehicle to pay for their pager service.

Telstra has an extensive corporate sponsorship program—mostly in the avenues of sport. It includes the Olympic Games, the Australian Ladies Masters Golf Tournament, the FINA swimming championships, a racing yacht and a racing car. I put this to Telstra: start thinking strategically about your image in regional Australia and put your money where your mouth is. These volunteer organisations save lives and property—lives from around Australia, on major roadways and in the bush, where fires can ruin lives and property. Volunteers from the Rural Fire Service and State Emergency Service in my electorate were there when Sydney needed them last
year during their storms. They were at Thredbo and they were in Sydney in 1994 when the devastating fires caused so much loss of property. Their service extends from regional Australia into the metropolitan areas, and in New South Wales alone over 70,000 volunteers state-wide represent the Rural Fire Service.

But of course this means very little to the federal government. In a report from Telstra chair, David Hoare, in the 1999 Telstra Annual Review, he says:

Telecommunications is undergoing enormous change and I feel it is important to draw your attention to the creed by which we work here at Telstra. These are guideposts for all our activity. Part of that activity relates to the further privatisation of Telstra. We support the government’s intentions relating to further privatisation ... This sits very uncomfortably with Dr Switkowski’s comments last week that he is sick of Telstra being used as a political football. What he is really saying is that he cannot take the heat as CEO of a government owned enterprise. Along with this comes inevitable responsibility to the people, who still own half the organisation. He does not mind Telstra being used politically as long as the federal government continues in its drive to privatise Telstra. Dr Switkowski wants Telstra to be free of government intervention in order for it to do what it wants to do. This means scrapping regional services.

This is the commercial reality of business that we are so sick of hearing about. It is used as an excuse for inaction by the federal government and the likes of Telstra management. Rhetoric from Telstra this week about establishing a unit for regional development within the organisation means nothing after last week’s cold words from Dr Switkowski about commercial realities. This is a knee-jerk attempt to soften the regions up before the slash and burn begins. Meanwhile, Senator Alston almost laughs at the suggestion that Telstra should have some social obligation for the damage it has caused in regional areas—16,000 jobs in 1998 and another 10,000 on the way. And Senator Alston scoffs and says, ‘Telstra is not a charitable organisation.’ To the federal government, the huge problem of redundancy means nothing. It means nothing to them if you are a retrenched 40-year-old male who has worked all his life for the telecommunications company in a town like Dungog. It means nothing to them that this worker will have to leave to find work elsewhere or be stripped of his benefits to survive. It means nothing to this federal government that there is now one less family in town, one less family buying postage at the local post office, one less family at the school resulting in one less teacher at the school. One less teacher, one less family, one less service at the bank—where does it end? And this government remains inactive. It means nothing to this government that lifesaving volunteer organisations will lose their pager services, and it means nothing to this government that regional Australia will suffer as Telstra strives for market dominance and global success. It means nothing to this federal government that they are rapidly dividing this country in two.

I wish Telstra every bit of luck in their global and national market endeavours, but I do not believe this has to be at the expense of regional Australia. There are other, smarter ways of managing a business than using the big red pen.

Imports: Steel

Mr SCHULTZ (Hume) (5.14 p.m.)—Over the past couple of months in this place, both in the lower house and the upper house of this fine establishment, we have heard an enormous amount of concern from people from both sides about jobs disappearing and establishments closing down and, more importantly, the effect that those closures and those job losses have in rural and regional Australia. We have also over the past months heard about the concerns of people about the dumping of imported items into this country. You do not have to think back too far to see what I am referring to when you look at the pork industry leading up to the 1998 election, when you look at the way in which the Americans treated the Australian lamb industry, when you look at the way in which the Canadians have attempted to create problems in our salmon industry in Tasmania.
Today a number of people have come into this place and talked about their justifiable concerns about the issue of cheap cement being dumped into our country and the issue of Telstra rationalising its work force again and the impact that is going to have on rural Australia. But I am here today to talk about the imported fabricated steelwork that is being dumped or attempted to be dumped in this country, and particularly steelwork that is coming from places like China. If we try to make a comparison between what we can produce fabricated steel for and what China can do it for, we see an environment where they are paying some of their people 50c an hour to produce it. The steel industry is severely threatened by global sourcing of fabricated steel for projects. A total of 200,000 tonnes of fabricated steelwork is at risk of being imported for current Australian projects. This will, of course, seriously undermine an efficient local industry which has an excellent track record for quality and contractual performance and is very competitive internally. But it suffers in comparison with the much lower wage rates which I have just mentioned and poorer safety and environmental conditions which exist in Asia following its economic meltdown.

In Queensland alone there are five projects where some 170,000 tonnes of fabricated steel are either being imported or planned to be imported. Such imports could result in the loss of over five million direct man-hours to the Australian industry, with consequent financial losses to both the industry and the federal and state governments. This national economic loss is magnified by a factor of three when the multiplier effect on jobs is applied. If this trend is allowed to continue unchecked, the very fabric of the Australian steel construction industry will be at risk, from manufacturing through to distribution, fabrication, including design and detailing, service treatment and steel transport.

The pace of importation is increasing. For example, in the six years 1992 to 1998, the percentage of structural steel imported increased from two per cent to 12 per cent. Currently more than 25 per cent of the market is at risk on projects identified as planning to use imported fabricated steelwork. In 1998, 13 per cent of transmission steelwork was imported. An independent report by Trade Data estimates that in the next five years at least 50 per cent will be imported. The direct effect on the industry is job losses and fabrication shop closures. There will be a flow-on effect to related industries, which include steel detailers, steel manufacturers, galvanisers and painters, distributors and structural engineers. More companies will close down, thus reducing the Australian industry’s capability and capacity. Fewer companies will mean fewer opportunities, leading to a major lack in sector knowledge and expertise in the immediate future. The engineering profession and associated technical professions such as steel detailers will be seriously affected. Design and detail work for Australian projects is already being carried out overseas and, as the pace of importation increases, job losses will result in these areas also.

One could quite rightly say, ‘Well, how is it that people would expect government to carry the can, so to speak, on the issue of competition, when Australian industry itself, whether it is the steel industry or any other industry, has to become more realistically competitive by becoming more efficient in what it is doing?’ That is true, and many of the companies are in fact taking on that challenge and are becoming more efficient. But the key issues and the threats arising from fabricated steelwork being imported are that one major fabricator has already closed its shops in Kwinana and Tomago and another Western Australian fabricator has reduced its work force from over 400 to fewer than 40 with a corresponding decrease in apprenticeship numbers. In Australia’s largest seven structural fabrication workshops, the work force has declined by 77 per cent over the last 12 months and by 81 per cent over the last two years.

Imported fabricated steel is a threat to the sustainability and future of the Australian industry. There is absolutely no doubt about that. Asian fabricated steel is cheaper because Asian labour rates are significantly below Australian levels. As I said before, they can...
be as low as 50c per man-hour. Australian operators must each meet strict environmental and occupational hazard and safety requirements which make it impossible and undesirable to mirror the offshore situation. Overseas based project managers doubt that the Australian steel construction industry has either the capacity or the expertise to carry out major projects. That, of course, is patently incorrect. Increasing privatisation of utilities has reduced government influence over the favouring of Australian inputs, and Australian industry is suffering as a result of that. Governments have no specific provisions in place to regulate the importation of fabricated steel, and generally, from what I have been told by the industry contacts that I have in my electorate, governments are unsympathetic to the industry situation, although I think that is an exaggeration because I know there is a report in to government at the moment and I am sure the government will take on board the concerns that have been raised in that report.

The issue of imported fabricated steel, which is influencing the balance of payments in a negative way, is a very critical one. Of course, it is compounded by the fact that, when governments make grants available and make subsidies available for companies which want to expand their operation or build a new operation, we need when we make those sorts of financial contributions to assist industries to get up and create employment to seriously do something about ensuring that there are impact statements relating to the conditions of the grant and we have to make sure that there is the imposition of conditions on projects receiving taxpayer funded subsidies or incentives.

When you look at the figures on what is happening in this particular industry, you will see that the seven largest steel fabrication companies in this country have reduced their work forces by 81 per cent in the past two years due to competitive pressures from low cost companies. Some companies have closed their doors, such as ABB Facilities at Newcastle and Perth. United Constructions have gone from 400-plus to 50 employees, Transfield have reduced their numbers at Seven Hills by over 60 per cent, Evans Deakin is closing its facility in Brisbane and ANI Smorgons is likely to be downsized. It is imperative that we do what we can to curtail the external pressures that are being put on this country in unrealistic competition which make it possible for the Asian countries in particular to be putting commodities into this country. They are creating massive problems for our employment and more importantly putting people in an unfair environment.

(Time expired)

Plunkett, Mr Edward John
Rural and Regional Australia: Services

Mr FITZGIBBON (Hunter) (5.24 p.m.)—On Saturday, 8 January 2000, the Hunter community lost a great Australian in Edward John Plunkett. Born in Spion Cop in 1927, Ted was a great friend to many. After returning from active service in New Guinea, Ted Plunkett settled in Abermain, took up work in the local coal mines and became active in the Abermain sub-branch of the Returned Services League where he served as secretary for many years. Ted was an active trade unionist and a proud member of the Australian Labor Party. Indeed, only last year the party bestowed upon him the very high honour of life membership.

A great contributor to his local community, Ted probably made his greatest mark as an alderman and councillor on Cessnock City Council and as the city’s deputy mayor. There he dedicated 12 years of his life to the advancement of the ward he represented and his city. More recently, Ted devoted much of his time to the cause of the Retired Mineworkers Association and served as president of the local branch. I enjoyed the privilege of serving on Cessnock council with Ted Plunkett for eight years and was fortunate to have been able to call him a mate. Ted loved working for his community but, more than anything, Ted loved his wife Dorrie and his family. I wish them the very best in their ongoing battle to come to terms with their sad loss. Ted was a great Australian and they have every right to feel very proud of him. We will all miss him.

I want to turn to an issue which was dear to the heart of Ted Plunkett and is to many of those who served with him, that is, the reten-
tion of services in rural and regional Australia. I have spoken on many occasions in this place about the Howard government’s total abandonment of rural and regional Australia. Until now, I thought there was nothing more symbolic of that abandonment than the decision in its first year in government to abolish the division of regional development. However, its determination to totally privatise Telstra and its blessing of Telstra’s announcement of last week to shed 10,000 jobs may now even have surpassed that decision to abolish the division of regional development as the most symbolic feature of its abandonment of rural and regional Australia. It is difficult to pinpoint the most significant move by this government in those terms because its indiscretions against rural and regional Australia have been so numerous. I do not want to waste my time tonight going over old ground. I have listed them on many occasions in this place. What I do want to have a brief look at is the Howard government’s quick fix for rural and regional Australia, the program it is putting up there as the panacea of all the ills of the bush. I refer to the government’s rural transaction centres. At the last election, the government announced that it would allocate $70 million over five years to fund the centres. No indication was given as to how they were going to survive financially after that initial five-year period. Of course, the $70 million was to come from the second tranche of the Telstra sale. So, again, rural Australia gets something but it has to pay for it as a consequence of the privatisation of Telstra, which, of course, will adversely impact upon the bush, more so than on people living in urban areas.

The point I want to make loudly concerns the progress of the roll-out of these rural transaction centres. As at February of this year—and this comes from the government’s own web site—seven rural transaction centres were in operation and another—

Mr Kelvin Thomson—How many?

Mr FITZGIBBON—Just seven, and another seven had received funding; that is, 14 in the first year of the program. I have a map here which says it all and comes from the web site of the Deputy Prime Minister and Minister for Transport and Regional Services. It is a map of Australia with dot points showing where these rural transaction centres have been established. As you can see, Mr Deputy Speaker, there are just seven little dots across our vast continent: one in Queensland, three in New South Wales, one in Victoria, one in Tasmania and nil in Western Australia and the Northern Territory, areas with the most sparse tracts of regional areas. That is the government’s progress to this point. I seek leave to table the map, because it is interesting.

Leave not granted.

Mr FITZGIBBON—Leave is not granted—surprise, surprise. So that is 14 in 14 months, if indeed those other seven come on line by the end of this month. You do not have to be a mathematical genius to work out—I am sure the Minister for Financial Services and Regulation, who is at the table, could calculate this one—that that is one rural transaction centre every month. At that rate, the government should have 36 rural transaction centres operating by the time the next election comes around. That is, of course, if the government runs its full term. Why wouldn’t it? It is suffering so much difficulty that it is true to say that it will need all the time available to it.

At the end of the five-year program the government will have achieved just 70 rural transaction centres. That is 430 short of the objective. At the current rate of progress, the government should have established its 500 rural transaction centres by the year 2036. This is the Howard government’s answer to the challenges faced by rural and regional Australia. This is the program based on which the Deputy Prime Minister has dorothy dixers organised for himself during question time so that he can get up and espouse the virtue of this program. What a joke. I think the government should change its focus and recognise, contrary to the words of former minister for regional services John Sharp, that the Commonwealth does have a role to play in the area of regional development, is best resourced to play a role in the area of regional development and should play a role in the area of regional development.

In the short time available to me, I want to talk on an issue that I was denied the oppor-
tunity to address last week when the government gagged a very important excise bill designed to address the very widespread concern in the community about fuel substitution. What that bill does not recognise, and what the Assistant Treasurer’s more recent announcement does not recognise, is that the fuel substitution issue is a demand-side problem. While there is a demand out there for adulterated fuels, they will be on the market. There are two things that the government should be doing about the issue. First of all, it should be introducing a national standard for petroleum that should be properly resourced with the tax office and the ACCC to resource it. A national standard would overcome the immediate problems.

Secondly, you remove the real source of demand by curtailing the unfettered power of the major oil companies. There will not be demand amongst independents or amongst brand service station operators for adulterated fuel whenever there is real competition not only in the retail market for fuel but also in the wholesale market for fuel. The way you do not curtail the power of those major oil companies is to further deregulate the industry. The way you do it is to pick up the principle contained in my private member’s bill, and that is to legislatively provide service station franchisees with the ability to shop around for fuel, therefore introducing wholesale competition into the market for the first time. While you allow the oil majors to run roughshod over the industry, there will be demand for adulterated fuels to allow those independents the opportunity to compete. (Time expired).

Employment: Harvest Labour

Mr FORREST (Mallee) (5.34 p.m.)—I would like to draw the parliament’s attention to the issue of harvest labour. I have raised this matter many times in the past as an issue which has been neglected by previous governments, but I am pleased to report some major progress on the matter in the last few years. The National Harvest Trail Working Group is a group created by the government last May to establish a national trail that will pave a smoother path for the continual flow of fruit picking and harvest labour resources. I congratulate the Minister for Employment Services, the Hon. Tony Abbott, for giving this initiative such attention as it will assist much of rural Australia. I also congratulate the chair of the group and member for Hindmarsh, Chris Gallus. Her enthusiastic support has been a key to achieving some real progress on this issue.

Almost every year I had come to dread January and February because of the issue of harvest labour, or the lack of it. The phone calls and complaints provided much frustration. But things are much improved, I am pleased to say. Last year and this year it has been of much relief to have very few complaints, with a real focus on regional harvest labour offices and a proper focus on providing solutions. Having an adequate source of harvest labour is an issue through many parts of Australia, and the working group’s outcomes will go a long way to alleviating the shortages that orchardists, growers, horticulturalists, cotton producers and the like continually face. Harvest labour goes back many years. I remember as a child, growing up with a family in horticulture, that we always had the same harvest labourers come through every year. They followed the trail all the way from Bowden in Queensland to the Riverland in South Australia. This trail covers all of the major fruit picking and harvest areas, and its promotion will benefit both job seekers through increasing knowledge of job opportunities and growers by helping to facilitate a stable supply of labour.

The objectives of the Harvest Trail Working Group are to identify areas with labour shortfalls and the reason this shortfall occurs, and to establish strategies to promote work opportunities in fruit picking and harvesting. There are many things yet that need to be done, and I would like to list some of them by way of precis. The first is the need to stimulate an interest in the harvest labour trail—the fact that it exists. The second thing is to promote harvest labouring as an opportunity to travel and earn good money, contrary to popular opinion. You can earn a good bob picking grapes. I am very grateful for that because it was the funding source for my university years. That opportunity still exists today, contrary to popular opinion. The third thing that needs to be addressed is the issue
of providing accommodation. It is a crucial issue out there in rural and isolated locations.

The fourth thing is to address many of the issues to do with the complicated administration of the labour force, such as superannuation, and the frustration this creates for employers who are principally growers. That is what they are expert in and that frustration needs to be relieved. The fifth and very important element of what needs to be done is to reduce the reliance on non-lawful people participating in harvest work. In essence, we want more people to be aware of the availability of constant employment in this industry by following the trail. The harvest labour group’s initiatives will be an enormous key in doing that. In the meantime, we need to implement ongoing strategies because growers still face frustrating labour shortages. Periodically we see it raise its head in the media when growers express their frustration. Not long ago there was a ridiculous suggestion on their part that we should accept boat people as a labour source. That is just not on, but it does give you some idea of the frustration these people experience. The national focus of the media on Shepparton provided an immediate source of 4,000 people who were not aware that there was work available in Shepparton.

There are times when growers will accept any and all offers of work in order to redeem their crop, which is the whole year’s investment in many cases. I have growers in my electorate that are forced to get bus loads of people from Melbourne or Adelaide simply because the local area cannot provide the required number of labourers. I am convinced that the workers are there; they are just not always in the right place at the most appropriate time. As I mentioned, 4,000 Australians were in Shepparton as soon as there was a focus on that district. In fact, at the end of that period, the harvest labour providers to employers were turning people back. I was very grateful that they sent people from Shepparton to the Sunraysia region in my electorate. That was very useful for the Sunraysia horticulturalists.

I now turn to illegal workers and their involvement in seasonal industries. It is very unfortunate that this has often been the source of immediate available labour to growers. It does not make it right and it is very sad that the issue has been so neglected over the years that they have become reliant on this source to have their crops harvested. In the general context of that debate, it is estimated that over 53,000 people in Australia have overstayed their visas and are unlawfully resident here. Quite a number of them deliberately focus on the horticultural regions of rural Australia. It is natural that, without access to work over a sustained period, overstayers need to work. Sadly, they do that illegally to fund their unlawful stay here. There are also those who are here legally but who do not have a permit to work and are in breach of their visa if they do so. They seem to find their way into the harvest labour districts as well. It is an important issue for the community. Very few people support the use of illegal workers, because they limit the availability of these employment positions to lawful Australian citizens. Therefore, I commend the endeavours of the Minister for Immigration and Multicultural Affairs, the Hon. Philip Ruddock, on his determined efforts to stop this happening. This is despite the fact that many of my growers are worried about the reduction in what is a vital—and, in many cases, the only—source of labour. When announcements were made on this issue, one of my growers said to me, ‘John, I don’t care if they’re from Mars. If they have two hands and my crop is rotting in the rain, I need those two hands.’ It is so sad that things have been allowed to deteriorate to the extent that we force a grower into that position. Even he admits that the government needs to take a strong line on illegals. It should not be that growers need to rely on that source of people as a labour force.

In the last four years the minister has responded on the issue of working holiday arrangements. This has been welcomed by the horticulturalists of my electorate. We have seen an increase from 45,000 to 68,000 visitors on working visas in the previous year. These are the so-called backpackers who, because of their very strong work ethic, are sought after resource for harvest labour. The minister has also announced the expansion of the working holiday-maker program to about 78,000 available places in the coming finan-
cial year. I commend him for this action, although it can only be considered as an interim measure until we get some of the recommendations in place which the harvest labour trial group will be submitting to the minister.

There is another ongoing problem which my growers are concerned about and it comes from the review of illegal workers in the preparation of a report chaired by the former member for Riverina, Mr Noel Hicks. Some of the recommendations in this report, which have now received support from the government, and which I support, include the possibility of sanctions to be introduced to discourage business owners, employers and labour suppliers from recruiting illegal workers, with a range of offences and penalties available to reflect the seriousness of that. My growers are very concerned about this. When their priority is to make their contribution to the GDP with their crop, to be the policeman for another program is not their real task, and I ask the government to keep a proper balance on this matter.

(Time expired)

Question resolved in the affirmative.

A NEW TAX SYSTEM (TAX ADMINISTRATION) BILL (No. 2) 1999
Second Reading

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

That the bill be now read a second time.

Mr KELVIN THOMSON (Wills) (5.45 p.m.)—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 expresses its concern with the fundamental unfairness of the Government’s approach to taxation reform generally, including:

(1) the fundamental unfairness of a goods and services tax;

(2) the enormous compliance burden faced by small business from the GST; and

(3) the further increase in compliance burden arising from the new Pay As You Go measures and other tax related changes such as those under the business tax reform process which will inevitably fall disproportionately heavily on small business.

This piece of legislation comes from a government which told us that after 1,000 amendments to the goods and services tax legislation it had finished. Treasurer Costello is on the record as saying there would not be any more amendments to the legislation. We have not counted up yet how many amendments there are in this particular bill—but they are at it again in terms of amending GST legislation. This one essentially deals with changes to the pay-as-you-go taxation arrangements. It proposes many technical changes to the administrative provisions covering the new taxation arrangements which commence on 1 July this year. The major categories it covers are: pay-as-you-go installment provisions and trusts; payment of fringe benefits tax instalments under the pay-as-you-go system; the new standardised collection and recovery rules; the pay-as-you-go withholding provisions; and the oral binding rulings regime for individuals. These new arrangements flow from advice from the tax office, which is obviously in the best position to provide this sort of administrative advice. Accordingly, Labor has consistently not opposed these administrative measures and we do not intend to so now. But we have been
pointing out anomalies and we will continue to do so.

The first category is pay-as-you-go installment provisions and trusts. These provisions cover the highly complex installment regime for trusts and life insurance companies and other technical amendments covering such matters as partnerships and limited partnerships. In addition, the Abstudy and the Student Financial Supplement Scheme debts are integrated into the pay-as-you-go system so that repayments can be made under the pay-as-you-go system rather than under the income tax system as is currently the case. Labor will not be opposing these measures.

The second provision is regarding the payment of fringe benefits tax instalments under the pay-as-you-go system. The fringe benefits tax year goes from 1 April to 31 March, as opposed to the standard income year from 1 July to 30 June. Very small fringe benefits tax liabilities are paid annually, and other taxpayers pay quarterly. The timing of quarterly FBT instalments differs from the timing of the other tax instalments of FBT taxpayers. The A New Tax System (Tax Administration) Bill (No. 2) 1999 proposes to integrate FBT instalments into the pay-as-you-go instalment system from the FBT year commencing 1 April 2001. This should simplify the administration of quarterly FBT taxpayers. It is probably worth noting that, despite an abundance of Liberal Party rhetoric against the fringe benefits tax as being a major impact on employers, only 46,000 taxpayers are quarterly FBT taxpayers and all of those are large and medium sized businesses. This measure will not be opposed.

The third is the new standardised collection and recovery rules. Labor has supported earlier legislation which standardised collection and recovery rules for different taxes. The current system has grown over decades and involved different rules concerning different taxation liabilities—for example, PAYE income tax and the like. Standardising these provisions improves tax administration and simplifies tax compliance for taxpayers. The bill proposes to complete the transition to the new regime by amending or repealing references to the existing recovery provisions, which will no longer operate on or after 1 July 2000, and by including references to the standardised collection and recovery rules from various recovery provisions in different acts. Labor will support these proposals, which essentially amount to a legislative tidying up.

The fourth is pay-as-you-go withholding provisions. The bill proposes a variety of technical and consequential amendments to the pay-as-you-go withholding provisions. These provisions are the new withholding rules for provisions such as the current PAYE provisions for payments to employees and the current PPS provisions for payments to contractors and also to parties who do not have an Australian business number or ABN. The provisions of most interest in this bill are those dealing with the no ABN withholding events. Under the new rules, if a business does not have an ABN or does not provide it to a person from whom it obtains payment, that payment will be subject to a withholding tax at the rate of the maximum marginal tax rate of 48.5 per cent. That is a very punitive measure designed to encourage ABN registration and an attempt to limit the black economy. The Treasurer has been warning businesses about this measure in recent times. Basically, if businesses are not ready by 1 July 2000, they will be classified as tax cheats and subject to the 48.5 per cent withholding tax. Labor believes that these provisions could quite easily have a detrimental impact on legitimate small business when the new arrangements commence.

There has been some recent discussion about the process of registration for the Australian business number. In mid-February it was reported that Australian Taxation Office officials were puzzled by an apparent reluctance by companies to register for an Australian business number. Taxation Office estimates showed that only 320,000 companies or 12 per cent of the estimated 2.5 million businesses nationwide have registered. It was pointed out at that stage that there were fewer than four months to go until the 31 May deadline. Some of the research from the Taxation Office at that time indicated that non-English-speaking company owners were the least prepared for Australian business
numbers and that the Taxation Office was changing its strategy for this sector to try to make sure that business owners were aware of the issues and the need to register for the ABN. Since that time, we have seen yet another taxpayer funded GST advertising campaign—not as big as the $19 million of taxpayer funded propaganda which preceded the 1998 federal election but nevertheless more taxpayers' dollars disappearing on GST related advertising.

The Minister for Employment, Workplace Relations and Small Business came into the House in question time today and kicked something of an own goal on this issue of GST registrations. He was answering what we describe in the House as a dorothy dixer. He said, ‘We had a very good week. We had 100,000 registrations last week and we are now up to 600,000 by way of total number of Australian business number registrations.’ Let me point out that this is way below the target needed to ensure that all businesses are registered by 31 May. In February, the tax office needed to sign up 160,000 businesses every week in order to meet its target. This has now blown out to 173,000 each week. As I participated in a game of limited overs cricket yesterday between the Labor Party and representatives of the press gallery in which, for the first time in living memory, we were successful, an appropriate analogy for me to draw on might be a limited overs game, because the Minister for Employment, Workplace Relations and Small Business is essentially boasting about an over in which his side has hit 10 runs when the required run rate is 16—that is to say, the run rate has blown out even further. There is little doubt in my mind that, come 31 May, many small businesses and organisations that should have an Australian business number and that need an Australian business number will not have registered for it and, therefore, post 1 July will be in the situation where they will be subject to the 48.5 per cent withholding tax, which will have a very severe impact on their cash flow situation. From a business point of view, that is a life threatening matter. The bill also covers requirements for withholding where certain interest, dividend and royalty payments are made to non-residents. It also covers the new reporting requirements applying to eligible termination payments. These measures will also not be opposed.

The fifth set of provisions in the bill covers the binding oral rulings regime for individuals. The bill proposes consequential amendments flowing from amendments to the Family Assistance Scheme, which commences on 1 July this year. In addition, the bill ensures that binding oral rulings can be given only by persons who are authorised to perform the function by the commissioner. The function may be undertaken only at places approved by the commissioner. Once again, these provisions will not be opposed. The question of rulings is an extraordinary one. We had some discussion several weeks ago in a Senate estimates committee where Senator Conroy asked the tax office about the number of rulings they were giving. They said that, in responding to questions and putting their answers out publicly, there would be an almost uncountable number of rulings that are public. Later on in the estimates hearing, the figure of total tax reform correspondence to date was said to be around 7,300. They said they did not have the actual mix between private binding rulings and other pieces of technical advice. The government say they are simplifying the tax system. But, if we are talking about 7,000 rulings, you would have to wonder what it would take for them to acknowledge that they are making it somewhat more complex.

The legislation before the House essentially deals with changes to the pay-as-you-go system that this government is now introducing. From an opposition perspective, we have seen some merit in the pay-as-you-go system. We believe that it could be implemented quite independently of a GST and that there is no necessary correlation between pay-as-you-go taxation and a goods and services tax. But we have been prepared to look at the pay-as-you-go system on its merits and observe whether it is able to improve arrangements for business. It is producing a situation where business is required to account quarterly for a great many aspects of taxation and other liabilities. Against that background I would appeal to the government, as I did last Thursday in debate on the
issue of Corporations Law changes in the area of employee entitlements, to examine this issue of the frequency of superannuation guarantee payments. Ironically, on the Thursday that I spoke in parliament about this issue of Corporations Law changes in the employee entitlements area, it became a matter of public knowledge that a company in my own electorate—the Fabric Dye Works in Dawson Street, Coburg—was experiencing difficulties. It had been placed in the hands of an administrator and employees stood to lose some of their entitlements. One of the entitlements that the employees stand to lose is their superannuation entitlement. It has been suggested that some of those workers are owed more than two years superannuation. That is outside the law as it stands—there is no question about that—and there needs to be some kind of investigation as to how employees can be owed in excess of two years superannuation entitlements.

One of the problems in the superannuation guarantee area clearly is that employers are able to wait for up to 12 months—and indeed there is provision through to July following the end of the financial year, so, in some cases, up to 13 months—before they are legally required to hand over superannuation guarantee payments and to pay them into an appropriate superannuation fund. It does lead to the situation where superannuation guarantee liabilities increase and, if a company does become insolvent, workers can miss out. Labor said, prior to the last election, in 1998, that we believe these superannuation guarantee payments ought to be made quarterly. I said on Thursday and I repeat now that the main case for going beyond that and making those payments once a month is so that they do not accumulate and lead to a risk that workers will miss out on receiving their proper entitlements.

Certainly, if you look at the way that pay-as-you-go legislation operates, and the way in which the tax office will function from here on in, it would make absolute sense to link the superannuation guarantee payments in with the pay-as-you-go legislation. Members in this House and the public generally are sick of hearing of companies squandering and losing money that belongs to their workers. Superannuation guarantee money does not belong to the company; it belongs to the workers. It should be paid into a superannuation fund at regular intervals, where prudential safeguards and sound fund management will ensure that it grows into a proper nest egg for workers in their retirement.

While I am on the subject of the predicament of the Fabric Dye Works company, its present problems are in part due to the fact that the Taxation Office has served section 218 notices on its major customers, which effectively garnishee any payments that Fabric Dye Works is able to receive from its customers. The point that the administrator and others have made in relation to this issue is that, if the Taxation Office continues to go down that path, the only impact can be that the company will be unable to continue or be unable to be sold as a going concern. That will have a devastating effect on Fabric Dye Works employees and surely must be a poor outcome for Fabric Dye Works creditors generally, including the tax office.

I also make the point that the effect of a section 218 notice is really to get around the provisions of the Corporations Law, which gives employee entitlements priority over the tax office. Members in the House should be aware that the previous federal Labor government expressly legislated to give employees priority over the tax office in situations of company insolvency. So if the tax office uses section 218 notices as a means of getting in first, that hardly seems to accord with the spirit of that legislation. The other point in this issue is that, if action by the tax office does cause the factory to close, workers will no doubt be claiming their lost entitlements, just as the National Textiles employees did, from the taxpayer. So the whole exercise does seem to be somewhat counterproductive and self-defeating.

The second reading amendment that I have moved to this bill discusses amongst other things the issue of the impact of the GST on business, and small business in particular. There have been a number of recent indications of just how serious the present problems are for business in complying with the GST and that this government is in fact botching the implementation of the GST.
Going around my own electorate, I had a number of people in business who, prior to the introduction of the legislation, indicated to me that they were supporters of the GST. But they are now saying, ‘This government is botching the implementation of the GST,’ and they have become very disappointed about the situation that they now find themselves in.

I saw recently a media release from the Australian Society of Certified Practising Accountants calling on the federal government to ‘do more to help businesses through the tax reform maze’. Those are their words. They say:

Businesses of all sizes are grappling with massive, unprecedented change and they need more practical assistance.

They also say:

Funding for the GST Start Up Office should be extended until 30 June 2001 to provide essential services and a continuing information flow.

The expiry date for the $200 vouchers and the tax deductibility of GST expenses for small business should also be extended until 30 June 2001.

I note also that they indicate in the same release that ‘there is a need for Australia’s retirement income and savings policy to be the subject of an independent review’, and they call for the government to remove the superannuation surcharge. With my superannuation hat on, I have to say that they make a lot of sense on that front. At about the same time we saw a media release from the Institute of Chartered Accountants in Australia. Once again, it referred to difficulties in the implementation of the GST. They responded to claims by the ACCC that accountants were exaggerating the cost of GST compliance. They said that their institute would be ‘focused on providing Australian businesses with accurate and relevant information’.

They said:

Businesses need to be more aware of core issues such as the inevitable delays that will result from the ATO’s need to process more than 1 million business registrations prior to the rollout of the GST.

The institute pointed to the fact that there is a ‘huge strain on the accounting profession resulting from the massive number of companies seeking advice on GST tax reforms’ and that, at present, demand is far outweighing available services. I suppose, given that background, it was not such a surprise to read in the Australian on Friday, 10 March, an article by George Megalogenis saying that accountants were arriving in Australia from South Africa, Britain, Canada, Germany, the Netherlands and New Zealand to help implement the GST and that accountancy firms, both large and small, were forced to fill the shortage of accountants with people from overseas, some of whom, of course, have had experience with GST implementation elsewhere. The article says:

As one senior partner who did not want to be named joked yesterday: ‘The new tax system is so simple, you need all these people to help you with it’.

So that is the situation out there with the accountancy firms. The tax office, as you might imagine, is not far behind them. There was a report recently that they are recruiting 100 specialist staff to work in their new GST fraud prevention and control unit, and that they seem to be looking overseas to get people for this unit. There was an interview with a woman from Canada who responded to an advertisement and is considering moving to Australia and making use of her expertise in combating GST fraud, in which there was an upsurge in Canada after 1993. She talks about a number of scams that were engaged in over there, with people who indeed collected the GST but did not report it to Revenue Canada and also people avoiding the GST net by suppressing their sales figures and the like. I always enjoy considering Canada’s experience with the GST, noting that the government party in Canada which introduced the GST had more members than the Howard government before their GST election, and after it they came back with only two members. Mr Deputy Speaker Quick, you just have to reflect on which two members of the government might survive such a meltdown.

I noted recently that the Productivity Commission has decided to have a review of the prices surveillance legislation. It is a bit remarkable that the Productivity Commission is having this review, when all of the pricing...
issues at the moment in Australia are being effectively governed by section 75AU of the Trade Practices Act and the guidelines set out by the ACCC. Those guidelines are many pages long. They are extraordinarily detailed, yet at the same time open-ended, and they are causing business many problems. The present state of the guidelines and the difficulty being posed for price-setters is amply demonstrated by the unhappy history of round-up. On 12 January this year, then Acting Treasurer Hockey—I think he became Acting Treasurer after Senator Kemp had had a go at Acting Treasurer and had done such a job on GST and high rollers—said, ‘Tollway operators in Sydney who round up to minimise the number of coins would be prosecuted.’ He said, ‘I’ll use all the power available to me to go after these toll companies if they try to take advantage of the introduction of the GST.’ On 14 January, Mr Hockey said, ‘Rounding up is allowed. What the ACCC have said is that, if there is an odd number within a $1 range, then a company can round it up to $1 or down to zero, but they are not allowed to make any money out of it.’ On 15 January, a day later, Minister Hockey said, ‘Rounding up has limits. No prices will increase by more than 10 per cent as a result of the GST.’ On 17 January, Minister Hockey had his fourth go at it, effectively saying that rounding up has ‘flexible’ limits. He said, ‘No prices should rise by more than 10 per cent as a result of the GST.’

The difficulty that business has had in following such a slalom approach has been matched by the difficulties that organisations have had in acting on advice from the ACCC. Recently I was contacted by Clubs Victoria, which had received verbal advice from the ACCC that they could increase their membership subscription by 10 per cent. They advised their member clubs of this only to subsequently receive a letter from the ACCC indicating that they had no such authorisation and that clubs which set membership fees would be obliged to calculate whatever savings they might be able to achieve as a result of the GST and pass them on to their members, even if this meant subsequent partial refunds of membership fees. That sort of arrangement involves ordinary clubs in an astonishing degree of paperwork and administrative red tape over relatively small amounts of money. It takes ordinary clubs into an area of price and fee setting that they certainly have not been in before, and I think it imposes on them undue hardship.

These sorts of difficulties involving the ACCC were reflected again in an article by Kath Cummins in the Financial Review on Friday after the release of the ACCC guidelines, indicating that four key industry groups—the Business Council of Australia, the Australian Chamber of Commerce and Industry, the Australian Retail Association and the Food and Grocery Council—all had reservations about what they described as the draconian nature of the laws. This is after the release of what are supposed to be final guidelines. The indications are that these businesses will continue to negotiate behind the scenes to try to have those guidelines altered.

Once you get beyond the ACCC, you still have to deal with the tax office. I mentioned before the 7,300 rulings which they had given. One of the difficulties which businesses have had is in getting advice from the tax office. There have been complaints about inconsistent advice from the tax office helplines. The office of the Leader of the Australian Democrats, Senator Meg Lees, has been receiving calls from people who say that the tax office or coalition members of parliament have referred them to the Democrats. You might, in one sense, suspect that the Democrats had this coming to them, but clearly people who need help from the tax office are entitled to get that help.

We note reports that the National Association of Retail Grocers of Australia have expressed concern about there not being enough providers available to install scanning equipment and have expressed some concern about price tags issues. The Australian Retail Association has indicated its desire to see more rulings and the need for issues to be resolved before GST implementation can proceed properly. The Australian Food and Grocery Council was reported as saying that it had reduced the number of unresolved issues from 61 to 12 after several months of intense talks with the tax office, mostly about drawing a line between taxable and tax free
products. The Australian Bankers Association said that it was experiencing problems of uncertainty about rulings, and that the most pressing issues concerned the definition of financial supplies and the manner in which tax credits are to be apportioned, as well as numerous matters of more specific detail.

Right through here we see a pattern of botched implementation, and the results are very adverse for business; particularly small business, who are being required to implement an extraordinarily complex system which has been sold to us all as a simplification of our taxation arrangements. The government is not providing adequate resources to the tax office, it is not providing adequate resources to the ACCC, and it has failed to resolve hundreds or perhaps even thousands of questions about details of the application of the GST which are absolutely necessary if this transition is to be successfully managed come 1 July 2000.

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

Ms Kernot—I second the amendment.

Mr McARTHUR (Corangamite) (6.15 p.m.)—I acknowledge the detailed speech of the shadow minister, the member for Wills. He understands the Australian taxation system in some depth, and I am surprised that he has moved the amendment on behalf of the opposition concerning the unfairness of the goods and services tax. He would have been around the political scene in 1985 when the then Treasurer, Mr Keating, advocated the GST in a very positive manner. I am surprised that he is part of a proposition to say that there is unfairness in the goods and services tax, because he knows in his heart of hearts that the goods and services tax is a fundamentally sound change for future governments of this country. He notes the compliance bill faced by small business. There are 150 other countries around the world that have managed to implement a GST or a form thereof. They got it through without the use of computers, and I am very confident that after 1 July Australian business will do likewise. He also suggests that the reform process inevitably falls on small businesses. As the Treasurer said in the House today, there has been a very extensive education and assistance program run by the Australian Taxation Office to help small businesses throughout Australia to work out the details of the goods and services tax. I note that the member for Wills broadly supports the pay-as-you-go system and is probably upset that he did not think it up in the first place. I am pleased that he is supporting the government in that respect. I note his comment on superannuation and that certain prudential arrangements should apply, and on that issue I would agree with him.

This is part of the government’s move for a major tax change involving a 10 per cent tax on goods and services, increased government payments to those who need to be compensated, and the greatest personal income tax cuts in Australia’s history. I know the members opposite can never really answer those sound propositions in this reform process. Members of the opposition refuse to debate or endorse the income tax cuts, and they are not supporting them because they are part of the total package. Personal income tax will be lower, and 80 per cent of people will have a tax rate of 30 per cent of income. That is a remarkable change for average taxpayers in Australia and something that is to be commended.

The Ralph report, which I will speak about more in a moment, is a very important part of this whole tax reform process and it addresses a number of issues. The report, as everyone would be aware, suggests a lower company tax rate of 30 per cent, which will be world competitive by 2001-02. It will be competitive with our Asian neighbours and with other investment countries. The Ralph report recommends that trusts be taxed in the same manner as companies, and I think that solves an anomaly that both sides of politics have been looking at for a number of years. It will also stem avoidance by overseas companies with certain business practices—using the Canary Islands and such like operations. The government is committed to achieving the Ralph reforms with revenue neutrality, and I think it has gone a long way towards that, under considerable opposition from certain interest groups.

The Ralph report basically suggests a calculation of income being on assessable in-
come and that expenditure is more in line with accounting standards. I would like to add to that point. Today there was very strong support which the Treasurer mentioned in the House, and that is that the tax changes gained backing as reported in the *Australian Financial Review*. So much for the opposition’s comments that the tax changes are meeting community opposition. In today’s *Australian Financial Review* we have the chairman of the Business Coalition for Tax Reform, Mr Dick Warburton, making very forthright and supportive statements and saying that the Ralph committee changes should be supported by groups. The article stated:

Despite high-level concerns from small business, farming groups and tax professionals, Mr Warburton said a three-month consultative process failed to “come up with the knockout blow”.

He talked to all these groups—unlike the shadow minister at the table, the honourable member for Dickson—and found that nobody could really complain about the Ralph recommendations. If it comes off, I think it will be much more certain, much simpler and much more capable of being jurisdictionally applied. He said that the changes would ensure that the new tax system would be capable of being interpreted in a better manner, both by the taxpayer and by the government.

The article goes on:

... Australian business would turn its back on the new tax framework at its peril if it attempted to “encrust or Band-Aid the old”.

This is what successive governments have done with the taxation system when they have just tried to pick up the various difficulties. The article goes on:

Instead of the existing system of assessable income minus allowable deductions—each of which is defined by thousands of pages of legislation and volumes of case law—the new system simply taxes changes in the “tax value of assets”.

What Mr Warburton is saying is in support of the Ralph review—that we are trying to correlate the tax changes more with accounting standards. Section 4.1(a) of the report, Calculation of taxable income, stated:

... That to achieve a more robust and durable tax system, taxable income be calculated on the basis of cash flows and changing tax values of assets and liabilities—with increasing and decreasing adjustments to reflect tax policy effects.

The report went on to say:

... with expenditure—which is not of a private nature and does not relate to exempt income—being treated consistently with accounting approach of classifying expenditure as attracting immediate write-off, amortisation or capitalisation according to whether or not it gives rise to an asset recognised as being on hand at the end of a year;

Simply, what is being said there is that the Ralph report is trying very hard to solve the difficulty of the Tax Act being so many thousands of pages, so that it becomes a simpler act for the accounting profession and the business groups to understand and so that the tax can be applied fairly according to accounting principles. For too long there have been volumes of tax laws, tax accountants and barristers interpreting the statute to suit particular advantages and I do commend this major change that is being put forward by the Treasurer and the government.

This particular piece of legislation suggests a change in the pay-as-you-earn situation, which I note the shadow minister is supporting. The following taxes will also be replaced with the pay-as-you-go system: the prescribed payments system, the reportable payments system, provisional tax—one that the farmers and self-employed people have been very upset about over the years—and company tax instalments. This means that businesses, companies and individuals will pay their tax at the same time. Companies get favourable treatment, as honourable members would be aware, because they pay their tax after the year of income, whereas individual PAYE taxpayers pay their tax month by month as their tax instalments become due. The pay-as-you-go system will be a flexible system and the obligations will be transparent. If you are in business you will be able to pay on a quarterly instalment basis on income actually received—generally at the end of the quarter. So businesses will not be up for that bank loan at the end of the year to pay the provisional tax. As was mentioned in the parliament today, it is important that all businesses register for their Australian business number so that they can participate in these changes.
This legislation, whilst of a technical nature, implements the fundamental thrust of the taxation changes across the board—pay as you go and also important changes for trustees who have multiple beneficiaries on different tax rates. Likewise, the changes to the collection of FBT is important. Trustees will be separately assessed with regard to each beneficiary or trustee liability. So they may be subject to multiple rates of tax. The government is attempting to sort out this difficulty of the liability of trustees on behalf of their beneficiaries so that they are paying their due amount of tax and paying it in the correct time. It has always been difficult for governments to provide the legislative backup in the way in which the fringe benefits tax is paid. The FBT will now be paid at the same time as the pay-as-you-go payment. Businesses will know exactly where they are every quarter, every month, and they will pay their fringe benefits tax in conjunction with their other payments. Unless you have an FBT commitment of less than $3,000—in which case it will be paid annually—you will be paying your FBT in this program.

Whilst there are some technical amendments supporting the thrust of the new tax legislation, let me put again on the public record my personal support for the fundamental change that the Ralph committee report is implementing and the great amount of detailed legislation that is supporting this fundamental change. The shadow minister suggested that a number of tax advisers and experts would be required to interpret the new changes. It would be my assessment that the new changes will allow a simpler system once the interpretations and the rulings pertaining to the various changes that have been brought forward are understood by the taxpayers and the Australian Taxation Office. I think there will be a real chance to change the Tax Act, something which we on our side of the House have been attempting to do for many years. Other people have also been advocating a change to make it simpler and just a few pages, and I think the introduction of this fairly large number of bills will allow this to take place. The Tax Act has become complicated because governments have allowed the bandaid approach. They have seen a problem and they have added yet another complication. The fringe benefits tax and the capital gains tax are cases in point. It was so difficult to interpret the capital gains tax introduced by the Hawke government that it was virtually impossible to provide definitions of capital gains and related matters in a simple piece of legislation.

These changes allow what seem to be complex matters to come forward. The changes to the pay-as-you-go system will ensure that taxpayers, companies and trusts pay their tax at the same rate and at the same time. Companies will be paying 30 cents in the dollar, individual taxpayers will be paying approximately 30 cents in the dollar and trusts—since they will be taxed as entities—will be paying approximately 30 cents in the dollar. The Howard government has been prepared to approach the problem of taxation in a fair and equitable way to ensure that all taxpayers are treated in the same way and that they pay at the same time. All these anomalies that have grown up over the years because of pressure groups—accelerated depreciation, payments of provisional tax, payment of company tax at different rates—will be removed by this piece of legislation. I commend the legislation to the parliament. I hope the opposition will support it. I note the encouraging remarks of the shadow minister in supporting the fundamental concept of this piece of legislation—the pay-as-you-go system.
there will be a 'welcome the GST barbecue' held by the Moreton FEC—is true, or perhaps I have just been misled.

Specifically, the bill before us does two sets of things. Firstly, it brings in a quarterly pay-as-you-go—PAYG—system as a substitute for the range of collection systems which currently exist, namely PAYE, the prescribed payments system, the reportable payments system, the company tax instalments system and the provisional tax system. Secondly, the bill brings about changes to assessment and collection of the FBT, including where the FBT liability changes over a given period of time credits being accrued and those credits then used against future liabilities for payment. The bill is part of the overall ANTS package which, at its broadest, includes a 10 per cent GST; changes to the income tax system; changes to certain government benefits, including pensions; the business tax proposals, which have been advanced under the Ralph set of reforms; and a new fringe benefits tax regime, including recent decisions to change FBT exemptions for charitable organisations. All these things go under the overall rubric of taxation reform and I would like to comment on a number of these elements in turn.

The fundamental question which we need to ask, even at this late stage of the debate, is: why are we doing all of this? I know that for some of those opposite this may seem a little bit existential, perhaps even a little bit late as 1 July ticks around, but it is important to ask: why are these things being done? If we listen to the great architect of the government’s so-called taxation reform package, the Treasurer, Botswana Pete, his 10 per cent consumption tax is constantly described as equalling national economic reform—QED. That is, no further proof or test is required; it is a self-evident revelation: if you are going to have national economic reform and national tax reform, it has to be a consumption tax. No further logical unpacking of that proposal seems to be invited. But let us go through the logic of it point by point.

Perhaps, if we are going to embark upon this great taxation extravaganza which the government has planned for the nation, we should ask ourselves a very basic question: how much additional economic growth that would not otherwise accrue will this tax package deliver to the Australian economy? The answer to that very simple but important question is that so far, in the entire debate on ANTS and on the consumption tax in particular, we have not had a single economic model prepared by either the government or its detractors which advances that there could be a significant increment to growth, other than that which would occur normally, as a result of this package being introduced. In fact, if we look at the government’s economic modeller of choice, Professor Chris Murphy, and his organisation Econtech, what we find is that, on a best case scenario, in the medium to long term there may be an additional increment to growth of 0.2 per cent. Interestingly, that 0.2 per cent is not delivered as a consequence of an additional burst in allocative efficiency in the economy through new price signals being delivered on the back of this new taxation system. No, it is not delivered by that at all. If you unpack the logic that is in Chris Murphy’s analysis, it has nothing to do with the new tax system; it has to do with the fiscal stimulus which is delivered by the cuts to income tax that occur as a result of the changes that will take place from 1 July, the changes that have been deemed to be necessary to politically purchase from the Australian community—and from the Australian Democrats in particular—the support necessary to introduce the 10 per cent GST.

That is Chris Murphy. If we look at the other modellers—for example, Professor Dixon of Monash—we find much more negative scenarios for what growth is going to be delivered by this marvellous set of reforms. In fact, Professor Dixon says that on balance in the medium to long term growth derivative from this taxation package, which is to be introduced from 1 July, will either be net neutral or net negative. So the simple question which we need to ask the Australian nation is this: if the overall increment in national economic growth is either marginally positive or marginally negative—that is, not much greater than we would otherwise achieve were all other things kept the same—why are we doing it, particularly against what most commentators and most analysts agree is significant social pain?
So, if the government cannot answer that simple question—if we bring in this tax package what extra growth it is going to deliver—perhaps there is some other advantage that has not been transparent to us so far in the debate. Perhaps it is employment growth. Unfortunately, even the documentation and the argumentation in support of the government’s proposal does not hold much joy there either. In fact, if we look at the analysts, both Murphy and Dixon, we see that the impact on employment is likely to be either net neutral or in the short to medium term significantly negative.

Professor Dixon’s analysis, for example, says that there will be a significant negative impact from the ANTS package on employment in service industries in particular, such as tourism, in the states of Tasmania and Queensland, my home state. Even Chris Murphy, the Prime Minister’s modeller of choice, says that there is likely to be a medium-term impact of up to 100,000 jobs lost as a consequence of the introduction of this package. So again I return to the logic: if it is not going to provide us with an extra lick of economic growth other than that which would normally be delivered, if it is not going to give us an extra boost in employment growth, then why are we doing it? Let us try to find another reason which might ultimately lie under the government’s reasoning for this package.

If it is not good for growth and it is not good for employment, then surely at least it is going to do something in the medium term for inflation. We have been fortunate in this economy for some six to seven years now to have inflation at almost record low levels. So we are to hope that that would be sustained or improved as a consequence of the introduction of this package. The government’s projection is that once this package is introduced, a 10 per cent GST, the overall effect on prices would be about 1.9 per cent. The bottom line is that no credible commentator anywhere in this country buys that. In fact, if you listen to the government’s public language on this issue in recent months, even the government does not buy that any longer.

Again, if we go back to the core analyses provided by Professor Dixon in particular but partially admitted also by Chris Murphy, the real risk that we face as a consequence of the introduction of this package is a wages explosion. If you have large inflationary expectations on the part of the labour movement in particular but elsewhere in the economy as well, large wage demands of employers across the economy are likely to follow to compensate for the addition to the cost of living which working families would then endure. We already see evidence of that in the various enterprise bargaining arrangements undertaken across the economy today. We have already seen, for example, a number of union-led negotiations with state governments in this country enter in a specific GST clause, which is that if the inflationary impact of the GST is going to be in excess of 1.9 per cent then the union reserves the right to come back to that negotiation, to that bargain, and seek compensation—and so they should.

Of course, if that occurs—and we already see signs of these sorts of wage pressures in the economy—the overall impact on inflation would be significant and negative. We return to the logic of why we are doing this—the big existential question. It is not going to give us a big kick along in terms of growth, it is not going to add anything other than things negative as far as employment is concerned and, on the inflationary front, we face the reality, as a consequence of the wage pressures which will be unleashed in the economy, that those wage pressures will kick inflation up to well beyond the 1.9 per cent projected by the government. So what is the overriding economic benefit which underpins the logic of this package? Perhaps it goes to the question of public finances and the state of the budget surplus. Wrong again—the logic does not hold, because the government’s surplus has been raided in order to fund this GST, raided in order to fund the raft of income tax cuts which will come in as of 1 July to compensate for the extra cost of living which average members of the community will endure.

The fact that we have had this $17 billion assault on the revenue side of budget as a consequence of the upcoming income tax changes, and that this has left the overall budget balance in a very delicate position
Indeed, has been underlined most recently by the fact that the government had to go back to the community and impose a new tax altogether, called the Timor tax, in order to fund our military deployment in East Timor—a billion dollar tax. This is while this government maintains its public rhetoric, its public language, that there have been no new taxes introduced by it since it occupied the Treasury bench. The bottom line is that the Timor tax is precisely that. Call it a levy, call it what you will—it is a tax because the surplus has been eroded as a consequence of the raid on the revenue side which has occurred to pay for the upcoming income tax cuts from 1 July.

When we look at the Treasurer’s fiscal record, what we actually see from Botswana Pete is not some rigorous performance, not some driving-up of the budget surplus, but quite the reverse. We see fiscal loosening at an extraordinary pace. We have a rhetoric from this government, and from the Treasurer in particular, of fiscal tightening, but we have a reality of acute fiscal loosening. Pete, in this respect, is a bit like a toasted marshmallow—a bit hot, crusty and hard on the outside but all goo and ooze on the inside when it comes to fiscal policy. We have a rhetoric which says that things are hard, tough and rugged out there, but the reality—particularly when you look at the data which were released by the government in its mid-year statement on the fiscal and economic condition of the budget—is that we find quite the reverse set of circumstances.

Therefore, we have had this $17 billion tax bribe over a triennium which equals nothing less than a loss to revenue. Add to this the Timor deployment to which I have just referred and a range of other government spending initiatives since the last budget and what we have is the rapidly deteriorating fiscal condition of the Commonwealth. For example, the recent published estimate by Arthur Andersen that there has been about $24 billion of expenditure on overall tax compliance by the economy as a whole means that the loss to revenue arising from the tax deductibility of those expenditures will be in excess of the $325 million which has been admitted by the government so far. That, in turn, will have a further negative impact on the budget’s bottom line.

Another factor affecting our fiscal circumstances is the revenue neutrality commitment to which the government committed itself for the passage of the Ralph reforms through both the House and the Senate. It was an undertaking provided with appropriate heroic flourish by the Treasurer, but to date we have seen none of the evidence. And the gap is some hundreds of millions of dollars. We also have, for example, the unanticipated expenditure of the PNG short-term financial support facility—$US80 million. We have recent changes to nursing homes policy, the government’s response to the Productivity Commission inquiry into nursing home payments, resulting in a further unanticipated outlay of $148 million over six years. I hasten to add that even that $148 million could not possibly bail out the Minister for Aged Care from her current predicament in this House. Defence items add a further $200 million. The overall result is that, as a result of the further range of GST exemptions negotiated with the Democrats in the Senate in order to secure passage but in particular as a consequence of the loss to revenue arising from the $18 billion income tax bribes as of 1 July, what we have is an emerging real difficulty in fiscal policy and the fiscal condition of the Commonwealth.

Again, if we look at the results as admitted by the government in its mid-year economic and financial statement, the numbers are quite disturbing. We see a budget projection of a cash balance at the end of the current financial year of $3.1 billion but an admission in the mid-year report of that cash balance having been reduced to $0.5 billion. It is extraordinary that in what can only be described as benign international economic circumstances we currently find ourselves in such dramatic circumstances. For example,
all it takes is one substantial hike in US interest rates and one large inflationary shock, for example through an international increase in petroleum prices, and for those shocks to be catapulted through the global economy, with a consequential impact on global growth rates, for the impact on Australian revenues to be in excess of the $500 million which has been so far projected. In fact, we are right on the line.

I go back to the logic of this presentation. If this package is not much chop for economic growth, employment growth or inflation and it does present significant new challenges for the budget surplus, what is it good for? Perhaps it is going to be good for the current account deficit. If there is one thing on which Botswana Pete is conspicuously silent in the House of Representatives it is the current account deficit. It is a long time since I can recall any statement whatsoever by the Treasurer of the Commonwealth on the state of the current account. Why is that? Because the CAD is in the disaster zone. We have a CAD lurching constantly between 5.5 and six per cent of GDP, constantly in the danger zone. That is before we see the impact of Botswana Pete’s $17 billion tax bribe and the enormous fiscal stimulus which that will result in as far as the economy is concerned, resulting in turn in a further sucking in of imports. You can almost hear the imports being sucked in when you have got that additional lump of activity in the economy. As consumption takes off, it will be a bit like the sucking noise you hear from a Hoover vacuum cleaner on full throttle as imports rush into the economy. And what is currently a bad number in the CAD only gets worse. What do central banks do when the CAD gets into those sorts of circumstances? They jack up rates. Already the RBA has increased rates by 0.5 per cent, to the great joy of screen jockeys but not to the joy of anyone else in the economy. But that leads to the crucial point that what we have as a consequence of the introduction of this package is a real threat not just to the current account but for the lifting of rates as well.

This package delivers nothing of substantial benefit to growth in the economy, employment in the economy, inflation in the economy, the budget surplus or the current account. It constitutes also a significant additional risk in an increase in interest rates. At present, fiscal policy is contributing nothing at all to public savings in this economy—zero. As a result, the burden of overall macro-economic management will rest increasingly and almost exclusively on monetary policy. And, if the burden is resting on monetary policy, what happens is that rates go up.

Mr McArthur—What about the tax rates?

Mr RUDD—I am sure the member for Corangamite would welcome interest rates going up in his electorate and other parts of Victoria. I do not think that would necessarily be the response elsewhere in Australia. So the overall logic is this: against all the tests of sound economic policy—growth, employment, inflation, the surplus, the current account and rates—there is no upside in this package. What we have is an almost undiluted downside. It begs the question of what is the fundamental logic of those opposite in doing this. It does not constitute fundamental economic reform of the type which this nation needs. In fact, it takes the nation in the reverse direction. And I have entirely left alone this evening the social consequences of this package, which will deliver a level of inequality in Australia such as we have not seen.

Mr COX (Kingston) (8.10 p.m.)—The Liberal Party claims to be the party of small business, but by its every action it demonstrates that the opposite is the case. Many small businesses face a very uncertain future with the GST—uncertainty that the Liberal Party is entirely responsible for creating. On Friday I had a long conversation with the proprietor of a small business at Hackham in my electorate. He had been to a seminar at the Christies Beach Hotel put on by the Hackham Traders Association to provide its members with information to help them deal with the GST. They had been briefed by a local accounting firm, which had provided them with some material, including a booklet published by Taxpayers Australia Inc. This is a very helpful booklet designed to assist small businesses. It is not a piece of anti-GST propaganda, despite its rather catchy title, Beware the GST! An urgent warning to small
business. But it sends a number of warnings to small business about the GST. It begins:

The fuse is lit now!!

For some reason everyone seems to think the GST starts on 1 July 2000. But the fuse is already lit! It’s burning right now! And there’s no stopping it. So...are you ready for the big bang?

If you’re not, you’re already in trouble because anyone in business, big or small, could go out of business.

Consider these three GST hard facts:

Fact 1: You are responsible for paying the GST, not your customer.

Fact 2: You have to pay GST even if you forget to add it to your prices! Think about it! A disaster like that would blow a big hole in most businesses.

Fact 3: GST already applies to many deals that run past 30 June 2000—like leases, construction contracts, insurance policies, magazine subscriptions etc.

The Government says that the GST is not just a new tax, it is a new tax system and is a huge landmark in the history of Australia. They say that it will return a bonus of billions of dollars to Australian taxpayers, large and small. They may be right—but there is also a minefield of problems, which could ruin small business if they do not manage the GST properly. If you don’t plan the move to GST, you may not have a business left to save.

One of the things that the Prime Minister and the Treasurer should explain is what level of small business failure they expect because of the GST. How many hardworking Australian small business people will lose their livelihoods, even their homes and their families, because of the changes that the GST will inflict on them? These are changes that many businesses are not equipped to manage. They include changes in the market in which they operate over which they will have no control.

If there is a substantial level of business failure, the effects of that on other businesses are going to have a knock-on effect through the small business sector. If you run a transport business and it fails because of the GST, the local mechanic, the tyre dealer and the petrol station where you have an account will all suffer. For many, the GST paperwork will provide a new insight into how their businesses run. It will force a management discipline on small businesses that previously had just got on with the job of delivering goods or services to their customers.

I have been witness to discussions between Liberal MPs who have said, ‘It’s better that people find out early that their businesses aren’t viable so they can get out and do something else.’ By that they meant that they have insufficient working capital to handle the GST or insufficient information about the costs of running their business. This attitude that the government is doing people a favour by demonstrating that their business is not viable is arrogant and out of touch. It ignores some important points. The first is that many people in small business only make wages. Many are doing it because they prefer to be their own boss, not because they have made a calculated assessment of the return on their capital and time. And in this day and age of downsizing, some do not necessarily have a great range of options as to what else they might do. Many who have been doing something they find satisfying to earn a living will be on unemployment benefits because of the GST. For them, moving to the new tax system will not be a short-term adjustment; the consequences may be permanent.

With that bit of background, I would like to go through some of what Taxpayers Australia Inc. call ‘Honest answers to scary questions. To help you sidestep disaster’. I will start with question 8 which asks: ‘Why do I have to pay?’ The answer to this question is very important: ‘Because the government says so.’ Question 9 asks: ‘Can’t I just leave the GST to my accountant?’ That of course is what many small businesses do now with their personal or company tax while they get on and do those things that actually bring in the money. Many people are about to find out that the government thinks they made the wrong career choice. They did a trade to become a painter, a mechanic, a carpenter or a plumber. However, the government has decided that they should have been an accountant.

Taxpayers Australia’s answer confirms this. They say, ‘No, no, no, no! Don’t make that mistake! Your accountant can only say what you have to pay. You have to collect it and you have to pay it! You are the person who will have to make the hard business de-
decisions. Your accountant can help, but ultimately it is your problem. The GST is not just a new tax; it is, in effect, an additional cost that you must pay. And you incur the tax as you go, day in, day out. So you must make an allowance for paying the GST day in, day out. If you don’t add GST to each and every price, you end up paying the GST yourself. The extra cost could ruin your business.’

Questions 10 and 11 ask: ‘How will the GST affect my business? Is there any way of predicting these changes?’ The answer is ‘The effects will vary from business to business. But because the GST is a cost you add to the price you charge for your goods or services, be ready for things to change! Some goods may decrease in price, so you may increase your sales. In other cases, prices may go up and your sales may go down because your customers cannot or will not pay that price.’ Question 13 asks: ‘What happens if I don’t pay GST?’ The answer is: ‘You get fined, a lot. The penalty for any unpaid GST is 16 per cent per year on the unpaid amount calculated from the day the amount becomes due and payable. That will hit your bottom line like a ton of bricks.’

Question 14 asks: ‘Do I have to lodge a GST tax return?’ The answer is: ‘Did Rose Kennedy have a black dress? Of course. It is a tax. So be very sure you have to do a tax return. If you are registered for the GST you will have to do a monthly or quarterly return.’ Question 15 asks: ‘What about my customers?’ The answer is ‘Where your customer is also in business they may be entitled to claim a credit for the GST included in the price—called an input tax credit. Your customer is entitled to that GST credit irrespective of whether you are able to increase the price of goods and services you sell.’

Question 17 asks: ‘Should I include GST in my advertised price?’ The answer is: ‘Not “should”. “must”. Very definitely. No ifs and buts. No exceptions. No excuses. The Australian Consumer and Competition Commission makes the rules and they say you must include the GST in your advertised prices. What’s more, if you forget to include it, you are not allowed to add it to the price when the customer pays. The tax is still due, but you pay it, without getting it back from your customer.’ Another way bad GST management means big losses. ‘And, if you do try to add the tax when the customer pays—big fines, up to $500,000 for individuals and up to $10 million for corporations.’

Here I beg to differ with Taxpayers Australia Inc. The requirement to include the GST in the price, and indeed to not require its disclosure on sales dockets and invoices, was not a decision of the ACCC. It was a decision of the Prime Minister and the Treasurer because they wanted to hide the effect of the GST on prices so that voters would not be reminded of the GST every time they made a purchase.

Question 18 asks: ‘Can I put up my prices to cover extra administration?’ The answer is: ‘No! Nein! Ohey! Negative! Nyet! Non! In any language a big fat no! Again, ACCC rules forbid this in clear and threatening tones. Try it and you could land in big trouble.’ Question 22 asks: ‘Do I have to register or something?’ The answer is: ‘You must definitely register if the value of goods or services you sell is $50,000 per annum or more—that includes payment in kind as well as cash. That is, if someone provides you with goods or does something for you instead of paying with money, you must pay tax on the value of those goods or services. Not-for-profit bodies must also be registered but only if their annual turnover is $100,000 or more. All taxi operators—unless you are an employee—must register regardless of their turnover.’

The $50,000 registration threshold is inconsistent between businesses because it relates to turnover not to profit—at least in its effect on businesses. Some businesses, particularly hairdressing, may have relatively few inputs apart from labour and provide a reasonable income to someone operating below the threshold. Other businesses, for example small transport operators, will have a higher proportion of inputs apart from labour, so they cannot earn a reasonable income operating below the $50,000 threshold. What is very interesting is that the government has chosen to single out taxi drivers and, where they are not in an employee relationship, require them to register for the GST irrespective of their turnover. I would encourage
every taxi driver to ask every Liberal politician who gets into their cab why they have been singled out for such special treatment. I challenge every Liberal politician who gets asked that question to answer it honestly and see whether they get to their destination.

Question 24 asks: 'What happens if I do not register for GST?' The answer is: 'If you do not register for GST when your turnover exceeds $50,000, $100,000 for non-profit organisations, the tax office will still require you to pay them any GST that should have been collected from your customers. If that occurs, what are your chances of collecting GST from customers for past sales? The short answer is: you'll wear the cost. And, of course, there's a fine.' Question 28 asks: 'Oh, no, what is a tax invoice?' The answer is: 'It's a VIP—very important paperwork. A tax invoice is a record of a transaction that your customers will need when claiming credits and you will get them from your suppliers to claim credits when required.' If you have a turnover of less than $50,000 and decide not to register for the GST, forget any business wanting to buy your services, because you will not be able to provide ABN numbered tax invoices to allow them access to GST credits for the items you have provided.

Question 29 asks: 'Does that mean extra paperwork?' The answer is: 'You bet. You will have to set up systems to issue tax invoices and record details for the business activity statements.' This brings clearly back to my mind my first question in the House to the Prime Minister. I asked him whether he had read the regulatory impact statement released by the government on the GST, which shows gross compliance costs to Australian business of $1.9 billion a year and a further $300 million a year in administrative costs to be borne by the Australian Taxation Office—a total dead weight burden on the Australian economy of $2.2 billion dollars a year. I asked if he agreed with me that he was right on 12 March 1981, when, as Treasurer, and in respect of his last great tax adventure, he told the House that:

A multi-stage VAT was rejected fairly quickly because it would have imposed an enormous paperwork burden on both taxpayers and collecting authorities.

His answer was as follows:

I certainly am aware of the regulatory impact statement and I am certainly aware of the statement I made to this House in 1981, which followed a very vigorous internal debate inside the then government. Those who were around at the time will be very well aware of the vigour of that debate. I was making a statement on behalf of the government as Treasurer at that time.

I have never disguised the fact that, over the last 20 years, I have argued both in and out of government for the reform of our taxation system. And it gives me immense pride, as we come towards the end of this parliamentary session, that this is the week that the government I lead—in which the honourable member for Higgins is the Treasurer—after 25 years of need has finally matched the national need and introduced taxation reform.

What really matters is that this is the government that, after all the opportunities former governments—both Labor and Liberal—have had, has finally bitten the bullet; this is the government that has done the job in the national interest. I applaud the Australian people's courage—

At that point I raised a point of order on relevance because the Prime Minister's answer had nothing to do with the administrative burden that this tax package is going to put on the Australian business community. He followed with the real answer:

Of course, with any change there are burdens, but there are also greater benefits. The cash flow benefits of a broad based indirect tax far outweigh any of the burdens. If you just read one side of the ledger you will always get a negative, miserable outcome. If you read both sides of the ledger you will get a glorious future for the Australian economy.

I do not think so, Prime Minister, and I doubt that there will be many people in small business after 1 July who do either. You got it right on 12 March 1981, even though others had to make you say it.

Mr HOCKEY (North Sydney—Minister for Financial Services and Regulation) (8.35 p.m.)—Madam Deputy Speaker, the bill that we have been debating tonight, A New Tax System (Tax Administration) Bill (No. 2) 1999, introduces technical and consequential amendments which are necessary to complete the pay-as-you-go arrangements. These amendments include measures dealing with how the pay-as-you-go instalment system
will apply to trustees, and the consequential amendments to support the new standardised collection and recovery rules. The bill also includes a minor amendment and technical corrections to the binding oral advice regime for individuals. In the committee stage I will introduce amendments to bring forward the start date of the beneficial change to the fringe benefits tax instalment system arising out of introduction of the new pay-as-you-go system.

There have been a number of speakers in this debate. Whilst my friend and colleague the member for Corangamite made an erudite and thoughtful contribution to the debate, with him as usual being a strong advocate for taxation reform, I can only reflect on the old, weather-beaten words of the Australian Labor Party members, including the member for Kingston, who just got up here and started on the old weather-beaten mantra that, ‘Gee, the GST is going to be awful for business’ and, ‘Gee, the GST is going to be awful for consumers’. If they believe that, why won’t they repeal the legislation? It is because the Labor Party is full of hypocrites. Every time we come into this House we have weather-beaten members of the opposition front-bench, like the member for Wills, pushing the line, ‘Gee, the GST is going to be terrible, but when it’s introduced we’re not going to get rid of it. We think it’s horrible. The Australian public loathe it. It’s going to raise far too much revenue and—you know what—we’re not going to get rid of it.’

What a surprise that the Labor Party should be running that rhetoric. It follows in line with the hypocrisy of the Labor Party in relation to general taxation issues, and that is their failure to address the most incredibly debilitating taxation regime that has been left with us, which is the taxation regime that makes it attractive for state governments to introduce punitive, regressive taxes like the bed tax in New South Wales. The mates of the member for Cunningham, who is at the table, from New South Wales focus on extending land tax to the family home or on more poker machines. Lord knows, it would take a hell of a lot of poker machines to save the St George Illawarra Dragons. They cannot get enough revenue into clubs, so what happens? Up go the pokie taxes as the state government tries to raise more revenue, and more poker machines go into pubs. That is the simple solution of state governments to the problems of not having growth revenue at a state level—insidious taxes like gambling taxes, bed taxes and extending land tax to the family home. When a progressive coalition government comes along and introduces real taxation reform that for the first time delivers to state governments growth tax, growth revenue, to match growth expenditure that the states have in police, schools, hospitals and roads, regrettably, the Labor Party opposes it.

As time passes the Labor Party will be judged very harshly on its hypocrisy in relation to taxation. In my humble view, it will be judged harshly by the electorate on its general hypocrisy concerning policy development and policy debate, but that is for another place. Specifically in relation to taxation, the Labor Party is doing everything it can to make the transition to the new taxation system as difficult as possible for Australian consumers and businesses. Yet, under initiatives such as those in the bill before the House, Australian businesses and consumers will be much better off than they are under the wholesale sales tax regime and the antiquated taxation regime that seems to be not only a part of the folkloric glory days of the Labor Party but also its current policy. I commend the bill to the House. When the House considers the bill in detail I will be moving a number of amendments to address some issues.

Amendment negatived.
Original question resolved in the affirmative.
Bill read a second time.

Consideration in Detail

Bill—by leave—taken as a whole.

Mr HOCKEY (North Sydney—Minister for Financial Services and Regulation) (8.42 p.m.)—by leave—I move government amendments Nos 1 to 4:

(1) Clause 2, page 1 (line 12), omit subclause (2), substitute:

(2) Schedule 2 (except items 2, 5, 8A and 9 and subitem 10(2)) commences on 1 April 2000.

(2) Schedule 2 (except items 2, 5, 8A and 9 and subitem 10(2)) commences on 1 April 2000.
(2A) Items 2, 5, 8A and 9, and subitem 10(2), of Schedule 2 commence on 1 April 2001.

(2) Schedule 2, item 8, page 18 (lines 14 to 19), omit the note, substitute:

Note: This will happen if the notional tax amount has reduced since the end of an earlier quarter because, for example, the employer has made an estimate under section 112 of its tax for the current year.

(3) Schedule 2, page 19 (after line 32), after item 8, insert:

8A Subsection 112A(1) (note)

Repeal the note, substitute:

Note: This will happen if the notional tax amount has reduced since the end of an earlier quarter because, for example:

the employer has made an estimate under section 112 of its tax for the current year; or
an assessment has been made for a more recent year of tax before the current year.

(4) Schedule 2, item 10, page 20 (lines 3 to 6), omit the item, substitute:

10 Application of amendments

(1) The amendments made by this Schedule (except items 2, 5, 8A and 9) apply in relation to instalments of tax for the year of tax starting on 1 April 2000 and all later years of tax.

(2) The amendments made by items 2, 5, 8A and 9 apply in relation to instalments of tax for the year of tax starting on 1 April 2001 and all later years of tax.

Amendment No. 1 changes the commencement of the bill from 1 April 2001 to 1 April 2000. Specifically, it is the items in schedule 2 that enable an employer to claim a credit for earlier fringe benefits tax instalments in certain circumstances. The commencement of these items relating to the definition of the notional tax amount remains 1 April 2001. Amendments Nos 2 and 3 are consequential amendments to the new section 112A and amendment No. 4 changes the application date of the items that enable an employer to claim a credit for earlier FBT instalments in certain cases from 1 April 2001 to 1 April 2000. The amendments relating to the definition of the notional tax amount continue to apply from 1 April 2001.

Mr KELVIN THOMSON (Wills) (8.43 p.m.)—I have not had an opportunity to see the amendments and to query what advice the government has provided to the opposition concerning them, and what opportunity has been provided to us to raise any issues which might arise from them. However, we have agreed that the substantive change that these amendments are the subject of—that is to say, aligning the fringe benefits tax dates with the pay-as-you-go dates for taxation arrangements generally—is a legitimate change and we have no objection to it. Based on that policy position, I would not propose at this stage to oppose the amendments put forward. The minister has indicated that the substantive change here is to bring the application date forward so that, instead of the date being 1 April next year, it will be 1 April this year. We will have a look at that to see whether it raises any issues for us. If it does we might deal with them elsewhere. On the face of it, as I indicated earlier, we have no objection to the policy issue—that is, the aligning of fringe benefits tax dates with pay-as-you-go taxation generally.

Mr HOCKEY (North Sydney—Minister for Financial Services and Regulation) (8.44 p.m.)—I thank the member for Wills for his agreement to that. I table the supplementary explanatory memorandum.

Amendments agreed to.

Bill, as amended, agreed to.

Third Reading

Bill (on motion by Mr Hockey)—by leave—read a third time.

TAXATION LAWS AMENDMENT BILL (No. 5) 2000

Second Reading

Debate resumed from 17 February, on motion by Mr Slipper:

That the bill be now read a second time.

Mr KELVIN THOMSON (Wills) (8.46 p.m.)—As an amendment to the motion for the second reading, 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:

(1) expresses its concern with the fundamental unfairness of the Government’s approach to taxation generally and the fundamental unfairness of a goods and services tax, including the heavy compliance burden on small business, and in particular
the Government’s decision to tax health items including, for the first time in fifty years, taxing tampons and sanitary pads; and

(2) calls on the Treasurer to amend the GST legislation or the Minister for Health to honour the Government’s pre-election promise that health products would be GST-free by including tampons and sanitary pads in the Minister’s determination”.

The Taxation Laws Amendment Bill (No. 5) 2000 covers three areas of tax law: an anomaly in the sales tax legislation which would have imposed sales tax on the value of modifications to motor vehicles made for disabled access; secondly, a more beneficial and certain valuation method for certain types of employee share ownership schemes which involve a public offer, to overcome a potential anomaly where employees can face tax on a larger discount than they actually receive; and thirdly, technical amendments to the ultimate beneficiary provisions which are anti-avoidance provisions dealing with change of trusts. I will deal with each of those in turn.

The first is sales tax exemption for car modifications for disabled people. The sales tax law will be amended to ensure that the part of the value of a motor vehicle that represents the additional cost of making the vehicle suitable to be driven by or used to transport a person suffering from a physical impairment will be free of sales tax. The amendment will overcome an inconsistency in the current sales tax legislation. There is an exemption in the sales tax law at the moment, item 98 of schedule 1 of the Sales Tax (Exemptions and Classifications) Act 1992, which frees from tax any goods—that is to say, ‘parts’—used in the modification of vehicles for disabled persons’ access or use. However, in some cases this benefit is effectively removed as the modifications represent the process of manufacture that renders the value of the modifications being subject to sales tax. The amendments fix this unintended anomaly and are particularly necessary to meet the transport needs of the Paralympics. They were announced last November and are to apply retrospectively from 26 June 1998. Labor strongly supports these amendments.

The second group of amendments deals with employee share schemes. It is proposed to insert an alternative method—that is to say, ‘public offer price’—for determining the market value of shares acquired under an employee share scheme. This method will be used when a public offer is made in a listed public company and an offer of shares or unlisted rights to acquire shares under an employee share scheme is made in association with that public offer. Currently, market value of a listed share or right is determined by reference to the weighted average of the prices at which the shares were traded during the one-week period up to and including the day of acquisition. If there is no trading during that period, the price is determined by the tax commissioner, usually by the public offer price. Under the new rules, the price will be determined by reference to the public offer price. This is claimed to be fairer to employees as it will eliminate the artificial discounts which can arise under the current rules and which are subject to tax. If a company makes a public offer of shares for, say, $8 and offers those shares to employees at a modest discount, say, $7.80, and those shares trade at above $8 during the week before the issue of the shares for, say, $8.30, the employee will face tax on the amount of $8.30 minus $7.80, which is 50c, even though the real discount that they have received is only 20c. The proposals avoid that anomaly. They are of benefit to employees. Labor will support them.

The third area of amendment concerns what are known as the ultimate beneficiary provisions, involving trusts. They are anti-avoidance provisions which deal with the problem of income being avoided or evaded by it being distributed through a chain of trusts and the ultimate beneficiaries not complying with their obligations. In response to that problem, the government introduced the ultimate beneficiary provisions, which impose tax at the maximum marginal rate on trustees who fail to identify the ultimate beneficiaries of the moneys which they distribute from their trusts. These rules were strongly supported by Labor when they were introduced last year. The bill contains a number of proposed technical amendments which are also, on the face of them, supportable by Labor. They purport to simply improve the
administration of the ultimate beneficiary provisions, not to water them down. The major proposals are, firstly, to allow trustees to recover from beneficiaries any tax paid by trustees on their behalf where their distributions from the trust did not have the tax taken out and, secondly, to allow corrections of statements from trustees concerning ultimate beneficiaries. Labor supports improving the administration of these provisions in the expectation that any amendments do not open up new loopholes. None are evident so far, but we would move amendments should any become apparent during debate on these proposals. Labor does not oppose these amendments.

I did, at the outset, move an amendment to the second reading of this bill. One of the items canvassed in that amendment was the government’s position concerning the imposition of a GST on tampons. My colleague the member for Jagajaga will canvass this issue in more detail during this debate, but I will make a few remarks concerning it. This is a matter of great concern to women. One of the first issues of concern for women has been the suggestion from government sources—in particular the Minister for Health and Aged Care—that tampons are not a matter of public health but a matter of personal hygiene. If you go back to December 1996, it is worth noting that the minister himself issued a press release entitled ‘Women’s health under the microscope’ which commenced by noting that preliminary research from a study of women’s health to be undertaken over a 20-year period found that the key concerns of women have been the suggestion from government sources—in particular the Minister for Health and Aged Care—that tampons are not a matter of public health but a matter of personal hygiene. If you go back to December 1996, it is worth noting that the minister himself issued a press release entitled ‘Women’s health under the microscope’ which commenced by noting that preliminary research from a study of women’s health to be undertaken over a 20-year period found that the key concerns of women are problems with body weight, menstruation, tiredness and stress. Also the Australian Medical Association president, Dr David Brand, has asked the Prime Minister to recognise menstruation as a women’s health issue. The AMA believes that tampons are a necessity rather than a luxury. Tampons are currently on the therapeutic goods list. Both the AMA and gynaecologists believe that tampons are health goods, particularly where they are used to alleviate symptoms of excessively heavy bleeding. Indeed, with the advent of hormone replacement therapy, women may well be required to use these products into their seventies.

Tampon packaging carries an important health warning, and a leaflet inside the package provides information about the product. For example, a typical warning reads:

Tampon use has been associated with Toxic Shock Syndrome (TSS)—TSS is a rare but serious disease which may lead to death.

These products are necessities in the lives of women. Manufacturers can price them pretty much to suit themselves. Each year women spend $200 million on these products. Women are also concerned about the apparent double standards involved in having a tax on tampons while other items are excluded. Some items mentioned in dispatches are penile clamps and Viagra. These items are GST free while tampons and other sanitary products are specifically cited as taxable. So this raises quite serious issues about double standards.

One thing that the opposition has found quite extraordinary is the fact that the Australian Democrats have been so silent in relation to this issue. They have come up with extraordinary explanations for how they managed to sign off on it when they were entering into their infamous agreement with the government on the introduction of a GST. The observations of the Democrats leader that she did not understand the application of the previous tax on tampons and sanitary pads and that she thought that they were taxed—

Mr Hockey interjecting—

Mr KELVIN THOMSON—Yes, she thought they were taxed. In fact, she was wrong about that. It is extraordinary that the Democrats would have been prepared to enter into such a deal.

Mr Hockey interjecting—

Mr KELVIN THOMSON—Courage is not an excuse for ignorance. I think the point ought to be made that it is still not too late to have these products exempted from the GST. If the Democrats now say, ‘We were conned and we think they ought to be exempted from the GST,’ it is still not too late for this government to change the legislation. It is easy to exempt these products. The government do not have to amend the act or even introduce new regulations; they just have to add tam-
ponents and pads to the list of items in the regulations that the minister will be tabling when the parliament comes back. This list already includes condoms, sunscreen, personal lubricants, folate tablets—all those sorts of things. Under section 38.47(1), ‘Other GST-free health goods’, of the GST legislation, the health minister can determine that certain goods are GST free. This minister has not done that. All it takes is a stroke of his pen and this anomaly will be fixed. The same thing applies in relation to the Democrats. If they are serious about this issue, they ought to admit that they got it wrong and to join Labor in calling for the government to make these health products GST free.

I now canvass some of the other issues which arise from our second reading amendment. One issue is the fundamental unfairness of a goods and services tax. I am very pleased that the Minister for Financial Services and Regulation is in the chamber because in the federal parliament on 16 February I asked the minister whether the ACCC was powerless to regulate GST related increases on residential rents. The minister said in question time that federal parliament did not have the power and that the Commonwealth was being hindered in doing this by the Queensland government’s decision not to refer additional powers to the ACCC. I happen to have the benefit of correspondence from the Queensland Minister for Fair Trading, the Hon. Judy Spence, on this point. She responds by saying:

... Queensland has already referred some powers to the ACCC. The Commonwealth Price Exploitation Code ..., found in the Trade Practices Act 1974 prohibits GST price exploitation by incorporated businesses only. Queensland, along with the other States, has referred power to the ACCC to prohibit price exploitation by unincorporated businesses.

She goes on to say—and she is absolutely right here:

However, one limitation of the Code is that it only applies to businesses that are registered for GST.

So, if you are a business that has a turnover of less than $50,000 per annum, you are not required to register. Indeed, that was the entire point of my question when I asked the minister what was going to happen in relation to increases in residential rents: the Commonwealth has no power in this area. The Queensland Minister for Fair Trading is exactly right. She goes on to say:

I understand that many if not most residential landlords are unincorporated and have a turnover under that amount. They are therefore unlikely to register. This means that in the case of residential rents, there is a huge gap in the ability of the Commonwealth to prevent price exploitation.

So these landlords can increase rents as much as they like and the ACCC is powerless to stop them under the code. The minister says:

Price exploitation by most residential landlords will not be illegal under the Code.

No capacity for the ACCC to prevent price exploitation has been lessened or removed because Queensland has not referred additional powers to the ACCC to enforce State fair trading legislation as it applied to unincorporated businesses.

We therefore hope that the minister will choose, next time he is answering a question of this character, not to imply something different. We hope that he will acknowledge that the ACCC does not have these powers to deal with residential rents and that it does represent a real problem if landlords choose to put up the residential rents and we have higher prices and charges being faced by tenants in that area.

I will now move on to other areas of application of the GST. An interesting case was brought to my attention today by the National Association of Retail Grocers of Australia. Many members of the House will be aware that the National Association of Retail Grocers of Australia have been campaigning for some time on what they see is an issue of wholesale sales tax discrimination against independent grocers. Their point is that, unlike the major supermarket chains that buy tax paid, independent grocers bear the burden of sales tax on their wholesalers warehousing and distribution costs because the tax is levied on the last wholesale sale.

They have been pressing the government to reform the wholesale sales tax system to
end that discrimination and to level the playing field. Of course, the government’s response has been to say, ‘The introduction of the GST is going to solve all that because we won’t have wholesale sales tax any more. Everything will be all right.’ Indeed, the National Association of Retail Grocers of Australia have even said that, on that basis, they were prepared to support the introduction of the GST. But the issue they raise now is that the major supermarket chains are endeavouring to perpetuate the present discrimination under the GST. The major chains have commenced negotiations to amend their trading terms with all vendors from 1 July 2000 so that they can maintain the same dollars they currently receive from trading terms, including rebates, promotional allowances and settlement discounts, which are now paid on a tax-inclusive basis.

They have provided to me an edited extract from a document sent by a chain to its vendors, explaining how their trading terms will need to change under the GST. If we look at this document, we can see that the chain indicates that, consistent with the ACCC guidelines, it will maintain its net dollar margin in its gross margin—that is, the mark-up between cost and selling price in relation to goods acquired from its vendors and any services supplied by its vendors. What is going on here? The concern that the retail grocers have is that the trading terms are now being set in a way that will perpetuate the current sales tax discrimination. So, far from the GST being a means by which the discrimination could be ended, it effectively means that it will be perpetuated. The association are quite right in saying that this should not be allowed to happen. One of the reasons that it might go on is that the government has rejected the findings of the parliamentary committee that examined this area of retailing. The parliamentary committee came up with a recommendation for a mandatory code of conduct which embraced the general principle of like terms for like customers and disclosure of terms by suppliers on a confidential basis to the ACCC—you would expect that the ACCC would be able to identify any kind of continuation of unsatisfactory supply arrangements for these independent grocers and stamp it out. Unless the government is prepared to act to adopt some of those recommendations of that parliamentary committee concerning like terms for like customers and is prepared to require disclosure of terms by suppliers on a confidential basis to the ACCC, we have the unfortunate prospect that independent grocers will continue to find that they are being supplied products on a less satisfactory basis than large retail chains.

Mr Hockey—Since when did you care about the independent grocers?

Mr Martin—I wrote the policy at the last election for it. We care.

Mr DEPUTY SPEAKER (Mr Quick)—Order!

Mr KELVIN THOMSON—The next issue that I want to bring to the attention of the House concerns the application of the GST to guide-dogs. I do this because I have had an approach by a constituent, Bill Patchett, a resident of Glenroy who is a recently retired physiotherapist. He has a guide-dog himself, and he has approached me on behalf of the Guide Dog Association of Victoria. In particular, they are concerned, having received a ruling from the Australian Taxation Office quite recently on the issue of the provision of pet food and veterinary expenses for guide-dogs. This GST private ruling on food for guide-dogs, which was issued in January, indicates that the purchase of food for a guide-dog or the payment of the veterinary expenses will be subject to the GST.

Their concern is that previously the wholesale sales tax was not applied to the purchase of pet food for the guide-dogs—they had a sales tax exemption. At the retail outlet where they purchased the pet food, they filled in certificates and so on, and they were able to have the 22 per cent sales tax deducted at that point. They did not have to pay the sales tax, whereas now they are subject to GST on the dog food and on veterinary services.

The association points out that guide-dogs are worth in excess of $18,000 each but are provided free of charge to people with a vi-
sion impairment. Guide-dog associations around Australia receive some government funding but rely primarily upon corporate sponsorship and community donations. That significant level of community support reflects, in its view, a public perception that guide-dogs should be provided free of charge to enable vision impaired people to move freely and safely around their community. Guide-dogs provide an equal opportunity for guide-dog users to live independently. The association makes a fair point that people with a physical disability who require a wheelchair will not be required to pay GST on the wheelchair designed to improve their mobility—indeed, the express provisions of the bill before the House are designed to improve the ability of disabled motorists—but there is a different situation for those who are guide-dog users. As it points out, most guide-dog users are on a fixed income such as the blind pension. There is a risk that they may need to compromise the nutritional quality of their guide-dog’s food ration to the detriment of the dog’s guiding ability over the longer term. The association is also concerned that guide-dog users may be reluctant to attend their veterinarian for their guide-dog’s six-monthly routine veterinary examination.

These are matters of real concern to the owners of guide-dogs, and I think they are entitled to be concerned about the tax office’s private ruling concerning this issue. On that basis, I hope that the government is able to take into consideration the representations that they have been making to government, and that I have been making here this evening—that the government should be reviewing this tax office ruling concerning guide-dog food and veterinary services. It is interesting to see that the ‘Treasurer has promised there will be no further amendments to the GST, and yet earlier this evening we were debating legislation involving hundreds of additional amendments.

Mr Albanese interjecting—

Mr KELVIN THOMSON—I was about to come to this topic, which is a matter of interest to my colleague the member for Grayndler. Although the Treasurer has had some remarks to make about roll-back, it is interesting to note that his own backbenchers have been lobbying for changes to the tax treatment of long-stay caravan park residents.

Mr Albanese—How have they gone?

Mr KELVIN THOMSON—Not too well. We have not seen a whole lot of legislation coming before the parliament to address this issue. They have made more than 1,000 amendments to the GST—before we counted the latest batch, which appears to be several hundred amendments more. Given the government’s ongoing willingness to make amendments, clearly it would be no bad thing if they could see their way clear to making a few more. Unfortunately, however, the Treasurer has indicated in the party room that there will be no more concessions. He is ruling out changes, and he also ruled out an extension of time for registration under the new tax regime.

All the while, the GST has started to cut in and to have that insidious effect. While the government says that it is not coming in until 1 July, I have many examples from my electorate of people receiving bills which include the GST. I have here one from a local primary school, involving a student fee. The bill was sent out on 17 January, and it says the total is inclusive of GST. It is due for payment by 14 February. I understand that the government says, in response to these things, that people could refuse to pay that component until 1 July. It is not a very practical option if you want to send your children to that particular school, so for these parents the GST is already here with them.

Similarly, the government has been saying, ‘No, we’re not going to see prices rise by 10 per cent. There are going to be all sorts of tax savings and cost savings which are going to mean that prices are going to rise by much less.’ It has factored in an amount of 2.7 per cent, I recall, for the likely impact on the CPI, but once again I have been given a copy of an airline itinerary and the price, including taxes, of a base fare between Adelaide and Sydney, as it is passed on to travel consultants, is $368. The total taxes are $40.54—that is, $3.40 Sydney noise tax and $37.14 GST—so not only is the full 10 per cent being passed on but the Sydney noise tax is being taxed at the full 10 per cent as well. So you are getting a tax upon a tax. That is the
kind of impact that the GST is already having on people who are on the sharp end of it.

I was interested to read, and I hope the government is giving some pretty serious consideration to, reports that businesses have flooded the tax office with thousands of applications to change their reporting periods. This is apparently a tax planning device designed to squeeze maximum advantage from the June drop in the corporate tax rate. The tax office has written to accountants, warning of increased scrutiny of applications for substituted accounting periods. One of the taxation commissioners—the second commissioner—has attributed this increase to tax planning, as he describes it, by some taxpayers to gain maximum advantage from new initiatives announced by the government as part of the new tax system. The tax office estimates some 300 companies in the large business line—that is, their turnover is greater than $10 million—and many more small businesses have lodged applications to amend their reporting periods. As the commissioner says, this gives these particular taxpayers an unfair advantage over other taxpayers. I will be very interested to follow up and see just how the government is addressing this issue.

One of the things we have found as we get closer to GST time—that magic date of 1 July—is that its implementation is being handled appallingly. I mentioned earlier this evening that the number of businesses which have registered for Australian business numbers, some 600,000, is way below the 2½ million that the government believes it needs in order to have businesses properly registered. There is a prospect of terrible bottle-necks and of people not getting their Australian business numbers by 1 July, meaning that they will have to pay 48½c in the dollar, with very adverse consequences for their cashflow.

We have also seen businesses struggling to get rulings out of the tax office and community groups struggling to get advice on how the GST will affect them. Wherever you look, there are many questions unanswered, and it is clear that this government is seriously botching what is, by any yardstick, a major tax reform. On that basis we have moved our amendment, and I would urge the House to support it.

Mr DEPUTY SPEAKER—Is the amendment seconded?

Ms Macklin—I second the amendment and reserve my right to speak.

Mr CADMAN (Mitchell) (9.16 p.m.)—Quite predictably, the Australian Labor Party have given scant attention to some of the measures that are contained in the legislation before the parliament tonight, the Taxation Laws Amendment Bill (No. 5) 2000. This legislation deals with changes that are of great value to disabled people. They will cost something like $7.4 million and will allow relief from wholesale sales tax for vehicles that will be driven by, or which are used to transport, a person suffering from a physical impairment. This is a very significant feature, and I am sure, Mr Deputy Speaker, that you would not want to trivialise the processes of the House as the opposition has.

These measures will be of great value to participants in the Sydney Paralympic Games because so many of the participants will be able to use vehicles to get them around the Sydney area comfortably and quickly. They will be able to get to venues and sites in the greatest of comfort and with the least bit of discomfort. These are measures brought into play by a compassionate government, and they will overcome an inconsistency in the sales tax treatment of modifications to vehicles to adapt them for driving by, or the transporting of, disabled people. What could be more sensible than that? Yet the last speaker went through 12 points of the goods and services tax which his leader says the Australian Labor Party are going to keep—12 points of nonsense that he has raised as furphies in order to create concern and misinformation about the goods and services tax. The Australian Labor Party are supporting a goods and services tax. They are going to roll it back, but they do not say how. Maybe they will cut it back to eight per cent and leave it on everything it is currently on. If you add up the points of dispute that appear to be arising, there will be no goods and services tax left.

This legislation is valuable; it really does something to assist people in need. It is of
great value and assistance to disabled people, and the compliance cost is negligible. Manufacturers of affected vehicles will need to determine that part of the taxable value that is not subject to sales tax and they will be able to produce these vehicles at reduced prices, costing the Commonwealth $7.4 million. It will apply for a two-year period, roughly from 26 June 1998 to 30 June 2000, when sales tax will come off all motor vehicles and they will be free of the wholesale sales tax. We will be into a completely new regime where there is a fairer and better deal for everybody. That is the very element the Australian Labor Party do not want to acknowledge. They do not want to acknowledge the benefit to disabled people, they do not want to acknowledge the lowering costs, they do not want to acknowledge the fact that there will be a lowered personal income tax, and they do not want to acknowledge that this is the largest and most beneficial tax change that the nation has seen. Despite the fact that they claim to be supporting it, they can find faults through the whole lot.

I will go through the 12 items raised by the previous speaker and deal with them one by one. I will, I am sure in a compelling manner, indicate where fallacious argument is being used to confuse and frighten people. The legislation deals with a number of issues, and I intend to deal with them during the course of my remarks. The opposition have chosen to raise points about the goods and services tax; let's get them out of the way first. The first is health issues. The fact that health products and appliances are free of the goods and services tax is a wonderful concession. Food and educational products are also free of a goods and services tax. Where do you draw the line on these products? I think that is what the debate is about tonight. The Australian Labor Party say, ‘There are certain things we would want to see excluded from the goods and services tax.’ They have not focused on food, but before 30 June they will focus on food and nitpick on what is in and what is out. I can see this debate coming; I have participated in this type of debate myself. Educational services will be the next thing, and they will say, ‘Why don’t you tax this?’ and ‘Why don’t you let something else go free?’ That is a reasonable debating point but it is not a substitute for a policy, because they have not got a policy on this. They do not know what they want to do. They want a consumption tax, but they do not know what sort of consumption tax they want. They do not know what it should apply to. They have not said whether it should apply to food or not, or what sort of food it should apply to. What sort of health products should it apply to? Should all the health products that they think of be removed from the goods and services tax?

The government has made some sensible and difficult decisions. It has drawn a line and it has said on food, education, health products, medicines and prescription drugs, ‘This is where we stand.’ The government is prepared to do that. It is prepared to stand up and say what its policy is, unlike the opposition. The opposition have had five years to develop alternative policies—and not one; not in a single area have they got a single policy. Let us move through the areas where the ALP do not have policies. They in fact blamed the Democrats for signing up on this issue. It was branded by the previous speaker as an infamous decision by the Australian Democrats. Instead of being a player themselves in this process—because I understand it is a tax regime that they support—the Australian Labor Party have stood back and said, ‘The Democrats are hopeless because they made decisions that we wouldn’t have made.’ They had the opportunity in the Senate to participate. They had the opportunity in the Senate to be a player. They had the opportunity in the Senate to be an involved participant in deciding what food products were in the goods and services tax and what food products were outside and what educational services were in the goods and services tax and what were not taxable. They had on all of the range of health products and appliances an opportunity to negotiate with the government and say which products were in the goods and services tax and which were out. But instead the Australian Labor Party have said, ‘We didn’t see that happening, but now we want to change it and we think the Democrats are hopeless.’ The Democrats had a great deal more integrity—if I may say that—than the Labor Party in the Senate. The Australian Democrats have said, ‘We are pre-
pared to try to get the best for what we believe the Australian people want.’ Whether that is fact as tested by the circumstances we have to wait to see, but at least the Democrats came in and negotiated. The Australian Labor Party played a spoiling game and stood back and said, ‘We’re not going to be involved, but we think this is wrong and we are going to be critical of everybody else who participates—but we are going to keep the tax ourselves.’ That is a spoiling game if ever I have ever heard of one.

The so-called unfairness of the goods and services tax regarding rent was raised by the previous speaker. The Minister for Financial Services and Regulation is bringing into the House legislation to change that process. He is bringing in legislation to make sure that the ACCC is granted those powers. If a state government wishes to have the ACCC conduct inquiries into abuse of rent or anything else—caravan parks; I don’t care what you care to name—all they have to do is say, ‘We’ll pass legislation and the Australian Competition and Consumer Commission can come and have a look at whether there is exploitation of prices.’ All of that is being done. The controls are there. The compliance processes to make sure people are not ripping the system off or not ripping customers off are all part of the legislation. They are part of the package, they are legislated for and they are working. Woolworths have felt the brunt of the ACCC and its comment, and other businesses have as well. So if there is an unfairness in the system it will be the fault of any state government, such as the government of Queensland that says that it can adequately handle any problems with the goods and services tax. It is my contention that the government of Queensland will not handle any unfairness. Instead of allowing Professor Fels to conduct any inquiries, they claim they will do it under the Queensland legislation. Well, it just will not work.

The point was also raised that it will not be legal for the ACCC to investigate those businesses under $50,000. What a load of rubbish. If anybody claims to have increased their prices due to the impact of the goods and services tax, the ACCC can move in on them no matter who they are. On the notification of individuals or anyone who has made an unjustified charge and have blamed the goods and services tax, Professor Fels and the ACCC can move in and conduct an inquiry. And I would remind the House that the fines are substantial—up to $10 million for each organisation if they are found to have exploited the public of Australia. So much for the false and misleading statements being made by the Australian Labor Party.

The National Association of Retail Grocers of Australia was also mentioned and the sales tax on components of all goods. The argument of the retail grocers has been that the in-built wholesale sales tax has disadvantaged them as compared with major chains such as Woolworths and Coles. It has, and they have been seriously disadvantaged right through the period of the Labor government and, tragically, up until now through the period of the coalition government. But we are changing that. That will change on 30 June. The disadvantage of the in-built wholesale sales taxes which they had to pay—which were basically avoided by Coles and Woolworths—is going to be resolved. The fact of the matter is that they are trying to reinvent the wheel in saying that the goods and services tax is a compounding tax and therefore they will be disadvantaged. That is nonsense. It is a tax that is added and then deducted as appropriate through the chain, with the consumer in the end being the only person to pay the goods and services tax. The example used by the spokesman for the Australian Labor Party—the example of the National Association of Retail Grocers of Australia—is completely wrong. The retail grocers are one of the groups that are going to be greatly advantaged. I am delighted to see that, as small business people, they will have a tremendous advantage by the introduction of the goods and services tax. They will be rid of the compounding impact of the wholesale sales tax—of having it placed later in the chain on their goods than it would be if it were a Woolworths or Coles organisation.

The previous member raised the problem of guide-dogs. He said, ‘What about food and veterinary fees for guide-dogs? The people responsible for them do not have to pay wholesale sales tax now and maybe they will
be paying a goods and services tax.’ As a starter, I would like to remind the House that there is a guaranteed increase in all pensions and benefits for people, no matter what age, what background and what their benefit is. Ministers have been extremely generous in this regard, so there will be an immediate increase of two per cent in all taxes and benefits and, subsequently, when the inflationary factors of the goods and services tax are known, a two per cent margin on top of inflation will be provided for people on pensions and benefits. It does not matter whether a person is disabled or healthy: if they are in receipt of Commonwealth benefits, there are immediate advantages and immediate increases in their benefits. Their costs may rise, but their pensions and compensation will rise to a much greater degree. Long-term stayers in caravan parks are going to be treated in exactly the same way as any long-term renter anywhere else.

Mr Albanese—Rubbish! That is wrong.

Mr CADMAN—You can argue as much as you like, but there is no GST on the rent they will pay. The caravan park owner has a choice of whether or not he decides to charge it. If he wants to and he has a mixture of short- and long-term stayers, he can put a five per cent GST on.

Mr DEPUTY SPEAKER (Mr Quick)—Order! The honourable member for Grayndler on a point of order.

Mr CADMAN—We have not taken points of order on those opposite. If he is going to speak tonight, I will stay here and take points of order on what he says.

Mr DEPUTY SPEAKER—Order! The honourable member for Mitchell will resume his seat. I call the honourable member for Grayndler on a point of order.

Mr Albanese—I am concerned that the member is misleading the House, because in fact long-term residents of caravan parks are going to have to pay the GST.

Mr DEPUTY SPEAKER—I am sorry, there is no point of order.

Mr CADMAN—You should have been in here listening to some of the lies and arguments being used by your side about this goods and services tax. The fact is that long-term stayers in caravan parks will not be paying a goods and services tax. There is no goods and services tax charged on their rent.

Mr Albanese—There is.

Mr CADMAN—No, there is not. You do not understand the whole thing. No wonder there is confusion, Mr Deputy Speaker, and I wish you would take your colleague aside at some quiet moment. I know that, with your great wisdom, background and comprehension, you will be able to explain to him where he is absolutely in error in all of the things he is trying to present before the parliament. He has been trying for weeks. It is the one thing that he has—caravan parks. Man alive, I don’t know but he must have some sort of a fetish with caravan parks because all we hear from him is about caravan parks, and we find tonight that he has a misunderstanding of the way in which the goods and services tax applies to them. That is the same with everybody on that side because they select one or two items, completely fallaciously, claiming that the goods and services tax causes all sorts of stupid trouble for the people who are involved, and it is just not true.

There was a complaint that the registration time for businesses would not be extended beyond May. It should not be; there must be a cut-off time for this sort of thing. Businesses that I know are gearing up. Many are already registered and others are preparing for registration, and so that part of the process is going as smoothly as it could.

Let us come to primary schools and making a charge for fees that extend across the end of the financial year where the first half of the year is without a goods and services tax and the second part of the year has a goods and services tax on it. I know that the member opposite may not be aware—but I know that you would be, Mr Deputy Speaker—that with superannuation funds and other organisations where there is a charge made it has been said to them, ‘You should not profiteer from this process. If you have saved up in your account a component of your charges applicable to the goods and services tax which is in your account and which you are holding for payment to the
government come 1 July, then you are earning interest on that amount of money and you should subsequently reduce your fees and charges.' Superannuation funds and schools have been told that.

We continue with topic after topic—the prices and costs of savings to Woolworths. For goodness sake, the proposition was put tonight that things will increase. One has only to look at the front pages of Australian newspapers two weekends ago to see that the cost of an average shopping basket for an average Australian family will increase by 90c when the goods and services tax comes in—90c, that is all—and that average family will have $47 more in their pocket. That is a tax cut of $47, which is equivalent to a wage increase of $60—and we are quibbling about a 90c increase in the average shopping basket! I do not know what the Australian Labor Party wants. There is only one person that seems to have a bit of leadership and commitment, and that is the Leader of the Opposition. Despite the furore over his decision in saying. ‘We’re going to stick with the goods and services tax,’ he understands that Australians will be better off under these measures. Despite the imagination and striving of the opposition to paint them as dark, dim, dreary and dreadful, it will fail because at the end of the day the 90c a week increase in the goods that people buy will be far offset by the $47 a week tax cut they will get.

Ms MACKLIN (Jagajaga) (9.36 p.m.)—One thing that is very clear to the Australian public is that the GST is unfair. It is confusing and it is definitely not good for women. The more Australians learn about the details of this tax, the more the GST is unmasked and of course the more unpopular the government becomes. Health is a case in point. The government promised to make health GST free, but many essential health products will be taxed, often for the first time. The new tax, the GST, will apply to over-the-counter medicines, pain relievers, cough mixtures, vitamins, spectacle frames, first-aid kits, band aids, baby bottles and cleaning solutions, breast pumps and feeding pads, contact lens cleaning solution and equipment, and some quit smoking courses. The tax will also apply to tampons and sanitary pads.

Does this sound like a tax that does not apply to health care? I do not think so.

Tampons and sanitary pads have been tax free for nearly 50 years. This fact is surprising to many women who think that these products must already be taxed because they are so expensive. But they are not taxed. They are not taxed now, and no government in the last 50 years has taxed these products. For the last half century, successive governments of both political persuasions have recognised the health and hygiene benefits that they provide. The Howard government, however, is more concerned with defending an unfair and complicated tax than with the public health of more than half the population. It is hard to believe that as we enter the 21st century, a century that promises women so many opportunities, this government wants to introduce a 10 per cent tax on tampons. The government’s determination to proceed at any cost is further evidence of how far out of touch they are with their electorates and how little consideration goes into decisions that have such a real and regular impact on women.

Everyone here will recall that when I asked the Minister for Health and Aged Care, Dr Wooldridge, some 15 months ago if all health products, including tampons, vitamins and over-the-counter medicines, would be GST free, instead of answering the question, he snapped back that the GST would not affect me much unless I needed cosmetic surgery or tattoos removed. His incapacity to answer the most basic questions about the GST on health products was further demonstrated in January of this year when an ABC journalist asked him if tampons should be GST free. Instead of explaining why the government believe tampons and pads should be taxed, Dr Wooldridge insulted half the population by comparing tampons with shaving cream. He said:

If I was a bloke —
which I thought he was —
I’d like shaving cream exempt, but I’m not expecting it to be ... I wasn’t aware that menstruation was an illness.

This statement says a lot about our health minister. It demonstrates that not only is he out of touch with public perception but he
has, surprisingly, a very limited understanding of public health. Stunned by the enormous outcry over his insulting shaving cream example, he was forced to apologise to all Australian women for his ridiculous statement. But then in his next breath he asserted that the campaign against the tampon tax had been whipped up by tampon manufacturers and therefore was not legitimate. Of course, women would not have been up to getting such a campaign under way, according to the minister.

As it turns out, his remarks could not be further from the truth. The campaign was not started by a big tampon manufacturer but by an angry Sydney mother, Margaret Morgan—or Maggie, as she is known on the Net. She posted an anti-tampon tax petition on the online mother-child bulletin board and emailed it to all her friends. She told the Australian Media magazine that she was amazed and inspired by the response to her petition. This anti-tampon tax campaign is one of the most remarkable spontaneous grassroots campaigns that I have ever seen. It will go down in history as the first widespread use of information technology by the Australian public to influence the political debate. As Maggie Morgan said:

The reason Wooldridge thought he could dismiss it so cavalierly was that he didn’t understand what was going on with the net. To dismiss it as simply the workings of self-interest shows a lack of awareness of the new technology and how normal people are embracing it.

The government is trying to ignore this response to the new tax on tampons and hopes that it will just fade away. But Australian women will not let it. In the past two months, women in their thousands have made their anger known to the government. The opposition began receiving emails from women protesting against the tax on tampons around 17 January, and at one point Senator Faulkner’s office was receiving over 200 petitions a day. These emails were also directed to the government and the Democrats. On 15 February, Senator Faulkner tabled a petition with 10,355 signatures calling on the government to make tampons and sanitary pads GST free. This is the largest electronic petition ever tabled in the federal parliament, and it demonstrates the depth of community anger against this government’s plan to tax tampons and sanitary pads. I would imagine that everybody in the House would agree that over 10,000 signatures in less than a month is pretty remarkable. The intensity of the protest should be a lesson to the government that Australian women will not be ignored. This broken promise—the broken promise that health would be GST free—will not be forgotten.

I want to quote from some of the emails that were sent to Dr Wooldridge and to us that give examples of the depth of anger and resentment that Australian women are feeling towards this government over the unfair tax on tampons. One woman writes:

This is the first time I have ever written to a Member of Parliament but I must protest over the GST on tampons and other sanitary products. It affects mainly women but it also affects men who are their family’s sole support and have wives and daughters. The shaving cream analogy has angered all and again an embarrassment to the government. I have also learnt—and this is an important point—that shaving cream has a tax on it at the moment and it will be actually cheaper under the GST whilst tampons are tax-free and will be more expensive.

She goes on to say:

Every woman I have spoken to is so angry over this matter and they have said it will affect the way they vote at the next election. Please reconsider your position.

Another one from a woman who works in Box Hill says:

Your daughter, your wife and over half of the voting community use sanitary products at some stage of their lives. They do so to maintain a level of hygiene required for good health. If they did not they would suffer from medical conditions relating to their bodily discharge. This would become a public health concern. I believe that sanitary products should be exempt from the GST. As the Health Minister I believe you should classify sanitary products such as tampons and pads as health products. The Government promised that health products would not be subject to the GST.

As part of your role within the government, it is your duty to yourself, the voting public and to all women to keep this promise.

And the following from a woman in South Australia:
To Michael Wooldridge

I would like to point out an anomaly that is a consequence to your argument that menstruation is a natural process and therefore not a health issue. I agree that menstruation is a natural process. If a natural process is not a health issue and is therefore subject to the GST then the following should also be subject to the GST: childbirth and doctors services associated with childbirth; prenatal and antenatal care; ultrasound to confirm that all is well; feeding bras; and milk formulation products for women who choose for cosmetic reasons not to feed their offspring naturally.

Some of the items above may be GST exempt, some may not. Could you please clarify any anomalies and explain the rationale for their categorisation.

Dr Wooldridge, the health minister, does have the power to immediately determine that all sanitary products are GST free under section 38-47 of the GST legislation in the same way as he plans to exempt condoms, sunscreens, folate pills and personal lubricants.

However, there is one group in this parliament that is not powerless. I was pleased to read in the national newspapers about three weeks ago that a number of senior government backbenchers, including the member for Makin, the member for Adelaide, the member for Pearce and Senator Jeannie Ferris, believed the government should re-examine its decision to tax tampons and sanitary pads. Even the minister’s own parliamentary secretary, Senator Tambling, believed the decision needed to be raised again.

I hope that these members will vote for the second reading amendment that the Labor opposition is moving to this bill which expresses the fundamental unfairness of this new tax, the GST, and states that the two options that are available to the government to get rid of this tax on tampons and sanitary products are either to get the Treasurer to amend the GST legislation or to get the minister for health to honour his government’s pre-election promise that health products would be GST free by including tampons and sanitary pads in the minister’s determination.

The arguments for exempting tampons and sanitary products are very strong and the weight of expert opinion favouring the exemption of these products includes the following. The Administrative Appeals Tribunal ruled in 1992 that tampons were a therapeutic good. The President of the Australian Medical Association, Dr Brand, called for tampons to be GST free. Even the former head of the committee that advised the government on the GST implementation, David Vos, said that he had no objection to tampons being GST free. Most important, of course, are the 10,355 signatures on the petition tabled in the Senate. Considering the weight of these opinions and the genuine and spontaneous public outcry that has occurred over the past two months, there is no reason why the government should persist with their plans to tax these products. The health minister should stop defending an unfair and complicated tax at the expense of women’s health.

Many here would be familiar with the poll published in the Melbourne Age on Tuesday, 15 February which found that one in seven Australians believe tampons and sanitary pads should be GST free. No, that number is not right—it was about 70 per cent of Australians who are worried about tampons going up in price.

Mr Albanese—A figure from the minister’s dreams.

Ms MACKLIN—I just gave it all away.

The important thing, of course, is that 70 per cent of Australians want to see this tax come off these essential health products and think that they should not be taxed.

Already it is the case that women resent the high cost of tampons and pads, but they know how to live a full, active and healthy modern life and they know that these products are a necessity. Unfortunately, it seems to be the case that the government does not understand this sentiment and does not understand that these are essential health products. What this demonstrates yet again is that this is not a government for the modern Australian woman. The opposition reiterates its call on the government, particularly those backbenchers who have indicated publicly that they would like to see the government take the GST off tampons and sanitary products. I call on all of those members of the government to vote with the opposition on this second reading amendment to demonstrate that the vast majority of the parliament
actually supports the removal of this tax from these essential health products. That would be a small step in getting a little bit closer to the truth that health may be GST free. It is certainly not GST free at the moment, whether it is over-the-counter medicines, various pain-killers, cough mixtures and so on. All of those things will have the GST on them. So it is only a small step for the government to make but a step that would indicate that they are listening to over half the population and their concerns about the essential unfairness of this tax.

Mr BAIRD (Cook) (9.50 p.m.)—It is my pleasure to rise tonight in support of Taxation Laws Amendment Bill (No. 5) 2000. It is particularly interesting to follow the member for Jagajaga as the great crusader in her own mind on issues relating to health. That is fine, but I have got to say to the shadow minister that her entire speech was on one issue—tampons—and I cannot recall this being referred to once in this bill. The bill refers to three specific items—

Ms Macklin—Mr Deputy Speaker, on a point of order: I draw the member’s attention to the second reading amendment.

Mr BAIRD—If you wanted to speak on the general provisions of the bill, you did not mention that the three provisions of the bill relate to physical impairment, employee share schemes and the extended lodgment of closely held trusts. I would have thought that somebody who boasts that she is the shadow minister for health would take an interest in one of the key aspects relating to those with physical impairments in that, under the current tax regime, the provisions exempt the construction of taxis and what is required for those with disabilities. You did not even mention that in your campaign. One would have thought you would have had a balanced approach.

Not only does this apply to the member for Jagajaga; the member for Wills gave a garbled, variable speech wandering across all the labyrinths of the GST, the 12 loose points of attack against the GST. The member for Wills did not once say that the great advantage to them, if they ever got to govern—that would be a misfortune for Australia—would be that if they were to say, ‘We will totally remove the GST and, as far as we are concerned, we will go back to the wholesale sales tax; it may not be used much anywhere in the world but that is what we would do,’ they would have some credibility in the community’s eyes.

What happened is very clear. The Prime Minister outlined his plans for a GST. He said that the people of Australia would have the ability to vote on whether or not they wanted a GST, and that vote was taken at the last election. The fact is that the people of Australia decided to return the government and, in doing so, endorsed the proposals for the GST. If they are so opposed to the GST, one would logically expect that the Labor Party would simply say they were going to remove it, but they have not done that. They are saying, ‘On the one hand, we are totally opposed to it but, on the other hand, we cannot bring ourselves to say that we are going to remove it absolutely, not at all.’ They just come in with their fine points here and there to whip up a storm. The great substance is what they are going to do about the GST. Are you going to remove it or are you not? If you are not going to remove it, it is all just great puff and wind, which is what we have come to expect from certain members in this House. In your tax policy, what are you going to offer the people of Australia? Are you going to offer continuing the various ranges of wholesale sales taxes of 22 per cent, 18 per cent, 12 per cent and 32 per cent, or are you going to have a total reform of the system? You cannot have it both ways. You cannot simply come in and criticise every single aspect of the GST and say that it is so bad and terrible that you would actually keep it after 1 July. It must be bad if you are going to keep the whole package after 1 July!

So, for all the rhetoric concerning one specific item, there is no mention of where they are going to go in the future. That is where their credibility is totally lacking. They have not outlined where they are going to roll back, in which areas, how they are going to fund it or which group they are going to increase in terms of taxation. All we know is that they come in and simply attack individual items. In doing so, they attack specific issues that are of interest to them or are of
interest to the minister and they ignore what is provided in this legislation.

Let us look at what the bill relates to. Firstly, it is a housekeeping bill that makes some relatively minor changes to various taxation laws. It amends the Sales Tax Assessment Act 1992 to protect vehicles manufactured or modified for people with physical impairments from being slugged with extra sales tax. It is quite simple. I would have thought the member for Jagajaga would say, ‘What a great initiative,’ especially as we lead into the Paralympic Games. How important it is that we have a great array of taxis for the disabled especially in this year. There is a provision that for this year we will have 400 extra wheelchair accessible taxi licences, approved by the New South Wales government, and this will take away any of the sales tax requirements they would normally have to pay. Under the provisions of the original bill there is an exemption for those vehicles provided for the disabled.

While the actual goods that are used for the production of the vehicle are exempt, when it is actually manufactured the sales tax goes on top of it. So this bill takes away that requirement. It is a timely move by the government and I commend the Assistant Treasurer, Senator Kemp, on this initiative. A section of the bill allows for an exempt part of the taxable value of certain vehicles to be manufactured or altered so that a person living with a physical impairment can either drive it or be transported in it. In the current legislation there is an inconsistency in the sales tax treatment of modifications to such vehicles. In some cases, although the goods used in the modifications were free of sales tax, the modifications themselves resulted in sales tax being levied as they constituted manufacture.

The amendment being debated here eliminates this incongruity and allows any additional cost in modifying or manufacturing these vehicles to be sales tax exempt. The bill will take retrospective effect from 26 June 1998 and it is estimated that it will cost just over $7 million for the period up to 30 June this year—a small price to pay, especially when the benefits are so clear-cut.

So here we have the world’s largest event for those with disabilities competing together in the Paralympic Games, where the world will come together to celebrate this event and where we will need a vast number of taxis that are modified—and what do we have? We have not a word of it from the member for Jagajaga. There was no mention of the health implications. There was no concern or sympathy for those with disabilities and their needs; it simply provided a platform for political rhetoric.

The second part of the bill relates to employee share schemes. To the changes dealing with employee share schemes under the existing Income Tax Assessment Act 1936, the concept of ‘market value’ is used as an index to distinguish the discount received by employees on the price they pay for shares and therefore their assessable income for taxation purposes. The way it was normally interpreted was very clear: the market value that is out there as the quoted price and then the price was offered in shares to employees. It is a way of encouraging employees to take an interest, an equity, in the company, to be involved in the long-term future of the organisation, and it was quite common, even a number of years ago before the extent of share ownership, for bank employees to be given these provisions. Of course, many bank employees have gained significantly through these benefits that have been provided. The concept of market value is determined by a weighted average price of shares in the week before the shares have been acquired under the employee share scheme. It is important as it stands. Market value leads to uncertainty in the minds of employees, especially as they are unsure of the market value which will affect their tax outlook.

If an employee share scheme is offered in association with a public offer, one would expect the price of shares to be lower than the price offered to the public. It is possible in the current environment, however, that the weighted average price could exceed the public offer price. This would create an artificial discount for the employees which would affect their tax assessment and cash flow. In other words, this relates to secondary offers. Where the shares have been out in the
public marketplace and have been listed for some six months and the valuation is made on the shares, one would normally expect that in a share offer they would be offered at a lower price. But in fact it could be a higher offer, so they would then be faced with that differential. In many cases, it would be the reverse. When it was the reverse and the actual offer was lower than the price that was the market value beforehand, the differential would be used as assessable income. This legislation is meant to correct that, but it is not a situation that emerges all the time.

It is about encouraging share ownership by employees in the company, about getting them involved in the corporation and about them having an interest in the long-term future and viability of the company. Of course, this is especially so given the encouragement of share ownership by this government. We now see that Australia has the highest level of share ownership of any country in the world. It is a great achievement by the government and a great recognition of the buoyancy of the economy and the great confidence that is out there in the marketplace that people will invest their savings in shares and invest their money in the financial health of the private sector and the overall Australian economy. This provision of the bill simply removes those anomalies which exist which have meant that employees have had unfair tax assessments because of the differential between the share price and the general price of the shares before the share offer. While that may not be an everyday occurrence, it still happens from time to time and it needs to be corrected.

The third part of the bill relates to closely held trusts. The number of trusts has grown quite significantly over the last few years. In the 1993-94 tax year there were 331,338 tax returns lodged by trusts, and this increased to 427,431 in 1996-97. This is a faster growth than had been recorded for companies and is attributed by the tax office to the growing number of individuals who are wanting to hold and organise their own assets in private discretionary trusts. We in the government do not see any particular problem with that; it is a way of managing your affairs.

Under the recent A New Tax System (Closely Held Trusts) Bill 1999, about which I spoke at the time it was introduced, trustees of closely held trusts were required to disclose the ultimate beneficiary or beneficiaries of their trusts within a certain period. Closely held trusts are units where up to 20 individuals have between them fixed entitlements to 75 per cent or more of the trust. The provision was aimed at the concept of a circular trust, where it went round and people were never quite sure of who the ultimate beneficiary was, so there would be elimination and avoidance of taxation. The A New Tax System (Closely Held Trusts) Bill 1999 was to remove that anomaly so that it became clear who was the ultimate beneficiary so that taxation could be assigned to that beneficiary and any taxation loopholes could be removed.

If the trustees do not nominate an ultimate beneficiary within the stipulated time, they are subject to a non-disclosure tax, which imposes the full rate of tax. That, very often, is the full 48 per cent income tax plus Medicare levy. This amendment allows trustees, where there is some question as to identification of the ultimate beneficiary, an extension of the time frame so that they can lodge information as to who is the ultimate beneficiary. The government has received a number of representations reporting that, in many cases, there was simply not enough time to present this information. This bill will certainly allow for corrections to be made, submitted within four years of the lodging, if there are reasonable grounds for why this correction has to be made. It is important to keep in mind that, as part of the original bill, with the best reasonable expectations of the trustees’ knowledge the information must be correct. The intricacies and complexities of some trusts can make this difficult, however, and this change aims at reducing some of the compliancy burden on the trustees of closely held trusts. The final important change made by this bill will provide these same trustees with the power to recover any ultimate beneficiary tax they are paid from the ultimate beneficiaries themselves. This is also important in trying to recoup some of the expenditure in taxation where they can identify the ultimate beneficiary.
In looking at this bill, there are three major provisions. The opposition have used the exercise as a major review of the GST and have dragged out everything that they have heard from the opposition hype machine in terms of what they see as the deficiencies of the GST. The three specific provisions of this bill relate to the question of taxis for the disabled, closely held trusts and the second part, which was the employee share scheme aspect. There is nothing in the statements by either the member for Wills or the member for Jagajaga, who immediately preceded me, to indicate that they have any idea of where they want to take Australia if they should ever get into government. They do not have any idea in terms of the economic direction it should take or any idea of the taxation policies that they should produce. All they know is: no GST.

They say that with no concept of what they want to replace it with. There has not been a word in terms of whether, if that is the case, they plan to remove the GST if it were Australia’s misfortune that they got back into government. Their answer is: no. On that basis, they have no credibility when they speak in this place. They can criticise the GST if they say they are going to remove it. But they cannot if they are going to simply implement it and claim, vaguely, that they are going to roll it back without saying where the taxation revenue is going to come from and without saying which particular group in the general community is going to be slugged with the further taxes that we were all familiar with under Labor. There were going to be no tax increases under Labor, but we all know what happened. We all know that Labor governments love to tax people—it is their way of life. Then they distribute it amongst all of their friends.

However, in this case they have not indicated that. They simply grasp at straws without addressing some of the very fine considerations that are introduced in the bill, particularly the one relating to taxis for the disabled. I am amazed that the member for Jagajaga, as the shadow minister for health, would ignore this important provision. I commend the bill to the House. It represents a considerable step forward in the reform of the Australian taxation system and improves the economic conditions in Australia which, as we all know, have put Australia at the forefront of economic growth, not only in this region but in the world.

Mr MURPHY (Lowe) (10.08 p.m.)—This evening I rise to speak in support of the Taxation Laws Amendment Bill (No. 5) 2000. I also speak in support of the opposition’s amendment. Before I turn to the contents of the bill, I want to respond to the member for Cook. He said that the ALP does not have a tax policy and said that he does not know where the ALP is going. I remind the member for Cook that prior to the 1996 federal election the present Prime Minister did not put his taxation policy before the people because he had learnt the lessons of Professor Hewson, who was silly enough to put his policy out in 1992 and saw it torn to shreds. We will have a policy before the next election and our policy will be to look after families. The member alluded to roll-back. We will look at those areas where we will help the self-funded retirees who day in, day out are screaming in my electorate of Lowe in emails and on the telephone. We will help the pensioners. We will look at health and education to give families relief, but we will not be putting out our policy tomorrow. The honourable member understands the politics of that. One thing of which the Labor Party is certain is that we will be fair to families, unlike this government with its regressive tax which disproportionately affects people like pensioners and self-funded retirees. Those who earn low incomes will be seriously affected by the introduction of the GST.

It is a monumental triumph in hypocrisy for the honourable member to expect us, when we have seen what his side of politics has done, to put out a policy 18 months before the next federal election. I am sure the Prime Minister has no intention of calling an early election, even a cynical one after the Olympic Games are held this year. I can assure you that, when we put out our policy, Kim Beazley and Simon Crean will be making it quite clear that the ALP’s taxation policy will be very fair to families. We are interested in taxing the wealthy. The honourable member spoke earlier in his speech about
trusts and discretionary trusts. People are haemorrhaging because the rich and powerful in this country do not pay any tax. That is appalling. Yet the government is going to slug the ordinary person. On payday when they have to scunge off to McDonald’s or to KFC to buy their takeaway meal, they will pay an extra 10 per cent. When Mr Packer and others—the very wealthy people in Australia—go to level 41, they can well afford to pay their 10 per cent. It is outrageous. The ordinary person has very limited disposable income and the rich and powerful have an enormous amount of income. They do not pay any tax and the people of Australia are sick and tired of it. However, I did not come in here to talk about that. I just thought it might not be a bad place to start. I quite like the member for Cook: he is not a bad chap. We are in agreement on some of the things he says about aircraft noise. I just hope he does something about getting the government to make a decision on Badgerys Creek.

The bill has three main purposes. Firstly, it deals with altering the calculation of the market value of shares where an employee share ownership scheme exists and employee share offers are made at the same time as a public offer is made by a listed company. Secondly, it gives the Australian Commissioner of Taxation the ability to extend the time for reporting by trustees of closely held trusts and to allow such trustees to recoup from other taxes paid in certain circumstances. In other words, this amendment seeks to improve the administration of the ultimate beneficiary provisions, or the UBPs. Thirdly, the bill exempts from the sales tax the additional costs of manufacturing and modifying motor vehicles which are to be used by persons with disabilities.

I would like, first, to address the issue of modifying vehicles for those with disabilities. My electorate of Lowe has a significant number of organisations which help members of the community who have disabilities. These organisations include the Inner West Aged and Disability Service—the IWADS—which is based in Burwood, not far from my electorate office, and the Royal Blind Society which is up the road in Enfield. They are directly affected by the anomaly in the current legislation which does not exempt vehicles used to transport those with disabilities or vehicles which need to be modified to be able to be used by those with disabilities. Charity organisations such as the RBS will not be exempt from the GST. This is dreadful. The Royal Blind Society does a magnificent job. Surely the worst affliction anyone can suffer in terms of the senses has to be blindness. You only have to close your eyes and contemplate that to know the implications.

Given this, a sales tax exemption on vehicle modifications for the use of those with disabilities is a small but necessary exemption. It is a shame that the Royal Blind Society and the Inner West Aged and Disability Service, and other organisations which provide services to disadvantaged and vulnerable people with disabilities in my electorate of Lowe, will not be exempt from the insidious and unfair GST. My colleague the member for Wills mentioned earlier tonight in this House that guide dogs will be taxed under the new tax system. Quite frankly, that is a disgrace. As the member for Wills correctly pointed out, previously no wholesale sales tax existed on food for guide dogs. Surely dog food and veterinary bills should be exempt for people who are afflicted by blindness. These animals enable those members of our community who are afflicted with blindness to have a way to interact with the wider community and help them to lead healthier and happier lives. It is a tragedy that this exemption does not exist.

However, in this bill I am strongly supportive of the move to exempt from the sales tax the cost of manufacturing cars and other motor vehicles specifically for those with disabilities. I have been contacted by a number of my constituents who have disabilities who are very worried about the impact of the GST on them, particularly in regard to purchasing a motor vehicle which meets their needs or affording the cost of hiring a taxi which has wheelchair access. They are the ones who will suffer from the GST. Additional sales tax charged on adjusting a car for a disabled person’s use would have been much more than many of my constituents in Lowe could afford. Certainly, the GST places more of a financial burden on those who are
already under strain due to the nature of their physical disabilities. Given that there is a significant financial burden on those with disabilities, I welcome the amendment. The Paralympics due to occur later this year will be held in Homebush Bay, which is adjacent to my electorate of Lowe. These changes are necessary to ensure that athletes and spectators from across Australia will be able to access adequate transportation to and from the Olympic site. These new sales tax exemptions would apply retrospectively from 26 June 1998.

I turn to the issue of improving the administration of UBPs in closely held trusts. We heard the member for Cook addressing trusts in his address. I commenced my speech by making reference to trusts and the impact they have in terms of the Commissioner of Taxation collecting the revenue due to the Commonwealth which is sorely needed particularly for our health and education areas. As I said earlier, it is a tragedy that the very rich people in this country can avoid paying tax by the employment of trusts and discretionary trusts. They can send the money overseas and bring it back through a tax haven and pay little or no tax, when the ordinary person pays through the neck. Anything that we can do to make the wealthy pay tax in Australia surely has to start in this House. We all nod and agree and no-one has any problem with that. The member for Cook was revving the Labor Party up when he started his speech a moment ago. I can surely say that at the next election the Labor Party will be interested in the very wealthy paying their fair share of tax. Quite plainly, they do not pay their fair share of tax at the moment. That discriminates against the ordinary Australian who pays their fair share of tax week in and week out while the rich and powerful thumb their nose and say that taxation is an option in this country. That has got to stop. It is not an option. They should pay through the neck. We have to ensure that they pay their fair share of tax.

UBPs are anti-avoidance provisions, which is a good thing. They deal with the problem of income tax being avoided by income being distributed through a chain of trusts and with the ultimate beneficiaries not complying with their obligations. A closely held trust may be defined as a trust where up to 20 individuals have a fixed entitlement of 75 per cent or more of the income or capital of the trust or may be defined as a discretionary trust. A closely held trust may not include superannuation funds, deposit funds, pooled superannuation trusts, a deceased estate which is a trust, a fixed trust where the beneficiaries are tax exempt or unit trusts which are listed on the Australian Stock Exchange. Trustees who do not identify the ultimate beneficiaries of the money they distribute from their closely held trusts already have tax imposed on them at the highest marginal rate and have the Medicare levy imposed on them. The amendments basically seek to ensure that those trustees will be able to recover from beneficiaries any tax paid on their behalf where their distributions from the trust did not have the tax taken out. This action may be taken against an ultimate beneficiary, a trustee beneficiary, the trustee of an interposed trust or the partner of an interposed partnership, where the person supplied incorrect information that the trustee had reasonable grounds to believe was correct or where the person has been requested to provide information in relation to the ultimate beneficiary statement and has not done so.

The amendments will also allow trustees to correct statements concerning ultimate beneficiaries and not be liable for tax. This may occur if a trustee believed on reasonable grounds that the original ultimate beneficiary statement was correct or if the trustee could not have foreseen the event that caused the ultimate beneficiary statement to be incorrect. The amendment will also allow correction of a statement if that correction is made either before the trustee becomes liable to pay the tax or within four years of that tax becoming available. These amendments will apply for amounts entitled to be received after 4 p.m. on 13 August 1998, subject to the taxation commissioner’s discretion.

I would now like to speak on the issue of employee share ownership schemes—the ESS. The amendments work to insert an alternative method, public offer price, for determining the market value of shares acquired under an ESS. This method would be used if
a public offer is made by a listed public company and an offer of shares or unlisted rights to acquire shares under an ESS is made in association with that public offer. Under the current rules the market value of a listed share or right is determined by reference to the weighted average of the prices at which the shares were traded during the week before, and including the day of, acquisition. Under these rules, if there were no trading in that period, the tax commissioner would determine the price, usually by the public offer price. Under the new rules, the price will be determined by reference to the public offer price. This will be fairer to employees as it will eliminate the artificial discounts that may arise and that are subject to tax under the current rules. Further, under this amendment, there will be a new section 139FAA inserted into the Income Tax Assessment Act 1936. This section will calculate market value where a number of conditions are satisfied, including, firstly, if the shares are acquired within the seven days before or the seven days after the shares were first acquired under the public offer; secondly, the voting dividend and distribution rights of the share acquired are the same as those for the public offer shares; thirdly, the company has been a listed public company for over six months; and fourthly, there is at least one price at which shares were sold under the public offer to at least 1,000 Australian residents and the cost was at least $1 million. If all these conditions are satisfied, the market value of the shares will be calculated as the lowest price that the shares were sold at in the public offer that I referred to in the fourth point. This will apply to all shares and rights which have been acquired since and including 1 September 1999.

Division 13A says that any discount between the price that a share or right is acquired for and its market value will be included in the income for the year it is acquired. If this share or right qualifies for concessional treatment under division 13A, the advantage is that the first $1,000 of such income may be excluded or, alternatively, the inclusion of any discount associated with the receipt of the shares or rights in assessable income is allowed to be delayed by up to 10 years. The benefits to employees of companies who participate in an ESS include cash flow benefits and it places them in a better position to assess the taxation consequences of participation in the scheme. Employers will also benefit because, under the changes, they will not have to consider the fringe benefit tax implications which would arise if the scheme fell outside the ESS provisions. I strongly support changes which will benefit employees, particularly given the many employees who are shareholders and who are residing and working in my electorate of Lowe. Employees of a company who are offered shares should not be forced to be highly taxed on shares obtained under an ESS. These schemes are in place to give employees a sense of ownership and, therefore, to increase productivity, which is good for the employer, good for the employee, and good for Australia.

Earlier tonight, in speaking to the second reading amendment, the member for Wills also referred to the impact of the GST on women’s sanitary products. I spoke on this very issue in this House on 17 February 2000 because one of my constituents, Mrs Margaret Morgan who lives in Russell Lea, fired up the interest and the anger of a lot of women around Australia about the unfairness of this tax. I just want to say once again that I have been inundated by women for my support. I am holding up what she sent to me—a copy of my speech, with a photo of me making the speech, which she sent to 12,000 women around Australia. I can tell you now that the Prime Minister will have to exempt women’s sanitary products before the next federal election because women are very angry about it. In concluding my speech on this legislation tonight, I support the amendments which deal with altering the calculation of the market value of shares. (Time expired)

Debate (on motion by Mrs Moylan) adjourned.

FINANCIAL SECTOR REFORM (AMENDMENTS AND TRANSITIONAL PROVISIONS) BILL (No. 2) 2000

Consideration of Senate Message

Bill returned from the Senate with amendments.
Ordered that the amendments be taken into consideration at the next sitting.

ADJOURNMENT

Motion (by Mr Brough) proposed:
That the House do now adjourn.

Kalgoorlie Electorate: International Year of Older Persons

Mr HAASE (Kalgoorlie) (10.29 p.m.)—On 16 December last year my wife, Dallas, and I were privileged to attend the annual senior citizens Christmas dinner, hosted by the city of Kalgoorlie-Boulder. This event has been a regular feature of our city’s festive season celebrations and hosts over 250 local senior citizens. More than 30 local businesses contributed, through either cash or kind, to turn on a magnificent Christmas lunch with all the trimmings and continuous entertainment. Without their support, this event could not take place. It demonstrates the degree of community spirit that exists in the goldfields. This occurred not only last year during the International Year of Older Persons; it has been happening for many years and is now a firmly established tradition.

Curtin University services were most generous in providing the venue, and the sumptuous three-course lunch was expertly served to our senior citizens by councillors, executive staff and others more accustomed to attending such glorious functions themselves. We enjoyed the opportunity to roll up our sleeves and wait on tables, in recognition of the past contributions of our senior citizens and to celebrate the festive season together.

Ms Betty Loxton did a mighty job in arranging the music and activities that greatly contributed to maintaining the festive spirit of the occasion. My thanks to the Golden Lion bus service for providing the transport for many of the guests, who otherwise could not have attended. The Kalgoorlie-Boulder City Council does a magnificent job of coordinating this event each year. It is thoroughly enjoyed by all who attend and represents a perfect opportunity for the community to recognise and thank our senior Australians who have done so much over time to help build our community into the thriving city it is today.

Apart from this finale to the Year of Older Persons, I was involved in a number of events launched in the Kalgoorlie electorate to celebrate this significant year. The goldfields community took part in a seniors expo on 28 and 29 August 1999, organised by the Eastern Goldfields Community Centre and made possible through funding from the Western Australian Office of Seniors Interests and the goodwill of goldfields business establishments. Goldfields businesses used the opportunity to display information to highlight resources and products available to older persons in the community. On display were products and services ranging from home safety devices, medical services, pensioner entitlements and community assistance programs relevant to the everyday lives of older Australians. The expo was extremely well attended, with over 250 people passing through over the weekend. The fine efforts of the Eastern Goldfields Community Centre in coordinating the event should be mentioned, particularly Ms Lesley Marshall, who arranged entertainment, seating and a live radio broadcast from the expo that prompted a lot of visitors to wander down.

An initiative of the federal government that became the major activity of the Year of Older Persons was the Commonwealth Recognition Awards. This was a great opportunity for me to learn of some of the major achievements of our current senior citizens across the electorate. After an exhaustive process, the final list of award recipients included Mr Jack Tinetti, Ms Ina Sly, Ms Peg McKenzie, Ms Joyce Hill, Mr Alan Reece, Mr Maurice Lee and Ms Lola Young. Also amongst this group was Mrs Lorna Mitchell. Mrs Mitchell’s contribution to the Kalgoorlie-Boulder community was considered so outstanding that she was chosen by my selection committee to take part in a round of official celebrations in Canberra. Mrs Mitchell’s 50 years of community service started during World War II as a member of the Red Cross and included special education for deaf children, the position of councillor and then deputy mayor of Kalgoorlie. Today she still works four days a week volunteering for the Financial Advocacy and Relief Agency. Mrs Mitchell and the other seven award recipients exemplify those who con-
continue to contribute their time and energy to building a sense of community across this huge electorate.

This generation of citizens truly knows the meaning of self-help, as they grew up in an era where the most reliable helping hand was at the end of their own arm. It was appropriate during the Year of Older Persons that Australia recognised the contribution of senior citizens, and it was my great privilege to meet with such a deserving group of people.

But the events I have recounted represent just part of the federal focus on seniors in our community. Recognition and support of seniors will go beyond the Year of Older Persons. The federal government has committed $278.5 million to residential aged care in Western Australia, resulting in the creation of 650 new aged care places, 28 of which are in the Kalgoorlie electorate. This represents a significant in-flow of funding for older Australians in our community. Seniors will continue to be recognised by our community and receive the attention they deserve.

Member for Franklin: Anniversary of Election

Mr QUICK (Franklin) (10.34 p.m.)—Today is a special day in my life. Seven years ago this very night, actually about an hour earlier than this, at 9.30 p.m. Tasmanian daylight saving time, I claimed the seat of Franklin for the Labor Party at the 1993 federal election. As Tasmania was the only state on daylight saving at the time, I therefore had the honour of claiming victory for the very first seat decided at that national election. It was a great night in many ways, and probably one of the sweetest things was regaining a seat that had been in the hands of the Liberal Party for 17 years. I am pleased that two other members of the ‘class of ’93’ are joining me in tonight’s adjournment speeches—my fellow Tasmanian Dick Adams, the member for Lyons, and Gavin O’Connor, the member for Corio.

Said quickly, seven years does not sound all that great a length of time. In terms of Labor Party success and the seat of Franklin, it ranks somewhat higher in importance. The seat of Franklin, founded in 1903, has been held by nine members, only three of whom have been from the Labor Party: Charles Frost, from 1929 to 1931 and 1934 to 1946; Ray Sherry from 1969 to 1975; and me, since 1993. How does one reflect on seven momentous years serving in this House—three years in government and four in opposition? How does one quantify the effect a federal member has on his electorate? Is it right to measure one’s effectiveness or otherwise by the increase or decrease in votes every three years at election time and one’s re-election to this place? No, not by this alone—the worth of any federal member can best be judged, to my mind, by several intangibles, the most important being the esteem in which he or she is held throughout the electorate. I remember reading many years ago a wonderful speech made by Abraham Lincoln; in fact, it was his very first speech. His words have stayed with me and have been a source of inspiration over the past seven years. He said:

Every man is said to have his peculiar ambition. Whether it be true or not, I can say, for one, that I have no other so great as that of being truly esteemed of my fellow-men by rendering myself worthy of their esteem.

A little later in the same speech, he said:

My case is thrown exclusively upon the independent voters of the county, and if elected, they will have conferred a favour upon me for which I shall be unremitting in my labours to compensate.

Surviving in this job is one thing; actually making a real contribution to the welfare of your constituents is another. After seven years at the job, with the fantastic support of my amazing staff, and the understanding of Alma and Sarah as they successfully operate in their jobs, and Hannah as she nears completion of her degree at Melbourne University, as well as the very wise counsel of my many friends in this place, I still maintain a real hunger to ensure that my electorate and its constituents’ problems are addressed with a real compassion and understanding.

I close with more beautiful words from Abraham Lincoln—words that help shape who I am and what I try to do in my daily life as the federal member for Franklin:

When the conduct of men is designed to be influenced, persuasion, kind unassuming persuasion, should ever be adopted. It is an old and true maxim ‘that a drop of honey catches more flies
than a gallon of gall’. So with men. If you would win a man to your cause, first convince him that that you are his sincere friend. Therein is a drop of honey that catches his heart, which, say what you will, is the high road to his reason, and which, when once gained, you will find but little trouble in convincing his judgment of the justice of your cause, if indeed that cause really be a just one. On the contrary, assume to dictate to his judgment, or to command his action, or mark him as one to be shunned and despised, and he will retreat within himself, close all the avenues to his head and his heart; and though your cause be naked truth itself, transformed to the heaviest lance ... you shall no more be able to pierce him than to penetrate the hard shell of a tortoise with a rye straw. Such is man, and so must he be understood by those who would lead him, even to his own best interests ...

Australian International Gravitational Observatory

Mrs MOYLAN (Pearce) (10.39 p.m.)—On Friday, in a beautiful pristine part of the electorate of Pearce, in the Shire of Gingin, I was very privileged to attend the opening of the Australian International Gravitational Observatory. This is an observatory with a difference. Usually we think of observatories as places where we observe—where we see the universe; we look at the stars—but this observatory is designed to listen to the universe, and it is very much at the frontier of science. Very new and exciting discoveries have been made as a result of this research. I have to say that it was a great day for so many reasons. Members of the international scientific community were in attendance and also colleagues and friends from Western Australia, including our local scientists. Tonight I would like to pay tribute to the tremendous work of Professor Blair and his colleagues, who have been at the forefront of this project—out there making sure that people understand what it is they are doing and engendering a lot of excitement about the project. Its reality—the fact that it is now partially built; one part of it has been completed—is a real tribute to Professor Blair’s determination and his capacity to continue to lobby. He almost feels like one of the family here in Canberra because he has been so active.

I would also like to pay tribute to the president, to the councillors and to the residents of the Gingin shire. Often we hear that country shires are not always up to speed, but in this case they are very much up to speed—in fact, right out there in front, supporting a cutting edge scientific project. It has been very practical support, which I am sure in the long term will be of great benefit to the Gingin community.

The spin-offs from this project have been interesting. Sometimes the benefits of blue-sky projects appear to be long term, but in this particular case we have already seen some quite interesting spin-offs from the science. In the last century, the discovery of electromagnetic waves unleashed groundbreaking technology leading to the 20th century revolution in communication—radio, television, computers and mobile phones—and, in diagnostic medicine, through X-rays. At the time of the discovery, no-one could have predicted the way that these inventions would reshape the world. The practical ramifications of gravity waves are still very much unknown, as were the ramifications of electromagnetic waves in the last century. However, as I said, gravity wave technology has developed some major economic benefits along the way.

I will outline some of those benefits in the short time that I have. Past commercialised spin-offs from gravity wave research in Australia have produced radio oscillators, super mirrors, the sapphire clock and the superconducting gravity gradiometer. Current spin-offs in the process of commercialisation include laser stabilisation, coastal ocean wave monitors, ultra low energy airconditioning. Innovations nearing commercialisation include high power high efficiency solid state lasers, ultra high performance vibration isolation and ultra sensitive tilt sensors. There are many benefits to come from this scientific work and to the not so small country shire of Gingin in my electorate.

It is a very important beginning to a very large project, one that is linked to many other countries in the world—in Europe, in the United States and in Japan. Of course, there is more to be done. This project has been conducted in collaboration with the Australian National University, the University of Adelaide, Monash University and the Uni-
They have the Australian consortium for the interferometric gravitational astronomy, and in future it is hoped that we will be able to establish a gravitation discovery centre on the site, which will be like a mini-sky tech—providing a range of sculptural and interactive displays so that our young people will also be able to catch the spirit of this great scientific discovery. (Time expired)

**Telstra: Tasmania**

**Mr ADAMS (Lyons)** (10.44 p.m.)—I want to mention that I was elected to this parliament seven years ago, along with the member for Franklin and the member for Corio. That was a great time—1993—and I think we are the only ones left who were elected that year. A few have fallen along the way, so I am very pleased to be here and I would like to thank all those who have helped me during the last seven years.

I want to talk briefly about my concern and anger at Telstra’s cutting of more jobs. The figure being bandied about is 16,000 jobs. I listened to the presentation by Telstra last week here at Parliament House, and I was amazed to hear that the services available to regional Australia were being maintained and expanded. I am amazed because it is not my experience, especially in Tasmania, the state in which I have the most experience of Telstra. I am hard pressed to find even a single improvement. We still have to pay STD charges for calls between towns that are 20 kilometres apart, and Telstra still has the most expensive local calls. We still have intermittent mobile coverage on the designated national highway. Instead of one or two dropouts it seems like we have nine, 10 or more per trip up and down the highway. The phones even drop out in the middle of Hobart.

We understood that, because of the sale of the first tranche of Telstra, there would be considerable improvement in the services in regional Australia and in Tasmania and that there would be no reduction in maintenance or delays in installation. There have been lots of promises but no action. I have constituents ringing me every week complaining about the length of time they have waited for assistance, about conflicting advice, about mistakes in bills, and even about being left out of the phone book or having their number attributed to someone else. It is one of the biggest areas of complaint coming into my office. My personal phone line was even cut off because I did not use it enough—ridiculous stuff that never happened when Telstra was more accountable to its users.

The philosophy that because Telstra is privatised it will perform better is just not true. To give a service you need people—people who live close to where they have to give that service; people who can make decisions and can finalise a set task. We do not want to see a fleet of Telstra vans arriving on Monday morning from Melbourne and see them scurrying to catch the boat back on Thursday or Friday. We want a service that is available at all times. We want ambulances and police to turn up at a location in the right state. We want pensioners in rural areas to be assured that if their phone fails they do not have to wait over a week to get it fixed, as happened recently in my electorate on the east coast of Tasmania. These examples are from areas of traditional use of Telstra; when it comes to online access it gets worse. There are still huge areas of Tasmania that have difficulty getting decent access to the Internet, that have constant outages or interruptions and that cannot get access for the price of a local call as those in cities can. We want people to be accountable for their work and to rectify these holes.

The regions are being discriminated against, and the only way we can get some of the new services these days is to pay for them ourselves. We are often talking about areas that have high unemployment and low incomes. Who of these can afford to have a satellite dish or even to pay for a modem to get online? I would really like to know how Telstra, to quote them, ‘will provide customers with relevant, elegant online environments and secure, connect and develop skills appropriate with the diversity of access appliances and delivery platforms’—especially as about 80 per cent of rural people do not have full-time access to the Internet at all. There is very little mention of Tasmania in Telstra’s literature; it is as though we do not even exist.
Tzu-Dan, Mr Wu: Visit

Mr ANDREW THOMSON (Wentworth) (10.49 p.m.)—Last week in this parliament an auspicious event took place. A dinner was given for Mr Wu Tzu-Dan, the Vice Minister for Foreign Affairs of the Republic of China government, that is, the incumbent government on Taiwan. His visit to Australia was occasioned by a private invitation I personally issued to him while I was visiting Taiwan last year. During his visit to Australia, which included time spent in Sydney and Canberra, he spent time getting acquainted with members of parliament—not with ministers but generally with those people interested in the welfare of folk who live in Taiwan.

Unfortunately, the visit caused a protest to be issued from the Embassy of the People's Republic of China. I think this is an unfortunate turn of events born of a basic misunderstanding on the part of those representatives of the People's Republic. In this context, it is very important that members of both this House and the Senate assert very firmly their right to meet anyone they please. We are judged in the end by our masters—that is, the Australian people, our electors—and these principles of democracy that we cherish and that we practise by inviting visitors to address us as MPs, with no connection to the executive government in a formal sense, are very valuable principles. It is important that I use this forum to clarify those principles for the benefit of the diplomatic representatives of the People's Republic.

I cannot speak for everyone who was present at that dinner, but I do think that, for most of us, the peaceful resolution of disputes between neighbours in our region—the Asia-Pacific and particularly across the Taiwan Strait—is of paramount importance to all members of the Australia-Taiwan Friendship Group.

Australia’s interests in that region are very clear. They are based on trade, on financial flows and on tourism. We do a lot of trade with the countries and the entities of that region. We seek capital from their markets and we encourage people from those places to visit Australia for holidays. It is unfortunate that such hostile rhetoric from some of the political and military leaders in Beijing has clouded the horizon in recent days. But, in that context, I think it is important that we be frank about the white paper issued in Beijing only two weeks ago. It talks of ‘the right to resort to any necessary means to realise the reunification of both sides of the Taiwan Strait.’ Let us be frank: any government has the right to make a fool of itself in its diplomacy, but no government has the right to the belligerent use of violence in its political affairs. The leaders, both political and military—and often that distinction is somewhat blurred on the mainland—should wake up to the menace in their rhetoric. We should say very clearly that the safety of Taiwanese children is much more important than any politician’s pride no matter where they dwell.

Member for Corio: Anniversary of Election

Mr O’CONNOR (Corio) (10.53 p.m.)—It may have been 29 years ago today that Sergeant Pepper told the band to play, but it is seven years to this day since I entered the federal parliament. I thank the honourable member for Franklin, Harry Quick, for his enterprise and diligence in securing a spot for me tonight in this adjournment debate in order that I might reflect on the many experiences that have made these years in the federal parliament the most demanding, productive, exhilarating, intense and personally satisfying in my recent memory.

Nothing quite prepares you for the challenge of representing your constituency in this federal parliament. No amount of conversation with previous long serving members or observations of parliamentary processes prepare an individual for the personal and professional demands of political life at the federal level. I recall with a mixture of excitement and trepidation those early days of representing the electors of Corio in this parliament. They were indeed heady days—speeches to write, constituents to service, committees to attend both in Canberra and around the country, media interviews, press releases on important local and national issues, networking, meeting foreign delegations, the parliamentary friendship groups with other countries and actually representing Australia abroad as a member of an Austra-
lian parliamentary delegation. Today not a lot has changed with regard to the parliamentary party and electorate workload. One only hopes one has become a little more adept at juggling the balls.

Politics for us everyday practitioners is a mass of contradictions and compromise. You cannot be a member in this place without being passionate about your politics. But one of the early lessons you learn in playing in the AFL of politics is that no-one has a monopoly on the truth. I can vividly recall an early dinner for new members where one seasoned political campaigner made the humorous observation that one of the limiting factors of parliamentary life was the way in which it broke down a person’s longstanding political prejudices. That may be so to some extent for the dispassionate, but for those of us who have devoted many years of our lives to the political expression of certain core values our passion was never born of prejudice.

It is not my intention to dwell on the many negatives that accompany political life, such as the long, often obscene hours spent closeted in this House, the loneliness of the ordinary motel room on the road somewhere in Australia, the disloyalty, the petty backstabbing or the nauseating ego-tripping of the odd member who drapes himself or herself in a heavy political cloak to disguise their own political inadequacies. In my seven years I have enjoyed some very positive and rewarding experiences that I will never forget: using the power of my position to empower constituents having difficulty negotiating the political system, representing Australia abroad, being excited by the acquisition of new knowledge and ideas and, of course, enjoying the friendship and companionship of members like the honourable member for Franklin and the honourable member for Lyons—members who have never let their ego get in the way of their public duty. No one of us in this chamber knows what the future holds for any of us in personal or professional terms. I am blessed, however, with a good staff who share my passion for harnessing the political process for the benefit of working people. I am blessed with strong family support from my partner Toni and her wonderful children and Adam and Sophie who keep me sane in a world of insane demands. I am blessed with an electorate that abounds with skill, entrepreneurship and talent. Geelong is indeed a smart place to live.

As one looks down the political road, one is never sure of what fate befalls one, but I have a burning ambition to serve in a Beazley Labor government. I want this nation, because of its compassionate society, its ability to generate wealth and share it equitably and its concern and defence of human rights—in the words of Paul Keating—to punch in a division in excess of its weight. I want the people of Geelong to prosper, confident and free in the knowledge that they are all important to preserving the democratic traditions and values that bind us in that great community of Australians in this great southern land. When the sun sets on my political career, I hope that they write: he ran with the ball and he died with his boots on.

Work for the Dole Achievement Awards

Mr LLOYD (Robertson) (10.58 p.m.)—Mr Speaker, I will do my best to convert a five-minute adjournment speech into 60 seconds. Last Thursday evening I had the pleasure and privilege of attending the Work for the Dole Achievement Awards held in this building. It was a magnificent night, and the awards were presented by the Prime Minister and the Minister for Employment Services, Mr Tony Abbott.

The Central Coast did us proud again. Basically, we cleaned up the awards. My congratulations go to Troy Bryant and his partner Lisa Fernance, who won the individual best participant award. Troy and Lisa had an enjoyable couple of days in Canberra at the awards and were a credit to those awards. The Youth 2000-Oasis Centre of Wyong won the community award and the runner-up in that award was the Chertseydale Community Cottage—both on the Central Coast. As I said, the Central Coast did us proud in what is a magnificent project—the Work for the Dole scheme. The young people who won the awards were a credit to that scheme. They have developed into fantastic employees. It was a great night.
Mr SPEAKER—Order! It being 11 p.m.,
the debate is interrupted.

House adjourned at 11.00 p.m.

NOTICES

The following notice was given:

Mr Ruddock to present a bill for an act to
amend the law relating to migration, and for
related purposes.
Mr DEPUTY SPEAKER (Mr Nehl) took the chair at 3.30 p.m.

APPROPRIATION BILL (No. 3) 1999-2000

Cognate bill:

APPROPRIATION BILL (No. 4) 1999-2000

Second Reading

Debate resumed from 9 March, on motion by Mr Fahey:

That the bill be now read a second time.

upon which Mr Tanner moved by way of amendment:

That all words after “That” be omitted with a view to substituting the following words: “whilst not denying the Bill a second reading, the House condemns:

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

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

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

Mr MURPHY (Lowe) (3.31 p.m.)—The money to be appropriated under Appropriation Bill (No. 3) 1999-2000 and Appropriation Bill (No. 4) 1999-2000 would be better spent on improving the care for our aged. There are two issues of funding for nursing homes that are critical to any prospects of the government’s residential aged care reforms providing benefits for those relying on such services. I turn first to the issue of funding to the Aged Care Standards and Accreditation Board. This board has been notoriously underfunded, principally through the underresourcing of staffing levels and, in particular, the recruitment of assessors. The second funding issue involves capital projects.

The development of the new accreditation scheme by December 1997 has been a failure. This failure is the direct result of delays which have resulted in no facility being accredited by October 1999. The new regime of funding depends on the registration of nursing homes. Those who are not registered face the risk of having their funding cut off. Providers have indicated that accreditation will be yet another additional administrative burden they will have to fund from aged care budgets.

I note the Productivity Commission and Audit Office have criticised the government’s aged care policies and their implementation. In particular, the Productivity Commission has found the new system to be ‘deficient in several important respects’. The government refused to respond to the Productivity Commission’s report and continued to implement the policy, which resulted in cutbacks in funding in Tasmania and Victoria.

I turn now to capital funding. I note that nursing home residents must now pay $4,380 per year—that is, $12 per day—in accommodation charges. However, providers are not required to actually spend the money on improving the accommodation of residents. In many cases, nursing homes have become very run down. In some cases, substantial capital works are immediately required or will be required in future years. It is widely understood that many providers are using the accommodation fee for operating costs. They are not using this money for creation of a reserve for capital expenditure. As a result, they are not able to upgrade their
facilities when these upgrades are required. In some cases, this trend is happening because the ongoing subsidies provided by the government are insufficient to cover their running costs.

I focus my attention on just two financial implications of appropriation in these bills, namely, accreditation and capital expenditure. However, there are many more disturbing trends in the funding issues of nursing homes, including: inequity of funding; crackdown on concessional residents; adverse changes in income tested fees; a $93 million error in the budget for the resident classification scale debacle; failure to pursue bad providers, from which there has been so much recent media publicity; ongoing reduction in access to beds and the pro-rata decline in services throughout Australia, but particularly in Victoria and Tasmania; and the government’s cover-up of these blunders in light of the Productivity Commission and Audit Office’s adverse findings.

Late last year the Hon. Bronwyn Bishop opened the Lorna William dementia wing at Winston House Nursing Home, Croydon, in my electorate of Lowe. At the opening I was represented by my senior electorate officer, who noted that the minister spared nothing in criticising the previous federal Labor government in terms of its aged care policies. What hypocrisy! Now we find, with the ground rolling from under her feet, that clearly she was there bagging the Labor Party when she was not attending to her own responsibilities.

Ms Bishop cannot stand tall on her complete failure as Minister for Aged Care. Ms Bishop has fundamentally failed on every count of stewardship and custodial responsibility as a minister. She has, at first instance, failed on grounds of custodial trusteeship on behalf of the public beneficiaries, the taxpayers, by not ensuring the preservation and enhancement of the common assets in nursing homes. Second, she has failed in the financial management of the portfolio, demonstrating that we achieve fewer services but spend more money. Third, she has scurrilously attempted to deny and obfuscate the telling signs of collapse of her portfolio, conspicuous in the failed medical and other services now being progressively revealed throughout the media. Ms Bishop has destroyed the aged care portfolio.

Mr DEPUTY SPEAKER (Mr Nehl)—Order! The honourable member will refer to the minister by her correct title.

Mr MURPHY—Point accepted. If the Minister for Aged Care spent more time in nursing homes holding the hand of an aged care resident instead of getting herself photographed on the Sydney social cocktail circuit for the benefit of the social pages of Sydney newspapers, she might better understand the distress of those in need of such services. If she could stop looking into the television cameras and look into the eyes of aged care residents and into the eyes of the staff who have the onerous task of providing services in light of ever shrinking funds, she might feel something for the damage she has caused. But I doubt it. The minister is a fraud and should resign. If the government is going to stick with her, she will have to spend more time fixing up the accreditation board. She should stop blaming the board and inject more funds to assist with capital projects. She should spend more time in nursing homes—that is her job—and not at the Opera House and at other glamour champagne events in Sydney just to cynically get her photo on the social pages of Sydney newspapers.

Ms BURKE (Chisholm) (3.36 p.m.)—I rise in the Main Committee today to speak on Appropriation Bill (No. 3) 1999-2000 and Appropriation Bill (No. 4) 1999-2000. Once again, I take the opportunity to talk about the disastrous impact that takeovers and amalgamations within the banking and finance industry are having on customers, bank workers and local communities, especially those in rural and regional Australia. When I was elected to represent the people of Chisholm in the House of Representatives almost 18 months ago, I seized on the opportunity to speak, amongst other things, about the demolition of services, careers and communities occurring throughout the banking industry.
I am a member of the House of Representatives Standing Committee on Economics, Finance and Public Administration. This affords me the opportunity to also see the effects that the reduction in banking services is having. The provision of adequate and appropriate banking services to the community is an abiding personal and policy interest. Following the announcement in the last few days that the Commonwealth Bank intends to acquire the Colonial State Bank, I find that I must again revisit this gloomy subject.

Australia has lost almost 1,800 branches and more than 40,000 bank jobs since 1993, while bank profits skyrocket by 286 per cent to $7.2 billion and executive salaries explode. Colonial executives stand to reap a staggering windfall of between $10 million and $18 million if the takeover proceeds. The proposed merger will only worsen the situation. The Managing Director of the Commonwealth Bank, Mr David Murray, has stated that the proposed merger ‘will create shareholder value from growth ... and cost saving synergies from integration’. This is bankspeak for job cuts.

The bank also says that the proposed merger will cost 2,500 jobs and result in 250 more bank branches closing. The Finance Sector Union expects that, in fact, at least 3,000 jobs will be axed. Either way, Australian communities cannot afford to lose even one more job from this vital industry, nor can we afford to lose any more jobs from the work force overall. These expected job losses are the equivalent to the number of workers sacked recently from the Newcastle steelworks, except the steelworkers in this case are bank workers and their workplace has already lost this many people before—16 times over. But just because these workers do not live in the Hunter and wear overalls on the job does not mean that waiting in the dole queue is any less bitter.

Victoria is losing 61 bank branches per year. My home state is being hit proportionally harder than any other state in terms of lost banking jobs. In Victoria, the impact will be felt where 35 of Colonial’s 40 branches overlap with Commonwealth branches. This is on top of the recent creation of the ‘Bank in Melbourne’. Branch closures will cost about 250 jobs in my state alone. But it is not just Victorians who should be worried. These two banks have a miserable history of heartless and ruthless sackings and broken promises regarding branch closures.

If the proposed merger goes ahead, many jobs in New South Wales and Tasmania will be targeted. Most are likely to be lost from rural and regional areas. Since 1993, 800 bank branches have permanently closed their doors in regional and rural Australia. When a bank leaves town, the impact on rural communities is not just on the level of services available but also on the local economy. In the cities, the effects are as keenly felt. When the last local branch closes, many small businesses in strip shopping centres suffer. Customers, of course, are always worse off. Banking is an essential service and all Australians, regardless of their location, have a right to fair access to the full range of financial services.

The bank reassures us that redundancies will be voluntary and that no country town will lose its bank for five years. This is cold comfort for both workers who are given a choice of employment, suicide or the sack, and country towns that may be guaranteed a stay of execution but whose local branch will eventually face the firing squad.

The Deputy Prime Minister has stated that he is concerned, but the banks have given guarantees. The banks have guaranteed nothing but job losses and branch closures. On this issue the banks have form. In the wake of last week’s announcement by Telstra that it made a $2 billion half-year profit and would then discard 10,000 jobs over the next two years, many in regional Australia, I challenge the Deputy Prime Minister to stand up for employment and services in rural and regional Australia especially in New South Wales and Tasmania.
Banks hold a privileged position in our community and there are real social obligations that come with that privilege. I call on the Prime Minister to establish a charter of community service obligations for Australian banks. Telstra has universal service obligations. Federal and state governments in the United States have legislation protecting communities from loss of banking services. Why should Australian banks be allowed to evade their social responsibility? Why does this government refuse to give direction to the banking industry? Why don’t ordinary Australian customers and staff deserve the same sort of protection that only government leadership can provide?

The Leader of the National Party may point to the creation of RTCs. Country towns already have these: they are called bank branches. The fundamental policy platform of the banking industry in Australia is the four pillars policy. Effectively, this policy, for the purposes of preventing unwanted market dominance by one of the ‘big four’ banks, prohibits these banks from acquiring one another. But there are other aspects of banking policy that are structurally vital for the industry, namely, the healthy state of second-tier or regional banks. By allowing the ‘big four’ to swallow up regional banks, such as the proposed takeover of Colonial by the Commonwealth, the government is presiding over the dismantling of the four pillars policy by stealth. I call upon the Treasurer to state unequivocally to this parliament and to the Australian people that the federal government will retain the four pillars policy and that this policy will be implemented in spirit as well as practice.

The Australian Competition and Consumer Commission, the ACCC, has said it will scrutinise the proposed takeover for its impact upon competition and fair trade and whether it complies with the Trade Practices Act. This is as it should be. But these are basically the only grounds upon which the ACCC can block a proposed takeover. By contrast, the federal Treasurer has the power to withhold approval for the takeover under the Financial Sector (Shareholdings) Act 1998 if it is not deemed to be in the national interest. The act allows him to impose conditions on any approval he may give under the act. Bank mergers between the members of the ‘big four’ and regional banks are clearly contrary to the broader national interest. If this takeover is allowed to proceed which other institutions will fall prey? The list of potential targets is long: St George, AMP, BankWest, Bank SA and Suncorp Metway to name a few. If these banks go too, the community will be facing the loss of approximately 8,000 jobs and another 1,000 local bank branches will close—loss of services, loss of jobs, loss of human contact. These things are not in the national interest. The banks will not give assurances that service levels will be maintained in those bank branches that do survive and they will not say where branches will close and where thousands of jobs will be lost. The Treasurer should act in the community interest and prevent this takeover from proceeding. I call on him to do so immediately.

The second issue I would like to address this afternoon is the government’s determination to foist the GST upon the Australian people. The government’s lack of genuine support for the four pillars policy, its silence in relation to the proposed merger between the Commonwealth and Colonial banks and the introduction of the GST are all symptoms of the same malaise: the government is dancing to the beat tapped out by the financial elites and the markets. Economic modelling and anecdotal evidence have confirmed what most small to medium businesses have known for some time: the removal of the wholesale sales tax and the implementation of the GST are unlikely to provide a boost to business growth. In fact, most of the evidence thus far has witnessed the GST imposing huge burdens on many industries whether it be the car buyers’ strike, a downturn in tourism or the massive increase in compliance costs and paperwork for small businesses.
Earlier this morning I referred to Kenworth Trucks that have had to make 80 staff redundant because of the impost of the GST on their industry. Thanks to the GST, inflation has risen and despite the cheering on from economic commentators, financial markets and the big end of town, the closer you examine the tax the more its economic benefits are dubious.

This afternoon I want to focus on the effect the GST will have on the community within my electorate of Chisholm. The backbone of any community is the army of volunteers and charitable organisations that provide a vital link for many isolated people to the community. Within my electorate there are large numbers of retirees helping out other members of the community, whether it be through senior citizens clubs, sporting clubs or meals on wheels. Charities and not-for-profit organisations will be hit hard by the GST in three ways: increased administrative costs, the implementation of the GST on fundraising activities and the fact that charities will be facing higher costs for the goods and services they must buy to sustain their service. What this means is that services will have to be cut back while volunteers waste time filling out endless paperwork. As St Vincent de Paul said in October 1999:

Clearly, under the current GST arrangements this organisation will have significantly less funds available for distribution to the poor and the disadvantaged as there will be no rebates for some expenditures. More significant, however, is the unnecessary imposition of a complex administration designed for business and not charities placed on organisations which are not geared for these controls.

Many government members defend these changes by asserting that emergency relief organisations such as crisis accommodation and opportunity shops are GST free. However, this is another example of an anomaly within the new tax system. Emergency relief organisations may be exempt, but the GST will reduce the value by 10 per cent of vouchers distributed to those in need.

Within my electorate, Anglicare in Box Hill and Clayton, the Box Hill Community Information Centre, Salvation Army in Box Hill, the Migrant Resource Centre in Oakleigh and St Vincent de Paul in Chadstone all received grants to provide emergency relief in the 1999-2000 period. All these organisations do an excellent job in providing relief by distributing vouchers and, most importantly, compassion to those in crisis. Emergency relief vouchers are provided for food, utility bills, rent arrears and other essentials like baby supplies.

Mr Brough—Is there a GST on food?
Ms BURKE—There certainly is on utility, rent and baby supplies.

Mr DEPUTY SPEAKER (Mr Nehl)—Order! The parliamentary secretary will be silent.

Ms BURKE—The government has offered no compensation for the GST rises that will wipe 10 per cent of the value of vouchers. People who seek vouchers range from those in need of temporary accommodation, people with large families and recovering alcoholics looking for short-term relief as they try to reconstruct their lives. All these people obviously have no choice. Thanks to the government, vouchers will be worth less after 1 July. Organisations such as the RSPCA, which is represented in Burwood in my electorate, have also warned of the dire consequences of the GST on their work in protecting animals in our community. The tax on fundraising efforts is perhaps the most diabolical change of all. Imagine local Rotarian organisations, scouting groups and Lions Clubs being taxed for their lamington drives, fetes and car washes! It is obscene. This money is being raised to go straight back into the community.

In a world where governments increasingly shirk their responsibilities to the vulnerable in society, it is charities, non-government agencies and the churches that make up the shortfall. As globalisation reinforces the need for local communities to remain strong and look after each other, it is staggering that the government would seek to skim off 10 per cent from the
hard-earned fundraising efforts of groups that provide services to the community. The increase in the fringe benefits tax cap for charities from $17,000 to $25,000 is a rather belated recognition by the government that the non-government sector is reeling from tax changes. I call upon the government to return the not-for-profit sector to its tax-free status and end the confusion.

So if charities are to be slugged, what about the people? What about the thousands of Australian families who cannot afford the 10 per cent hike on everyday goods and services? It is our role as representatives of our local communities to place on the record community concerns and advocate for changes to a policies that hurt ordinary people. Like all members of this House, I have been overwhelmed by the growing concern in the community towards the GST. I challenge the government members to deny that their offices have been flooded by calls from worried self-funded retirees, mums and dads and community organisations.

As evidence starts to emerge about the economic downside of the GST, families are waking up to the knowledge that they will be worse off. With tax cuts aimed at those higher up the income scale, it is battling families such as those who live in suburbs like Ashwood, Oakleigh, Clayton, Box Hill and Burwood who will feel the pinch of the GST in their budgets. Whether it is for a haircut, paying a tradesperson, for public transport or the many pharmaceutical goods, the GST slugs families across their lifespan.

Ordinary families will face the GST when they go to the shops, when they seek entertainment, when they go on holiday—even on the necessities of life such as health care. The Minister for Health and Aged Care claims that GST is ‘very positive for health’, despite the fact that he refuses to exempt from the tax essential health items such as band aids, vitamins and skin products that treat eczema. As a new mother, I was appalled to learn that, while infant formula is exempt, breast pumps and accessories are not. This is despite the fact that breastfeeding is supposed to be encouraged by this current government and evidence yet again of these anomalies in this tax package.

My office has been inundated by calls from women, and some men, furious at the refusal of the government to lift the GST on sanitary products. The minister’s pathetic analogy of tampons with shaving creams indicates how out of touch and arrogant he is. Using sanitary products is not a lifestyle choice, trust me, but rather an absolute necessity. None of the women I have spoken to about this inequity expect special treatment because they are women—only a recognition that by virtue of their sex they must have access to affordable sanitary products. It is both a matter of money for many women struggling to make ends meet and a matter of principle.

The minister has the power under section 36(47) of the GST legislation to declare all these goods to be exempt without needing legislation. By the end of last year, the Treasurer had already made 1,000 changes to the GST. Why can’t this be one of them? If he will not accede to this request and relieve the tax burden on essential women’s health items such as sanitary products, baby bottles and breast pumps, this is just further evidence to battling Australian women that the government’s great tax adventure is not only a tax mess but also a tax on women.

The government’s GST will apply to essential child-rearing activities such as swimming lessons and sport. Junior footy programs like Auskick will have their subscription fees raised by 10 per cent, and people who agree to referee will be levied the full 10 per cent on their registration fees. So we have this crazy situation where aerobic classes, health clubs and swimming classes will be taxed, effectively discouraging a healthy lifestyle. At the opposite end of the spectrum, if you are sick there is a whole range of therapeutic goods subject to the
GST. And even if you die, funeral services will slug your family again with the GST. From the cradle to the grave there is no escape from the GST.

Perhaps one of the more poignant pleas I have received from a constituent looking for relief from the GST came from a lady in Glen Waverley concerning her guide dog. Currently, blind and vision-impaired guide-dog users are sales tax exempt as a guide-dog gives the user freedom to move and is far more than just a pet. As the lady wrote:

Many guide dog users are limited in their income, and their ability to earn income, and the addition of a 10% across the board GST becomes an unreasonable impost on their financial resources.

Surely the government could not be so heartless as to ignore the pleas of guide-dog users. Like pensioners, people with a visual impairment are usually on a fixed income and do not receive any benefits from tax cuts. I call upon the government to seriously review this issue.

This brings me to my final point: how can this government sleep at night knowing the damage they are about to inflict upon ordinary families on 1 July? This must surely go down as one of the most radical redistributions of wealth from the poor to the wealthy. Has the government given up on any notion that a government’s role is to shield its citizens from the winds of economic change whilst encouraging economic growth? One only has to look at the miserable response to the Telstra job cuts and the Commonwealth Bank merger with Colonial. It appears this government will do anything to please the financial markets and the high priests of economic rationalism.

Unfortunately, this is the neglect of social values we have come to expect. The government turns a blind eye to the fact that Telstra can announce a $2 billion profit and at the same time forecast 10,000 job losses, whilst desperately pushing for a sale for the remaining part of Telstra. The government shows no sign of intervening in the proposed Commonwealth-Colonial merger despite the fact that it will lead to branch closures, a decline in services and further job losses. This is a government that has swallowed an orthodox economic view of the world. It is a government that appears to have given up on the notion of social justice and redistribution of income.

Once again it will be Labor that has to speak on behalf of those that have no voice—the people whose food vouchers will be devalued by the 10 per cent tax increase, people who live in caravan parks and those who receive charity from churches and non-government organisations. Labor will roll back the GST to reduce the unfair burden on families. We will humanise the application of the tax and be guided by the principles that have governed the Labor Party for over 100 years—protection for the vulnerable in our community and promotion of genuine economic growth. Labor believes in a progressive tax system and a banking system that recognise responsibilities as well as profits. I call upon the government to match our commitment.

Ms GILLARD (Lalor) (3.55 p.m.)—I rise to address an issue of importance to a vital community service in my electorate, the Werribee Legal Service. In particular, I make a plea to this government about the need to ensure that the Werribee Legal Service continues as an independent, stand-alone legal service and enjoys far better funding levels so that it can meet the community needs in my area.

The background to this issue is that in January 1999 the state and Commonwealth attorneys-general released the final report of the Review of Victorian Community Legal Centres Funding Program. The report recommended two things, firstly, the regionalisation of community regional centres so that only one main centre would service each Department of Human Services district. The Department of Human Services districts are state defined, but in the case of my electorate, Lalor would be subsumed into a greater western Melbourne, indeed
north-west Melbourne, district. Secondly, the report recommended that the services of community legal centres be provided to health care cardholders rather than to anybody else who seeks legal assistance. The report is still the subject of consultation with stakeholders. It should be noted that since the release of the report the Victorian government has changed and the newly elected Attorney-General, Rob Hulls, has given a commitment that a Bracks Labor government would not support the forced amalgamation or closure of any current community legal centre.

As part of the consultation process, the Werribee Community Legal Centre has forwarded to the Commonwealth Attorney-General an extensive submission which argues for the following three things: first, the increased funding of the Werribee Community Legal Centre; second, the maintenance of the Werribee Community Legal Centre as a stand-alone legal centre; and, third, not limiting access to community legal centre services to health care cardholders. I rise today to support each of these arguments, particularly in the case of the Werribee Legal Service, our community legal centre.

The Werribee Legal Service meets the needs of the community of the city of Wyndham. This is a community which is both growing and needy. I will give some population figures relating to the city of Wyndham which indicate, very starkly, why this is an area of high need. The 1996 census shows that the municipality has an estimated population of 76,049 persons, which represents a growth of 19.4 per cent since the collection of the 1991 census. Wyndham is the fastest growing western suburbs municipality, with conservative estimates suggesting the population will more than double over the next 25 years.

As well as a growing population, the city of Wyndham is home to a young population. This is reflected in the census data regarding couples with dependent children or one-parent families. Families with dependent children, whether they be two- or one-parent families, are 62 per cent of the total population. This is compared with 39.9 per cent for the Melbourne Statistical Division—that is, for the rest of metropolitan Melbourne. So a huge percentage of the population live in families where there are dependent children. In addition, a very significant proportion of the community, some 42.3 per cent, is purchasing a home, as compared with 27.7 per cent across Melbourne in the Melbourne Statistical Division. So once again we have a young, growing community, raising children and buying their own home.

If we look further at the statistics, as revealed by the 1996 census, we see that in terms of school retention rates the broader trends are reflected in the city of Wyndham population. In particular, the proportion of residents that have left school at the age of 16 years or earlier has actually declined notably since the 1991 census—down from 50.2 per cent to 47.5 per cent in 1996. The Wyndham municipality has five per cent more residents—that is, 62 per cent of its residents—than the Melbourne metropolitan average who have no formal qualifications. So we have a community of what could be described as unskilled or semi-skilled workers who are building a life with their young families and seeking to purchase their home.

When one looks at the income statistics, the depth of need in this community is very starkly revealed—14.4 per cent of the Wyndham community earn between $0 and $79 per week; 12 per cent of the Wyndham community earn between $80 and $159 per week; 15.2 per cent of the Wyndham community earn between $160 and $299 per week; and 19.4 per cent of the Wyndham community earn between $300 and $499 per week. Therefore, 61 per cent of the community earn less than $500 per week. So Wyndham is a community in significant need.

We are also a community with a demonstrably high number of parents liable to make child support payments, which indicates that there is a mix of blended families in the Wyndham area. There are some quite depressing statistics in relation to child abuse. If we look at those statistics in the city of Wyndham, we find that in 1996 there was a substantiated rate of 10.19
cases of child abuse per 1,000 of the population, meaning that it was the second highest rate of all of the western suburbs. When we look at reported domestic violence incidents, they are once again at the second highest rate in the western suburbs. Given this mix, I think the community can be described as having both high growth and high needs. One would expect with that sort of community that the legal problems about which people would require advice would be family law matters, including domestic violence and child abuse matters, social security matters and the like. Clearly, from those income figures we are seeing a community of people that cannot possibly get those sorts of needs addressed in the private sector legal market.

In addition we see a community that is struggling in relation to crime. When we look down the categories of crime, we find that in the Wyndham community the rate of arson is well beyond the state average and escalating. The criminal property damage rate is described as significantly high; the residential burglary rate is described as consistently high; thefts from shops are rising; thefts from cars are rising; and thefts of bikes are consistently high. Once again, looking at these crime statistics, we can say that there is a large number of people in the city of Wyndham community who need access to legal advice either because they are the alleged perpetrators of crime or because they have been victims of crime and need crimes compensation assistance.

Given this depth of need, the size of the community, its growth, its low income and consequent inability to purchase legal services on the private market, we have been served well over time by one community legal centre. That one community legal centre has remarkably serviced the needs of this community—spending $95,962 in total this financial year, of which $85,573 is Commonwealth funds. Remarkably, for this small amount of money, the centre employs three part-time staff, is open each weekday and Monday evenings and in the last financial year provided legal advice to 650 clients, involving 4,200 client contacts, and provided a further 1,200 people with legal information and referral. It also managed to run a legal community education program. Whilst the Werribee Legal Service is, if you like, currently engaged in a loaves and fishes style miracle, it is clear that as the Wyndham community grows and its needs continue to grow, the centre will require more money if it is to be able to continue to make a meaningful contribution to permitting access to ordinary community members to justice—that is, facilitating people to get the appropriate sort of legal advice when they need it, whether that need for legal advice arises out of some sort of difficult domestic situation or whether it arises out of a criminal law matter or something associated to it. Quite simply, as this community grows, a legal centre that size will not be able to meet that continuing need. So the first plea is for this remarkable legal centre to be considered sympathetically for increased funding by this government.

Secondly, it is important that this centre continues to operate as a stand-alone centre. The city of Wyndham is geographically large by metropolitan standards. It covers 542 square kilometres and actually takes in some rural and agricultural areas. It is 30 kilometres away from the Melbourne GPO by road. The transport infrastructure in the city of Wyndham has in no way kept pace with the explosive growth in population. If I can just take people to some of the transport statistics, we find—and one would expect this if one lives in Melbourne and I am sure my colleague at the table here would agree with this—that, as a general rule in metropolitan Melbourne, the western suburbs are worst served for public transport compared with the eastern suburbs and that, amongst the suburbs that are already most poorly served by public transport, the city of Wyndham is the most poorly served. It has one railway line, two stations, the stations are four kilometres apart, and we find the population per station in 1996—and, of course, there has been growth since then—at 38,100 people. So there is a very heavy
nd, of course, there has been growth since then—at 38,100 people. So there is a very heavy demand concentrated on very few stations and only one railway line.

When you actually get to the station you find that the trains operate at 20-minute intervals during peak hour and at 40-minute intervals at other times. In terms of access throughout the municipality, that is done by way of bus. Those bus services were tendered out to the private sector under the former state government. When we look at the details of those services we find very limited hours of operation. Services offered to residents on weekdays commence between 5.50 a.m. and 6.25 a.m. and finish by 7.46 p.m. Weekend services are fewer and hours are even further limited, commencing between 7.40 a.m. and 7.56 a.m. and finishing by 6.48 p.m. As you can see, it is a daytime service—and strictly limited to daytime.

In those circumstances, clearly it is not reasonable to expect people to travel long distances to access community legal centre services. Bear in mind that often people will be coming to those services at times of crisis in their life—it might be a time of marital breakdown, it might be a time of domestic violence or family violence or some other issue that is causing emotional distress in the family home, it might be a period where someone has lost their job, it might be a period where someone has been charged with a crime or been a victim of crime. So, apart from the psychological problems of moving outside one’s own community in such stressed circumstances, there is the sheer logistics of travelling large distances, given that range of public transport.

The current Werribee Legal Service is located in the business district, in one of the main shopping areas in Werribee, and to the extent that one can access public transport in the city of Wyndham the transport takes you to that kind of shopping area. That is the reasonable journey to expect people to take. To expect people to go to one regionalised community legal centre which is seeking to cover a number of municipalities across the western and north-western suburbs is unreasonable, and people simply will not go.

In addition, if that sort of move was made, the legal service would lose the benefit of the community support that it currently enjoys because it is a local legal service serving its own community. In particular, the legal service operates out of free premises, out of what we refer to as the old shire buildings. Those premises are given to the legal service by the council. If one were to commercially cost out that benefit it is probably in the vicinity of $10,000 a year. There is no reason to assume that that would be replicated for a regionalised service. In addition, there are significant volunteer hours which go to assisting the legal service. One of the reasons that it can, on such a small amount of money, loaves and fishes style, produce such a great community service is that on average it enjoys 430 hours per annum of volunteer work and routinely has working within it nine legal and six non-legal volunteers.

Once again, there is no reason to assume that those volunteers would be willing or able, given the transport situation, to travel long distances to a regional community legal centre. Indeed, those 430 hours per annum of volunteer labour could be simply lost, because I suspect that people will take one view about the emotional bond and the logistics of volunteering to assist other members of their own community and a different view of travelling long distances to service people from a much wider catchment area. Having worked as a solicitor myself, I know that the ordinary pattern for legal centre volunteers is that they rush off from work at the end of a long legal working day to get to the centre in which they volunteer as quickly as possible. If a long distance is involved, people simply will not be able to make it.

Thirdly and finally, there is the question of the limitation of access to community legal centre services to health care card recipients. Quite simply, that sort of limitation would fail to address whole categories of need that are present in my community in the city of Wyndham and, I suspect, present more widely. For example, non-working spouses are not entitled to
health care cards because their spouse works. They might be in a circumstance of marital breakdown where they seek advice about family law problems. They might even be in a more grievous situation involving domestic violence or perhaps expected child abuse—those sorts of things—and if you limit access to services to health card recipients then those sorts of people simply are not going to get access.

Once again, we have in our community and, of course, in the community more generally, low-income working people who are trying to raise their children and to buy a home. In those circumstances, there is not much discretionary income left, so there is no ability to access the private rental market. But, once again, those people will not qualify for health care cards. If this stringent test were brought in, they would not be able to access legal advice anywhere: they would not be able to go to the private sector market and they would not be able to go to their local community legal service.

Perhaps, to wind up, I will give you an example of a client who has been helped by the Werribee Legal Service but who would not have been entitled to that help if some stringency had been applied to the need to present a health care card before gaining access to legal services. The Werribee Legal Service write in their submission of a female client aged 38 years old who was referred to the legal service by another local community organisation. The client had been in a de facto relationship for 18 years and had six children from the relationship. The client had not worked since being in the relationship and relied entirely on her de facto partner for income. The de facto, according to the client, was violent physically and emotionally. All assets that had accumulated over the relationship, including the house, car and bank account, were in the de facto’s name. The de facto was employed and earned in excess of $60,000 per annum, which is a high income indeed by the city of Wyndham’s standards. He had been with the same company for over 10 years and therefore was likely to have some superannuation assets. The client had no access to any money and received a small allowance for the children. Her de facto partner had threatened that if she left she would be entitled to nothing, as he owned everything. The client had no money to obtain legal advice and would not have been entitled to the assistance of the legal service had it been necessary for the legal service to insist upon the production of a health care card. The client simply was not eligible for a health care card, because she would have been assessed on her de facto partner’s income.

That is not make believe or a fantasy world. That is a real person, a woman who presented at the legal service with considerable problems. That is exactly the sort of person I would have thought the community legal centres movement should be seeking to assist and to provide with legal advice, and she simply would have been turned away if a policy of insisting on health care cards had been in place at that time.

In summary, I would urge the government that, in respect of the Werribee Legal Service and in respect of community legal centres overall, there is a desperate need for increased funding. There should be no limitation on help from a community legal centre to health care cardholders only. It is vital for the functioning of the Werribee Legal Service and for meeting the legal needs of my community that this service continues to operate as a stand-alone legal service.
I will also raise the issue of the government’s lack of policy formulation to adequately protect workers full entitlements, an issue that has certainly taken up a large proportion of my parliamentary workload since 1996—in fact, I had the opportunity of reintroducing that bill in the parliament today.

Firstly though, an issue which cannot be ignored is this government’s very poor handling of the Job Network tendering process and the appalling performance of the government’s own job network provider, Employment National. Latest regional labour market figures released by the Australian Bureau of Statistics show that unemployment for the New South Wales region of Liverpool-Fairfield remains—or remained when I got these figures—at an unaccept-able 11.1 per cent for January 2000. Extra figures came out last week but the improvement has not been that much better. Those figures show that the region which I represent now encompasses a large proportion of the high unemployment in Western Sydney. The original 11.1 per cent figure is an increase of 2.2 per cent from the December figure of 8.9 per cent. This can only be placed on the shoulders of the Howard government because the statistical region of Fairfield and Liverpool now has 16,500 unemployed people, the highest regional unemployment rate for any region in NSW.

The government continues to carry on about the supposed spoils of economic and employment growth we are all meant to be enjoying, but for the 16,500 unemployed people in the Fairfield-Liverpool region the government’s words of economic growth ring very hollow indeed. I might add that the 16,500 are those who are registered as looking for work. I can give you thousands of others who have just given up altogether because there are no jobs available in that particular region. And, of course, with the cost of and restructuring that has occurred with child care and the other expenses being placed upon them, women in particular find that they just do not now have a choice in what they do.

Can the government explain why in my electorate of Prospect, where unemployment is unacceptably high and with all the talk about economic growth across the country, only two new Job Network sites were granted in an area where the labour market, as I stated, is one of the highest in NSW? We got two Job Network sites. Furthermore, following the trend of government employment services slowly diminishing across the country, the Fairfield office of this government’s own job provider, Employment National, is set to close. Claims from the government that private sector and community groups will replace these services just do not stand up. It is the height of hypocrisy for this government to claim on the one hand that they are committed to solving unemployment while on the other hand the latest round of Job Network offers shows that there will be no government job providers in Fairfield and there will only be two new Job Network sites in a region which, as I repeat, has one of the highest unemployment rates in the country.

I believe that this is clear evidence that the Howard government through its Job Network and its mismanagement of Employment National has failed to deliver to the people of my electorate. The government’s claim that several Employment National branches did not perform well enough to secure many of the contracts offered in the Job Network tender must be really held up to scrutiny. A responsible government would ensure through appropriated funds that adequate training and skills programs would be initiated. I believe that its own job provider would then have been able to find work for thousands of unemployed, particularly in my electorate. The government needs to take full responsibility not only for their mismanagement of Employment National and the Job Network but also for those people who remain unskilled and unemployed.
The question still remains: how can the government claim to be responsible for providing adequate services for job seekers when accountability of the government for the Job Network has all but been removed to private services and community groups?

This now brings me to another point which I wish to raise in this particular debate. It is, of course, the $118 million that this government has appropriated for the various costs relating to the implementation of the GST. Before the government uses this massive amount of money to introduce the most unfair tax in Australia’s history, I must remind the government of the impact the tax will have on the wider Australian community.

The income tax breaks which were promised at the 1998 election to middle and low income earners are slowly being eroded away to the point where the government can no longer say that the GST is good for all Australians. The GST is not good for all Australians and never will be.

The recent half a per cent rise in interest rates has effectively forced Australian families to pay more for their mortgages and this interest rate rise was largely due to market expectations of a GST induced inflation rise. Research from Professor Ann Harding of the National Centre for Social and Economic Modelling has shown that after the recent interest rate rise dual income couples with children on $50,000 per year will in fact be $6 a week worse off, contrary to the government’s pre-election promise.

Based on official ABS figures, which state that the average size of a new home borrowing is $134,000, Australian families will on average be paying $64 per month more on their mortgages, thanks to the recent increase in interest rates. Almost daily there is now a new item or service to which the Howard government and the Democrats did not tell the Australian public that the GST would apply.

One, which I believe is certainly outrageous, is the application of the GST to accommodation bonds on residential care which will undoubtedly target elderly Australians. And I think over the last few weeks we have seen how the elderly Australians have been treated by the Howard government in Australia. From 1 July 2000, people entering residential care will have to pay up to an additional 10 per cent GST on their accommodation bonds.

A recent report from the Department of Health and Aged Care shows that the average accommodation bond at the moment is $60,000. Given this, if they have to pay up to the full 10 per cent GST that will apply, who is going to pay the extra money? Will the pensioners then be requested to pay up to $66,000 for an accommodation bond? I believe it is devastating to think that the elderly are to be forced to pay taxes on what is essentially a health care service. The more that we are finding out about the GST, the more we—and I mean we collectively as Australians—are finding out about the increases in burdens on families and other community groups.

Charities, for example, were tax exempt under the previous taxation system. No tax was paid by a charitable organisation for a purchase which would help their local op shop or even their local kitchen where meals were being prepared for the less fortunate. Now we learn from the government that charities will not have GST exemptions. If a charitable organisation does not register for the GST, they will still have to pay GST on purchases they make and this will not be refunded. If a charity registers for the GST, they will have to direct some of their human resources to act as a tax collector. These are the resources many charities do not have.

For charities the GST is a case of damned if you do and damned if you don’t. How can the government still say that ‘the GST is good for all Australians’? This is a grossly unfair tax on charities. What I say to the government is to take notice of the public opinion which has been supported in petitions, not only from my own electorate but right across Australia, and also
hear the voice of others who are saying, ‘Exempt all charities from the GST but do it now before it is too late’.

Furthermore, this tax not only unfairly targets middle and low income earners and makes charities pay tax for the first time in Australia’s history, but it also has another burden that it adds to the Australian taxpayer. That is the yet undisclosed funds for an advertising campaign for this government to sell the GST to the Australian public.

I just cannot remember when any government has so frivolously used so much taxpayers’ money, then deceived the Australian public by not telling them exactly the total amount involved, and virtually hoping that they will believe that the tax will benefit them. I have made it obvious that the GST certainly unfairly targets our middle and lower income earners. It targets the elderly and it causes charities to become government tax collectors.

There is certainly another issue on the GST which comes to mind, and that is the staggering amount of interest that has been raised, mainly by women’s groups, in the media and also through demonstration, of the 10 per cent GST on tampons. That came following the revelation that the government and the Democrats forgot that tampons would now be slabbed with that extra 10 per cent. The rally that was held by women across Australia to exempt tampons from the GST—it was here at Parliament House in February—and the noticeable protests during these last couple of weeks prove that unless this government moves to amend the GST legislation to exempt necessities such as I have referred to and provides GST exemptions for charities, they will be remembered as the government which slugged an unfair tax on the elderly, on charities, on lower and middle income earners, and on all women.

Ever since the GST has been on the government’s agenda, complaints concerning the introduction of the GST from both business owners and consumers within my electorate of Prospect have escalated. One of the most frequent questions lodged to my office has been the issue of whether the GST will be displayed on the dockets and receipts of good and services.

Mr Hollis—Of course it should be.

Mrs CROSIO—Of course it should be, as my colleague, the honourable member for Throsby, said. If the GST is as the government claims, not a hidden tax, then why should not retailers be allowed to display the amount of GST paid on all goods and services on their dockets? Dockets should be able to show the price of the good or service before the GST, the amount of the GST paid on the purchase, and the total cost of the purchase, including the GST. Retailers should be able to show the extra cost of the GST on the dockets for both the consumers and the business owner’s benefit. Every time a consumer purchases an item they should know how much is going to the government and how much the government and the Democrats’ legislation is now reaching into their pockets. This GST is a tax which the government knows is unfair and which they know will have adverse effects on lower and middle income earners, on charities, on the elderly and on women. They know it is unfair and yet they are doing nothing whatsoever about it.

I have a number of issues I would like to raise but in the limited time available I would particularly like to raise the matter of illegal immigrants arriving in this country. I am proud of the fact that 52 per cent of the population in my electorate was born overseas, and thus it is an electorate with a very high migrant population. Many people in my electorate have left political and religious persecution in their homelands before entering Australia. Through our offshore humanitarian program they have been granted what they regard as a privilege and a right to settle here in this country. Many of these people are waiting to be reunited with their families and their loved ones who remain overseas in countries where the religious and political persecution is a daily threat.
I am concerned that it was only through reading the *Australian* newspaper of 13 February that I saw where the Minister for Immigration and Multicultural Affairs, Mr Philip Ruddock, had ordered a freeze on the processing of offshore refugee cases because of the number of unauthorised arrivals that had come into this country last year and the beginning of this year. He said they were eating into the 10,000 places put aside for offshore refugees.

I cannot for the life of me find out exactly how many places have been granted and how far it has affected these so-called 10,000 places. Nevertheless, we now find that even people who were about to be issued with visas—they were able to prove that they were refugees because they were being persecuted in the country from which they fled—and who were about to step onto a plane have now found that all of that has stopped. News of the immigration minister’s decision sends a very clear message to the people smugglers and the queue jumpers that their way is a faster way to enter this country than using our published migration program.

The bill before us appropriates $10.37 million to coastal surveillance and the detention of illegal immigrants—money which, quite frankly, I believe is well spent. I strongly urge the government to allocate more funds to coastal surveillance and detection, as this is where the problem lies. However, almost in the same breath the government is undoing any progress it may have been able to make in stemming the flow of illegal immigrants, by allocating a further $41 million to upgrade the facilities for the detention of illegal arrivals. What message does this really send to the operators of people smuggling rackets? It shows that Australia is more concerned about accommodating the unauthorised arrivals than about catching them before they arrive. I will repeat those figures, which are in the appropriation bill for all to see: $10.37 million to coastal surveillance and detection, but $41 million to upgrade facilities to accommodate illegal arrivals.

Illegal immigrants are a burden on Australian taxpayers. Department of Immigration fact sheet no. 83 says that in 1997-98 the Australian government spent approximately $115 million locating, removing and detaining people who had arrived in Australia illegally. This rose to $128 million in 1998-99 and this financial year it is expected to rise to $196 million. In other words, from $115 million in 1997 we expect it this financial year to go to $196 million. It costs the government, on average, $50,000 for every unauthorised arrival, from the time of their arrival to the time of their departure from Australia. The average daily cost of keeping a person in immigration detention is something in the vicinity of $115. These figures would not even have factored in the extra $40 million which this bill will appropriate to accommodate the detention of the increased number of illegal immigrants. I believe the message that it sends to those unscrupulous operators who run people smuggling operations is that Australia has made more places available onshore for the detention of illegal arrivals. And we have now curtailed all applications offshore for those people who are doing the right thing.

To conclude, we as parliamentarians make the rules in this country regarding immigration. There is no bigger joy for me than seeing migrant families in my electorate being brought together after long periods of time separated across international borders. Our immigration policy should not, and will not, be dictated to by people smugglers and their dollar driven, underground operations. Advocating queue jumping and offering safe haven in Australia for a large fee is not the way to enable people to enter Australia. The message needs to be sent out to people smugglers, through appropriations of far more funds for detection and coastal surveillance resources, that their tactics will not be tolerated.

The other issue that I want to raise is workers’ entitlements. Today I reintroduced in the House the Employee Protection (Employee Entitlements Guarantee) Bill 2000. It is the third time that this bill has been introduced and it is the third year in a row that the government has taken no action whatsoever. We have seen time and time again—emphasised more since I first...
introduced the bill—that this government is just going to be ruled by what is happening at a press level. I say to the government, as I said this morning in the limited 15 minutes I had, that the cases that are now outstanding right across Australia are a testament to the shameful handling and lack of policy substance from this government to protect workers’ entitlements. It has taken Australia’s once proud record of taking the lead in industrial reform and dragged it through the mud. It is unacceptable and irresponsible for a government to allow these cases that are occurring year after year where workers are being denied their rightful entitlements because we have no bill. My bill would have effectively overcome the problems, even in National Textiles, which the Prime Minister and the minister for workplace relations seem now to have as a pet cause. That is just one of many that are occurring on a daily basis.

The government has waited far too long to act on the issue of workers’ entitlements. When the government does finally act, is it going to be only because the Prime Minister looks at a special case, or is it going to be because the government wants to have legislation brought through this parliament which is going to be fair to all people in this country? Workers’ entitlements must be protected and we have waited far too long now to have legislation on the books that will allow a certain avenue of security for workers. It is not good enough for the minister for workplace relations to get up and talk without any action coming forward. The workers of Australia are demanding more. Because of the cases that have been highlighted and taken up by the media around this country, workers are now saying that near enough is not going to be good enough. You have the opportunity to put legislation in; you have the opportunity to act. Bring my bill into law and workers will be protected.

Mr HOLLIS (Throsby) (4.35 p.m.)—Appropriation Bill (No. 3) 1999-2000 and Appropriation Bill (No. 4) 1999-2000 authorise the Minister for Finance and Administration to issue public moneys in addition to those allocated in the Appropriation Acts Nos 1 and 2. Contributions to this debate on appropriation bills are, by tradition, wide ranging and used by all my colleagues to probe and question government and agency decisions and policies. We also use this opportunity to highlight new approaches to difficult issues and public policy on a national, regional and local level. We hope, too, that somewhere in this vast institution somebody will be listening to our remarks of wisdom on behalf of the people we represent. My remarks today will praise and criticise a range of issues, starting with BHP on coal prices and its steel production operation, the impact of the GST, transport and finally, if time permits, banking.

On 17 February this year I criticised BHP for caving in on coal price negotiations in Tokyo. The price cave-in by the so-called ‘big Australian’ is unforgivable as now other Australian coal producers are forced to accept and adopt the BHP inspired coal price benchmark. It is unforgivable, too, because of the tough impact on thousands of jobs in coal producing areas. Already up to 4,000 jobs are under threat in the Illawarra region and the Bowen Basin region in Queensland.

I have said many times that Australia requires the establishment of a central coal marketing authority. We need to ensure that there are fair and reasonable negotiations with international buyers of our coal commodity. Each time we go to Tokyo to negotiate on an individual case-by-case basis, the Japanese negotiators know that they will make a meal out of our producers. Australian producers only ever consider their market price. BHP did it again a few weeks ago. They hoped nobody would notice. BHP willfully ignored the Australian national interest. Market share counts, bottom line company accounts rule and the national interest takes its place on the backburner.

Whenever I suggest the establishment of a central coal marketing authority, I inevitably cop a lecture about how it cannot work. The lecture then moves to the realities of the international
market and the function of price. The lectures are only half right. We cannot make the sweeping statement that it cannot work because we have never tried it. We constantly refuse to make amendments to the Trade Practices Act 1974 to deal ourselves into the objective of fair and reasonable price negotiations. But also the critics of the marketing authority put out of their minds the fact that we sell off our grain, our meat and our wool through the very same authorities. We can sell our grain, meat and wool—and you would understand this, Mr Deputy Speaker Causley—but there is no way it can be done for coal. I challenge the critics to go beyond the usual parrot orthodoxy and tell me why not.

The Japanese are clever in the way they purchase commodities. It is clever because the Japanese national interest is at the very heart of their purchase strategy. Japan has not forgotten its overall vulnerability because of its lack of primary resources. The Japanese negotiators turn on its head the very strategy we and other countries try to use on them. Japan buys through one specific lead negotiator in a specific industry. Australian producers sell to one negotiator, but they do so like lone wolves. The Australian producer pack is never together for very long at all. It is time we re-evaluated Australia’s thinking on how we will sell our coal. We spend too much time becoming so expert in the structure of the coal market that we spend too little time understanding the processes of selling in the coal market. In the meantime, at these annual negotiations in Tokyo, Australia continues to throw away billions of dollars in export income, threatening jobs and destroying communities.

The parliament is also asked to appropriate $118 million to the Australian Taxation Office for costs relating to the implementation of the GST and other related changes to the tax system. Last week my regional colleague the member for Gilmore made a national media splash following refreshingly honest views on the GST. She was quoted—and is yet to deny the accuracy of her quote—as saying that the GST implications for caravan park residents are ‘discriminatory’, that there is ‘no explanation’ and generally that it has been a ‘stuff-up’.

We on this side could not agree more. Indeed, how we all agree. Even the honourable members on the other side have nodded their heads throughout this week. Some may even have used the honourable member’s own words to come to terms with her refreshing honesty. The policy point is that there is no difference in principle between the lifestyles of those people who live in a manufactured mobile home or caravan and of those who live in a townhouse or a home unit. Over 100,000 people in New South Wales alone—and you know this, Mr Deputy Speaker—live in these circumstances. A large proportion live in the more than 170 villages and parks in the Illawarra.

My colleague the honourable member for Cunningham and I addressed a meeting of Windacl caravan park residents during the last election. Most of these people are elderly and on modestly low incomes already. They should not be forced to shoulder yet another tax slug just because of where they live. The government already made a minor amendment to the GST legislation on this issue once before after Labor embarrassed it. The government said it would provide a choice to caravan park owners on whether they should pass on the GST in rents. The reality is that the choice is no choice at all. If the owners do not pass on the GST, they forgo the opportunity to reclaim it as a business expense. It logically follows that owners will pass on the GST. It is no wonder the honourable member for Gilmore was so refreshingly honest on this ‘discriminatory’, ‘no explanation’ and ‘stuffed-up’ GST. The anomalies with the implementation of the GST continue apace. The government can never free itself from the haunting aspects of the GST. Neither will their partners in crime, the Australian Democrats.

Last week a very concerned and anxious couple in my electorate contacted me. The couple intend to construct a house at Dapto. Dapto, particularly West Dapto, in the south-west of my electorate, is set to explode in population. Within the decade, over 80,000 people will live in
this area alone—a 3,000-hectare parcel of land. The couple signed a contract with a building firm in September last year. There was a contract price. Understandably, they want to avoid the GST impact on housing construction. Well, construction has yet to begin. I suspect that it is because the builders are so busy whacking up houses all over the place for other people also trying to avoid the GST slug.

The building firm has not been too busy to send the couple a nice letter with an addendum to the original contract. Their new home will now cost them another $7,000 because of, as the building firm put it, the impact of the GST. This couple, like so many others, tried to build their dream home. They sought to do so now to avoid the haunting Howard-Costello-Lees GST, but they have come face to face with the GST ghost. I know that those on the other side are surprised, and the honourable member for Murray would obviously share my concern about these things. They are thinking, ‘These people have a contract and the builder just cannot change that contract—the original contract should stand.’ That view is entirely appropriate. But, once again, there is a catch. Here is the rock and the hard place. The couple’s legal advice is quite positive. They do have a good case. They can, in all probability, win this case and enforce the existing contract. But this couple cannot afford the legal costs associated with trying to enforce the original contract. They cannot pull out of the contract because they will then lose a slice of their hard-earned deposit. They cannot get a loan from the bank for the extra $7,000.

The Howard-Costello-Lees GST is now openly threatening the great Australian dream of home ownership. This GST does haunt from cradle to grave. I can relay that there does appear to have been some progress in the negotiations between the building firm and my constituent couple. It is for this reason that I have not named the building firm at this point. But I make this clear: unless the building firm stands true to the original terms of that contract for the construction of that couple’s home, and soon, I will name that firm in parliament and I will bring the couple to Canberra. I will bring them to the Prime Minister’s office, the Treasurer’s office and Senator Lees’s office for an explanation. There will undoubtedly be a fanfare, and the media will be most welcome to tag along. I bet there are other couples facing similar circumstances in all electorates around Australia.

Appropriation Bill (No. 4) requests increased appropriation to increase the Commonwealth contribution to the construction of the Alice Springs to Darwin rail link. I have a longstanding interest in rail and general transport issues. Recently I asked the Minister for Transport and Regional Services when the government would respond to the reports of the House of Representatives Standing Committee on Communications, Transport and the Arts Tracking Australia and, on roads, Planning not patching. The response—not encouraging—is that the government is still considering the recommendations and that responses will be considered as soon as practicable.

The Illawarra Mercury recently reported that the New South Wales Labor government will press ahead with a feasibility study into the Maglev proposal and high speed connections. This came on top of another welcome announcement by the New South Wales Minister for Transport on the construction of the North Kiama bypass, to be completed within five years. Incidentally, this is one of the great 1996 election campaign themes of the honourable member for Gilmore. In 1996, she promised an end to traffic delays and congestion on the notorious Minnamurra bends. Naturally, it was a total state issue and the 1996 election promise amounted to nothing.

The Maglev proposal was scuttled by the 1950s technological instincts of this government. Maglev was one of the contenders for the Sydney to Canberra high speed rail link. The proposal promised faster rail transport times and linked my region into the Sydney to Canberra
leg. The government approved the plainer bid of Speedrail, which is now in danger of total collapse as it requires huge underwriting commitments by the Commonwealth. I suspect Speedrail will never make it onto the track.

The Maglev proposal had many positive features for the Illawarra. Not only were we linked into the Sydney to Canberra corridor but also there was the possible expansion of the link into Melbourne. Maglev also proposed to locate its administrative headquarters in Wollongong and establish its repair and maintenance operations at Unanderra. The proposal offered the top end of Crown Street, Wollongong a new lease of life by substantial redevelopment and capital works. Importantly, Maglev had—and retains—the support of the whole Illawarra region. The bid failed because of the conservative technological instincts of the government on transport and regional development issues. I welcome the New South Wales Labor government’s commitment to furthering this proposal. I am one of the Illawarra Maglev working group’s co-chairs, and the group is represented by business, union and community leaders. I look forward to furthering a 21st century mode of high speed transport into and out of the Illawarra.

Incidentally, in the last week the US President has asked Congress to pass nearly $US1 billion in its 2001 budget to support a strong national passenger rail system, including a high speed rail, to help meet the nation’s growing transport needs. This government cannot move beyond interdepartmental task forces to implement committee report recommendations. What a stark, miserable contrast.

Mr Zahra—Sir Humphrey would be proud.

Mr HOLLIS—He would indeed. For the third time in four years BHP announced yet another massive change in its operations and steel producing assets, with a view to a share market float. In October last year, during the grievance debate, I predicted that BHP would continue making further major announcements about its operations and the risk that Australia would withdraw from steel production over the next five years. I repeat that such an option will irreparably damage Australian manufacturing capacity. We must renew a policy focus on the steel industry plan. BHP is sending Australians a message that we cannot afford to ignore or to play down. There is no doubt in my mind that the recent spate of announcements has the tactical edge of trying to panic workers, unions and government. There will be more and it is serious.

I again call on the government to implement the recommendations contained in the 1997 all party committee report that examined the Australian steel making industry. That report contains the agenda for dealing with the steel industry in Australia. Take it down from the shelves. Implement its recommendations. This is the third major announcement by BHP in four years. It is the third time that the government has not even squeaked a response. The government just refuses to listen to the message. If Australia allows its steel industry to collapse, we will kick ourselves with regret time and time again. Now is the opportunity and time to act. For all of the very interesting debate now taking place over the old and new economy, I believe we need to maintain some perspective. The basis for Australia’s economy and for the economy of other countries has not changed in centuries. The economic base has been added to and complemented.

The fascinating debate over globalisation is not new. It has been repackaged and relabelled to suit the information society we now live in. No-one has the answer to this. For all the fascinating change, we still need to maintain the perspective that economic cycles have not been abandoned nor has the prospect of developing good public policy. We are in an age of being able to think new ideas and new ways of doing things but, also, in my view, we need to understand that beyond all the new talk the fundamentals have not changed that much. Dot com
does not feed us or make things for us. Dot com may bring millions and, indeed, billions, if it is added to the end of a name but it is yet to produce a profit.

Finally, I wish to praise the Oak Flats community in my electorate for their conviction in not wanting to be a victim of the banks. Oak Flats community last year, just before Christmas, received two body blows within a matter of days as the Commonwealth and Westpac banks closed down their respective branches. The Oak Flats community fought back under the leadership of a few outstanding people in the local business community, particularly Mr Geoff Egan. Last week it was confirmed that the Oak Flats community is well on its way to establishing its own community Bendigo Bank branch. The pledges are in and the feasibility stage is now underway. I will be withdrawing my accounts from the Commonwealth and other institutions and depositing them in the Oak Flats community bank as soon as it is established.

I know there is a similar community interest at Port Kembla, another suburb in my electorate that has felt the backhand of the banks. Banks will now pay, and are paying, the price for shortsighted, penny-pinching approaches to closing their presence in local branches. There are line-ups metres long outside remaining branches most days and particularly on pension and work paydays each fortnight. One day there will be a serious injury, or worse, caused to the banks’ most loyal customers, especially the elderly, forced to line up like cattle just to obtain access to their own money.

I am proud of the spirit of the Oak Flats community for their conviction and belief in themselves. It is certainly a case of one in the eye for those overpaid, smug bank managers and directors making closure decisions in the comfort of an airconditioned boardroom with a view in Sydney or Melbourne. The little folk in the suburbs can, and will, and do, fight back.

I must say how absolutely horrified I am at the prospect of the Commonwealth Bank gobbling up the Colonial State Bank. In my area I have many suburbs which have both a Commonwealth and a Colonial State bank, and I think particularly of Shellharbour Square. Only last week I raised concerns about the queues outside the Commonwealth Bank at Shellharbour Square and there was some media coverage of the line-up. I went there on Friday and 28 people were lined up to use the teller. I went in there to do some transactions and it took me close to 40 minutes to wind my way up there. We have got two banks there, the Commonwealth Bank and a Colonial State Bank. One of them will close—obviously the Colonial Bank will close. They also have queues, especially on a Friday, so all of those people will add to the 28 already at the Commonwealth Bank and instead of taking 40 minutes to get to the teller it will take you 50 or 60 minutes!

The boffins and the managers are telling us that there will be a better service. How can they say that there will be a better service when places like Shellharbour Square will lose one of the banks, and elsewhere in my electorate where there are two banks, the Commonwealth and the Colonial State, they will lose one of those banks? The bank managers must think that we are absolute idiots if they believe that by taking a service out which is already stressed there will be a better service. I make no criticism of the bank staff. They do a magnificent job and it must be very trying for them. In my area they are trying to tell us—and I guess it is the same in everyone else’s area where there are always queues, like at Shellharbour Square—that by closing one of the services, which is already stressed, it is going to make a better service. And I say to people, ‘If you do not believe me ring the Commonwealth Bank at Shellharbour Square or the Colonial State Bank and see how long you take to get through.’ The telephone usually rings out and then when you do get through, if you want this or that service, you press one, two, three, four or five, and to get through all that circus takes God knows how long. At any time you ought to just go over there and count the number of people, as I did when I went
out there Friday afternoon. Twenty-eight people were before me before I got through to do my business, and yet they are saying that it is going to be better business.

I hope for once that this merger is rejected. I suspect it will go through because the banks today are not into service. Service is a thing of the past. All they are into is the profit for the shareholders. They are laughing—and I almost said all the way to the bank—while we the mugs who have loyally supported banks for years are copping it in the guts once again.

Mr DEPUTY SPEAKER (Hon. I.R. Causley)—Before calling the honourable member for McMillan, I would urge him to read standing order 56 on the conduct of members entering, retiring or crossing the chamber.

Mr ZAHRA (McMillan) (4.46 p.m.)—Thank you, Mr Deputy Speaker. I will be sure to make reference to standing orders in due course. I welcome the opportunity to speak on the Appropriation Bill (No. 3) 1999-2000 today because I want to take the opportunity to articulate a different vision for the Gippsland region. The vision I have for the Gippsland region is very different from the vision which the federal government has articulated. Its vision for Gippsland has us as a low income, low skilled region with low retention rates. That is not the vision which I have and I want to state that clearly today.

Our region is one of the most diverse and rich regions in Australia. We are fortunate to have a skilled and energetic group of people living in our region. We are also fortunate to already have in place a number of key items of infrastructure and people of initiative who can see what needs to be done for us to be successful in this new century.

As I look at what our requirements are across my constituency, I start at the west. I look to Pakenham as the first place where new infrastructure needs to be built. Probably the key item of infrastructure for the Pakenham district is the Pakenham bypass. At the last federal election there were a number of promises made by the Howard government in relation to the Pakenham bypass which have not been honoured. This is an important transport issue in the town, probably one of the most important transport issues across my constituency. Along the road—the Princes Highway which runs through the Pakenham district—are churches, child-care centres, kindergartens, schools, aged care facilities and other important areas of community assets which require families to go in and out and to park, and elderly people have to try and cross that road. Just to get from the church on one side to the main drag on the other side where the shops are would take you at best 10 minutes. In peak hour it would probably be closer to 25 minutes. I consider myself not a bad driver but it is a hair-raising trip just simply to go from the church to the shops. You have to have your wits about you all the time. I do not mind saying that on more than one occasion when I have done that it has been quite a scary trip. It is something that a lot of people feel very uncomfortable about doing.

Pakenham is a district which is set to boom. We have, I think, of the order of 10,000 people living in Pakenham now. The council is very close to securing a development which will see the number of houses in the town double over the next three to four years. We are talking about massive development taking place in this community. We need to make sure that assets like the Pakenham bypass are built. We need to make sure that they are not built at the last possible moment but as soon as possible so that the people get the opportunity to benefit from having those assets built and in place for a number of years. It should not be built at a time of the choosing of some departmental officer in VicRoads—or in some other agency—who is looking at his or her balance sheet and saying, ‘We can put it off until then and that will mean that we still manage to meet somehow the objectives which the department sets out for itself.’ That should not be the priority. The priority should be to build that road quickly so that people do not die in the interim whilst waiting for it to be built.
As I head east, metaphorically speaking, the key dairying region of West Gippsland is a region which also requires additional transport infrastructure. I have been heartened in recent months by the announcement by the new Bracks Labor government in Victoria that it is going to build more effective transport links in terms of passenger train services from the Latrobe Valley and West Gippsland directly to Melbourne. This is a great thing for us because one of the growing constituencies in West Gippsland is commuters who live in Warragul, Drouin, Trafalgar or Yarragon and who commute to Melbourne every day. A train trip at present takes one hour or one hour and 15 minutes, so it is a reasonably long trip. With the bringing in of some of this new train technology which the new Bracks Labor government is talking about we will be able to have this travel time substantially reduced. That can only be a good thing for those people living in West Gippsland. That is what they want to see.

When I think about West Gippsland I cannot help but think of the wasted opportunity which the federal government has just missed in terms of the dairy restructure package which it has just brought into the House of Representatives. I had the opportunity to make some comments in consideration of that legislation, and one of the things which I stressed there was the lost opportunity in allocating a percentage of that $1.7 billion into industry restructure planning and into localised development funds so that we could use that money to try and attract some of that new development which we need in the dairying communities.

Dr Stone interjecting—

Mr ZAHRA—I note the interjection from one of the members opposite and I can only suggest that she has a look at what is happening in other modern economies around the world where people are recognising that you need to build a bridge to the new economy. You cannot simply allow market forces to dictate what is going to happen in these communities because the outcomes which the market delivers to those communities are not outcomes which we, as a civilised people, would want visited on anyone. I am talking about the decline in schools, the decline in health services, the decline in football clubs and other sporting clubs in those areas which are the lifeblood of those communities.

As I head further east in my constituency I come to the Latrobe Valley. That area perhaps provides the best example of why it is that people who are interested in a modern approach to politics and who understand the realities of living in the modern economy should be advocating putting restructure packages in place to ensure that those areas that are affected by restructure can get a head start in establishing themselves in a new area.

For the benefit of members opposite—and I would be prepared to write this down and pass it around for some of them later on, just to make sure they understand it—the Latrobe Valley lost in the order of 11,000 jobs in the power industry. The Latrobe Valley has only 70,000 people. We also lost 1,500 jobs in the textile, clothing and footwear sector. So just in those two industries alone, massive dents in our employment profile have been made. You do not just simply allow these things to happen and allow the community to somehow, by some miracle, get on with having any sort of future. That is not responsible and not in the national interest. You have to ensure that these communities are given the opportunities to get on with their future by providing an appropriate amount of industry restructure, as we have seen in some other parts of Australia.

Within the Latrobe Valley we are starting to see the great initiative of the Latrobe Valley people bubble to the surface. We are starting to see people who have realised that they are not going to get any assistance at all from this government put their hands up and say, ‘We will have a go ourselves.’ We have seen this in the education precinct project in the Latrobe Valley. That project aims to bring together, on the one campus, Monash University, which has a campus already at Churchill; the Central Gippsland Institute of TAFE, which has a number of
represents in existence in the Latrobe Valley; and Gippsland Group Training, which has a number of campuses across the Gippsland region. The plan is to have all of these wonderful Latrobe Valley institutions, these fine institutions which have made an enormous contribution in terms of the higher education provision in the Latrobe Valley for some years, based at one primary campus, and also to have built around this a new senior public secondary college for all Latrobe Valley senior school students.

I am a supporter of this project. It is a wonderful example of a Gippsland community saying, ‘We are not prepared to cop declining year 12 retention rates.’ Between 1983 and 1996, year 12 retention rates in Gippsland more than doubled. However, from 1996 through till today we have seen year 12 retention rates in Gippsland fall off every year. There has been no help forthcoming from the federal government. There is nothing which has been done to try and ensure that Gippsland does not end up a low income, high unemployment, low skill area. So the people in the Latrobe Valley, in this case, have put their hand up and said, ‘We’re going to take some responsibility ourselves if you lot are not going to go about doing it.’ I applaud their courage.

As I look around Gippsland, and the Latrobe Valley in particular, I see a number of key achievements which have been put in place previously and are ensuring our future now in the Latrobe Valley. I speak in this instance of a company called GREEN Inc., the Gippsland Regional Ecology and Education Network Inc., which in 1995 or 1996 was funded to the tune of about $3.5 million by Simon Crean when he was a minister in the Labor government. There was some concern at the time as to whether or not this type of thing, this new green job incubator, could really deliver anything in terms of educational outcomes and new jobs in the Latrobe Valley. Quite a few people said openly that they doubted whether or not it could deliver any of the outcomes which people believed that it might. In a short period, only five years, we have started to see GREEN Inc. really deliver to the people of the Latrobe Valley. That money invested by that interventionist Labor government has really started to pay a dividend in terms of jobs to the people of the Latrobe Valley. That money invested by that interventionist Labor government has really started to pay a dividend in terms of jobs to the people of the Latrobe Valley. I note that only about six months ago GREEN Inc. played a key part in securing for the Latrobe Valley a new development which brought to our region about 110 or 115 new jobs. These are hi-tech, computer orientated jobs. They are the jobs which are associated with the new economy. So, years ago, a government which had a view to making sure that regions like the Latrobe Valley did not fall behind invested in our future, and that investment is very much paying dividends now.

Right across my electorate, though, one of the things which is abundantly clear is the malaise which has been allowed to take place in terms of facilities in our public school, particularly some of our small, rural based public schools. It breaks your heart to drive around a lot of these places and to go and speak to the teaching staff there and have a look at their facilities. A lot of these schools are quite small. I have at least one primary school in my constituency which has 18 children in it. The schoolteacher there told me just the other week that it does feel like a family for her, because she has two of her kids at that school. Right across my electorate, a consistent theme of neglect in public schools comes to the fore. Those small communities deserve better than that. My vision for my electorate is that parents have real educational choice in where they send their children to school, that parents that do have some money or some means do not just have to look at the public school and say, ‘No, I am not going to send my child there because I do not think it is good enough and I want the very best for my child.’ My vision is that their only choice does not become the Catholic school or the other non-government school there, that they actually can choose, in terms of educational choice, evenly amongst the public, Catholic and other non-government sectors.
That is a dream which I have for my constituency and that is something which we in the Labor Party take very seriously—the right of parents to have a real choice as to where they send their children to school. Often when our political opponents start talking about educational choice, they really do it as a smokescreen for taking money away from public schools. They say they are giving that money over to non-government school providers and that they are, therefore, allowing for educational choice. As anyone who has had anything to do with public schools knows, all that does is choke the public school system of funding. It means that their buildings and facilities become more run down and they get even fewer students going to those schools because parents lose confidence in them. They lose enrolments, which means that they have less money to employ teaching staff. It becomes a horrible downward spiral for those schools. Regrettably, that has taken place so often in public primary schools in my constituency during the six or seven years of the Kennett administration.

One of the key themes running across my electorate in terms of industry employment is definitely the timber industry. In talking about where we would like to see my electorate, one of the things which I hope we will arrive at some day is a non-political regional forestry agreement process. I think that would be an objective which nearly everyone in this parliament would support. We actually need a federal minister and a state minister who work together to ensure that the timber industry jobs in everyone’s communities are actually the most important consideration—and that those jobs in those communities are paramount and very much at the front of people’s minds in making considerations about the RFA—instead of the political point scoring which has tended to dominate this debate. I think that is something which a lot of people really find repugnant.

A vision I have for the timber industry is that one day we might have a forest industry development authority, whose primary focus would be not just ensuring that teetering jobs in a teetering sector in some tiny communities which are really struggling already would be maintained. That is not the vision which I have. The vision I have is that you would actually have a government authority whose task was to go into those communities, make some assessments about how things are going in timber industry employment in those towns, and work intensively and as a partner with the local industry to ensure that value adding is maximised and that opportunities in the forest and forest products sector are taken advantage of. Instead of just having this bandaid approach to policy, you could actually have people who are proactive and have a real interest in securing these jobs and securing the communities which depend upon the timber industry as an important local employer.

The other thing which I hope we will have some day is a real interest from the federal government and state governments of the plight of timber communities right across Australia so that, when a timber mill closes, the argument does not come back, ‘That’s just market forces. We’ll have to let that go.’ People should say, ‘What’s going to happen to that town now?’ We had a situation in the Tambo Valley in East Gippsland, where the Swifts Creek timber mill closed. I know that the new Victorian state Labor government is working very hard with the community and with industry representatives there to try to get that mill restarted. But the response that came back from both the federal government and the state government was, ‘Oh well, it’s just market forces—nothing we can do.’ Too bad that the pub is probably going to have to close. Too bad that the secondary college in the town will probably not have enough students and will probably have to close as well. Too bad that property values in the town are going to fall down to almost nothing. So I think we need to have a whole lot more compassion and understanding of the plight of people who live in these little timber communities. I think that is what most people in Australia want to see from elected governments.
There is a lot of work to be done. If I could sum up the work that needs to be done, not just in McMillan but in other electorates like McMillan right across Australia, we do need to build a bridge to the new economy, we need to build a bridge to that new future for the people we hope to represent in this place. You do not do that with shrill rantings, you do not do that with just talk in this place; you actually have to invest government resources in making that happen. If you do not do that, you are just hoping that the invisible hand of market forces will somehow deliver the best community outcome to the people whom you are supposed to represent. That does not simply happen. We do need a government that is interventionist, we do need a government that does have belief in regional communities and we do need a government that is prepared to invest in people, in regions, so that we can have a positive future and we can build that bridge to the new economy. (Time expired)

Ms O'BYRNE (Bass) (5.15 p.m.)—I am really pleased to rise to speak on Appropriation Bill (No. 3) 1999-2000 because it provides an opportunity—as do all processes of the House—to represent my community. It can be very easy when in Canberra to get caught up in the politics of being a member of parliament rather than in our prime responsibility, which is to represent our electorates.

I am particularly lucky in being able to represent the electorate of Bass, within which there are some genuine communities. That is one of the benefits of living and working in rural Australia. The community is strong and supportive of all of its members and, for a member of parliament in a true community, it creates opportunities to tap into the concerns that people are currently grappling with. Opinions and thoughts are freely given on the issues of the day to their representatives. Members of the community use their representative to communicate their concerns to this place. I can assure all honourable members that many members of the community in Bass are concerned with the impact of the GST on women.

The GST is a regressive tax. It is a flat rate tax which has a greater impact on those with low incomes. TasCOSS said in its submission to the GST Senate inquiry:
The government has most probably underestimated the cost of the GST on low income households. It is probable that the compensation packages to be provided through increased pensions and personal income tax cuts will not be adequate to cover the increased costs of food and other goods and services.
TasCOSS and Anglicare Tasmania also indicated that, due to a combination of lower incomes and higher grocery prices, Tasmanians spend a greater proportion of their income on food than the population of any other state. Tasmanians, particularly those on low incomes, will be especially disadvantaged by the GST. I would suggest that that impact of the GST will fall more heavily on women.

The most recent controversial area is the application of the GST to women’s sanitary products. Not in the last 45 years have we seen these essential health products having a tax of any sort imposed on them. One of my main concerns with any increase in the price of sanitary products is that some women may be forced, due to cost restraints, to not practise safe hygiene when it comes to the regular changing of these products. It has been suggested that one of the major causes of toxic shock syndrome is related to a hygiene risk when using these products. Toxic shock syndrome, which is a potentially fatal illness, has been linked with tampons since the mid-1980s when deaths occurred in both Australia and overseas. Imagine the strain on a family struggling on a single income if this family consists of a mother and three or four teenage daughters. And then the minister for health has the arrogance—or perhaps ignorance—to draw a comparison between the necessity of shaving cream and the necessity of sanitary products.

This government has exempted other health related items such as personal lubricants and sunscreen from the GST, but not a necessity such as tampons. It has exempted incontinence
pads on the grounds that, without them, sufferers would be disabled. The same argument surely applies to sanitary pads. This is the logic which a confused Australian public is trying to come to terms with. However, it is interesting to note, and pertinent to mention, that the feminine hygiene market is worth $202.1 million per year in Australia and will bring the government approximately $20 million in GST revenue. That is big dollars, but this government will find out soon enough that it simply was not worth it. There are conservative estimates that suggest that approximately 4.067 million women in Australia use these products—and that equates to an awful lot of votes at the next election.

It also typifies this government’s lack of concern for women in Australian society. Women in Australia earn substantially less than men. Because of the lower earnings there will be fewer benefits for women from the proposed income tax cuts. Women in Australia hold around 42 per cent of the jobs, but they are predominantly within industries with low pay rates, particularly in service industries.

The Senate committee inquiry into the GST and the new tax system also heard evidence from the Liquor, Hospitality and Miscellaneous Workers Union on the impact of the GST on its female membership. This union, of which I am very proud to say I am a member, was predominantly concerned with the employment prospects of its members. Their focus was on two areas traditionally employing high numbers of women: aged care and child care. The LHMU suggested that many of the female workers in these two industries worked part time, averaging approximately 30 hours per week. They noted that a substantial proportion of these women are also the main breadwinners for their families. Both these industries are already suffering greatly due to the policies of this government. And poor policy and poor administration caused these problems, some of which we are now seeing with nursing home residents.

The child-care industry has also seen and felt the impact of government funding cuts, with massive job losses and centre closures. Any diminution of service either in the aged-care or in child-care industries, because of the impact of the GST, will also flow on to the predominantly female work force employed within these industries. This will be seen not only as initial job losses but also as reduced opportunities for women seeking employment opportunities within these fields.

The community sector is another area which is largely dominated by women—as paid employees, as volunteers and as recipients of services. The Senate committee inquiring into the GST made a summary of the effects that the GST will have on community, charitable and not-for-profit organisations. They are the threatened viability of organisations, an artificial distinction between commercial and non-commercial activities, a significant reduction in funds available for services, the introduction of significant compliance costs, cash flow problems, an impact on fundraising activities and membership fees and an impact on volunteer workers.

Community and charity organisations feel so strongly about this impact that 21 of the largest providers of services in the sectors—services that are utilised mainly by women—signed a joint statement pleading with this government to reconsider major areas within the package. Their opening two paragraphs read as follows:

We the undersigned organisations, representing a broad cross-section of church, charitable, community and consumer organisations, believe that the Government’s Tax Package as it now stands is unfair and unacceptable. It needs substantial changes to make it fairer and do justice to people on low incomes.

The proposed GST, by unnecessarily raising the cost of the necessities of life, would be very harmful to people on low and fixed incomes such as pensioners, unemployed people, and most young people and people with disabilities. It would also cause major problems for families with children on modest in-
comes. Women would be disproportionately affected by the large increase in taxes on consumption due to their different work patterns and family responsibilities.

But this government still keeps its head in the sand and will not listen or heed the warnings of so many important service providers. I do not believe this many groups could have got it wrong.

Older women are also slugged particularly hard by this new tax. As women usually live longer than men, there are a greater number of older women than older men in Australia. The Older Women’s Network pointed out to the Senate inquiry that older women have a lifelong disadvantage when coming into retirement, having been low-paid workers with broken employment, carers of older and younger people and part-time and casual workers. Many of us have never received equal pay, and so when we go into retirement we do not have very much in savings and we have not had much of an income through life in order to accumulate a lot of quality goodies. The savings that we might have had are quickly eroded by the inadequacies of the pension.

Similarly, the GST hits sole parents. Eighty per cent of sole parent pension recipients are women, and many of these women have no means to save money. They rely heavily on services such as a child care and on other community based groups. Any pressure placed on these groups will have a flow-on negative impact on sole parents. Of course this creates a vicious cycle for these women, who, if forced to pay more for services such as child care, will be forced out of the job market and back onto social security as their only source of income. It prevents them from having the opportunity to break out of the welfare and poverty cycle.

I have been speaking mainly about the impact on women in Australia, and I wish to move that focus to a more specific area—that is, women in regional and rural Australia. Increased costs in the areas of gas, electricity, grocery and fuel prices in my home state of Tasmania are also felt strongly by women. TasCOSS said:

Tasmania has, on a per capita basis, the highest unemployment, the lowest average weekly wage, the oldest population and lowest dependency ratios, the greatest number of people dependent on government income support and the most de-centralised population.

This is particularly the case for women. It is a fact that more women in Tasmania are on lower incomes than in any other state. TasCOSS went on to to say:

Because of their lower income, working women pay a higher percentage of their income in work related goods and services than working men; in Tasmania, women earn less but the cost of their goods is higher and they will be disadvantaged more than their counterparts in other states.

There are challenges being faced by women in regional Australia but the impact of the government’s negligence in regard to places which lie outside large mainland capitals is very broad indeed. It affects the entire community. The fabric and homogenous nature of Australian society has been severely affected by the policies, and in some case lack of policies, from this government in regards to regional Australia. It is essential that we do not become two separate nations; those who live in cities and those who do not; those who have opportunities and those who do not; those who are part of a vibrant and developing society, and those who live in regional Australia. And that is what the government is risking with its neglect of regional Australia. The extent of the government’s lack of concern for Australians who do not live in capital cities can be no more clearly displayed than in taking a look at the office of regional development.

I appreciate how difficult this may be for some honourable members to understand, and I am sure a number of them think to themselves, ‘What office of regional development?’ And that is the problem: there is no office of regional development. The present government abolished it. This Liberal and National government places such a high priority upon the develop-
ment, growth and the potential of regional Australia that it has abolished the office, not coinci-
didentally set up by a Labor government which was focused on developing regional Australia.

This is much more than a symbolic gesture, though symbolism is important. This is having
an impact on the government’s ability to coordinate and target what regional policies it has.
Recently in Senate estimates hearings, officials said it was too difficult to estimate how much
had been cut from regional services under the Howard Government because it was a matter
for other portfolios. These officials were from the Department of Transport and Regional
Services. If officials in this department do not know how government cuts have affected
services in regional Australia, what better demonstration can there be of the need for an office
of regional development?

But what is most concerning is that the dismantling of this office was not an accident. It did
not come about by oversight. It was a deliberate action by a government which believes that
there is no role for the federal government to play in regional development. I can assure hon-
ourable members that those who live in regional Australia do not share this view. This gov-
ernment has come up with some bad policies but the idea floated by the honourable member
for Richmond that to gain employment people should move from regional Australia into the
cities has probably just about got to take the cake. I can assure the House that this idea did not
go down particularly well in Bass.

For too long young people in Bass have been forced to leave their friends and families in
Tasmania and migrate to mainland Australia to find employment. It is an issue that many
states say they have. It is one that we can actually track in Tasmania because of our border
issues. This is such a serious issue in my home state that the population of Tasmania has been
falling for years. In fact, we have had the biggest population decline since the Second World
War. It took a world war to do to Tasmania what this government has done. Many young peo-
ple are forced to leave to find work, and the solution is not to increase this movement but to
provide opportunities and employment in regional Australia so this is not going to continue to
happen.

Earlier, I spoke of community, and I would point out to all members on the opposite side
that it is communities that are at risk. When the best a government minister can do in an at-
ttempt to replace a regional development policy is to suggest that people move from regional
Australia, we are threatening our communities. The government’s attitude to regional Austra-
lia is also impacting on the quality of services that those who live in regional areas receive,
and there can be no better example of this than the government’s lack of attention to regional
services than Telstra.

For all its feigned concern for regional Australia, its policies have had serious implications.
In a speech in western New South Wales the Prime Minister said he did not want to see any
more services cut from the bush. He said:
I can understand the sense of anger and resentment in the bush at the prospect of any further reductions
and I can certainly understand the resentment at the withdrawals that have already taken place.
If the Prime Minister’s actions match his rhetoric, there will be no further sell-off of Telstra
and he will be able to act to protect Telstra jobs in regional Australia. The partial privatisation
of Telstra has led to serious service deficiency and job losses in Tasmania. Only last year a
hospital on the West Coast of Tasmania was without a telephone for 29 hours. Only through
the mobile phone number of a hospital employee being broadcast on a local radio station was
the hospital able to have any telecommunication services at all. This is an example of the im-
pact that Telstra job cuts have on services. The provision of an emergency 000 service has
also been affected by Telstra’s rationalisations.
How are people in Tasmania able to have confidence in getting an ambulance when they need it if ambulances have been inadvertently sent to locations in other states? Again, on the occasions when this has happened I do not believe that Telstra employees were at fault. The problem was that Telstra’s systems were inadequate. These are the impacts of Telstra job cuts on services. And whilst these are stark examples and thankfully do not occur every day, the effect of job cuts is felt in other less life-threatening forms every day. Faults take longer to repair due to staff cuts; new installations take longer than appropriate due to staff cuts; and businesses which rely on communications have been without services for extended periods also due to staff cuts.

This is the background to the reaction in Bass to the announcement that Telstra’s half-yearly profit was over $2 billion and we are going to lose another 10,000 jobs minimum. Even after Tasmania has lost more than 350 jobs, Telstra still remains a significant employer in Tasmania. The risk to jobs in the Telstra call centres in Tasmania is very serious. Last week during a briefing by Dr Ziggy Switkowski, the CEO of Telstra, I was very concerned when he would not guarantee the security of the Southern Lights Fault Centre, which is based in Launceston. This facility employs over 100 customer service consultants and technicians, as I am sure Dr Switkowski remembers from his recent visit. The role of this fault centre is to provide assistance to customers who are having a problem with their service and is predominantly focused on Telstra customers in Victoria and Tasmania. That these jobs are at risk is a direct result of a government’s policy of privatising Telstra, a privatisation which has already cost Tasmania dearly in employment and services.

Presumably, this is part of the government’s plans for regional Australia: sell off the asset to the private sector and then collectively shrug its shoulders as if to say, ‘Well, what can we do?’ What can be done is to filter government policies through a regional impact filter to ensure that people who live in regional Australia are not unfairly and unreasonably disadvantaged. What the community members in Bass are seeking is investment in people to ensure that the opportunities available in mainland capitals are available in Tasmania, jobs without moving interstate, services which appropriately meet the community’s needs and government policies which do not tear the heart out of regional Australia. What we are getting instead is a tax, which unfairly impacts on women and regional communities, and privatisations, which cost jobs and reduce services. What the government needs to ensure is that it pays real attention to the needs of regional Australia and not just lip service.

Mr LEO McLEAY (Watson) (5.32 p.m.)—It is a pleasure to follow the member for Bass in this debate because, as a new member, she very cogently puts the argument for where the government is failing people in regional Australia. While the Bass by-election was a bad thing for my party many years ago, I think the member for Bass being elected at the last general election will bring down the curtain on the current government at the next election.

There are a couple of matters that I would like to mention in this debate on the Appropriation Bill (No. 3) 1999-2000 which relate as well to some of the things that the member for Bass canvassed. Firstly, on the question of Telstra: looking at the Minister’s second reading speech, I was intrigued to note that he did not even mention the fact that $35 million was headed for Tasmania as part of the Telstra social bonus announced by the government last June. I would have thought that that might have been something the government might have thought was a very important thing. They talk about other things they have done, including $25 million for the Darwin-Alice Springs railway link, but the $35 million for Tasmania was not drawn attention to. I wonder why that is, because it is hardly a minor variation. The fact is, Mr Deputy Speaker, as we know and particularly as the National Party deputy whip sitting on the other side of the chamber, who is the chairman of the government’s communications
committee, knows, the reason the government never raised this matter in the debate was because they had shirked what they promised. The $35 million was nothing like the amount of money that the government promised Tasmania they would get out of the social bonus. Indeed, I think I saw the honourable member opposite quoted in the paper today as saying that the government had shirked the amount of money that it was giving in the Telstra social bonus and it ought to be more.

The government is keen to mention Telstra though in other contexts. It is keen to talk about the full privatisation of Telstra and, indeed, today at question time the Prime Minister once again spoke about how the government wanted to privatisate all of Telstra. I would be more interested in seeing Telstra improve its standards. I know my colleague opposite has been on the record recently as saying he would like to see them improve their standards and look after their customers better, particularly those customers in regional areas where there is plenty of room for improvement and no excuse for the poor performance on Telstra’s part. Telstra’s sacking of 16,000 employees over the next two years—about 30 per cent of their work force—shows just how little Telstra thinks of the people who provide the service. It defies logic to think, as the minister for communications said at the weekend, that somehow or other these jobs are only going to be in the cities.

We have now got the government in the ridiculous situation where they have gone from saying that Telstra should be privatised and—as the Prime Minister said last week in question time—that the government had to keep up Telstra’s share price, to trying to give Telstra wink-wink, nudge-nudge directions that staff cuts have got to be in the cities not in the bush. Anyone who has any sense at all knows that that will not happen, that Telstra will make significant cuts and they will make them in the bush. In the Prime Minister’s Nyngan declaration he said that the red light would be flashing in his office as soon as any government service was reduced from now on. Well, it has shown that what the Prime Minister has done is that he has had Telstra come in and disconnect the light, because last week we had the CEO of Telstra here to get involved in probably the most amazing PR backfire that I have seen in the 20 years that I have been in parliament. They came here to tell us that, in effect, they were wanting to announce a terrific idea why this company ought to be privatised and that they had made a $2 billion profit, but they hoped no-one would notice that they were going to sack 16,000 staff members.

I am pleased to see that, for once, the National Party stood up and said something about that. But the test of this, to see whether the National Party roll over with the government, will come when the government wants to privatisate Telstra. One of the most telling things that came out of question time today was the Prime Minister’s refusal to give a pledge that the call centre in the member for Braddon’s electorate will be closed. The truth is that the CEO of Telstra told us last week in the address he gave to members of parliament that he thought there were, in his words, ‘far too many call centres’ in a country this size. Most of the call centres have been outsourced to the bush, so if they are going to close them that is where it will be.

Another issue in the government’s attempts to privatise Telstra concerns me a little. Just before the Telstra 2 float I received a media release from the Commonwealth Bank announcing a special personal loan interest rate for customers who wanted unsecured finance to purchase shares in the float. Apparently the bank had offered a similar deal when Telstra was first floated, it proved very popular and they thought they would be able to do it again. I thought there was a little bit of a problem in that because a lot of people who were buying Telstra shares at that stage would have bought them on the basis that they thought the government was going to maintain the government majority ownership in the company. They may have bought those shares hoping that, because it was a government company, the share value might
go up. Instead, they have now found that, after Telstra announced its little exercise last week, the share value has gone down.

More importantly, the people trust the Commonwealth Bank—well, maybe they do not trust them as much as they used to, but they still take notice of what the bank says—and a lot of ordinary people are vulnerable to what appears on the surface to be a generous offer. What concerns me is that the sort of people who get seduced by offers like these are probably the least able to afford to take advantage of the bank’s apparent generosity in this sort of allegedly cheap money.

Earlier this year it was announced with great pride that Australia had the highest level of ownership of shares in the world. The Prime Minister thought that that was a wonderful thing, that 50 per cent of the adult population of Australia have shares. There is no doubt that most of the phenomenal growth in the share market ownership has resulted from investment in privatised government companies or demutualised companies. Just about every family in Australia has at least one member who has bought some shares in these privatised government companies, whether they are state or federal government companies, or demutualised institutions. People bought them because they thought that, as they were government monopolies or companies involved with a good business, the shares would go up—and the fact that they were a government entity gave that little bit of cache. But I think people would be a little concerned if they looked at what has happened to the top 100 companies in the UK which was announced last week. Some of those privatised government companies there, like Thames Water and the south-east electricity generating organisation, have dropped out of the top 100 companies and gone into the second rung of companies.

What worries me about this explosion in share ownership, aided and abetted by seductive offers of loans from financial organisations, is that many amateur investors do not fully appreciate the vagaries of the financial world, in particular the share market. Even if they are told that shares can not only increase in value but also decrease in value, they still do not often appreciate what this means, particularly when the share price falls as Telstra’s did last week. They overextend themselves and borrow money to buy shares when they might have been better advised to invest their money elsewhere. They are lured into the share market by the promise of profits that will be made, and when the profits do not eventuate, or there is a downward fluctuation in the market, they are inevitably disappointed. Sometimes they could even be financially ruined.

I am disturbed by the Prime Minister’s alleged concern that we have a terrible outbreak of gambling—he asked the Productivity Commission to do an inquiry into gambling in this country. I myself do not like the idea that there has been such an outbreak of gambling in Australia, but what is investing in the share market? In the main, that is gambling as well. So we have the government with double standards: on the one side saying, ‘Look, it is terrible that people gamble,’ while on the other side encouraging everyone to buy shares and to say that our high share ownership is a wonderful thing.

Coupled with this explosion in share ownership has been an almost complete disappearance of household savings. Australians save virtually nothing. We spend and we borrow in order to spend more, or, with the encouragement of the banks, to invest in the stock market. Household debt is increasing while savings are decreasing. One wonders how long this trend can continue before it has drastic consequences. The bubble most surely will burst one day. What concerns me in particular is that a lot of people may have even gone out and borrowed on the value of their house to invest in the share market, and, when the value of those shares goes down and the banks want more security, people may not be able to provide it. The government, as well as being concerned about gambling, should be concerned about gambling on
the stock market. We should not be raising the expectations of people that shares only go up. They certainly come down, and unfortunately I think a lot of those people who invested in Telstra 1 and 2 would have been very unhappy to see the downturn in the Telstra share price last week.

Some regard the increase in share ownership as a welcome sign of maturity in personal financial planning. And it may be that those people who can afford to invest in this way and who understand what they are doing and appreciate the risks involved are doing it okay. But I am not sure that everybody who ventures into the world of share ownership does have an adequate understanding of what they are doing. It is all very well for the government to be glib about the situation, but it is individuals who will suffer. Some people can afford a loss in the share market but the vast majority of small investors, who may have invested the only surplus cash they had, certainly cannot.

Another issue which concerns me is immigration. Recently there has been a significant increase in the detention of illegal immigrants and more funds are being appropriated in this legislation to cover the related costs. There are many contradictions in Australia’s attitudes to people, both in our own land and overseas. At various stages in our history we have encouraged people to come here. At other times we have been very selective and exclusive about who we want to come. We are quick to offer assistance to some victims of tragedy and warfare. Yet others, who often have suffered persecution in their homeland, try to come here illegally. These people are put into detention centres and ultimately cost a fair amount of money. Detention centres, long legal battles and increased coastal surveillance to try and intercept those arriving by sea have all added to the burden on the budget by an extra $51 million this year.

What has been the government’s response to this situation? They have frozen the refugee applications around the world. I think that unilateral decision made by the minister for immigration was a very unfair thing to do to many people who were in the process of nearly being given a visa. All of a sudden the rug is pulled out from under them. The government have not filled their refugee quota for this year. They could have had an orderly process, but we got this knee-jerk reaction to people smugglers and boat people. Rather than the government working through the process, they have frozen all these genuine applications from overseas. What we now have is the absolute reverse of what I would think the government would want to encourage: we have frozen the applications for all those people who were in the queue. So all the ones who had queued up and applied, as the government said they should, have had their applications frozen, but people who have arrived illegally and have applied have succeeded. I would think that the government have actually turned the system on its head, and they should do something about it.

In the same way, I think the government have turned the family reunion migration system on its head. On the weekend I went to two very big community festivals in Sydney. One was the Italian community festival in Leichhardt and the other was the 18th Greek festival of Sydney at Brighton-Le-Sands. The Greek festival attracted about 30,000 people, and the Italian one attracted about 60,000 to 70,000 people. Both those festivals showed how very important and good for Australia family migration is. The Greek and the Italian community have added to this country immensely. I would have thought that the best thing for Australia was to encourage family reunion rather than to discourage it, as the minister is trying to do at present.

The last matter I would like to mention before I complete my contribution is the dilemma that we face with the people who share this land—that is, the reconciliation question. In the last few weeks, the Prime Minister has taken a step backwards in the reconciliation process. It is obvious that, despite his declaration on the last election night that reconciliation would be a
priority for him leading up to the Centenary of Federation, he is not going to do anything to progress the matter. The Prime Minister needs to show leadership on this issue if he is going to have any credibility at all as a leader of our nation. It means hard work and commitment and genuine attempts to bring people together. The last thing we need is an obviously unwilling leader who puts in a lacklustre performance, driven only by polls.

What we need is a strong but compassionate leader who is ensuring his attempts to achieve reconciliation; he needs to give reconciliation unqualified strong support. Sure, it might take some time, but it will be worth it. Any leader worthy of the title should seize on the opportunity to make progress on this issue. I think the Prime Minister’s backsliding on this issue has been a most unfortunate thing for Australia. Since the adverse publicity of last week, I note that he has been trying to retrieve a bit of ground on the issue by saying that he has not dropped his pledge to work towards achieving reconciliation. He intends to participate in the Reconciliation Convention in Sydney in May. I only hope that between now and then the Prime Minister will realise that to say sorry is probably a hard thing for him but a good thing for Australia if he does it.

The last matter I wish to raise is the question of the GST. I think the member for Bass, in her contribution, went right to the heart of the issue about what a sorry tax this is. Indeed, like a lot of Australians, I have not ever had a great deal of affection for the tax office, but I have to say that you can nearly feel sorry for those in the tax office and the position they find themselves in with this new tax. I have small business people in my electorate ringing me up daily saying that they have been to the seminars on the GST and the tax office cannot tell them what their circumstances will be. We have pensioners who say that the tax office cannot tell them what effect the GST will have on their pensions. We have people in community groups who ring up and say, ‘Well, do I need to have an Australian business number?’ The tax office say to them, ‘Well, no you don’t, but maybe you ought to get one anyway.’ When they ask why, the tax office say, ‘Well, it probably wouldn’t hurt you to have one.’

What sort of a ridiculous situation is it when the government are talking about a new tax system, when the government are talking about the biggest change they say we have made to the tax system in the history of the country—John Howard’s federation gift to Australia shows the limit of his knowledge—but no-one from the tax office can explain how that tax will work? What does seem very clear is that this tax will have a very detrimental effect on low income earners and low income families. Once again, the sort of people who will be hit, and hit hardest, will be those on low incomes in rural and regional areas. What have we heard from the National Party on this? Nothing—nothing whatsoever.

I would hope when we stand here next year taking part in the appropriation debate that we may have heard something positive from the Prime Minister on the reconciliation question, that we may have heard something positive from the minister for immigration on family reunion, that we may have heard something positive from the minister for communications about what will happen with Telstra and that we may be in a position to do something for those low income families who are going to be hit to the leg by the government’s GST present to them for the Centenary of Federation.

Mr Snowdon (Northern Territory) (5.52 p.m.)—Contemplating appropriations is an important part of the timetable of this parliament. In doing so, we need to be aware of the way in which taxpayers’ funds in the form of Commonwealth revenues are then budgeted and used, and of their impact on the community generally and, in particular, on those individuals and groups with special needs. It also then includes the requirement to comprehend how an individual’s location, their place of residence or work, has an impact on their ability to access government services, and to measure the level of advantage or disadvantage they experience.
as a result of these government outlays. It is instructive in this regard to contemplate how government policies in particular areas, reliant as they are on budget decisions, affect the people for whom they have been developed.

It is my contention that, by any measure, those Australians who live in rural and remote areas are currently severely disadvantaged as a direct result of government policies and government decisions, and will be further disadvantaged as a result of the introduction of the new tax on 1 July. In fact, it is my view that it is arguable that, despite the rhetoric, people who live in regional and remote areas are in some areas clearly subsidising their cousins in the cities—and I will come to that shortly.

An area which deserves much closer examination is the area of health. What I want to raise today in relation to health is the question of Lifetime Health Cover and what it means to people who live in the bush. I am not certain how the National Party defines bush. I am not certain how the government defines locational disadvantage, if it defines it at all—if it even thinks about it; if it looks at the differential costs that are incurred by people who live in rural and remote areas.

I come from a part of Australia where the population outside the major metropolitan areas of Darwin, Alice Springs and Katherine and, to a lesser extent, Tennant Creek and Jabiru, is widely dispersed into a very large number of small communities and pastoral stations. These pastoral properties and small communities, by and large, lack access to a whole range of government services. Yet, because of the way in which governments develop policies, they are expected to make the same tax contribution—and I will argue shortly that they will pay more tax than other Australians under the GST—therefore providing the budget revenue required for the government to implement policy.

In the case of the lifetime health cover, we need to recall what this is about and to understand that, effectively, it is a mechanism which the government has come up with to coerce people into taking up private health care. If you do not, after 1 July you could very well be penalised. The government argues that introducing lifetime health cover will encourage more people to join private health funds at a younger age and to maintain their membership over their lifetime. In the medium to longer term the government argues that this will mean that the overall health profile of health insurance members will improve, which will contribute to making premiums more affordable for all members.

Mr Deputy Speaker, I am not sure if you are aware, and I am certainly not sure if the government is aware, that if you live anywhere in the Northern Territory outside of Darwin—and I suspect I am right in saying this, although I have no clear proof—if you live anywhere north of Port Augusta or if you live anywhere north of Carnarvon in Western Australia, you do not have access to any private health facilities. If all the people in these regions who meet the government's criteria for accessing this new scheme—Lifetime Health Cover—do not join or if they have not joined up already and are above the required income threshold, even though they have no access to private health facilities they are going to be penalised. It is worthwhile noting what I said previously: that the government believes that, by getting a large number of people attracted to this proposition and joining up to avoid suffering penalties later on, they will be able to bring the premiums down.

I would have thought that it is reasonable for people to be expected to pay premiums only if they have access to a service. I do not think it is at all appropriate that people in my electorate should be subsidising the people of Melbourne or the people of Sydney. But, in effect, that is what is happening. The commercial realities are that it is very unlikely that a private hospital would set up at, say, Tennant Creek or, for that matter, Katherine. So why should the residents of Tennant Creek and the surrounding region—the Barkly or the Tanami—have private
health insurance? What do they get out of it, apart from contributing to the overblown coffers of the private health insurance companies?

Mr Neville—But wouldn’t they go to Darwin for specialist treatment?

Mr Snowdon—That is a very interesting point. The fact is that they rely on the public health system. You will recall, and if you know anything about remote communities you will know, that a large number of people who require access to specialists are evacuated. They are sent out of their communities under the schemes which operate under public health so that they can access a public doctor.

It seems to me that some thought needs to be given as to how you deal with these people in a way that is equitable. Currently, in my view, it is not equitable. As I have said previously, this issue of equity and understanding what conditions prevail in regional and remote Australia is important if you are going to be developing government policy. What needs to be contemplated by the government—and I know it is contemplated by us—is that those people who live in these communities are severely disadvantaged as against their urban counterparts.

We have heard already discussions about Telstra. It is very clear that in the case of the Northern Territory, large numbers of Territorians do not have access to fundamental and basic telecommunications services. If they do, they are restricted in the nature of them. In much of the Northern Territory it is virtually impossible to access the Internet as a result of the Telstra infrastructure.

Last week we heard Telstra management talking about the great things they were going to do for the bush. They have not done a great deal recently. It is true that over the 1980s and 1990s they spent a great deal of money to put in basic telephonic infrastructure—no question about that. But it is basic. Many communities do not have access to ISDN and high-speed data transmission. These people are being disadvantaged. We have the sight of the government parading around and telling us that communities should have improved services as a result of Telstra’s management decisions. I am not at all confident. I know what has happened in Central Australia and Northern Australia. For example, when faults have been highlighted and reports put in, a subcontractor or contractor has been advised of the job and in some instances has gone out to the job. He might travel 200 to 300 kilometres and when he gets there he finds that he does not have the appropriate certification to do the work. He then needs to go back into town and get another contractor. I know of these instances.

I know of other instances where it has taken up to three or four months to have a telephone connected in a small community. They have not done a great deal recently. It is not appropriate, nor is it reasonable, for the government to assert as it does that somehow or other Telstra is currently meeting the needs of those living in a remote community. For example, when faults have been highlighted and reports put in, a subcontractor or contractor has been advised of the job and in some instances has gone out to the job. He might travel 200 to 300 kilometres and when he gets there he finds that he does not have the appropriate certification to do the work. He then needs to go back into town and get another contractor. I know of these instances.

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I said previously that the issue of tax was important and that people who live in these regional and remote regions would be paying a higher tax than their urban counterparts. Let me illustrate by using an example which I have used previously in this place about the cost of living in some regional communities. I am going to go to the issue of groceries. I know that fresh food does not attract the GST but some of the other grocery items do. That is not the point of this illustration of comparative cost differences between living in a remote community and living in an urban setting.

I have a basket of goods which is developed by the Northern Territory Department of Health. They did a survey of 45 stores throughout the Northern Territory during the course of 1988. They discovered that on average the total baskets cost to communities across the Northern Territory was 47 per cent more than in Darwin. The total family basket cost 61 per cent
more than in a capital city. In eastern Arnhem Land the cost was 106 per cent more for those people who live in north east Arnhem Land, just over twice the cost of the same basket that you buy in Sydney and Melbourne.

It is not as if these people earn extraordinarily high incomes. I might say that in one of these communities in Ramingining in north-east Arnhem Land the current price of unleaded fuel is $1.30 a litre. By and large, many people in these communities are on government transfers of some type or another. Some are on CDEP; some are on social security payments. What we are having demonstrated to us, if you accept the hypothesis that I am putting to you that the cost of living for these people is far higher than for people who live in cities like Canberra, Melbourne, Newcastle or Brisbane and you accept the fact that on an average basis their income levels are far lower than those people who live in Sydney, Melbourne, Brisbane or Canberra, you would have to agree, because the logic is inescapable, that they will be paying a far higher proportion of their income as tax under the GST than other Australians.

This is true not only of these people who live in north-east Arnhem Land; this is true of people who live right across remote Australia. My friends in the National Party ought to be aware, if they are not already, that the people who will suffer most as the result of the impact of a GST are those people who live in northern Australia—people who live in the bush, not close to major urban centres, but in remote communities. They will wear a disproportionate burden of the cost of this very regressive new tax system.

I have already mentioned the price of fuel in Ramingining. We are being expected by this government to believe that, come the introduction of a GST with this you-beaut formula they are going to somehow or another pull out of the air, the cost of fuel will fall. As I have said in this place previously and I will say it again, I do not believe them. If it is to fall, how is it going to fall in Ramingining? Currently, as I speak to you, Mr Deputy Speaker, the range of fuel prices that I was able to survey today—and I looked at about 20 service stations across the Northern Territory—was from 95.9c per litre for unleaded fuel in Darwin to $1.30 at Ramingining; $1.20 at Jabiru; $1.10 at Gullen Gullen, which is a community out of Katherine; and $1.10 at Barrow Creek. That is just a sample of the current prices of fuel in these communities.

If the price of fuel was $1.10 a litre in Canberra you would have a revolution. If the price of fuel was $1.30 in Sydney, you can imagine what would happen. When the Treasurer gets up in this place and says that he can guarantee that the price of fuel need not rise once he introduces the GST and with all the attendant changes to fuel excise that he intends to make, I am afraid I think he is joking. I do not believe him. In fact, I do not know one person who lives in northern Australia who believes him. What this demonstrates further is the radical impost that this government is putting on those Australians who are least able to afford it. I do not know how the members of the National Party can cop this, to be very frank with you. How can they sit in their party room and accept this drivel coming out of the mouth of the Treasurer that somehow or other people who live in these regional and remote communities are going to be better off? I am sure you do not believe him. I know you have to toe the party line, but come the next election you are going to want to disown him. I say to you, ‘Disown him now’. Through you, Mr Deputy Speaker, these people and the community are being told porkies about fuel prices, they are being told porkies about health care, they are being told porkies about Telstra and they are being told porkies about the impact of the GST generally.

People are not fools. The Australian community know when they are being conned. In this particular instance, we are seeing the Australian community conned by a government which is going to manage the most regressive tax system that we could possibly have and the one that will further heighten the disadvantage that people who live in rural and remote areas suffer as
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Mr ANDREN (Calare) (6.12 p.m.)—It is sobering to note that these appropriation bills authorise the minister for finance to issue just on $2.5 billion from the consolidated revenue fund in addition to the funds appropriated by bills Nos 1 and 2. In essence, the initial estimates did not include the unforeseen expenditures for which these bills are now necessary. This in no way is any criticism of economic management. It simply shows the unpredictability of economic life, as unpredictable as political life and, indeed, as real life out there in voter land. It also underlines the unpredictability of budget surpluses and deficits.

One has no questions regarding extra budget allocations in the wake of the East Timor crisis—no-one could have predicted that. I accept the need to top up the natural disasters relief program in the wake of unexpected claims stemming from disasters over the past two years. I wonder at the need, though, for $50 million appropriation for extinguishment of the Australian Federal Police adjustment scheme. Surely this should have been included in the earlier appropriation bills and budget estimates. Similarly, I have doubts about the extra $25 million appropriation for the Alice Springs to Darwin rail link. Others, with more understanding of infrastructure priorities in Australia, have questioned the viability of this project as compared with the Melbourne-Darwin inland NSW and Queensland option.

The member for the Northern Territory alluded to the tabling today of a report by the House of Representatives Standing Committee on Primary Industries and Regional Services about infrastructure needs. The report highlights the need for a national infrastructure advisory council to prioritise our development needs. The odour of political as opposed to economic considerations hovers around many government supported programs and has done so over the years. It underlines the need for this country to adopt an infrastructure blueprint that

a result of their isolation. I do not think it is fair. I noticed today that the government’s report, *Time running out: Shaping regional Australia’s future*, does not mention any of those things in the way I have addressed them. It does not mention any of them. If the government is fair dinkum about regional Australia, it would think about them. It would come up with proposals which would address these differences which I have highlighted.

Those are not the only areas. You can go to every area of government policy—health, education, housing, roads. Let us just go to roads for a moment. In 1996 there was a regional roads program operating in the Northern Territory which was budgeted at $15 million by the previous Keating government. It was canned almost immediately by the incoming Howard government and has not been replaced. Over the last few weeks we have seen tremendous rainfall across northern Australia. Roads are impassable. Communities are inaccessible. There are large numbers of communities in my electorate to which you will not be able to take road transport in for a month or six weeks. People who live in Canberra, Sydney or Melbourne cannot comprehend the sacrifice that this causes people to make in these communities. But do we see any effort at all by this government or, for that matter, the Northern Territory government, to really address the road infrastructure needs of regional and remote Australia? The answer is no.

A number of federal governments have put in a very good national highway system, certainly in the Northern Territory. But, when it comes to regional roads programs, an initiative by the Keating government was canned by the Howard government and not replaced by anything. Yet we hear from the Victorian Automobile Association that, as a result of GST relating to fuel and the change to fuel excise, the government can expect a windfall of some $650-odd million over the next 12 months. Why can’t that money be spent on roads in the bush? Why can’t that money be spent on infrastructure which will improve the lives of the many Australians who are currently so severely disadvantaged by this government’s poor administration and abysmally poor policies?
survives changes of government and is overseen by an independent organisation representing all states and the Commonwealth. Hopefully, this will be a move in that direction. I do not hold my breath in any anticipation of it, however, given that, as the report highlights, we have four infrastructure reports—on roads, on rail—that have been sitting on the shelf since 1996-97. The government is yet to make a firm response to them, let alone any significant commitment.

Another appropriation in these bills is an amount of $35 million to be spent in Tasmania as part of the Telstra social bonus. I wonder what we will be doing in 10 or 15 years time when even newer technologies arrive. Where will the revenue be for social bonuses when all the silverware has been raided from the national cupboards and flogged?

The added costs of the GST implementation covered by these bills I have no quibble with. The GST, of course, I do. Other appropriations in the bills seem quite unremarkable, so I just want to move on to a few of the specifics.

We all would know how much of this government’s economic management record was built on the back of the cuts in the 1996 budget. We saw reductions in outlays to schools, universities and child care, a cessation of the dental health program for pensioners and a move towards a far more user-pays principle in provision of services—to which I had no huge objection in the area of aged care, I must say, given that there were immediate needs for a huge injection of funding. I see no problem in that. I do not have a problem in the user-pays principle being applied to those who can afford to pay, but I certainly do in the area of dental health, schools, universities and child care. In my region we had cuts to taxation department services, while there has been a decline in road funding over almost a decade, whatever the government may try to say to the contrary. The North Coast-Pacific Highway project got the headlines, but the reality is that overall funding has been trending downward for some years. Local government grants were also reduced in real terms.

This added up to a strong message to the world money markets of fiscal discipline. Standard and Poors loved it, but who was going to pick up the tab for the loss of social dividend in the bush? The committee report tabled today is the result of lengthy examination of deficiencies in infrastructure which currently impede development in Australia’s regional areas. I am sorry to hear that some of the areas in the Northern Territory may have been excluded, but I can assure the member for the Northern Territory that the coverage was wide-ranging, the visits were wide-ranging, the evidence included 300 submissions and it was as comprehensive as was possible in 12 months in such a vexed and complex area of regional development. I urge every member in this place to read the report carefully, and I particularly ask the government members to take up its recommendations with the Deputy Prime Minister. Unless the recommendations are treated seriously by this government, we stand to consign rural and regional Australia further to the backwaters of national growth.

Recently I attended a farewell of the Orange Agricultural College principal, Professor John Chudleigh, who as many members know has been appointed chair of the advisory task force set up by the Deputy Prime Minister after last year’s rural summit. Professor Chudleigh spoke of the need for Australia to begin arguing the special status of our rural economy at world trade talks, to adopt the European argument that rural lands and their care provide a special dividend to the nation that should be protected by government assistance if necessary, without its being regarded as any sort of a trade subsidy.

I would go a step further and say that we should also be arguing that the maintenance of our rural communities through special assistance measures, including greater use of fuel, power and communication rebates, if you like, should not be regarded in any way as free trade distorting subsidies. If the Europeans are arguing the value of their rural hinterland and the
environmental bonus they derive from that rather than from people living in the city and so on, we could mount a pretty fair argument at world trade debate, arguing the peculiarities of our particular balance of population, particularly the distortions in getting crops to market and so on.

Another pressing need is for rural and regional business to access affordable finance. This, I believe, Professor Chudleigh will address in his recommendations to government. Such access, along with positive government responses to the recommendations of today’s committee report, could begin the long haul back for many in regional Australia. As I said in my comments on the report earlier today, its title, *Time running out*, could well describe the need of this government to respond in real terms to the needs of rural and regional Australia. The report is an excellent place to start.

I want to look at some things dealing with telecommunications in regional and rural Australia, and particularly to discuss the closure of the analog mobile phone network and its replacement with CDMA. I do not expect the issue of the analog shut-down will be raised by either side in this place to any great degree; quite frankly, in many respects neither has anything to be proud of.

There were 400,000 analog mobile phone users, most of them in rural and regional Australia—there are still some until that signal is phased out. Some of them in my electorate of Calare, affected by the change, want to know why for the most part they do not have a phone service that works as well as their old one. That is still the case. I will tell you why. Labor has blood on its hands over this issue because the decision to close the analog mobile network was made in 1992 on insufficient data regarding the usefulness of digital in rural and regional areas. But it was part of a deal to attract Vodafone to Australia. Labor signed off on a contract agreeing to shut down the network by 1 January this year. I suggest that the government, particularly the National Party, are equally responsible. First, when in opposition the current government did not question the proposal, as far as I can see, to shut down the analog network. Then, when in government in 1998, it amended the agreement with Vodafone so the company would no longer be required to be 50 per cent Australian owned by 2003. So the government was willing to amend this agreement to allow Vodafone to remain foreign owned, but not to change it to protect the interests of mobile phone users in regional New South Wales and elsewhere.

When the government gave that massive free kick to Vodafone, I moved a disallowance in the last parliament, seconded by the Chief Opposition Whip and supported by the then Independent members for Moore and Kalgoorlie. It did not get anywhere but it raised the issue. In more recent times, the government has failed to use the specific powers granted under the contract to keep parts of the analog network going after 2001.

To this point it has failed to deliver on the promise made in July 1998 by the then Leader of the National Party that CDMA would prove as good a service as analog. Throughout the debate about the closure, government members have claimed their hands have been tied by the terms of that contract signed in 1992, but what did that contract say? Clause 3.2 provided the minister with, among other things, express freedom to vary the condition of the licence in order to protect or promote the interests of consumers of telecommunication services. Clause 3.6 gave specific powers to the government to allow a telecommunication provider to maintain an analog service after 1 January 2000 through agreement in writing with all the carriers.

You might say that that was going to be a pretty difficult thing to achieve, and that taking that action would undoubtedly have involved compensation to Vodafone. But the decision to remove the Australian ownership requirement from Vodafone was reputedly worth $500 million to that company. One would think that Vodafone might have agreed, or been persuaded to...
agree, to a more gradual phasing out of analog or even to the permanent maintenance of it in areas where it was not economic to provide digital coverage.

I have not seen many signs of those other carriers out there in the marketplace trying to provide digital service in the areas where it is not a profitable undertaking. Of course they said that they would give mobile service to 90 per cent of the Australian market. That was the big con because you can achieve that in Melbourne, Sydney and perhaps a bit of Brisbane. Telstra has been left with this community service obligation and all of the infrastructure on which these parasites piggyback. They argue that they do not want part of this community service obligation, that it is only worth $200 million, and that they are not going to pay more than that. So they cop out and, to be fair, Telstra is bagged with the whole job.

The only option is to work out how to bring CDMA up to scratch, while at the same time digital is a less than adequate alternative on link roads and highways, certainly in my electorate. I have sat down with Telstra. I did not need to go to listen to Ziggy the other day, as I had a meeting with fairly senior Telstra people before Christmas and we laid everything on the table and said, ‘Okay, you go away and tell me why this person’s service cannot be connected in this time, why it has taken 12 months; you deal with them and get back to me. Also go to these CDMA people because the service is not as good.’

Of course, we have seen since then that patch cords have been suggested. That has provided some solution in some cases, but there are still areas where—it may have been fortuitous—there was very strong coverage, and that is now not available, according to a survey that I did with my last newsletter. I will be giving the results of that survey to the government, the ACA and Telstra later this week.

The ACA inquiry into CDMA coverage will take into account the natural irregularities of coverage of communications provided by radio waves; the fact that such communication may be affected by topography, weather conditions and the power of individual transmitters; and the provision of ‘reasonably equivalent network’ considered as a whole—that is, nationally, rather than in particular geographic locations. That is the deception to some degree in this, that the ‘reasonably equivalent’ does not apply suburb by suburb or community by community; it is to get a picture generally across the country. That is not equivalent, in my book. It will also look at the reasonableness of imposing additional costs on the carrier, the extent to which claimed detriment in one particular geographical area has been offset by additional coverage in other areas and other factors it may deem relevant. I suggest all of these factors, these excuses, will effectively conspire to ensure improvements are only made where Telstra think it necessary—and that will eventually, and probably immediately, be an economic decision.

Where does this leave Calare’s mobile users who expected, and were told, that their new service would be as good as their old one? I have a submission resulting from a survey in which 85 per cent of the respondents say that CDMA’s overall performance is worse than analog’s. I asked them, ‘Was it better; was it the same; was it worse; was it far worse?’ Eighty-five per cent of the respondents say it is, overall, worse. Of course, there are limits to any conclusions that can be drawn from a survey conducted in such a way, but the results should be alarming for Telstra and, indeed, the government.

The government should not underestimate the extent to which its handling of the CDMA issue when combined with its handling of the whole infrastructure thing has had an effect. I am alluding to the response to those reports—and I suppose there were others before my time in this place. Nothing substantial has been done about the report Planning not patching, about the rail report in which the government member in the chamber played a large part. People are waiting for these. I wonder what the value of this committee process is, quite frankly, when
we have got this sort of stuff sitting there. There has been some work done in the child support area, but there are some significant recommendations there that are yet to be acted upon, including in the area of the formula applied to income of non-custodial parents. A Bathurst bus owner wrote to me the other day saying:

Because of our business, we bought a CDMA phone in September 1999, given assurances the CDMA network would be better than analogue. We have waited day in and day out for this to happen.

Unfortunately, we took out a two year program and as far as I and our employees are concerned, it needs throwing in the waste paper basket!

I will not say any more about CDMA, except to urge the government to look at the report that I will be giving to the minister. There are people out there who are not satisfied they are going to get an equivalent service out of this new technology.

Telstra and its privatisation have been neatly linked to the environmental credentials of this government. Much has been made of the Natural Heritage Fund and the Landcare, Bushcare and other projects funded from that scheme. However, a recent audit of the program has identified the inherent piecemeal approach and, indeed, wastage of much of this program. Well, we just cannot afford waste; we do not have time, as was shown in the launch of the Central West Catchment salinity risk assessment that I had concern— I was going to say the pleasure—to launch last Friday near Orange. I told this House during debate on the bill that set up the sale of the first raft of Telstra that the so-called environmental effects or benefits of such a sale and such a program were largely illusory. The so-called Murray-Darling 2001 Strategy was a joke, given the evidence that has now come forth on the salinity crisis facing that catchment.

There are questions raised about the effectiveness of the whole Heritage Fund program—and why wouldn't there be, with truckloads of salt being deposited weekly into the major rivers from upper catchment streams carrying salt from the rising water table of land cleared of native vegetation on the slopes of the Murray-Darling catchment? The local landcare groups have done an absolutely marvellous job, but, as that audit suggested, it has been largely piecemeal. It has been a tremendous PR benefit to the government in its environmental credentials, but I fear it has done precious little to turn around that huge problem that, if we do not do something about it, will see us with in the order of seven million hectares of land salt affected by the turn of this century.

We have state governments left in charge of their forests and tree clearing regimes, except insofar as regional forestry agreements impact on exports, when the federal government becomes involved. We have that standoff in Queensland with the federal government refusing to fund the Beattie government’s land clearing compensation program. Surely, this is a national responsibility, for the trees cleared in Queensland also form part of that Murray-Darling Basin, quite apart from the impact such clearing will have on river systems running northwards in that state.

A similar situation is evolving in New South Wales, where grave questions surround the deal done by New South Wales Forestry to provide charcoal to a silicon plant at Lithgow. I am the first one to go chasing jobs for Lithgow. But I have real problems about this particular project and the access to the timber to turn out the charcoal—where they going to find the hardwood for this, I am yet to be convinced—quite apart from the carbon consequences of reducing 160,000 tonnes to 30,000 tonnes of charcoal for the reductant for this process. It is not jobs at any cost. That is the pressure that the state government is putting on the environment conscious sections of the community to get something up in Lithgow because the aluminium smelter might fall on its face. Where are Carr’s environment credentials if he is not
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preparing to let the federal legislation, which kicks in on 16 July, scrutinise this particular deal? They want to get it all out of the way before that takes effect.

Very briefly, there is a role in all of this, in our environmental program in the Murray-Darling Basin, for the Koori community through the CDEP program, and I would like to expand on that in later speeches. They may have the spiritual key to restoring the Murray-Darling Basin if they are interested. (Time expired)

Sitting suspended from 6.31 p.m. to 8.00 p.m.

Mr HORNE (Paterson) (8.00 p.m.)—I rise to address an issue that is dear to my heart, and I hope that at the end of this speech it is dear to the hearts of a few other people—that is, a government of Australia that will fund an alternative fuel industry. Last week in debate in the parliament we saw the problems that have befallen this country because fuels are being brought into this country excise free—in particular, toluene. Toluene, of course, is one of the aromatics and a traditional additive to petrol.

But let us talk about a fuel that is renewable and sustainable, a fuel that will not add to our greenhouse gas emissions, a fuel that will not increase our dependence on highly priced imported petroleum and petroleum products, a fuel that has the potential to generate regional jobs in many parts of Australia and a fuel that Australia already has the technology to produce. I talk of course of ethanol, the product of the fermentation of vegetative matter such as woodchip, forest thinnings, wheat stubble, sugarcane waste—a whole variety of things that can be sourced from many parts of Australia. The tragedy of this story is the refusal of this government to support a viable ethanol industry in Australia.

In 1993 the then Minister for Industry, Technology and Regional Development, the Hon. Alan Griffiths, granted $2 million for a trial ethanol plant to be established anywhere in Australia—it did not matter. All it required was for the $2 million from the federal government to be matched by $2 million from industry. Unfortunately, it has not happened yet. No private industry source has been prepared to come forward and put up the $2 million to allow this to happen.

In 1995 the Keating government, through the Hon. David Beddall, announced a bounty for all new generation ethanol produced after that date. I believe it was 16c a litre for new generation ethanol. One of the first actions of the Howard-Costello regime was to take that bounty away. The tragedy of that decision by the Howard government is most evident today when we consider that West Texas crude is currently selling for about $US32 a barrel and the Australian dollar is down around US62c. Ethanol would be a viable fuel if the price of crude oil was at about $US22 a barrel. It is precisely under the circumstances that exist in Australia today that the ethanol industry would flourish.

Last year Australia imported about $4.5 billion worth of petroleum and petroleum products—imagine, $4.5 billion. How many members of this chamber and how many members of the Australian community are aware that an Australian company Apace Research hold the world patent for diesahol, a fuel where 15 per cent of the diesel is replaced by ethanol. The Australian technology is used in the US, in Scandinavia and in South America but it is not used in Australia. Just imagine if 15 per cent of all that diesel fuel being burnt by the juggernauts we see on the highway—the B-doubles, the road trains, the semitrailers—by the locos hauling freight on our railway lines, by the ferries in our cities and by the ships that ply our coastal trade was ethanol, a locally produced fuel. That is an enormous quantity, and when you convert it into dollars it is a very large amount.

Just imagine if we, like Brazil, added ethanol to all of our petrol for our cars—that is what they do. In Brazil it is impossible to buy straight petrol; it is either an ethanol/petrol blend or
pure ethanol. Obviously the cars have to be tuned, but I have no doubt that Australian mechanics could rise to that challenge. Imagine, also, the effect on our trade deficit if that 15 per cent, $0.7 billion, were reduced from the amount of fuel that we had to import.

That is not the only beauty of ethanol: it would also be a cost saving to this country. I am sure you would all agree with me that the hardest thing any government of any political persuasion has faced in the last couple of decades is creating regional jobs, particularly creating jobs in regions where traditional industry is dying. In my own area, where the timber industry once flourished, where it was once a labour intensive industry, those people have now been replaced by machines. The pressure by the environmentalists to reduce the amount of timber available for logging has seen those industries reduced enormously as job creators. In the wheat belt, the grain areas, once all the wheat bags were sewn and humped by hand. Today a machine replaces many men.

I think of the sugarcane industry. We can think of the part played in Australia’s history by those workers who went out and cut the cane by hand, only to be replaced by a machine. I think of the cotton fields in the north and north-west of New South Wales where the stubble has to be got rid of. All of these things provide vegetative matter that can easily be fermented into ethanol.

I am not talking about a big plant. When you talk about an oil refinery you are talking about an investment of billions of dollars. A fuel oil distillation plant is an enormous plant costing an enormous amount of money and, of course, the environmental impact of it is also something that many people would find undesirable. But when you are talking about a plant that could produce ethanol from vegetative material—be it forest thinnings, be it the sidings taken off logs, be it the woodchip that we give away, be it the wheat stubble that may be mulched, be it the bagasse from the sugar mill—often it is a problem to get rid of it. In my area large volumes of sawmill waste are burnt. They are still burnt and they are adding to our greenhouse gases.

Ferment it, turn it into a fuel and it does completely the opposite. You are actually reducing greenhouse gases because you are using current generation materials—carbohydrates or vegetative matter—you are reducing the dependence on fossil fuels and you are more than balancing the books as far as our greenhouse gas emissions are concerned. That is the beauty of ethanol.

A full-scale plant would probably cost of the order of $80 million to $100 million. In the industrial spectrum today that is not such a large investment. It is not such a large amount that many organisations and corporations out there could not fund that sort of plant. For that sort of investment, you could expect of the order of 80 to 100 jobs. I am sure that all members here know a community where an injection of 80 to 100 jobs would make an enormous difference to a regional town. The sorts of jobs that we have never been able to provide could be provided by such a plant.

I envisage that between 100 to 200 plants could exist around Australia. They would not only be producing ethanol; there would be solid wastes. There are always solid wastes from these chemical processes but they are high-energy wastes and by burning them correctly they could be involved in the cogeneration of electricity. So a large number of sites around Australia would be producing ethanol, a high-energy liquid fuel, as well as solid waste that would be then generating electricity that could be put into the national grid. Nothing goes to waste: we create the fuel; we create the jobs; we generate electricity that then goes into the national grid.
That is what I see as a potential for a fuel that other countries throughout the world are currently using. As I said when I started, the shame of it is that this government denied the ethanol industry the opportunity to proceed down that path by withdrawing the 16c a litre bounty that was made available in 1995. I will not waste others’ time. I think I have said enough. I hope that, as a result of this, I have sown the seed, however, that shows that with a little bit of lateral thinking, by accepting what are the great natural resources of this country and by recognising the technology that already exists and that has been developed by Australian scientists, we can become the lucky country again. I thank you and I certainly hope that the government and some of its ministers have been listening.

Mr Laurie Ferguson (Reid) (8.13 p.m.)—I congratulate the member for Paterson for again raising the issue of ethanol in an electorate which has a significant forestry industry. The particular bills today, Appropriation Bill (No. 3) 1999-2000 and Appropriation Bill (No. 4) 1999-2000, provide for an additional carryover of $23.16 million from last financial year of unspent funds within the Forest Industry Structural Adjustment Program, or FISAP, as it is known. Agriculture, Fisheries and Forestry Australia have described this carryover as being ‘due to delays in finalising the regional forest agreements’. It would be more accurate to describe the carryover as being due to the wildly erratic behaviour of the Minister for Forestry and Conservation, as I will demonstrate.

In the case of New South Wales, we find that Minister Tuckey suspended all FISAP funding to that state in November 1998 in a blatant attempt to stand over the Carr government, the industry, the unions and, I guess, communities in general, when they announced the RFA proposals for the Eden and North Coast regions. Since then, having failed to persuade his state coalition colleagues to vote against the proposals in the parliament of New South Wales, and despite a series of intemperate outbursts from the minister to try and persuade the New South Wales coalition to toe the line, the minister has set about delaying the RFAs in those two regions of New South Wales as part of a continuing vendetta against the state government.

After constantly attacking the state government’s proposal for the Eden area between October 1998 and August 1999, he was then forced into a humiliating backdown when he finally signed Premier Carr’s original package. All that the minister and the member for Eden-Monaro, Mr Nairn, achieved by their actions was to delay the signing of the agreement by 10 months, creating further uncertainty and confusion to industry.

What we are constantly told by the government—and I agree with it—is that industry needs certainty. It needs that kind of security so that there will be investment and a development of technology markets. However, we have seen here the blatant politics in delaying the finalisation of the NSW agreement. It is now 15 months since you received NSW’s November 1998 proposal for the north-east but still no RFA has been signed. As recently as 19 February, he responded to my media release, attacking the delay by promising that the much awaited RFA quote was expected to be finalised within weeks. For 15 months the industry in NSW has been waiting for him to restore the flow of FISAP funding, yet he has the temerity to attack everyone else for the problems the industry is facing.

I turn to Western Australia. The shambles of an RFA for the south-west of Western Australia signed by the Prime Minister and Premier Court on 4 May 1999 promised the state $20 million of Commonwealth funding, including $5 million from FISAP. When Premier Court later backed away from the provisions of the RFA, the Minister for Forestry and Conservation attempted to position himself as the timber workers’ friend, allegedly fighting to protect their jobs. What he has delivered, however, has done nothing to help the industry or timber workers in general. He has failed to clarify the exact status of the RFA in that state, given that the state cabinet has unilaterally altered its provisions. Equally, despite repeated denials that he had
repudiated the original agreement, he has failed to hand over to Western Australia any of the promised $15 million of FISAP funding. All that he has managed to deliver has been a torrent of abuse against the state coalition mates, describing Premier Court at various times as ‘an appeaser’ and ‘an idiot’. That premier is not the only premier who has been described as an idiot. The premier of Queensland, Mr Beattie, was coupled in that last abusive attack.

Quite frankly there must be grave doubts as to whether Western Australia will ever see its promised FISAP funding. The minister is quoted in the *West Australian* of 29 July 1999, for example, as saying he had advised the Prime Minister not to hand over the money because the state government had reneged on the RFA. He told the newspaper that:

... my advice is to freeze the money. WA would not see a cent of the $15 million and had no chance of getting more money from the federal government to compensate the further 1500 workers who would lose their jobs under the new deal.’

The reality out there, after we get rid of the rhetoric and the bravado around the place, is that the agreement in Western Australia did require people to exit the industry. Whether we like it or not, the state government faced up to some of those realities and the industry faced up to it. The people who are suffering are the industry and the employees through this kind of carry-on by the minister.

I have submitted a number of questions on notice on the matter of funding in Western Australia without ever receiving a satisfactory reply. I challenge the minister to spell out his intentions and, particularly, to set out the precise circumstances under which he will unfreeze FISAP funding in Western Australia. Until he does so, there is no guarantee that the carry-over funding included in these bills will ever be spent.

The other state that is yet to receive any of its promised FISAP is Queensland. Quite frankly, South Australia are very fortunate in a way that they have no forestry and do not need an RFA agreement. They have had no promises of FISAP. They are about the only state in Australia that the current minister has not had a dispute with. There have been very vigorous, abusive assaults on every state government around the place at various stages, including Minister Tehan in Victoria at one stage and two premiers recently in this process.

On 16 September 1999, five months ago, the Beattie state government announced that it had brokered an agreed forest package for the south-east with the timber industry and the conservation movement. Later that day Minister Tuckey issued a media release headed ‘Commonwealth to consider Queensland forest proposal.’ We now know the minister never intended to give consideration to the Queensland proposal. Instead he has worked with the worst elements of the Queensland National Party to attack the proposal and to openly attack the body that represents the timber industry, the Queensland Timber Board. In this he has been supported by six coalition federal MPs who wrote to the Prime Minister urging the government to reject Queensland’s request for financial assistance, effectively urging the Commonwealth to discriminate against Queensland—

Mrs Elson—Beattie got it wrong.

Mr LAURIE FERGUSON—I am pleased that the member over there is proud of being a signatory and denying Queensland that money. That is her political line; fair enough on purely political grounds.

As recently as 23 February, the minister tried to mislead the public into believing that he is still committed to finalising an RFA for south-east Queensland. Let us look at the precedent in New South Wales: 15 months in some instances, and he still has not finalised. So these kinds of promises about finalising agreements in Queensland must be very dubious indeed. The minister issued a media release headed ‘Tuckey calls on Beattie to sign a “proper RFA” to
protect small timber towns’. Yet, two days after he put that on the public record, he faxed to
timber mills in the region a letter that contained a completely opposite message, saying that he
saw:

… no purpose proceeding further with a State/Commonwealth Regional Forest Agreement … in
Queensland … Put simply, if I can introduce a modicum of politics I would prefer to wait for a future
Government …

There we have it quite clearly that the minister is denying to the Queensland industry, to the
employers, funds to make sure that people can receive training, that people can exit the in-
dustry if necessary and that investment can occur in this state. He is saying to those employ-
ers, ‘I will not sign an agreement until you change the state government in Queensland.’ Quite
frankly, they might be waiting quite a while for that security. In other words, the minister was
clearly telling the timber industry that there would be no RFA and no FISAP funding unless
there was a change in the state government. Given that the FISAP program is to end shortly,
what then does he promise to do with the money that has been earmarked to help the industry
and individual timber workers in Queensland?

I note the degree of proficiency in this policy area that the member for Forde professes to
possess, but I am far more inclined to listen to the employers in the industry, the body that
represents the industry. The Queensland Timber Board has made some interesting comments
about the Queensland situation. On 23 February, the Timber Board—not the Labor Party, not
any conservation group—said:

… attempts by Federal Minister for Forests, Mr Wilson Tuckey and six Queensland Coalition MPs—

Mrs Elson—They didn’t talk to us about that.

Mr LAURIE FERGUSON—He didn’t talk to you, that is right. The statement continued:

… to destroy a State Government, timber industry and conservation agreement are ‘anti-industry’.

Mr Rod McInnes further commented:
The sawmillers of South-East Queensland have been offered, for the first time ever, long-term, compen-
sation wood supply agreements at current allocation levels.

Quite frankly, the whole conspiracy is a political conspiracy of the worst order, manipulating
the industry, the future of these workers, these communities on pretty base political grounds.

Another thing in this process should be remembered. The minister actually wrote to the
sawmills in Queensland saying that he did not like the agreement that the Queensland gov-
ernment had reached with the industry and asking them if they would please write to him and
give him reasons to oppose the agreement. He wanted information as to why it was a bad
agreement and in correspondence he begged them to inform him of why he should be very
critical of this agreement.

The Queensland outcome means, essentially, a move towards native hardwood plantation
in a transitional phase to 2025 so they can phase out the clearing of their native forests, the
conservation of 425,000 extra acres, et cetera, and, basically, the avoidance in Queensland
of a woodchip industry, which is not a player there at the moment. The reality up there is that we
see television programs showing the minister for conservation, Senator Hill, complaining
about salination in this country, saying that we have to grow more trees, we have to get behind
landcare groups, we have to do all these things. But essentially we see a clear unwillingness
of the coalition federal government to try and help the Queensland government finally face up
to these measures.

Even today, I notice, the Premier of South Australia is out there big-noting himself and pro-
fessing interest in South Australia. Under the headline ‘Five billion trees should be planted,
Olsen', he is reported to have said that five billion trees should be planted to ease water and land salinity.

The fact of life is that this FISAP money is there to face some unfortunate realities. We all wish that there were no terminations of people in employment, that the world could merrily go on the way it has been in the past. The situation a variety of coalition and Labor states have come to is that probably some people have to exit the industry. When they exit the industry there should be some degree of help for them in being retrained and in getting alternative employment. As we have seen in Tasmania, FISAP money was used to promote tourism, to promote alternative industries.

These are the kinds of measures that these states require. It is a sad fact of political life in this country that, regardless of whether it is a coalition government in Western Australia, whether it was the Victorian coalition government, or whether it is the New South Wales Labor government or the Queensland Labor government, they have all faced the difficulty that the minister is not really concerned with outcomes and is not really concerned with the security that the 1992 National Forest Statement sought to give an industry which has been buffeted by continuing political debates and by blockades, bans and protests in forest areas. That security has essentially been undermined because there is no security of FISAP money when you do reach an agreement with your industry and with your unions and your communities.

Essentially, no matter how much you would like to see it happen, the industry in New South Wales and the industry in Queensland are not deploring the state governments, attacking them and saying, 'It is about outcome, it is dreadful, we are all going to have to shoot ourselves in the head or something.' They are actually part of the agreement. That has led to a process where the employers and, in Queensland, the conservationists are on side. In New South Wales, the agreements that he is so unhappy with are agreements which the conservation movement is somewhat critical of. Once again, we must try and urge these coalition members in Queensland to be less inclined to run out there at his behest trying to bring down this Queensland agreement. They should actually have some conversations with the Queensland Timber Board and find out what is going on—that the vast majority of the mills they are supposedly protecting have got 25-year agreements protecting their wood requirements and that Queensland does need to move out of this destruction of state forest hardwoods and move towards a plantation system.

This carryover of money in these bills is essentially because the minister is using the money that the parliament has voted for this purpose to try and force people to toe his line. We know how in New South Wales it has been monstrously ineffective. In the next few weeks he will have to back down again and, to great embarrassment, he will have to say, 'Oh, well, I am going to sign the agreement in the north-east, just like I signed the one around Eden. I did my best, boys. I held it up for 15 months, but, at the end of the day, I am going to sign it.' And all we have had in the interim is insecurity in the industry.

Mr WILTON (Isaacs) (8.27 p.m.)—In speaking on Appropriation Bill (No. 3) 1999-2000 and Appropriation Bill (No. 4) 1999-2000, I intend to refer to two specific health related issues, reflecting their importance not only within my own electorate of Isaacs but, indeed, around Australia. Undoubtedly, some of the most pressing issues that confront the Australian electorate today are tied up with the provision of both health and family services and the continuing confusion which surrounds the application of the GST, particularly as it will apply to some health services and not to others.

The government has in the past promised that health and health care will be GST free. But when the parliament by and large found out that that was not the case, the government then promised that any price increase on health products affected by the GST would be offset by
some other compensation, such as the reduction in the wholesale sales tax. What then happens, we should ask, if a particular health product does not carry a wholesale sales tax component? An obvious example is how the GST will affect products now available over the counter, say, pharmacies and perhaps ostensibly used for the treatment of a wide range of skin conditions, notably, for example, eczema, psoriasis, acne or tinea.

Until 1 July this year, all such dermatological products, prescription or non-prescription, are wholesale sales tax exempt. It therefore follows, as a fairly natural corollary, that all other skin products—that is, the ones that you can get freely over the counter—will be taxed an additional 10 per cent on their retail price. Ego Pharmaceuticals, which operates within my electorate of Isaacs, in the light industry area of Braeside, specialises in the manufacture of such products, both for Australian and international markets. Indeed, Ego has made a number of representations to me and to government about its concerns in relation to the impost of a GST on its own products.

It believes, quite rightly, that its own products, most of which are readily available over the counter, should be GST free for a range of quite sound reasons. These reasons include the fact that they have been well and truly evaluated for safety by the Therapeutic Goods Administration and are generally safer than their GST-free prescription counterparts. Another reason they should be GST free is that they are used to prevent disease. Another is that they help to reduce the reliance of sufferers of chronic skin conditions on government funded prescription products. Finally, they should be GST free because they are all currently exempt from sales tax. The government has it wrong once again.

How can a government fail to meet its own promise that prices need not rise when it indiscriminately applies the GST to products that have not been taxed before? You do not need to be an A-grade mathematician to comprehend—in fact it is quite simple—that applying the GST to unscheduled products and dermatological pharmaceuticals which currently do not carry the wholesale sales tax means that prices go up by 10 per cent on top of the retail price. It is a parlous and inequitable situation. This government cannot afford to penalise local manufacturers and exporters like Ego Pharmaceuticals by continuing to permit this anomaly to prevail.

Just down the road from Braeside in the electorate of Isaacs is the newly created Central Bayside Community Health Service, which provides a very wide range of much needed health and community services to families within the electorate of Isaacs. Its family violence program, for example, is a key element of the comprehensive range of services that it provides. We cannot deny, by any means, that family violence is widespread in our community. Bayside police would receive approximately 1,300 reports of family violence annually and I suspect, given that these are only the reported incidents, that this is but the tip of the iceberg. It happens in all suburbs and in all occupational and ethnic groups. The perpetrators are usually men and the victims, understandably, are usually women and children.

In response to what can only be described as an alarming incidence of family violence in the community, the Central Bayside Community Health Service established the position of a male violence worker within its family violence program. This position aims to provide counselling and support to modify male aggression and aggressive behaviour against women and children. This program has been running very successfully for the past four years on a largely part-time basis. Until recently, the position was funded through the Rotary Club of Brighton, with Central Bayside providing administrative support, accommodation and additional funding in the event that shortfalls occurred from time to time.

Unfortunately, the Rotary Club of Brighton is no longer able to continue to provide this funding, and all avenues for alternative funding have been explored by the health service to
no avail. The family violence program has directly assisted some 139 men within the last two years of its operation and, in addition, has provided over the telephone advice to many more. The men who have been in contact with the program usually have a female partner and, on average, two dependants. On that basis, the program has touched, hopefully in some positive way, the lives of about 550 people.

In light of these staggering figures, it is clearly of prime importance that this essential service be maintained. It is equally important to maintain the position within the centralised services provided by the Central Bayside Community Health Service. If the position is forced outside this highly regarded local health service it will create unnecessary service gaps for clients and workers. To that end I will be vigilant in approaching the Minister for Family and Community Services for recurrent funding to assist the Central Bayside Community Health Service maintain this essential program, which assists not only the men—and in some cases the women—who approach it but also their spouses and dependants who, in some less direct way, benefit from this fantastic local initiative.

Mr O’CONNOR (Corio) (8.36 p.m.)—In this debate on Appropriation Bill (No. 3) 1999-2000 and Appropriation Bill (No. 4) 1999-2000, I want to touch on the costs to the rural sector associated with the introduction of the government’s new taxation package. The government has increased its appropriations to cover extra costs associated with the implementation of the GST, particularly the increased costs associated with the exclusion of food from the GST and those associated with changes to the Diesel Fuel Rebate Scheme. It is very instructive to note that, in the bills that are being debated here, the government has increased its own allocation to implement the GST by around $118 million in the budget. But individual farm businesses, along with other small businesses in the Australian economy, will only get $200 to assist them through this nightmare—to cope with Costello’s curse, that ‘Nightmare on Main Street’ to which the Treasurer referred: the coalition’s GST.

Farm businesses are like many other small businesses in the Australian economy. They are going to be saddled with rather large compliance burdens related to the introduction of the GST. The average cost has been estimated at $7,000 per small business—that is, for small businesses that already have some form of computerised system to cope with its introduction. But for many farms businesses that $7,000 will be much more.

The government is claiming massive benefits to farmers as a result of the introduction of the GST because they are exporters. But we know that, in the farm sector itself, many farmers are not exporters. Their produce is not exported. Many wine producers, many farmers in horticultural pursuits and many farmers who are engaged in alternative farming enterprises would fall into this category. These people do not export their products, they market them solely on the domestic market; they are largely price takers in those markets. The industries I refer to tend to be labour intensive so, with an impost of around $7,000—and for many of them that impost will be higher—there will be significant flow-on employment effects on those businesses. Make no mistake about it, the GST—Costello’s curse on the rural sector—is a job destroyer. It will destroy jobs in industries that have great potential to grow.

The government has also claimed that significant external benefits will flow to the sector from the introduction of the GST. At the end of the financial year or a couple of months afterwards, many farmers traditionally take their accounts, in the shoebox, down to the accountant to sift through and prepare their annual accounts. The government is saying that the introduction of the GST is really going to put the acid on those farmers. They are going to have to computerise and update their accounting systems and they are going to be the better for that particular exercise. The government is claiming this, of course. It can claim an external benefit but it has not attempted to document it. It has not attempted to do any serious analysis of
the benefit that might flow from that particular exercise to a farmer compared to the direct
costs that he or she is going to have to employ in meeting the demands of being a tax collector
for the coalition and implementing Costello’s curse on the rural sector.

The one thing that the coalition never talks about is the impact of the GST on farm costs.
As we know, farmers are price takers out in the domestic and international market place in
many instances. The control of costs is very important to their eventual levels of profitability.
The initial hoax of the government, if I can put it that way, was to assume, in the calculations
that they made in structuring their compensation package, that the impact of the GST on
farms or on the economy generally was going to be in the order of about 1.9 per cent. It was
not too far down the road when virtually every economist in the land said that that was a load
of old codswallop. The government rejigged its figures and said that the overall impact on the
inflation rate as a direct result of their particular policies was probably nearer to three per
cent.

But we know historically, when we look at the impact of GSTs on costs, not only for gov-
ernment budgets and the appropriations which are the focus of our debate here tonight, but
when we get out into the private sector and we look at businesses and farms, the rule of thumb
has been in those economies where a GST has been introduced that the inflation rate increases
to approximately half the rate at which it is introduced. If history is any guide, the government
is probably understating the impacts that these costs will have on its own budgetary situation
but worse, it is underestimating the impact on costs, particularly in the farm sector. As a direct
result of the government’s policy, inflation and farm costs will be deliberately ramped up un-
der its current policy.

All this is very disappointing for a Labor member of parliament. Labor spent 13 years ex-
orcising out of the Australian economic system the inflation legacy that was left to us by none
other than the Prime Minister when he was Treasurer of this country. You may recall that at
the time that the Prime Minister—the then Treasurer—left office, we had double digit infla-
tion. We had double digit almost everything else as far as the economic indicators were con-
cerned, but I am dealing here with the inflation and the impact on farm costs and the costs of
the federal budget.

This particular Prime Minister left Labor a legacy of double digit inflation. It took us 13
years to exorcise the inflation demon out of the Australian economic system—13 long, hard
years of good economic management. We finally cut the inflation cancer out of the Australian
economy. What have we here? We brought that inflation rate down under two per cent and, of
course, with the coalition winning the federal election in 1996, they wanted to bask in Labor’s
glory after the hard years. In the debates that were held in the parliament they opposed every
initiative that Labor mounted in the economic sphere, saying that this was going to damage
the Australian economy. It did not. We brought down the inflation rate from 10 per cent—
double digit with the compliments of this Prime Minister—to under two per cent, a
manageable level in the Australian economy. Here we have, barely four years after coming to
office, the coalition government introducing a policy that is going to ratchet up inflation in
this country.

The coalition members in this parliament, especially those in the National Party, will be
known as the members who were part of a coalition that foisted inflation once again on Aus-
tralia’s farm sector. There are some things on the economic horizon that do deliver some
benefits to farmers. I am referring here to the current devaluation of the Australian dollar that
is occurring. However, there is also a sting in the tail. For many farmers this will mean a sig-
nificant increase in the income that they receive for their farm produce. Come 1 July, and
thereafter, they are going to have to fork out thousands of dollars from their enterprises to
cope with the introduction of the GST. Any gains that would have come from the devaluation

in terms of money in their pockets and farm income are going to be washed away with the introduction of the GST.

There is a more insidious factor at work here. After 1 July we are going to see the inflation rate in Australia increase by around five per cent. If that happens, added to the one per cent or whatever it is at the moment, we will have an inflation rate of around six per cent at a time when the inflationary effects of the devaluation of the dollar will be flowing through to farm costs and to the Australian economy. Farmers face a very serious inflationary situation. Has the government done any work on this? Where is the analysis of the impact of the GST on farm costs? That is one area that they will not talk about. The coalition will not talk about that because they know that their policies are going to increase the inflation burden on Australian farmers and rural businesses.

An even more insidious impact is going to take place with this increase in inflation. There are several determinants of interest rates in Australia. One is overseas factors like movements in American interest rates. Another is domestic demand conditions which can ratchet up inflation and lead to underlying pressures on the interest rate structure. There is also, pure and simple, domestic inflation. With the first factor there are the interest rate hikes that are occurring in the US economy and that are going to occur in the second half of this year. With the second factor there is domestic inflation that will receive a massive shove with the introduction of the GST. Those two factors alone are going to impact quite heavily on the underlying rate of inflation and put pressure on interest rates. That will feed into farm costs.

I get sick of the fact that here in this parliament coalition members get up and talk about high interest rates under previous Labor administration. They forget to tell the parliament that they presided over double digit interest rates on the farm sector and they are failing to tell farmers now that they are engaged in policies that are going to put more pressure on the interest rate structure in this country.

I believe it is instructive that in this debate we have today on the appropriation bills, the government is allocating significant amounts of money to assist it to cope with the introduction of the GST and to assist the farm sector in coping with the GST. I would like to comment on how things are going down on the farm as far as introducing the GST goes. Here we have an article from the *Weekly Times* that says it has been ‘The voice of the country since 1869’.

On Wednesday 8 March 2000, under the title of ‘GST delay’ Brian Woodford, a farmer of Mildura, said:

‘I haven’t had the time because I have been busy harvesting for the past eight weeks, and it’s pretty hard to sit down and do any bookwork this time of the year.’

That is repeated all over the rural sector. Farmers are busy people and they are now being burdened with the introduction of a GST and a compliance nightmare that is going to take time away from the important tasks of harvesting and earning an income. There is another comment from Graham Box, a Tarwin Lower farmer, who said:

‘Our accountant had to apply for our ABN as we have two properties with family members involved and it becomes confusing.’

You’re darn tootin it’s confusing! Down on the farm they really do not know what is going on. This particular article headed, ‘GST delay,’ headed off with this quote:

Uncertainty about grouping arrangements is causing many farmers to delay registering for the GST.

The revelation comes amid concerns over the poor rate of registration and the prospect of stiff financial penalties for farmers not signed up by July 1.

So not only will farmers have to carry the burden of compliance with Costello’s curse, this nightmare on main street—
Mr DEPUTY SPEAKER (Mr Hawker)—Order! I remind the honourable member for Corio of standing order 80. It is normal to refer to members by the name of their seat or their position.

Mr O’CONNOR—I was referring to the GST in that case, Mr Deputy Speaker, but I bow to your ruling. I was referring to the Treasurer, Mr Costello, and his curse on the rural sector. I will not quote any more from this particular article, except to quote a Mr Michael Heal, a shopkeeper in the South Gippsland town of Yanakie. This is what the article has to say, and it quotes this shopkeeper extensively. It says:

Michael Heal is a worried man.
The general storekeeper in the South Gippsland town of Yanakie believes the GST is going to be a compliance nightmare for his family store and many other small rural retailers.

‘We’re going to have to price all our stock ourselves, set up the new pricing structure, decide what is GST-free, put in new software to calculate the value of what we’ve sold and fill in regular activity reports.’

I really feel sorry for Mr Michael Heal because he is now the Treasurer’s, Mr Costello’s, tax collector. It goes on:

This would mean ‘more regular visits to our accountant’ and hiring someone part-time to look after the store’s GST reporting requirements, Mr Heal said.

He is up for an ongoing compliance cost with the coalition’s nightmare on main street in rural Australia. He then has this to say:

‘It all adds up to an enormous extra workload for small businesses, probably four to five times greater than for larger firms, who have the manpower and technology to handle it,’ he said.

‘For small family businesses like us, it means sitting down with a pen and paper with our accountant.’

Mr Heal said the GST would force them to become—

And here it is, here’s the rub—

‘the government’s unpaid tax agents and compliance officers.’

That is what is in store for Mr Heal in the South Gippsland town of Yanakie. He is going to become a tax collector for the coalition and, of course, it is going to cost him dearly.

I cannot think of a greater hoax that has been perpetrated on the rural sector than that relating to the coalition’s claim under the fuel arrangements structured in the new tax system. I think it is really interesting that a little article appeared on 11 June 1999 in Inside Canberra.

Many people read it and some do not particularly take to the analysis, but this is what Inside Canberra had to say about the diesel fuel arrangements under the ANTS package:

The Coalition is facing decimation in the bush at the next election following the introduction of the GST next year.

‘Decimation,’ that is the estimate. It is a very interesting article. It goes on to say:

We can only come to the conclusion the leadership of the National Party does not understand how ineffective the reduction in diesel excise will be on freight costs.

I will not go into this very intriguing analysis, but the analysis was predicated on a price of 72c per litre, a typical diesel price in the cities, where country bound trucks fill up at 72c a litre. That will, under the ANTS package, be entitled to a 23c per litre diesel rebate.

The problem here is that fuel oil is not a major component of the operating costs of trucks in rural areas. The Bureau of Industry Economics Research Report No. 46 of 1992 says that fuel and oil is only 21 per cent of total fuel costs. So we will get a 32 per cent fall on 21c, which is 6.5c. When this is translated through on the input-output analysis for each $100 of food in the sector, we see that the article concludes:
The bottom line is the diesel fuel credit of 23 cents a litre will mean a reduction of 0.33 cents in the dollar in the cost of producing “food and services sector” outputs in rural and regional Australia.

That is the extent of the con. This massive great fall in the price of goods and services in rural areas as a result of the introduction of the GST and the claim that it is going to impact heavily on fuel costs is simply a hoax. All of that is predicated on the fact that truckies pass on all of these particular savings, and, as we know, the introduction of the GST on those goods and services will wipe out any transport advantage, any 3.3c on a $10 basket of goodies that is purchased in Mr Heal’s store. So we can see that, as far as the rural sector is concerned, this GST is one of the greatest cons that has ever been perpetrated on the sector in our history.

(Time expired)

Mr GIBBONS (Bendigo) (8.57 p.m.)—I rise in this debate on Appropriation Bill (No. 3) 1999-2000 and Appropriation Bill (No. 4) 1999-2000 to talk about the issues that will affect the economy of regional Victoria. Earlier today I was delighted to inform the House of the deal reached between the state Labor government, the City of Greater Bendigo and AAPT in the location to Bendigo of the group’s operational headquarters. Unfortunately, the Prime Minister and other ministers chose to use this as an excuse to pardon Telstra for its actions and to renege on his commitment to the bush with regard to the pullout of regional services.

Last Friday, the Premier of Victoria, Steve Bracks, together with the AAPT group director, Mr John Matic, announced that they had chosen Bendigo to locate the group’s operational headquarters. AAPT is Australia’s third largest communications company. This is the result of excellent work by counsellors and officers of the City of Greater Bendigo in partnership with the Bracks Labor government in Victoria. I want to congratulate the City of Greater Bendigo on a fine effort, and in particular the city’s regional development division. They have been working extremely diligently over the past few years to position Bendigo as the call centre capital of Australia. Now, in conjunction with the state Labor government, that effort is bearing fruit. The problem is that their efforts have been undermined by Telstra and the Howard government.

The full sale of Telstra will see a huge Australian asset owned by foreign companies, lead to thousands of job losses and most likely slow the spread of Internet services. Telecom, and now Telstra, have been a part of the Australian way of life for most of this century. Australia has grown with Telstra. Telstra has provided affordable services to all Australians and has even put profits back into governments for schools, hospitals, roads, et cetera. John Howard wants to end this valuable relationship by selling Telstra to foreign companies and the big end of town. Australian families will be left with higher costs, poorer services and less benefits from the profits that Telstra puts back into our community. It is no wonder that the Country Women’s Association in April 1998 criticised the government’s plan in their submission to the Senate inquiry. They were quoted as saying:

There is grave concern amongst the member associations that when fully privatised Telstra will not deliver the standard of service consumers outside the major cities have come to expect, and they are fearful of losing their communications line to family, friends and businesses.

If Mr Howard is successful in selling all of Telstra, up to 35 per cent of our Australian owned assets will be owned and controlled by foreign interests whose loyalty will be to their board-rooms in Tokyo, New York and London. Whether it be jobs lost, decreasing services, increased costs or foreign ownership, the sale of the rest of Telstra just does not add up.

In Bendigo in January 1998, 26 Telstra jobs were lost to Tasmania. Tasmania benefited at our expense because of the federal government’s deceit. The 26 jobs from the Bendigo Service Centre were relocated to Launceston, Tasmania. The service centres in Bendigo and
Launceston both deal with telephone fault inquiries throughout regional Victoria and all of Tasmania. Some 30 jobs were lost from this department in Bendigo in the past two years and then 26 positions were hijacked to Launceston because of a dirty political deal. Telstra used to clear 74 per cent of faults in country areas within one working day. That has now dropped to as low as 61 per cent, leaving families and small businesses in the Bendigo region isolated, with no phone, fax or Internet access for days. That is dangerous for families and devastating for small business.

The recent announcement to sell off the remaining parts of Telstra may have an adverse effect on those who have already purchased Telstra shares. Many people purchased these shares on the basis that two-thirds of Telstra would remain in government ownership because, prior to the last election, John Howard stated emphatically that he would not sell the remaining shares. People bought shares with the expectation that they would be secure because the remaining two-thirds would be government owned, and now there may be a fall in value because of Howard’s backflip. It is against the law to give misleading information on a share prospectus—as the Treasurer has already stated in the House—and this is precisely what the Howard government has done. Apart from the obvious dishonesty of selling something to people who already own it, the Liberal government has deliberately misled thousands of Australians who purchased Telstra shares in good faith on the basis of Telstra remaining in government ownership because that is what the Prime Minister told them. Many rural Australians are convinced that telecommunications services in country areas will be worse under a fully privatised Telstra.

The results of a poll in May 1998 published in the Land newspaper revealed that country people are sceptical about the federal government claims that country Australia will not be disadvantaged by the sell-off. Of the people surveyed, 49 per cent said that they expected services to be worse under a fully privatised Telstra. Only 8 per cent expected the service to improve. A large number of people—some 63 per cent—said the concern about the sale of Telstra reflected an overall concern about the continued deterioration of services in the bush. Many who responded said that the government should retain some stake in Telstra, claiming that this was a more effective protection of rural services than any fines or legal requirements. Twenty-seven per cent of respondents said that they did not take seriously John Howard’s promise to impose a $10 million fine if a privatised Telstra failed to provide adequate rural services. Thirty-five per cent saw it as rhetoric designed to placate rural voters.

It is about time Mr Howard listened to the views of rural Australia which has already suffered a serious deterioration of services. In terms of essential services, the divide between country and urban Australia is widening. Health services are under enormous pressure. Bank branches and Medicare offices are being shut down. Labor will oppose this sale and ensure that Telstra remains in the hands of the Australian community—where it belongs. Labor will keep Telstra connected to regional Australia’s future.

The announcement in Bendigo on Friday is great news which has occurred in spite of the Howard Government’s agenda and not because of it. In people terms, this will mean work for up to 600 employees in both full-time and casual positions. This will mean an injection of around $12 million a year in Bendigo’s economy and substantial spin-offs for a range of businesses, small and large, throughout central Victoria. This news follows some 1,800 public sector job losses throughout the region over the past few years as a result of coalition governments, both state and federal, preparing and implementing their privatisation agenda. These privatisation job losses have already been estimated to have cost Central Victoria in excess of $40 million per annum.
AAPT’s decision to locate in Bendigo is in stark contrast to Telstra’s recent announcement that between 10,000 and 16,000 of its workforce will be made redundant over the next few years. Obviously many of these job losses will come from regional Australia. Three years ago, as I said earlier, Bendigo employed around 800 full-time Telstra employees. Currently there are less than 500 people employed by Telstra, and a large proportion of these are casual workers. On the one hand we had the new state Labor government working in partnership with the City of Greater Bendigo to create jobs, only to have the Howard government and Telstra undermining this process by announcing and supporting large-scale job losses in the communications industry. I call on the Prime Minister and Telstra to ensure that Telstra remains connected to regional Australia’s future by banning their job-destroying privatisation agenda.

I now refer to another major threat facing the manufacturing industry in Victoria—in particular my electorate of Bendigo—because of the danger that private operators of the former public transport system of Victoria will buy some $1 billion worth of new trains and trams overseas instead of buying them in Australia, particularly in Victoria. I demand to know what view, if any, the federal government has on this matter. I demand to know what influence it is using, if any, to avoid a massive loss of business and jobs to Australian manufacturing through this devastating situation.

The Prime Minister and the Treasurer cannot wash their hands of and run away from their national responsibility for jobs, manufacturing and economic growth. Victorian rolling stock manufacturers have warned that the Victorian industry could be destroyed by the situation now confronting it. The City of Greater Dandenong has warned that 1,500 jobs could be directly affected and a further 4,500 put at risk whereas, if the work stayed in Victoria, it would create about 11,000 new jobs. In Bendigo, Goninan’s—the private operator of the former VLine government railway workshops—desperately needs work. The former Premier, Mr Kennett, promised a brilliant new future for the workshops under privatisation. In fact, he claimed privatisation would create a second ADI operation in Bendigo. The workshops did not expand to the 400 or 500 jobs he predicted. Instead the workshop is today on its knees. From the 262 workers it had in 1992 it is now down to about 35 employees. Its workforce has been massacred.

Goninan’s at Bendigo and in Melbourne need the sort of work that a share in these contracts can offer and they need it right now. They need a share in the maintenance work for the future. The Prime Minister held the Victorian Premier up as the very model of the privatiser of government operations. The Prime Minister has claimed that privatisation is in the national interest. Here is a classic case of where it has just been another disaster. The former Liberal Premier of Victoria flogged off the state’s public transport system, and he failed to include in the contracts with the new private operators any specification for local content in the purchase of new rolling stock. The Prime Minister and the Treasurer have to come out of hiding. It is time they led instead of slavishly following blind doctrines. What are they doing to avoid the destruction that the coalition mania for privatisation is about to inflict on Victoria’s manufacturing industry and jobs?

Another area affecting regional Australia’s future is the spread of ovine Johne’s disease, which is becoming a major problem throughout my electorate and, indeed, throughout New South Wales. Ovine Johne’s disease is the description given to sheep suffering from a bacterial infection. The symptoms are often a general wasting of affected animals. OJD, as it is known, is often mistaken for a range of other problems—abscess, worms, fluke and dietary deficiency. Losses of up to five per cent have been reported in Australia, and in New Zealand
and other countries where the disease is endemic, anecdotal evidence is that losses stabilise in the range of one per cent to three per cent per annum.

OJD was first detected in Australia in around 1980 in the central tablelands of New South Wales. It has now been detected in flocks in New South Wales, Victoria, South Australia and Tasmania. There are reports that many producers are ‘keeping quiet about the potential presence of OJD because they feared huge trading losses’. Whilst we do not condone that sort of behaviour, we certainly cannot blame them, because they are facing the devastation of the whole national flock. It seems reasonable to infer that what has been reported is really only the tip of the iceberg. OJD is known to be spread by the ingestion of pasture contaminated with infected faecal matter and is known to be spread by the transport of infected faecal matter in waterways. Young animals are more susceptible and it appears that they can be infected by mothers’ milk. The bacterium has been reported to persist for longer than one year on the pasture. The question as to whether wildlife can carry OJD remains unanswered, but it is known that bovine Johne’s disease, although a strain distinct from OJD, can be carried by sheep. With present technology it is not possible to reliably diagnose OJD in individual live sheep. If OJD is present, the entire flock is assumed to be infected.

Ovine Johne’s disease can and will affect the sheepmeat and wool industry in many ways. Some of these are still unknown because there is still much to learn about the disease. The effect on farmers is considerable economic loss because of restrictions on the sale of the sheep. This has the potential to ruin many sheep farmers throughout Australia. Other losses include decreased wool production, lowered reproductive performance and decreased growth. All of these factors have a big impact on the various markets. I have met on two occasions with farmers in my electorate whose flocks are affected and have been given first-hand information on the potential for disaster to the entire region. The government of New South Wales is aware of the potential for disaster from this disease and has introduced several measures, all of which have had the endorsement of the affected farmers and their organisations. These include the establishment of the New South Wales Ovine Johne’s Disease Industry Advisory Committee. This committee, comprising sheep producers, will determine the extent of financial assistance to the affected farmers and the rate at which a levy will be struck to raise funds from the New South Wales sheep industry. The financial rates for the first year of this program have been agreed.

Another initiative is research designed to develop the pooled faecal culture test. This test has been accepted as a procedure for assessing flocks in the market assurance program and may soon be approved for use in the surveillance component of a national OJD disease business plan. Abattoir surveillance is also under consideration in the national business plan, which will be funded from contributions by the Commonwealth, states and the industry.

Vaccination is the subject of another research program under the national business plan. I understand the necessary protocols for this research have been completed. It will be possible in some circumstances to use this vaccine in affected flocks not included in the research project.

Surveillance is a necessary part of the national business plan and has been agreed to by the industry. This involves a 50 per cent subsidy for surveillance in residual zones as part of the national business plan and will be funded from Commonwealth, state and industry contributions. Some $18.1 million has been set aside for surveillance, and approximately 70 per cent of that, some $12.7 million, will be spent in New South Wales over the six years of the plan.

Zoning is an internationally recognised approach to disease control. As a signatory to the national business plan, industry has agreed to the implementation of zones as determined by the national veterinary committee to control the spread of OJD whilst research is under way.
The zones established in New South Wales are supported by the New South Wales Ovine Johne’s Disease Advisory Committee. The New South Wales government is dealing appropriately with the problem, supported by the industry and its organisations. They understand the difficulties producers face in combating the disease. They understand the stress and anxiety it causes farmers and their families, many of whom will be ruined if this disease is not put under control.

The former Kennett government in Victoria failed to provide appropriate measures to deal with the disease. It imposed quarantine and surveillance measures on several affected properties and then walked away, leaving farmers to struggle on with a problem that could devastate them financially and emotionally. I am confident that the new Labor government in Victoria, like its New South Wales counterpart, will meet the challenges ahead full on and provide the necessary assistance and solutions to deal with this disease that has the potential to devastate our national flock and the people who are involved in the industry.

I conclude this appropriation debate with some observations as someone who is still relatively new to this chamber, this House and its proceedings. The most startling observation so far is the total arrogance, deceit and hypocrisy demonstrated by government members, from the Prime Minister right throughout his ministry. They huff and they puff. They bluster. They ponce around this chamber with an arrogance that makes even former Premier Jeff Kennett look like an amateur. Day after day we hear them expound the virtues of their economic record as if this country was sailing along without a problem.

This is called the ostrich syndrome. They have their heads buried so deeply in the sand they cannot see daylight. What happens when you have your head buried in the sand to the extent this government has? It means your backside is well and truly vulnerable and regional Australia will deliver such an almighty kick to this government’s backside, they will not touch down for days. The reality is that regional Australia is being strangled to death and this government’s ideology is a rope around its people’s neck.

This is all they have, an ideology—no worthwhile industry policy, no worthwhile regional development policy and no worthwhile jobs policy, just a misguided ideology based around slugging everybody with the GST and making it easier for employers to sack people. Thank you.

Mr RIPOLL (Oxley) (9.14 p.m.)—I rise to speak on Appropriation Bill (No. 3) 1999-2000 tonight. In particular, I want to isolate Telstra for a special mention because they have posted a fantastic half-year profit of over $2.1 billion. That is 2.1 thousand million dollars, quite a substantial amount in anyone’s language. But I want to single them out, not to praise them or tell them how well they are doing financially, but to condemn their actions and those of the government.

Telstra has in the same breath announced this huge half-yearly profit, and the reduction in the work force by some 10,000 people. That is 10,000 jobs of 10,000 families in hundreds of small country towns and 10,000 more workers thrown on the scrap heap in the name of profits and competition for a company that is still in a monopoly with profits at levels even Telstra should be able to maintain, regardless.

There are a couple of things that just do not add up when you take these instances together. One is the fact that Telstra keeps telling us that it cannot compete and therefore could face potential profit losses, yet every year it increases its profit. In a company that is still more government owned than privately owned, the government, as the major shareholder, seems to have little or no control over the business activities of Telstra.
Dr Ziggy Switowski in a speech to members and senators in the parliament last week made a number of startling claims and predictions, some of which were frightening. He said that, if the number of calls in the market did not increase, as the price of calls would decrease, there would be no incentive for Telstra to reduce its prices. If call prices were decreased, because there would be no increase in the actual number of calls, the profit margin would suffer. In there he summed it all up. He said, ‘We do not have to reduce prices because, if we did, people are not going to make any more calls anyway, and we are just going to lose money.’

What Dr Switowski is telling us is that he could reduce the price of calls, but that would cost them money, and it would affect their bottom line. I could imagine that with a half-yearly profit of $2.1 billion they are not about to do that. It would not seem logical in a business sense to forgo these profits, yet it would make a great deal of sense to the consumers, who are paying exorbitant prices for these services.

The effect of the 10,000 jobs to go will almost certainly be in the bush. They could not possibly be from anywhere else. The call centres in Sydney, Melbourne and the major capitals are not about to be axed. The axe will firmly be driven into the bush further splitting access to services and jobs for rural and regional Australia. Job losses will be from the areas Telstra regards now as non-commercial.

The National Party claims to be the friend of the bush, but John Anderson, the Deputy Prime Minister and Leader of the National Party during his answer to a question in question time today quite clearly demonstrated that the National Party has laid down on the issue of Telstra. Last week Minister Alston tried to reassure the bush by making some absurd claim. He said, ‘No, no. Let’s assert something that defies credibility. The majority of Telstra jobs will come from the city and less means more. Services to the bush will improve.’ I am not too sure of the phraseology used by the minister, but I am sure that no-one will believe him and, even less, those who have been savaged by this government’s policies on slashing services to the bush.

It was once possible to lay squarely at the feet of the Labor Party the tag of the pure ideologist and that we would stick by our policies of government ownership of capital, regardless of the impact on the community. The Labor Party has changed and looks at things a little differently. We do not need to keep certain services within the government and others are best provided sometimes independently, but not when it comes to services in the bush and not when it comes to Telstra.

Now the tag of ‘pure ideologist’ lies squarely at the feet of the Liberal and National parties. The coalition is hell bent on privatisation at any cost, regardless of the impact to the community. This pure ideology to privatise every single government asset is nothing less than policy gone mad. The axing of so many more jobs in the bush will be the last straw for many small communities that have been attacked by the banks through services being axed, making larger and larger profits, while services and branches have got smaller and smaller.

Telstra, regardless of full privatisation, is not going through a full process of privatisation other than by stealth right now. It is slowly and methodically stripping its own resources and its own work force of expertise and of skills. It is clearly a program of outsourcing that will take Telstra to the point of no return. Ultimately, where does that leave those skilled workers? They will be out in the cold, replaced perhaps not by the best option for consumers but at least by what would appear a viable option on the books of Telstra. It sends a shiver down my spine to think that highly skilled and trained workers are, in the end, seemingly nothing more than a disposable asset to a company that no longer invests in people.
Telstra will use these people to give basic training to new workers coming in on contract, not as Telstra employees. These are people that do not really have the experience or the expertise, or even some fondness or affection for a company or a service delivery that once was the case with Telstra. This is happening at all levels right across Telstra.

There is one level which, instead of shrinking, is mysteriously growing—the level of management. The more workers are axed, the more managers Telstra ‘absolutely needs’ to work out how it will meet its obligations with fewer people to deliver them. It is going to require some very creative work and we are going to see management get even larger as there are no workers at all to actually deliver any services. The adage of doing more with less may be true for Telstra, but eventually it will be the straw that breaks the camel’s back—and the camel’s back is clearly the people in the bush. It is all those people outside of places like Sydney, Melbourne and Brisbane, those who will be less able to gain the services they need at reasonable prices.

At the Telstra public forum, questions of the company’s ethos towards employment mentioned social responsibility. The issue of employment should not be abandoned or forgone for the sake of company performance. Social responsibility was indeed acknowledged by Dr Switkowski, yet the cold hard truth is that employment and security of Telstra workers seems to come second to boasting of corporate profits.

Ipswich, in my electorate of Oxley, has a call centre that employs about 80 people. These are jobs in a regional city that are very precious indeed, jobs which keep Ipswich and these families ticking away. But the workers at the Ipswich Telstra call centre are on hold; they are waiting for the call to be answered. They know that sooner or later their jobs are at risk, and have been for some time. It is all a matter of when, not if. Talking to these people you get a sense that, although they are highly trained and probably the best at what they do, finding another job in the industry is close to impossible. The industry cannot possibly absorb workers ditched by Telstra, at least in the same localities.

Recently Telstra started putting together plans to upgrade the Ipswich call centre, which looks very dated and very much unloved. Its plans to renovate sent shock waves through the call centre’s workers, as this is usually the first sign that they are packing up, painting the fence and selling the farm. The government’s credibility on this and many other issues is slowly—and, I would say, now even more quickly—being lost. Sooner or later, all the rhetoric about services to the bush, more disposable income in your pocket, cheaper prices through the GST and decent, humane care in nursing homes comes back to bite. For the government, the day of reckoning is getting closer.

Small business did not take long to work out that it had been short-changed on rounding down in what the government has clearly done with GST. It is more difficult to administer, it costs a lot more in accountancy fees and new equipment, and it means fewer hours with the family but more hours with the books. And wait: the government says the best part is that through all of this it will not even earn your business one extra cent. If you are in the services industry, it is almost a pure increase in services that were not subject previously to the wholesale sales tax. Again all the increases in costs are passed on directly to the consumers, or else what do you do? You have to absorb them. The minister told us that competition will take care of the prices. What he really means is, ‘If you want to stay in business, then you keep your prices down and competitive or you simply absorb them. Otherwise the ACCC will be knocking on your door. It is yet another burden to you, the small business operator.’

The Australian tax office has only a matter of months to have every business—some 1.5 million—registered by the time 1 July is upon us. The fact that only a small percentage have taken up the challenge, even with mass amounts of advertising and mail-outs, indicates
that small business people are still unsure about their position and about the government’s position—unsure about where this GST policy is taking them. They are unsure because the government does not even know. But time is running out, and I would encourage every business out there to register and do it quickly. Otherwise, they will be locked out of the GST process and face tax rates of around 48 per cent. The whole GST mystery show bag was sold to the people of Australia at the last election by the slenderest of margins, and shows a clear split between those that were for and those against. But now that we have actually had a debate and seen some detail, a vote on this issue would now be very clear and this unfair tax would go down in a screaming heap as people showed what they thought.

The GST is an inflationary tax. It is like a dog chasing its tail: it never quite gets there but keeps going around anyway—always just so close. The Treasury based all of its calculations on the belief that inflation would be 1.9 per cent only. That is a very important figure, because it is the figure that this government used to then compensate the people that would be hardest hit by this most unfair tax.

Before the GST has breathed even for one day, the compensation package is already gone. Inflation has already taken care of that. Families and pensioners can expect to see their paltry compensation go into the red as inflation takes over and they are actually worse off than before they got a pay rise. This is what the government means when it says, ‘More for less. We will give you more in a pay rise.’ But what they are saying is, ‘We will give you less. There will be less in your pocket, less to be able to provide.’

But they are not the only ones affected. The government went to great lengths to promise that the GST would not be applicable to caravan site fees. As with whether to round down or not charge more than 10 per cent, the government is also confused about its position on this issue. People living in caravan parks are not confused as they know they will have to pay the GST on van site fees. Unlike people living in traditional homes, those that either choose to live or have no choice but to live in a caravan will be slugged with this unfair and unfairly applied tax that applies to them but not to people that can afford to live in a home. Let me remind the Minister for Family and Community Services that not all people living in a caravan are on holidays, as he so often seems to think, and they are not all living on the coast. They are people trying to make a go of it but they will be slugged for their efforts, unlike those living in fixed housing.

Like most people, I have had the false understanding that the GST would not come into effect until 1 July because that is what this legislation tells us and that is what the Treasurer stands up day after day and insists is the case. But already most businesses have started charging the GST in proportion to the period after 1 July. This seems obvious enough and most people have already handed over the money for services that are yet to be delivered under this legislation. But the government is a bit smarter than the rest of us, it seems, because some of its departments have refused to pay the proportion of the bills they receive that contain GST until after 1 July. Certain government departments are paying their bill less the GST component and they will forward that to suppliers after the date of introduction. What sort of a message is this government sending out to the community? It says, ‘Cough up now. Pay your GST on insurance. Pay your GST on your bills. Pay it in advance. Pay it now pro rata for what you will be slugged for after 1 July.’ But what does it do itself? It withholds that money and keeps it in its own coffers because it knows it has something better to do with it than hand it over to itself.

I say to consumers out there that maybe they should consider doing the same thing. I wonder what the reaction of the Australian Taxation Office would be if small business decided
tomorrow not to pay the GST in advance and to hold it back. Where would the complications and the administration costs be then for all suppliers out there?

This government is not serious about compliance. It is not serious about making life easier for either consumers or business. This government has refused to have the GST included on receipts. This would be a simple and effective way for consumers to know exactly what they are being charged and for what. Instead, there are going to be disputes at checkouts all over the country when a customer with a calculator works out that the store should have charged X when it actually charged Y. I can almost picture it now. You have the kids at the shopping on a Thursday evening and it is pretty busy and there are 35 people standing in line with about $200 worth of shopping in their trolleys and you are there arguing and saying, ‘I want to see the manager because you have made a very big error here. I am not going to pay the GST unless you can tell me where and why I have to pay it.’

The legislation has to make it clear, but it does not. Instead, there are going to be disputes all over the country and we are to expect the ACCC—that great body, the bastion of hope for all consumers—to be there to have every dispute organised, arbitrated and resolved, dare we say it, at the checkout. Maybe it would just be easier if the government decided to say, ‘Why don’t we put the GST on the receipts so that when it comes through the checkout people can have a quick look at it?’ People will get accustomed to it but at least they will know where they are paying it and on what goods and services, and they will have at least one bit of confidence that they are not paying it on fresh bread and they are not paying it on milk.

This system would also make tracking of and accounting for the GST easier for small business. Their systems will need to calculate the GST anyway, so it may as well be shown on the receipts. It will make it easier at the end of every week, when the business manager, the owner or the family running the business has to sit down and make sense of the mess of administering the tax if they disagree with the ATO. I am sure I know who is going to be the winner in that argument. I would like to see where the ACCC will be when the ATO overcharges on GST and a business tries to take the ATO to court to have that dispute settled.

The Minister for Financial Services and Regulation, along with other ministers, has been quick to call on the Labor Party to repeal the GST legislation. Why don’t you just get rid of it? If it is that bad and you do not like it, why don’t you just get rid of it? Why don’t we? Why does this government not make it quick and painless on everyone and call an election right now? Let us see if we cannot repeal this legislation. Let us see if the people of Australia do not change their minds from 3 October 1998, when they were mistaken—only because they were hoodwinked—in buying this mystery show bag that is the GST; there was no detail, none at all. Let them make that decision now that they know what this GST has in it. We now have 5½ kilograms of legislation, 3½ telephone books thick, that no-one is going to be able to understand anyway.

Let us imagine that we do repeal this legislation tomorrow. What are the costs to date? What has it actually cost us, the taxpayers, to put this thing into place, before it is even in operation? It has cost something like $17 billion to introduce, with unaccounted millions spent on selling it to small business, on advertising and PR campaigns and on mail-outs to the whole country, and people are not satisfied. Why would they be? No-one has convinced them of anything. No-one has convinced them that they are actually going to make an extra dollar out of this, because they are not. So when the government calls on the Labor Party to repeal it, maybe it should look to what its powers are. It is the government and it should be looking at what it can do to satisfy the community.

But I do not believe the government is going to call an election. I do not believe it would have that courage, for a whole range of issues. It is not just about GST. It is about jobs, it is
about Telstra and it is about the lies the government has been telling the bush for years, lies that are no longer being bought by people who understand that they are the ones paying for this out of their own hip pockets.

I will raise one other issue in the minute I have left. It is the so-called aged persons savings bonus that this government has introduced—another little sweetener, or incentive, to con people into believing they are actually going to make something out of this legislation. I put a question on the Notice Paper dated December of last year where I asked the Minister representing the Minister for Family and Community Services quite simply, ‘How many people would fit the criteria of this aged persons savings bonus scheme?’ He replied to me by saying that there would be about 1,160,000-odd. I said to him, ‘All those people believe that you have promised them $1,000.’ They believe they have been promised $1,000, but they have not been promised that at all. Over 85 per cent will receive less than $500. The minister could not answer me as to how many would receive nothing. If he knows that 85 per cent will receive less than $500, then I am sure he could give me a very quick figure—probably the same 85 per cent will receive nothing. This scheme—or should I say scam—is designed so that you will be told you will get $1,000, but you will get nothing. It is just like this GST and just like this government. (Time expired)

Ms LIVERMORE (Capricornia) (9.34 p.m.)—We all know only too well that this government just does not understand regional Australia. It just does not get us. It does not get us when it comes to the big things like the need for top-level educational opportunities, regional development strategies, access to health care and telecommunications infrastructure. And it does not understand the little things, the things that make our lifestyle and communities strong and unique. I say little things, but we all know that the little things in life can be very important to our happiness and ultimately to our prosperity and development.

One of the great things about representing a regional seat like Capricornia is getting to know each of the communities that make up the electorate. Each town is distinct in its history and character. One of the things that runs through each of the communities in Capricornia, the thing that they all have in common, is the role that sport and the sporting clubs play in bringing people together and in providing activities that create a healthy and positive pastime for many people, whether as spectators or players. The sporting activities in these towns really are a focal point for the communities.

I am very concerned that this is under threat from the GST that this government is determined to impose on us very shortly. I do not think it is possible to exaggerate what the local sporting clubs in my electorate contribute to their communities. In most cases, they are totally involved with other sporting organisations, schools and community groups. They are tireless in their fundraising and organising efforts for their own clubs and sports, but are just as quick to help out with other causes as well. Two examples that I can think of off the top of my head are the Rockhampton rugby union club, which last year organised a wonderful rodeo to raise money for the Flying Doctor Service; and football clubs in the Central Highlands, which were wonderful in supporting young Bugsy North, a miner who was badly injured in an accident at Tieri last year. They are just two examples.

Maybe the GST will not be the end of the world as we know it in Central Queensland, but it is going to have a significant detrimental impact on the many people who play sport or love to watch sport and support their favourite team in the local competitions, and on the sporting clubs that contribute so much to the economy and social fabric of our Central Queensland communities. There is no question that it is going to cost people more to be involved in sport and recreational activities once the GST is imposed after 1 July. Every aerobics class, every swimming lesson, every pair of footy boots or ballet tights and every tracksuit or team T-shirt
is going to go up by 10 per cent. The cost of registering to play sport with a club will go up; the cost of the entry fee to watch your child’s team play or take your kids to watch your favourite team will go up; the cost of training and coaching will go up.

I was thinking about all of this last Friday night when I went along to watch the junior rugby league games at the Fitzroy football club grounds in Rockhampton. The boys playing there that night came from average working families. I wondered what would happen when the GST makes everything their families buy more expensive. Mum and Dad are going to see their grocery bill go up and the costs of car registration and filling the car with petrol are going to go up. What will happen when the time comes for new footy boots and the season’s registration fees for the footy team? There are no magic wands to make the family budget stretch indefinitely and, if they are not lucky enough to be in one of those families earning over $50,000 and picking up the government’s tax cuts, activities that the family used to be able to afford may easily go out of their reach. After 1 July, a lot of families in Capricornia will be facing these sorts of choices about their children’s activities. That will be a very negative step for those children affected, especially those in country towns where the options for recreation are even more limited.

At a time when the health and social benefits of exercise and sport are becoming more and more widely accepted and promoted, it is crazy for the government to actively discourage people from taking part in sport and physical recreation activities by pricing these activities and the equipment needed to take part in them out of the reach of ordinary families. Health is supposed to be GST free, yet activities that contribute to good physical and mental health are going to increase in price. It is well documented that people’s involvement in sport and recreational activities is highly price sensitive. The drop-out rate as a result of a price increase is estimated to be of a higher percentage than the actual percentage increase in the price. That is very bad news for the future health and fitness of Australians. The effects of this on our population’s health will be felt for generations to come.

The government is going to make it harder for young people to take part in sport and physical activity. This will be bad for their health, bad for their social interaction and will have an effect on their confidence and self-esteem. It is going to be bad for their families. The most striking thing about my outing on Friday night at the Fitzroy clubhouse was to see that these kids were surrounded by their families, and they were all enjoying a night out together.

That is the effect the GST will have on individuals and their ability to be involved in sport. The other side of this is the effect on sporting clubs in the communities of Capricornia. There are a lot of very worried and confused people in sporting clubs at the moment and I do not think that is going to improve much after 1 July. Over the past few months we have seen minister after minister trip over when trying to explain the minute workings of the GST. Is it any wonder then that, when I talk to the volunteers in sporting clubs around Capricornia, they are terrified of the GST and unwilling to fill the positions on club committees that they have held for years?

This tax is not simple. If people actually believed that it was before the 1998 election, they certainly do not now. Having listened to the reactions of people around Central Queensland, I am not at all surprised by the experience in New Zealand after the introduction of the GST, where the number of people involved in volunteer administration of sporting bodies fell by half. The complexity of the tax system was just too much for people over there and they were quite understandably scared off. They were not prepared to take on the unfair administrative burden imposed by the government. I fear that the same will happen in the clubs around Capricornia, and when it happens it will be this government’s fault.
When people volunteer their time to a sporting club, whether it is the one their kids play for or their own current or former sporting team, they want that time to be spent building the club, attracting more players, developing what the club has to offer, not doing paperwork or reading tax legislation. The same goes for fundraising. Club members want their fund raising efforts to go towards purchasing equipment or travelling to tournaments, not going into the government’s GST coffers. When I talk to the club administrators around Capricornia, it breaks my heart to hear how discouraged they are by this system that is going to make it so difficult for them to run the sporting activities that they love. They feel that they are being forced to pull back from the clubs that they helped to create through years of hard work and commitment because they fear that they will not be up to the demands and complexity of the GST.

This feeling of uncertainty and confusion is not helped by the fact that most of the towns in Central and Western Queensland have not yet had the benefit of a tax office seminar on the implications of the GST for community organisations. I use the word ‘benefit’ very loosely because the administrators who attended the one seminar in Rockhampton late last year found it lacking in detail and inadequate to answer their specific questions. As one long time volunteer administrator told me, ‘When it got down to the nitty-gritty they could not give you an answer, but when you are running a club it is the little things that count.’

Another administrator, the treasurer of a touch football club in one of the mining towns of Capricornia, echoed the view of many club officials I spoke to when she said that she would be thinking twice about returning as treasurer and she would be very surprised if anyone agreed to be a club treasurer under the new system—and this comes from a woman who has years and years of experience as a treasurer of community organisations.

I am the patron of the Rockhampton Rugby League, and I am very proud of that as well. It is the organisation that I have the most insight into when it comes to the handling of the GST implementation by sporting clubs in Capricornia. I will tell the House a bit about the Rockhampton Rugby League’s experience of the GST to illustrate what is facing clubs in Capricornia.

The committee attended a tax office seminar but came away with more questions than they arrived with. The committee are still waiting to receive their Australian Business Number. The canteen at the football grounds has simple cash drawers, but the committee now have to shell out for more sophisticated tills to comply with the GST. That is money that would otherwise go towards the development of junior rugby league in Rockhampton. The people working the gate and the canteen are volunteers, as are the committee members. The committee are currently inclined to cover the GST on gate takings rather than increase the price halfway through the season, but that means less money for rugby league development. By that they mean the usual activities carried out with the league’s proceeds—things like paying insurance for players in the junior and schoolboy competition, and paying for referees for those competitions. I really hope that the government has a better use for that money than providing opportunities for young sportsmen in Rockhampton.

The president of the Rocky rugby league made the point that I think the government should take very seriously—there is a distinct line between elite sport and community sport. Elite sport is run as a business by paid professionals. They can probably cope with this complicated tax. However, community sport is run for the community by volunteers and should be treated differently. Community sporting clubs with volunteer officials should not have to spend the money that they work hard to raise on accounting fees and GST compliance measures. They should be spending it on the development of their players, their sport and their facilities.
It is this type of experience that will ultimately lead sporting clubs in Capricornia into a crisis as they struggle to attract the volunteers necessary to keep them going for the benefit of their members and the communities. It is not going too far to say that, without strong and active sporting clubs in regional and especially rural towns, the communities will suffer. Sport is such a big part of community life in the country towns and mining towns in Capricornia, and for young people it can be the only available social activity.

To let that traditional outlet die is to invite serious social problems such as underage drinking and depression in our young people. It also contributes to the incentives that see families leaving country towns behind. Of course, the elderly are also at risk from this attack on community sport. We are constantly told about the benefits of active ageing on physical and mental wellbeing. The older people in the communities in Capricornia want to be out enjoying their sport, not worrying about whether they are going to be prosecuted by the Australian Taxation Office. If the government cannot understand the threat that this presents to the lifestyle and traditions of regional areas like Capricornia, then we need to put this down as one more lesson they need to learn about the bush.

There is another vital issue that I need to bring before the House in the hope that one day the people in my electorate will be paying reasonable and sensible prices for petrol. The issue of petrol prices in Capricornia is directly relevant to the government’s plans for its tax package, even though the whole question of how the GST will affect petrol prices has never been adequately answered by the government. In 1998 the Treasurer promised us that GST prices would not rise as a result of the GST. However, in February this year Mr Costello seemed to back away from that, denying that the promise applied to the highest pump prices. Those higher pump prices are alive and well in Capricornia. The Minister for Transport and Regional Services, John Anderson, has been dodging the issue like crazy, refusing in question time to give any guarantees to people in the bush about their petrol prices.

The Minister for Transport and Regional Services could promise whatever he likes, but no-one in Capricornia is going to believe that the GST will bring the price of petrol down. Like everything else in the average family budget, it will cost more after 1 July. That will hurt people in Capricornia more than most other parts of Queensland since our petrol prices are already amongst the highest in the state. A quick ring around this afternoon came up with 90c a litre in Barcaldine, 89c at Emu Park and 95c in Middlemount. Interestingly, Middlemount’s price went up by 4c over the past two days.

The government cannot ignore this unfair burden on regional Queensland and it must guarantee that prices will not climb even higher under the GST. The price of petrol is shrinking opportunities for people in the bush. They cannot afford to travel for even the most basic things that most people take for granted—visiting family members, seeing the doctor, going for a job interview, improving their education. Those luxuries are becoming prohibitively expensive when you factor the cost of fuel and the long distances into the other costs involved.

These petrol prices will be another barrier to the accessibility and affordability of sport in rural areas. One mum that I spoke to in Middlemount today said that her son’s closest football game is a half-hour’s drive away. The other fixtures are played at least two-hours drive away. The cost of travel becomes a factor in whether or not children have the opportunity to take part in sport and get the advantage of all the physical and social benefits that come with that. The same goes for the players in the western part of the electorate. Teams have to hire a bus and charge players for the cost of hire and petrol. This will become more expensive for clubs and players in a few months thanks to the GST. Unfortunately, for the people of Capricornia, the GST is looming fast but we seem to be no closer to making the government understand our needs and priorities.
In the time that I have left I want to speak up for all the women in my electorate and take this opportunity to call on the government to remove the GST that it intends to impose on tampons and sanitary pads. This is not a topic that a woman usually discusses with perfect strangers, but no-one in my electorate has been too shy to tell me exactly what they think of this thoughtless and unfair tax on products that are absolutely necessary for a woman’s health.

The government has spent the last month or so wanting to nitpick about this issue about what is necessary for a woman’s health and hygiene. I would have thought that any teenage girl could tell you that it is drummed into them the minute they start using these products. The possibility of toxic shock syndrome makes it vital to understand that these products need to be used regularly and changed regularly. This all links into the fact that the impact on health and hygiene is absolutely related to the affordability of these products. If the Minister for Health and Aged Care and the Treasurer do not understand that, I invite them to speak to any number of young teenage women or any women in my electorate to fill them in on the facts of life as a female.

The tax on sanitary products is discriminatory. It applies only to women, and we already know that women are amongst the lowest income earners in Australia. The GST as a whole is going to impact on women disproportionately to the rest of the population, and it is just adding insult to injury that these products, which are by no means a luxury but are absolutely vital to women’s health and wellbeing, are going to attract a tax and become more expensive.

It is getting harder and harder to convince people in my electorate that what goes on in this place has much relevance to them and that we are there to help them, when all the government has to offer the communities of Capricornia is a GST. As I move around the electorate and people talk to me, I realise that we need so many things if we are to have a bright future. We need a regional development strategy that looks at our strengths and opportunities as a region and, more importantly, looks at what we need to do to develop the capacity in our people to capitalise on those strengths and opportunities—things like educational opportunities and training. The people in Capricornia need to know that this government knows they are there, that this government cares about their opportunities and future. I am doing my best to bring their needs and priorities into this chamber, but I would like to go back to them, away from this place, with a hell of a lot more than just the GST. I intend to keep up the fight to make sure that the government understands exactly what they deserve.

Mr O’KEEFE (Burke) (9.52 p.m.)—It is a great privilege to follow on from the member for Capricornia and to start my contribution by congratulating her on her presentation, particularly from the point of view of a member representing a regional and rural constituency, as she does so effectively. I say that because, as the federal Labor Party’s longest serving country member—I do not know whether I take pride in that or not—I have decided to focus my comments in this contribution on the appropriation bills entirely on regional and rural country matters, two of them in particular. I will come to those more specifically in a little while.

May I first make some observations about what has unfolded in just the last few days in relation to Telstra. After all my years in the federal parliament, I am stunned by the incompetence with which the government handled the Telstra matter. First of all, for the government, as the major shareholder, to allow Telstra to announce a $2 billion profit while also indicating that they plan to shed 10,000 jobs was not only the height of political insensitivity but also, considering the government’s responsibility as the majority shareholder representing the people of Australia, just plain derelict. Several times in the last couple of days the Prime Minister,
when trying to defend this, has leapt to his feet saying, ‘Ah yes, but when Labor was in power Telstra shed 19,000 jobs.’ Well, in 1990, when the restructuring of the telecommunications industry occurred and the program was set in place, the original plan by Telstra was to shed 40,000 jobs in three years. The Labor government of the day, the majority shareholder—in fact, the sole shareholder—simply said to the management and the board, ‘Not on. We will accept that, yes, Telstra will shed jobs as technology changes. We expect some of those jobs to be taken up by Optus as it evolves in the industry, and we expect a lot of people from Telstra to be retained also by the emerging companies.’

It is true that in the six years under Labor of the restructuring of this industry there were numbers in that order shed from Telstra, but the industry expanded by a greater amount. In fact, we put in place and oversaw an expanded telecommunications industry and service industry. But never, at any stage, was the management or the board able to simply march in and announce to the politicians of Australia that they were doing what they wanted without direction from the government. That is in fact what happened last week. The Prime Minister can say all he likes about the phone calls he said he made to the Chairman, Bob Mansfield. I have been around this stuff a fair while and I do not have the slightest doubt that last week Telstra did exactly what it wanted because its principal shareholder was not interested in giving it direction on the part of the public of Australia. That is the fact.

At the session with Dr Switkowski, one of the matters that I chose to raise was the question of Australian industry support. The response from the chief executive was, to my mind, quite satisfactory, the commitment was quite satisfactory. But I did not hear a single government member raise either of the two issues. All the government members raised in that forum were complaints about service delivery, about their constituents who were having difficulties getting phones connected or getting service problems attended to. Fine—I accept that, as a member, you have responsibility. But not one government member raised a single question about the 10,000 jobs because they do not care about the jobs, full stop. And not one government member raised a question about: was Telstra going to continue to invest in Australian industry—the Australian industry that has been supplying to it by deed of the former Labor government, by requirement of the former Labor government—and was there any plan in place to maintain this?

The relevance of all this is that this is at the heart of jobs in rural and regional areas, in country Australia. There are a lot of jobs in those areas that hinge on this, either as supply companies or as service centres, call centres or technical centres. We are perfectly right to say that it beggars belief to even try and tell anybody that these 10,000 jobs will not, in the majority, be lost in rural areas. No-one out there is stupid enough to believe that. I have put the government on notice on that matter.

I would like to pick up on the comments made by the member for Capricornia about petrol prices. If you have been around here a while, Madam Deputy Speaker, you have some corporate knowledge of this. I remember going out to meeting after meeting in country areas, to town halls full of people complaining about country petrol prices in the lead-up to the 1996 general election. All of those meetings were fired up by people like Liberal and National politicians, by organisations like the National Farmers Federation, the automobile associations, every conservative you could rope in, all out running this nationwide campaign to dump on Labor about country petrol prices. Where have all these organisations been in the last five years? I notice the member for Port Adelaide chuckling to himself in response to that same question. He knows the answer, too. Where have they been? They have been completely mute because they backed this mob. I even have a letter from the former Premier of Victoria, Jeff Kennett, telling me that one of my proposals to perhaps do something about this was not
acceptable and his government was not prepared to put any faith in it; in fact, they had absolute faith in Peter McGauran’s model. He was then the shadow minister and he came into office. Five years later, McGauran’s model has taken us nowhere—in fact, the prices are going up.

I put the conservatives on notice that, whether it is organisations like the National Farmers Federation or the RACV in Victoria, or whether it is Liberal politicians or whomever, they will be the ones on the stage in the lead-up to the next election having to defend themselves about their failure to produce the goods on country petrol prices.

I go to the issue of the GST as it affects country areas. I will not say very much about this because so much has been said and so much will continue to be said. But I want to remind anyone from my constituency who is listening of the one core basic promise that was made by the Prime Minister when he brought in his GST proposals in the lead-up to the last election and when he introduced the legislation in the parliament last year. His core promise was that no-one would be any worse off. What did that mean as it was unequivocally stated? It meant that prices would go up—and listen to this, Mr Deputy Speaker—by no more than 2.2 per cent. That was the national promise: prices would go up by no more than 2.2 per cent, pensioners would be getting a flow-on amount of four per cent—that would be fabulous because they would actually be better off—and workers would be getting tax cuts. The whole schedule was laid out: and the tax cuts amount to about 2.8 per cent. Let us take not average weekly earnings but the median wage, the one that most Australians actually receive, of $31,000 a year. That is a little over $600 a week. If prices go up by five per cent the person on $600 a week needs five per cent of $600—that is $30 a week—simply to keep up. If prices go up by 10 per cent that person needs $60 a week to keep up. Do you know what the tax cut is, Mr Deputy Speaker? It is $16.19. So if prices go up by any more than 2.8 per cent that person has been dudged by John Howard.

Mr Sawford—And they will be dudged.

Mr O’KEEFE—Of course they will be dudged, and I appreciate the observation from the member for Port Adelaide. Already now the government is talking about trying to stop prices going up by more than 10 per cent. We have forgotten about the Howard promise of 2.2 per cent; we are trying to work out how we can stop them going up by more than 10 per cent. This is not going to be forgotten.

I would very quickly like to move to an issue quite central to my own electorate and a debate going on at the moment. That relates to the RFA for Victoria and, in particular, to the central highlands region. I just want to make a couple of observations here that state very clearly for Minister Tuckey at the federal level, and for Minister Garbutt at the Victorian level, my position in relation to the forest in my electorate. Firstly, I absolutely support the signing of a regional forest agreement in respect of this area. I have always felt that the concept of an RFA was the way to provide long-term resource guarantee for the industry and was a way, in this case, to provide long-term federal oversight of the way this forest is managed by the Victorians. I have to make it very clear that this particular forest, the Wombat and Cobaw forest in central Victoria, represent a scandalous story of not only mismanagement by the Victorian forest management authorities but downright deceit and misleading of all parties, including the federal government. So bad had this become that by about August last year the federal minister, Minister Tuckey, had in fact put in place his own audit to oversight the Victorian situation because he could not believe the information coming to him from Victoria.

So I say to both ministers that, yes, I support an RFA, and I say to the federal minister that I expect the Commonwealth government to write into that RFA very stringent management controls or oversight of the way this forest is managed in the future. Take in the dramatic
meaning of this: in the middle of last year we were being told by the Victorian authorities that this forest could be sustained at the current levels of cutting and take-out. The new draft proposal reduces the allocation to the industry by 30 per cent, and most parties now agree that that 30 per cent has to be. I have grave reservations, and I make this point to the member for Ballarat, who is in the chamber, for his own knowledge. I think that, even with a 30 per cent reduction, there is a real question mark over whether this can be sustained in the long term, and I will come back to that in a minute. But, certainly, a 30 per cent reduction means that a number of operations in that forest will be closed. There will be a loss of jobs in some but, provided the ones that survive are very strong and have their expansion based on the highest levels of value adding of the timber that is left available, and provided those preconditions are locked in, the jobs lost in one area can be sustained in another. I believe that is possible. But I am saying to the federal department that I will not support a RFA that does not lock in the strongest long-term environmental controls over Victoria because the performance of the Victorian forest administration has undermined both governments—Labor and Liberal—in Victoria for the last several years.

The other thing I am calling on the federal and state ministers to make sure happens is that the industry be required to invest, in return for its 20-year guarantee, not only in value adding and all the other things we look for in this whole timber strategy but also in resource for the future. In 1987 I made a speech for the first time down there calling on the industry to start planting trees. If I had been listened to 13 years ago, we would not have the problem we have now. The problem we have now is that they are going to be cut by 30 per cent and there is still not a single plan in place for any alternative but this forest. I know the local shire—Macedon Ranges Council—is interested in developing a joint venture with the industry to start some plantation and reafforestation work. I know there is funding available in the package to encourage farmers to get into tree farming or whatever. This industry cannot be given a resource guarantee just on the basis of the timber in this forest or in 10 years time we will simply be paying out public dollars as compensation for having failed to deliver the timber. That is no position for either federal or state governments to get into now when the industry has not done enough to develop its own resource.

My bottom line is that I support the RFA process and I want to see an RFA for central Victoria. But I want continuing strong oversight at the federal level of the management of the forest because I simply do not trust the Victorian forest management authorities. They have just told too many lies to too many people, and I want very strong conditions placed on the industry that it gets into some joint venturing activity to make sure we start providing a resource for the long term.

I want to touch on one other issue relating to the motor vehicle industry and any funding that the government may see fit to give to continue the development and encouragement of innovation in this industry. I was taken this morning by a statement by Jacques Nasser—whom I know and who is now the world president of Ford, as people know—saying that he saw a key component of the future of the motor vehicle industry in Australia being the supply of components.

The Flexdrive plant in my electorate is a company which has undergone enormous structural change over the last 15 years as it came to deal with the motor vehicle plan. It has done it tremendously well and has carved a niche out for itself as a company that has focused on quality upgrades, forming quality circles, identifying the niche, going out and marketing and doing all the things we have asked of this industry to keep itself alive. I was immensely proud that in November last year the Flexdrive quality circle team was placed first in the Federal Chamber of Automotive Industries Australia-wide quality circle competition. Six members of
that quiet achievers team—Brian Kinseley, Elaine Brydon, Greg Bubeck, Rob Kelly, Dianne Tannenberg and their circle leader Ann Wilkie—were justifiably excited and proud of their performance. I was thrilled for them and for all the employees they represent to receive such national recognition. I did undertake to mention that achievement in the federal parliament as an indication of how a relatively small town of 10,000 people with this major industry can work their way through all the trauma of reform and pull off a national quality award. I congratulate them for it and I ask the government to take heed of my comments on those others matters.

Ms ELLIS (Canberra) (10.13 p.m.)—I am pleased to have the opportunity to speak this evening on the legislation before the House, namely, Appropriation Bill (No. 3) 1999-2000 and Appropriation Bill (No. 4) 1999-2000. In doing so, it gives me the opportunity to address some areas of concern in relation to government spending and appropriation, concerns many people in my community discuss with me frequently.

We hear the term ‘level playing field’ a lot these days. If you have a couple of football teams competing on a level playing field, the term is pretty appropriate. If you wish to use the term more metaphorically—say, for two businesses competing against each other on a level playing field—I suppose that is okay too if they are of relatively equal size, resource and so on. But when you apply this term in the social welfare area, it immediately conjures up different meanings and results. One would have to ask if in fact it is possible to have an even playing field in this case. We are all aware of the current government review into the welfare system, which I understand will be released shortly. When considering their submission to this review—one of the six principles for reform in that review being ‘equity, simplicity, transparency and sustainability’—the Uniting Church made the following comment:

However, we are cautious about the way in which governments deal with the social and economic world as if it were one big marketplace with a ‘level playing field’ of opportunity, access, competition, partnership, demand and supply. Welfare reform must fundamentally come to grips with the fact that the ‘playing field’ is far from level and that social responsibility is just as important as economic responsibility if these four principles are to be upheld.

In a way it is a pity that this review has taken place after such massive cuts from the social services since 1996 under this government, and not before the axe was taken to the budget in the way that it has been. It is worth reminding ourselves that something like $5.26 billion has been cut from social services in this country since 1996. The list of cuts include, I believe, virtually every area and every corner of social services including among others child care, the unemployed, pension assistance, parenting allowance, youth training allowance, disability support pension, housing, pharmacy costs, dental health and child disability allowance. So much has been done which severely affects the most vulnerable in our communities, I would need another allocation of time to read the complete list.

To turn around the spending pattern of this government in these areas and the blind philosophy driving these decisions is asking a lot. After all, the absolute preoccupation with the size and role of government, the move to US-style wage deregulation in this country and the continuing punishment of the unemployed, single parents and those with disabilities through reduced payments all call for huge attitudinal and philosophical change on the part of the government.

We see it differently from the government. Government does have a role to play and in the main I believe most people out there share that view. Sure, assistance to break out of unemployment and to gain full employment despite a disability are aims we all share. I cannot share the view that somehow it is okay to make these people feel guilty about their situation, that we blame them in some way, and that we make the hurdles they all face necessarily
higher. That is what the decisions of this government do, advertently or not, to those people. You cannot have a level playing field when disadvantage is such that additional assistance is justified. You cannot treat social and welfare services like a commercial business. There must be safeguards, assurances, guarantees of service delivery, adequate financial and other support wherever needed.

While we see government spending being cut so dramatically, we hear at the same time the call to the volunteers and the organisations out there to do their bit to take on more and more of the role of government with, I might add, no additional resources. In some cases, the organisations have to almost become commercial businesses themselves to survive and to deliver. This is affecting enormous change in our society.

I am the first to agree that in some areas, to a minimal degree in the grand scheme of things, some contracting out can be and has been successfully achieved. I now ask: where is it going to ever stop? We hear much from the Prime Minister about the social coalition, corporate philanthropy and many things, but they all mean the same thing—the devolution of government responsibility and the growing expectation and almost growing demand that someone else do it for them.

I despair at this philosophy. This is not maintaining or creating the type of society I believe we had and can continue to enjoy. The statistics are all clearly pointing to a greater and greater divide between those who have and those who have not. As hard as it is to believe, there is much more to come—the inequities and uncertainties over the imposition of the GST and the ability of our charity sector to continue to adequately deliver to those in need, our pensioners and others who will have to absorb the higher costs to survive, hoping probably in vain that the government’s compensation is adequate. There is so much concern and uncertainty out there. I dread to think what the welfare review will recommend in this climate.

I would like to quote again from the Uniting Church and their consideration of the welfare review. Principle iv of the review is:

Expecting people on income support to help themselves and contribute to society through increased social and economic participation in a framework of mutual obligation.

The Uniting Church’s comment under that principle is as follows:

The framework of ‘mutual obligation’ will mean nothing if there is no community context to enable meaningful, ‘social and economic participation’. Families on low incomes, living in regions of social and economic disadvantage, can be as obliging as theoretically possible. However, the other half of the ‘mutual obligation’ equation must be appropriate system and structural support. Essential to the ‘mutual obligation’ equation therefore are secure employment opportunities, affordable and adequate housing, affordable and accessible childcare, appropriate and available training, and reliable supports in other areas such as health, specialist care, transport and education (for self and children). Without these, ‘obligation’ is very one-sided—and it is not the individual who has let the equation down.

I would like to share with the chamber the response in the same Uniting Church documents to principle (vi), ‘Maintaining the government’s disciplined approach to fiscal policy’, the last of the six principles of this reform:

That ‘discipline’—

referring to fiscal discipline—

must recognise the reality of systemic dysfunction, and the need for whole of government approaches to welfare budgets and structural change. Creating a budget surplus at the expense of Australia’s most vulnerable people, for example, is not an example of a disciplined fiscal approach. It merely underlines a ruthlessness which reveres tight accounting and cost cutting over insightful investment. Welfare reform must invest in people, and families, and the communities in which they live—as contributors, nurturers, carers, and supporters, and as users and consumers themselves.
We all have many people in our electorates, our communities, who may need some form of appropriate assistance from time to time. Our federal budget must reflect the comments that I have just quoted in relation to fiscal policy if it is even to be remotely a budget or an appropriation built on honesty and an acceptance of the role of government in our society.

It is very easy for us to stand in a place like this and make these comments, but it becomes more difficult, in a way, when one reflects upon the situation that each of us as federal members in the federal parliament experiences in our electorate offices every time we leave this place on a Thursday and head back to our electorates. The sorts of comments that I am making here tonight are a very truthful reflection of the sort of comment that I get in my office, that I get from my constituency, that I get over dinner at a Rotary function or a Lions function, that I get when I am sitting watching a local football club play. The point I want to make is that it is not just people in the Uniting Church or similar organisations, or people in this place, making these observations. There is now a debate—I am glad to say—beginning to occur in my community at least, and I am sure elsewhere, about the actual effect on our society that many of the decisions I have referred to tonight are having on that very society. It gives me no joy to reflect upon it, but it is something that we simply must pay attention to. In a way, I am not looking forward to the welfare review’s production, but I know that, when it does become public, I—along with many other people in this place—will be reading it with very great care. We will be doing all we can to ensure that any continuing attack on those vulnerable people in our community is stopped before it starts. They have received enough.

Debate (on motion by Mr Ronaldson) adjourned.

Main Committee adjourned at 10.23 p.m.
QUESTIONs ON NOTICE

The following answers to questions were circulated:

Visas: Designated Parent Applications
(Question No. 1136)

Mrs Crosio asked the Minister for Immigration and Multicultural Affairs, upon notice, on 15 February 2000:

(1) How many applications has his Department received for the new type of Parent Visa announced in his Press Release of 20 October 1999.

(2) How many applications have been approved.

(3) From which country has the highest number of applications been received.

(4) What is the total number of applications from that country and how many have been approved.

Mr Ruddock—The answer to the honourable member’s question is as follows:

(1) As at 21 February 2000, my Department has received 1,635 Designated Parent visa applications (persons).

(2) From 1 November 1999 to 21 February 2000, 343 persons have been granted a Designated Parent visa. To date one application has been refused and one application has been withdrawn.

(3) Of the 1,635 applications (persons) that have been received, the highest number of applications or 45% have been received in the Peoples Republic of China (including Hong Kong Special Administrative Region).

(4) In total 736 Designated Parent applications (persons) have been received in the Peoples Republic of China, and 282 of those have been granted as at 21 February 2000.

House of Representatives: Sitting Hours
(Question No. 1140)

Mr Martin Ferguson asked the Prime Minister, upon notice, on 15 February 2000:

(1) Did he state in his Federation address on 28 January 2000 that his government remains strongly committed to promoting the better balancing of work and family responsibilities.

(2) Will he look more sympathetically and creatively at sitting hours for the House of Representatives that better reflect modern family realities, needs and work patterns.

(3) If so, does he support the establishment of a committee to consider making sitting hours more family friendly, or requesting the Standing Committee on Procedure to consider the issue.

Mr Howard—The answer to the honourable member’s question is as follows:

(1) My Federation Address is a matter of public record.

(2) The current sitting hours of the House were instituted at the commencement of the 36th Parliament in 1996 after consultation with Members. They were part of the range of measures designed to implement the Government’s stated desire to enhance the standing of the House and the Parliament under a Coalition Government, including abolition of the ministerial question time roster initiated by former Prime Minister Keating.

The sitting hours optimise the use of Members’ and staff time while the House is sitting. They also balance Members’ other activities (including committee and party duties) and travel to and from Canberra on sitting weeks and time spent in the electorate (attending to electoral duties as well as meeting family responsibilities).

Members’ family commitments are also recognised in the long-standing provisions which enable families of Members to travel to Canberra during sitting periods.

(3) No.

Department of Immigration and Multicultural Affairs: Airline Liaison Officers
(Question No. 1150)
Mr Martin Ferguson asked the Minister for Immigration and Multicultural Affairs, upon notice, on 15 February 2000:

(1) In which countries and at what airports does Australia have full-time Airport Liaison Officers.
(2) Are the officers Australian departmental staff based overseas or are they local staff recruited in the country of placement.

Mr Ruddock—The answer to the honourable member’s question is as follows:

(1) Australia currently has Airline Liaison Officers placed full-time in:
- Don Muang International Airport, Bangkok, Thailand;
- Hong Kong International Airport, Hong Kong SAR;
- Changi Airport, Singapore;
- Kuala Lumpur International Airport, Malaysia.
They are attached to Qantas at Bangkok, Hong Kong and Singapore, and to British Airways at Kuala Lumpur.

(2) Airline Liaison Officers are Australian departmental staff based overseas for three month postings.

Visas: Medical Treatment
(Question No. 1163)

Mr McMullan asked the Minister for Immigration and Multicultural Affairs, upon notice, on 15 February 2000:

How many medical visas have been issued to overseas patients wishing to receive treatment in Australia in (a) 1992-93, (b) 1993-94, (c) 1994-95, (d) 1995-96, (e) 1996-97, (f) 1997-98 and (g) 1998-99.

Mr Ruddock—The answer to the honourable member’s question is as follows:

Statistics on the number of medical treatment visas issued prior to 1996 are not available. The table reflects the number of medical treatment visas issued, by year, by subclass, whether onshore or offshore, between 1996 and 1999.

There are two visas on which a person can come to Australia specifically for medical treatment; the subclass 685 (long-stay medical treatment visa) and, the subclass 675 (short-stay medical treatment visa). Friends or relatives who accompany the “patient” to Australia receive visas of the same subclass as the patient. The total visa grant figures provided include patients and persons who accompanied them.

### 675 and 685 Grants by Onshore and Offshore Post.

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<td>685</td>
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<td></td>
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Exports: Health Goods and Services
(Question No. 1188)

Mr McMullan asked the Minister for Trade, upon notice, on 16 February 2000:

1) Has his Department developed an inventory of barriers to the export of health goods and services.
2) If so, what action has been taken to overcome the barriers.
3) What progress has been made as a consequence of those initiatives.
4) Has the inventory been updated in recent years; if so, what is the current departmental assessment of barriers to the export of health goods and services.

Mr Vaile—The Minister for Trade has provided the following answer in response to Mr McMullan’s question:

1) The Department has started work on a database on barriers to trade in health goods. The Department works closely with the principal government agencies involved, the Therapeutic Goods Administration (TGA), and the Department of Industry, Science and Resources. In addition, direct consultations with industry are arranged. Reporting is a part of a broader effort to compile information on non-tariff measures affecting Australian exporters. A major issue in the development of a database is the fact that Australian exporters are very flexible in their approach to overseas sales markets and tend to move quickly to find other markets rather than necessarily to inform the Government of regulatory barriers encountered in a specific market.

Through extensive industry consultations, the Department has built a database of priority market access barriers to health services trade with other WTO Members which Australian companies find to be the most trade-restrictive, and which they have asked DFAT to address. The Department contacted a broad range of companies and industry associations during the last year - through the public consultation process launched by former Trade Minister, Mr Fischer, by mail-outs, through seminars, by calls on individual companies and seeking comments on the services website. The Department also requested detailed information from posts about barriers of significant commercial interest to Australian companies of which they are aware, and the responses complemented the information received direct from companies. The database currently lists over 600 barriers to all our services exports.

2) Where the Department has been made aware of regulatory problems in the export of health goods, it has sought to address them bilaterally. The Department works closely with the Therapeutic Goods Association to facilitate the recognition in overseas markets that Australian products meet high standards. Recent initiatives have been aimed at resolving difficulties where there is no bilateral agreement in order to facilitate trade.

The Department will address barriers to exports of health services through the WTO services negotiations. The first negotiating session was held on 25 February.
(3) Exports of health goods have expanded rapidly over the past ten years, increasing from $A123.2 million in 1989 to $A454.1 million in 1999. Quality control and assurance are very significant factors in the health goods trade. Australian agencies have worked hard to ensure that its infrastructure facilitates the development of export markets in the sector. As the standards setting/oversight body for the Australian community, the Therapeutic Goods Administration (TGA) is responsible for ensuring that Australian made health goods meet rigorous standards. The systems managed by TGA have an established international reputation that supports the high levels of confidence necessary to maintain Australia’s overseas markets. TGA is currently implementing the outcomes of a review its export processes including the certification arrangements for exports.

Exports of health services have been increasing, particularly in Asian and Pacific markets, although a shortage of data means that this trend cannot easily be quantified. ABS is examining how more comprehensive data on health services exports might be made available. Australian exporters have been taking advantage of technological change in the sector, eg through telemedicine. The WTO services negotiations have only recently started (see 2).

(4) The goods inventory is updated as we receive information from exporters. There is an international recognition of Australia’s high health and safety standards, and this has a major impact on market access for health goods. Australia has an especially good reputation in developed markets.

The inventory of barriers to health services trade was begun in 1999 and is continually updated and refined as the Department receives information from on-going industry consultations, advice from exporters, and details from current and acceding WTO Members services schedules.

Our assessment is that the barriers to health service exports relate primarily to lack of recognition of professional qualifications and commercial presence restrictions.